EVALUATION

FINAL PERFORMANCE EVALUATION OF ASSISTANCE IN BUILDING AFGHANISTAN BY DEVELOPING ENTERPRISES

December 2018

This publication was produced at the request of the United States Agency for International Development. It was prepared independently by a Technical Team under the contract with Checchi and Company Consulting, Inc. for USAID/Afghanistan’s “Services under Program and Project Office for Results Tracking Phase II” project.
ABSTRACT

The USAID Assistance in Building Afghanistan by Developing Enterprises (ABADE), a five-year, $105 million activity that ended on July 31, 2018, was designed to support enterprise development and job creation through assistance to Small and Medium Enterprises.

This final performance evaluation provides verification of activity outputs and outcomes, and assesses whether ABADE was implemented effectively. The report will serve as a lessons-learned document to inform the design and implementation of future activities.

The statement of work focused on four questions:

1. To what extent program support to Small and Medium Enterprises contributed to increased employment, production, and access to finance, and enhanced ability of Small and Medium Enterprises to meet market requirements?
2. To what extent program reported on indicators, and effect of such monitoring on decision-making and implementation?
3. To what extent program was effective in leveraging investment from the private sector?
4. How worthwhile was program’s investment in machinery; how sustainable is it likely to be?

Methodology included document review; key informant interviews; focus group discussions; and a quantitative survey across four provincial centers.

Conclusions:

- Intervention logic was sound, but design had shortcomings: technical support requirements were under-estimated, intermediate outcomes were not tracked.
- Outreach was effective, but implementation was hampered by delays in approvals, vetting, and customs.
- Beneficiary Small and Medium Enterprises created jobs, accessed domestic and export markets, and increased sales and investment.
- Procurement of machinery on behalf of Small and Medium Enterprises was a temporary ‘fix’ and not a solution to the problem of access to finance.
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Disclaimer

The views expressed in this report are those of the author and do not necessarily reflect the views of USAID, the Government of the Islamic Republic of Afghanistan, or any other organization or person associated with this project.
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<td>BDS</td>
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<td>High Value Skills</td>
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<td>IEE</td>
<td>Initial Environmental Examination</td>
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<td>International Executive Service Corp</td>
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<td>M/E</td>
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<td>MAIL</td>
<td>Ministry of Agriculture, Irrigation and Livestock</td>
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<td>Public-Private Alliances</td>
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<td>TAMIS</td>
<td>Technical, Administrative, and Management Information System</td>
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<td>USAID</td>
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EXECUTIVE SUMMARY

Background
The USAID Assistance in Building Afghanistan by Developing Enterprises (ABADE), a five-year, $105 million activity, was designed to support enterprise development and job creation through assistance to Small and Medium Enterprises (SME). ABADE was conceived at a time when Afghanistan was attempting to rebuild its economy and there were many obstacles to economic growth. ABADE aimed to increase private sector investment, create jobs, and increase sales of participating SMEs. The activity was designed to provide the machinery and equipment (M/E), technical assistance (TA), and focused training that SMEs needed to expand.

Volunteers for Economic Growth Alliance (VEGA) and the International Executive Service Corps (IESC) were selected by USAID to implement the ABADE activity under the Leader-with-Associate Cooperative Agreement No. EEM-A-00-04-00002-00 and Associate Cooperative Agreement No. AID-306-LA-13-00001.¹ The performance period was initially from October 16, 2012 to October 16, 2016, but, due to multiple no-cost extensions to close out Public-Private Alliances (PPAs), ABADE ended on July 15, 2018.

Evaluation
The USAID Office of Economic Growth (OEG) included in its Evaluation Plan for FY 2018 a final performance evaluation of ABADE. Accordingly, the USAID Office of Program and Project Development (OPPD), issued a Statement of Work (SOW) on June 3, 2018, to the Services Under Program and Project Office for Results Tracking-Phase II (SUPPORT-II) project, implemented by Checchi and Company Consulting, Inc. under contract number AID-306-C-12-00012, to engage an evaluation team (ET) to carry out the evaluation.

The purpose of the evaluation was to provide an independent verification of activity outputs and outcomes, and to understand the extent to which ABADE achieved its intended results and was implemented effectively. OEG management was also interested in learning more about the challenges that Small and Medium Enterprises (SME) faced in production, access to raw materials, and access to electricity. The findings of this evaluation will inform the USAID Mission’s new strategy and activity designs that are focused on the Afghan private sector to increase jobs and exports in specific value chains.

Evaluation Design
The evaluation Statement of Work (SOW) posed four core research questions:

1. To what extent did the support that ABADE provided to SMEs contribute to increased employment, increased ability of the SMEs to meet the requirements of domestic and export markets, increased production, and increased access to finance;
2. To what extent did ABADE accurately and uniformly report on its indicators and what effect did that have on project implementation and decisions made, if any;
3. To what extent was ABADE effective in leveraging investment from the private sector; and,
4. How worthwhile was the investment in M/E provided by ABADE, as perceived by SME owners/management?

¹ VEGA associated with the International Executive Service Corps (IESC), Land O’Lakes Inc., and Development Alternatives Inc. (DAI). IESC was the lead implementer and made sub-awards to Land O’Lakes for TA-BAS in marketing, financing, and management (C2); and to DAI for business environment regulatory reform (C3).
The ET gathered data and information from four main sources: one secondary source, i.e. desk review of ABADE documentation, and three primary sources - one quantitative in-person survey, Focus Group Discussions (FGD), and Key Informant Interviews (KII). In-person interviews were conducted with 80 business owners selected randomly across four provinces and by category, per USAID criteria in the SOW, of 20% micro, 30% small, and 50% medium-sized SMEs. This sample accommodates an acceptable 95% level-of-confidence and +/-10% margin-of-error in the findings. A structured questionnaire was developed in Dari and Pashto. The ET trained and supervised a small team of enumerators drawn from the SUPPORT-II field monitor base to carry out the survey. A total of 15 KII’s were held with stakeholders in Kabul and 9 FGDs for SMEs in Mazar-e-Sharif, Herat, Kabul, and Jalalabad. One female FGD and one male FGD were held in each city except for two male FGDs in Kabul.

Findings

The evaluation’s main findings are summarized below according to the principal evaluation questions. Additional findings for each question may be found in the main report:

EQ1: To what extent did the support that ABADE provided to SMEs contribute to increased employment, increased ability of the SMEs to meet the requirements of domestic and export markets, increased production, and increased access to finance?

ABADE’s purported contribution to jobs was 17,777, or an average of 60 jobs per Public-Private Alliance (PPA) – this is similar to the ET survey result of 64 jobs per company respondent. The average cost per job was $20,000, total public and private investment, in line with international benchmarks such as the recently completed World Bank New Market Development project in Afghanistan. The Implementing Partner (IP) aimed for cost per job of $1,500 but achieved $2,351 with a different formula: M/E cost of $41.8 million divided by 17,777. There were, however, considerable discrepancies among job numbers reported by the IP promotional booklet, the ET survey, and anecdotal evidence obtained during FGDs.

As for contributing to the ability of SMEs to meet market requirements, production capacity was increased significantly through new M/E; human capacity was somewhat enhanced through provision of technical assistance and training; and marketing capacity was strengthened ad hoc for carpet makers through a mini-expo in Kabul and an Afghan Carpet Expo in Dubai. There were also national conferences organized around gemstones and jewelry and construction materials.

ABADE’s contribution to production was through M/E provided to SMEs as in-kind grants which, according to the IP, increased sales overall by 245%. Again, there were major discrepancies among figures reported by the IP booklet, by FGDs, and from the ET survey. The survey found the majority of PPA SMEs increased their sales by more than 20%, while according to FGDs this increase was in the range of 40-70%.

SMEs in Afghanistan have no real access to finance, particularly for long-term capital equipment loans, due to excessive collateral requirements, high interest rates, and burdensome paperwork. ABADE M/E filled a critical gap by providing $41.8 million of in-kind M/E, with awards ranging from $1,000 to $1,000,000, to 298 Afghan SMEs, of which 96% were male-owned businesses.

There were numerous factors accounting for both achievement and lack of achievement by the activity. Some critical success factors:

In terms of ABADE’s design, the intervention logic was sound, inputs were mutually reinforcing, and the activity focus on M/E was key to business growth in Afghanistan and critical to leveraging private
sector investment (PSI). The activity’s targeting of value-added agro-processing and manufacturing SMEs from five urban centers, primarily within high-potential sectors such as carpets, gemstones, agribusiness, etc., was appropriate. Comprehensive and well-executed outreach was comprised of presentations, a media campaign, advertising, posters, flyers, and information sessions. Some 1,347 concept notes were successfully screened down to 298 PPA/SMEs with good prospects for expansion.

Pre-award technical support for recipients included one-on-one idea sessions, writing workshops for project plans, a pool of qualified volunteers offering remote assistance, environmental compliance and mitigation support, and post-award support for recipients, for example, assisting in drawing up M/E specifications, sourcing, procurement, door-to-door delivery, training in accounting and industry-specific marketing, etc. This support was very useful, albeit sometimes falling short of what was required.

USAID and the IP successfully practiced adaptive management to reflect lessons learned and address some impediments. Dropping micro enterprises in Year 3, re-focusing on SMEs, and raising the threshold of the in-kind grant in FY2015 to $250,000 for SME Alliances, and to $1,000,000 for Innovation Alliances, yielded bigger jobs and sales numbers. Approvals and vetting improved dramatically after procedures were streamlined and the customs duties issue was resolved through a Presidential Decree.

The main impediments to achievements included the failure of the results framework to specify intermediate outcomes and thereby fully encompass the enterprise development process in Afghanistan. ABADE’s slow start, characterized by delays in establishing systems, opening regional offices, hiring local staff, mobilizing expatriates, etc., that can be attributed to lack of IP capacity for managing such a large and complicated activity, delayed early achievements. Later, implementation was hampered by delays in approvals, vetting, and customs that were beyond the scope of the IP. There was confusion over which party would pay for the transportation of M/E in-country, as well as who would pay for and arrange for training on M/E operations and maintenance, even though these responsibilities were clearly assigned in most PPA agreements. In general, the ABADE design underestimated the requirements for pre and post-award technical support. Finally, re-focusing the activity exclusively on SMEs was to the detriment of women’s economic empowerment as female business owners are clustered in micro enterprises.

Although ABADE’s influence on the business enabling environment was modest – six action plans approved, and six constraints removed in key sectors - the Public-Private Dialogue (PPD) model created was a success. Constraints on the Afghan private sector, however, continued after the closeout of ABADE, namely insecurity; fluctuating demand and flat markets; high transport costs for raw materials; political instability; electricity issues outside of Kabul; weak inter-ministerial cooperation; and poor access to finance.

Despite the activity design and implementation shortcomings mentioned above, survey results show that 80% of respondents were “very satisfied” with ABADE support, 16% were “satisfied,” and only 4% were “dissatisfied.”

EQ2: To what extent did ABADE accurately and uniformly report on its indicators and what effect did that have on project implementation and decisions made, if any?

With respect to the accuracy and uniformity of ABADE reporting on indicators, intermediate outcomes vital to business expansion were only reflected in two vague indicators. Tier I reporting was accurate on ‘outputs,’ probably because hard physical evidence that could be audited existed on-file, but Tier II reporting on ‘outcomes,’ i.e. jobs and sales, was not reliable due to the huge discrepancy
among numbers reported, e.g. the self-reported IP booklet vs FGD vs ET survey. It is a challenge to measure results precisely in the Afghan context as SMEs manage their businesses on a cash basis, are reluctant to share information, and lack financial and employee records. Measurement of jobs created was premature as it was done as soon as the PPA agreement was signed. Monitoring continued only for 90 days after close-out, so full activity effects could not be identified; and monitoring, both by ABADE and independent TPM, were inadequate as they only verified use of equipment after delivery and not the actual jobs or sales.

Reporting on activity implementation led to the following proactive management decisions: the Contractor replaced the initial management team; three consecutive Monitoring and Evaluation Plans (MEP) were produced during the activity life; pre-award support was shifted from Component 1 to Component 2; TPM was initiated when USAID’s regional offices closed, complicating oversight; micro enterprises were dropped in favor of SMEs; vetting and approvals were streamlined; and USAID facilitated a Presidential Decree for customs exemption.

**EQ3: To what extent was ABADE effective in leveraging investment from the private sector?**

ABADE in-kind grants totaled $41.8 million and reportedly leveraged $250 million in private sector investment – a ratio of almost 1:6. The Private Sector Investment (PSI) items were eligible per the guidelines outlined in Global Development Alliance (GDA) documents. With regards to the valuation of PSI, USAID is more interested in value proposition – jobs, sales results to be achieved. Cost-sharing schemes are auditable but leverage schemes such as PPA are not, although they must be measured in some form. The PSI figure was self-reported; in Afghanistan it is not possible to verify PSI valuation with a high degree of certainty.

**EQ4: How worthwhile was the investment in M/E provided by ABADE, as perceived by SME owners/management?**

With a few exceptions, most of the SME-PPAs surveyed by the ET were highly appreciative of the M/E they received from ABADE as in-kind investment. The SME owners had ample opportunity to consider their situation and prospects for immediate business expansion, and to state their immediate and pressing M/E needs and preferences to ABADE staff. Some SME owners, however, requested pieces of M/E that were not allowed due to budget restrictions and PPA ratio requirements.

According to the in-person survey, 20% of beneficiaries received training on M/E operations and maintenance, while 80% said they had not. The PPA Agreement clearly states that in most cases the SME is responsible for this aspect. Perhaps due to the time-lag between the application and delivery, beneficiaries forgot their obligation. 84% of survey respondents said the M/E was still operating, while 16% said it was not, for a number of reasons, such as; the M/E did not serve its purpose, the workers could not operate it, it was too expensive to repair, or spare parts were not available in-country.

Over half of the survey respondents experienced some form of M/E breakdown. Of these, half attributed the breakdown to overuse, one-quarter to power outages, and the remaining quarter to improper operation, low quality of M/E, or damage in transit. Half of the SMEs that had a M/E breakdown said they carried out repairs in-house, 38% obtained local help, 9% sent a part overseas for repair, and 4% used foreign experts to fix the M/E.

**Conclusions**

The main evaluation conclusions are summarized below by evaluation question. Additional conclusions for each question are found in the main report.

**EQ1: To what extent did the support that ABADE provided to SMEs contribute to increased employment,**
increased ability of the SMEs to meet the requirements of domestic and export markets, increased production, and increased access to finance?

The provision of M/E to successful business owners with solid expansion plans did generate substantial and sustained employment, although there was minimal effect on women’s economic empowerment – only 4% of M/E by value went to female owners, i.e. one-sixth of the portfolio, and there was no evidence to support the notion that High-Value Skills (HVS) training and alternative workplace models transitioned into real jobs for women. While some of the participating SMEs improved their marketing capabilities through ABADE technical support, the in-kind M/E grant was only a temporary fix to the problem of SME access to finance for capital investment. Many of the participating SMEs improved their management practices through technical assistance and training.

1a. Which factors led to achievement, or lack of achievement, in each of these areas?

Despite a slow start, the IP soon became effective in terms of outreach to attract applications and recruit good businesses. The raising of the threshold of the in-kind grant in FY15 greatly increased interest from larger businesses whose proposals generated more jobs, sales, and investment, albeit to the detriment of women’s economic empowerment as female business owners are clustered in the micro-enterprise category that was dropped. Pre-award and post-award assistance were useful, especially for illiterate or semi-literate applicants and recipients, but technical support was insufficient and under-resourced in view of the requirements of many SMEs.

Since 2014, the drawdown of US forces led to a deteriorating security situation that adversely affected the economy, which in turn created considerable difficulties for economic growth initiatives such as ABADE; continuing insecurity in Afghanistan diminishes prospects for successful future OEG programming. Importing M/E from China, Pakistan, India, Turkey, etc. to a landlocked country was challenging in terms of transportation logistics.

1b. To what extent were the contributions from ABADE sufficient to help SMEs overcome constraints to achieve these intended results?

The PPD model established under Component 3 has proven to be sustainable and the capacity of Business Service Providers (BSP) was enhanced to a degree.

1c. How satisfied were SMEs with the support provided by ABADE?

Considering ABADE’s effective outreach, results achieved, and recipient satisfaction with ABADE support, the activity performed well, especially in light of the IP’s lack of experience managing an activity of this magnitude, the delays outside of its control, and the non-permissive environment.

EQ2: To what extent did ABADE accurately and uniformly report on its indicators and what effect did that have on project implementation and decisions made, if any?

Although ABADE was able to make positive contributions to the growth in private sector jobs, market access, increased sales, and access to finance, the extent of such results is questionable because precise measurement and verification of Tier II indicators, i.e. outcomes, is virtually impossible in the Afghan environment. Proxies for jobs, sales, and in-kind PSI cannot guarantee accuracy and reliability. Market access was certainly enhanced by improved production capacity, but human, marketing, and financial capacity of businesses was only impacted marginally by ABADE, if at all. Even production capacity sustainability is in doubt if SMEs cannot repair the M/E once it breaks down.

EQ3: To what extent was ABADE effective in leveraging investment from the private sector?

With PPA/leveraging schemes, USAID is more interested in value proposition (results) rather than
costs (inputs). By this measure the investment leverage ratio was outstanding, assuming the IP’s figures are accurate.

**EQ4: How worthwhile was the investment in M/E provided by ABADE, as perceived by SME owners/management?**

Confusion arose over which party would pay transportation of M/E in-country, as well as who would pay for, and arrange, training on M/E operations and maintenance. This reflects the weak relationships and communications between the IP and some of the recipients. Sustainability of outcomes, and thus how worthwhile the investments were, is a major concern as there was no provision for major repairs after M/E delivery, and smaller businesses lacked the financial capacity to handle this problem.

**Recommendations**

Based on its findings and conclusions the ET developed a number of recommendations. Following are the main recommendations; others are in the main report.

**EQ1: To what extent did the support that ABADE provided to SMEs contribute to increased employment, increased ability of the SMEs to meet the requirements of domestic and export markets, increased production, and increased access to finance?**

USAID should offer more programming like ABADE; productive enterprises have a huge need for M/E and such an initiative can produce real, sustainable jobs. Any such program should support international quality certification for SMEs to improve production and marketing capabilities so they are better able to compete domestically and in foreign markets. At the same time, a long-term solution for SMEs to access finance for capital equipment must be explored.

Supporting the PPD mechanisms coordinated by the Ministry of Commerce and Industry (MOCI) should be considered as they contribute to an enhanced business enabling environment and to building the capacity of Afghan BSPs to deliver business development services. Similar initiatives should ensure that the design includes robust technical assistance and training - not just pre- and post-award but after M/E delivery as well.

**EQ2: To what extent did ABADE accurately and uniformly report on its indicators and what effect did that have on project implementation and decisions made, if any?**

If precise indicator data, e.g., “jobs created,” are not available, suitable proxies should be used together with regular on-site observations, while keeping in mind limitations on data validity. Activities similar to ABADE should be monitored for one or two years after completion when the full effects of the intervention materialize.

**EQ3: To what extent was ABADE effective in leveraging investment from the private sector?**

Documentation is needed to demonstrate how eligible PSI items are valued or estimated.

**EQ4: How worthwhile was the investment in M/E provided by ABADE, as perceived by SME owners/management?**

M/E vendors should provide not only M/E according to specifications, but also technicians to help install and integrate the M/E into existing production lines, and train on operation and maintenance. Similar future programming should include warranties or after-sales service in vendor contracts, and an insurance facility.
INTRODUCTION

The USAID Assistance in Building Afghanistan by Developing Enterprises (ABADE), a five-year, $105 million activity, was designed to support enterprise development and job creation through assistance to Small and Medium Enterprises (SME). ABADE was conceived at a time when Afghanistan was attempting to rebuild its economy and there were many obstacles to economic growth. ABADE aimed to increase private sector investment, create jobs, and increase sales of participating SMEs. The activity was designed to provide the machinery and equipment (M/E), technical assistance (TA), and focused training that SMEs needed to expand.

Volunteers for Economic Growth Alliance (VEGA) and the International Executive Service Corps (IESC) were selected by USAID to implement the ABADE activity under the Leader-with-Associate Cooperative Agreement No. EEM-A-00-04-00002-00 and Associate Cooperative Agreement No. AID-306-LA-13-00001. The performance period was initially from October 16, 2012 to October 16, 2016, but, due to multiple no-cost extensions to close out Public-Private Alliances (PPA), the activity continued until July 15, 2018.

PROJECT BACKGROUND

ABADE was conceived at a time when Afghanistan was attempting to rebuild the economy, government legitimacy, and security after decades of conflict. There were many obstacles to private sector growth and an activity was needed to address the severe constraints on SME expansion and to stimulate private sector competitiveness.

In terms of ABADE intervention logic, small and medium enterprises (SME) are a key economic driver of Afghanistan’s development. However, Afghan-produced goods meet only a fraction of local demand and export trade is severely lacking. Afghan business owners struggle to obtain the capital, management advice, equipment and technologies they need to grow their businesses. Women and youth have limited opportunities for economic participation due to lack of skills or limited job opportunities.

ABADE’s objectives were to work principally with the private sector to increase domestic and foreign investment, create jobs (target 15,000) and increase sales (target 20%) of participating SMEs. ABADE’s alliances with SMEs aimed to accelerate job creation and sales by mitigating risk, and by leveraging small, catalytic capital with much larger contributions from private companies. ABADE provided SMEs and Innovative Alliance Partners with the additional capital, appropriate equipment and technologies, access to technical assistance, and business-specific inputs they needed to expand.

ABADE experienced modified indicators and targets. Its 2013 Performance Management Plan (PMP) substituted the number of action plans in targeted industry sectors for reduction in number of days to obtain business license and construction permits. In September 2015 two new indicators were introduced – 80,000 beneficiaries, and four business regulatory constraints. Also, several Life of Activity (LoA) were changed as follows: the number of SME alliances was reduced from 365 to 260 and the number of Innovation Alliances from 41 to 25; full-time equivalent (FTE) jobs were reduced

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2 VEGA associated with the International Executive Service Corps (IESC), Land O’Lakes Inc., and Development Alternatives Inc. (DAI). IESC was the lead implementer and made sub-awards to Land O’Lakes for TA-BAS in marketing, financing, and management (C2); and to DAI for business environment regulatory reform (C3).
3 Strictly speaking, ABADE worked with MSMEs – micro, small and medium size enterprises.
4 At least 20% of SME-PPA and up to 50% of I-PPA were to be awarded to applicants that directly address the needs of women, youth, pro-poor, or other cross-cutting issues.
5 ABADE Work Plan FY 2013.
from 46,000 to 15,000.

In the July 2013 version of the PMP, ABADE’s Results Framework was linked to a different Mission Framework - AO4 was business climate, private investment, job creation and financial independence, IR4.3 was private sector competitiveness, and sub-IRs were business development services and private sector investment. The following figure illustrates the linkages between ABADE’s indicators and USAID Afghanistan’s assistance objectives, following modifications to the Cooperative Agreement.6

**Figure 1: ABADE Activity Results Framework**

The Results Framework below was prepared by the ET to show a more cohesive Logical Framework for ABADE by including ‘intermediate outcomes.’

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6 ABADE M&E Plan Aug.v.3,5 2015 and August 2014 modified ABADE Cooperative Agreement
Bank financing for capital equipment in Afghanistan comes with punitive interest rates, excessive demands for collateral, and strict repayment terms. Without investment in production capacity, many businesses are unable to compete with imports or sell to international markets. According to the ABADE Final Report; “the heart of the activity was its public-private partnerships with existing Afghan SMEs.” Through the PPA model, ABADE facilitated access to financing to upgrade equipment and expand production.

The primary target beneficiaries for ABADE were formally established SMEs in five urban areas that serve as national hubs of economic activity – Kabul, Mazar-e-Sharif, Herat, Jalalabad, and Kandahar. The direct beneficiaries were predominantly involved in value-added processing or manufacturing.

ABADE incorporated three mutually reinforcing components: Public-Private Alliances with Afghan SMEs and Innovation Partners; Technical Assistance and Training; and Business Enabling Environment.

**Component 1: Public-Private Alliances**: A) SME Public-Private Alliances (SME-PPA): ABADE made awards to existing, productive SMEs, consortia or joint ventures through a competitive application process to mitigate business expansion risks, encourage private investment, and expand markets. Alliance partners were to have a substantial financial stake in the venture by matching ABADE funding on at least a 1:2 basis. B) Innovation Public-Private Alliances (I-PPA): ABADE helped establish PPAs to stimulate innovative ‘non-traditional’ initiatives. Both for-profit and non-profit entities, foreign and domestic, applied. Partners matched ABADE funding on at least a 1:1 basis.

**Component 2: Technical Assistance and Business Advisory Services (TA-BAS)**: ABADE provided technical assistance and training (business advisory services) for sub-award recipients and activity stakeholders intended to improve their capacity and to solve technical issues related to production,
finance, quality standards, accounting, marketing, and how to use and maintain specialized production machinery. High-value skills training for women and alternative workplace models are covered here.

Component 3: Business Enabling Environment (BEE): ABADE worked primarily with the Ministry of Commerce and Industries (MoCI) to improve the business environment in high priority industry sectors\(^7\) by addressing specific regulatory, administrative, and other barriers that affect firm growth in these sectors. This involved conducting studies to identify the main constraints to growth in the targeted sectors, establishing fora for public-private dialogue, and supporting efforts by relevant government ministries to work with industry stakeholders to prepare and implement action plans.

**EVALUATION PURPOSE & EVALUATION QUESTIONS**

**Evaluation Purpose**

The Office of Economic Growth (OEG) included in its Evaluation Plan for FY 2018 a final performance evaluation of ABADE. Accordingly, the USAID/Afghanistan Office of Program and Project Development (OPPD), issued a Statement of Work (SOW) on June 3, 2018, to the Services Under Program and Project Office for Results Tracking-Phase II (SUPPORT-II) project, implemented by Checchi and Company Consulting, Inc. (Contract No. AID-306-C-12-00012), to engage an evaluation team (ET) to carry out the evaluation.

The purpose of the evaluation is to provide an independent verification of activity outputs and outcomes, and to understand the extent to which ABADE achieved its intended results and was implemented effectively. In addition, OEG wanted to be informed about the challenges SMEs faced in production, access to raw materials, and access to electricity. The results of this evaluation will be used to inform OEG’s new strategy and new activity designs that are focused on working with the Afghan private sector to increase jobs and exports in specific value chains.

**Evaluation Questions**

The SOW for the ABADE final performance evaluation specifies four core research questions, in some cases with sub-questions, as follows:

1. To what extent did the support that ABADE provided to SMEs contribute to: 1) increased employment (jobs/FTEs); 2) increased ability of the SMEs to meet the requirements of domestic and export markets; 3) increased production; and 4) increased access to finance?
   a. Which factors led to achievement, or lack of achievement, in each of these areas?
   b. To what extent were the contributions from ABADE sufficient to help SMEs overcome constraints to achieve these intended results?
   c. How satisfied were SMEs with the support provided by ABADE?

2. To what extent did ABADE accurately and uniformly report on its indicators and what effect did that have on project implementation and decisions made, if any?

3. To what extent was ABADE effective in leveraging investment from the private sector?

4. How worthwhile an investment was the M/E provided by ABADE, as perceived by SME owners/management?
   a. How effective was the training that ABADE provided to SMEs in enabling the SMEs to operate and sustain their machinery?

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\(^7\) Agribusiness, marble, gemstones/jewelry, construction materials, carpets, and women-owned SMEs.
b. Do SMEs intend to maintain the machinery purchased under ABADE? If so, how?
c. In the event that machinery is damaged, how able are SMEs to access the spare parts and technical know-how necessary to ensure the functionality of machineries?

The SOW noted all findings on SMEs should be disaggregated by gender, geographical location, and type of investment.

**EVALUATION DESIGN, METHODS, LIMITATIONS**

The aim of this final performance evaluation is to produce coherent answers to key questions posed in USAID’s SOW, based on quantitative and qualitative evidence. This section describes how the evaluation was designed and the methodology that it followed i.e. what activities were carried out to determine evidence-based findings - facts, to deduce conclusions - interpretation and synthesis of facts, and to make recommendations - judgment.

**Data Collection Methods**

The Evaluation Team (ET) gathered data and information from four main sources: one secondary source (desk review of considerable ABADE documentation) and three primary sources – a quantitative beneficiary survey, Focus Group Discussions (FGD) and Key Informant Interviews (KII).

**Secondary Data Sources**

The ET reviewed data and information from ABADE activity files as well as extensive activity documents. The ET also sought relevant technical papers, articles, documents, and reports provided by other agencies and through internet research, as deemed appropriate. The methodology behind the desk review was to gather all pertinent literature, then review, discuss, and synthesize to help develop an accurate and comprehensive context for the activity evaluation. Specific ABADE documents provided by USAID for this desk review are listed in Annex IV.

**Primary Data Sources**

Primary data and information are drawn from three sources:

- In-person survey of direct beneficiaries from the PPA portfolio (quantitative analysis).
- FGDs with selected direct beneficiaries, i.e. those receiving direct benefit from the activity (qualitative analysis).
- KII s with stakeholders, i.e. those having strong interest in the outcomes of the activity (qualitative analysis).

**Beneficiary Survey.** The survey targeted direct beneficiaries in micro, small and medium enterprises (MSME). The evaluation team (ET) considered several options to conduct a rigorous beneficiary survey. The initial plan to conduct a telephone survey was dropped midway due to a concern that this approach would not assure the quality, accuracy, and validity of the data, nor allow for on-site observation. Consequently, in-person interviews were conducted with 80 randomly selected business owners across four provinces in accordance with the SOW criteria of 20% micro, 30% small, and 50% medium-sized enterprises. This sample size ensures an acceptable 95% level-of-confidence and 10% margin-of-error. The sample distribution for in-person, on-site interviews was

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8 Question 2 refers to the measurement of results, and Question 4 to sustainability of M/E.
9 The ET’s request to access the ABADE management information system (TAMIS) was declined as it is an application installed on IESC home office computers. However, the IP provided various databases in excel for the ET to use as a source of secondary data.
as follows:

Table 2: In-Person Survey Sample Distribution

<table>
<thead>
<tr>
<th>Province</th>
<th>Micro (+1%)</th>
<th>Small</th>
<th>Medium (+4%)</th>
<th>All Category</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frame</td>
<td>Sample</td>
<td>%</td>
<td>Frame</td>
</tr>
<tr>
<td>Balkh</td>
<td>29</td>
<td>6</td>
<td>20.7</td>
<td>28</td>
</tr>
<tr>
<td>Herat</td>
<td>23</td>
<td>5</td>
<td>21.7</td>
<td>39</td>
</tr>
<tr>
<td>Nangarhar</td>
<td>18</td>
<td>4</td>
<td>22.2</td>
<td>32</td>
</tr>
<tr>
<td>Kabul</td>
<td>49</td>
<td>10</td>
<td>20.4</td>
<td>40</td>
</tr>
<tr>
<td>Total</td>
<td>119</td>
<td>25</td>
<td>21.0</td>
<td>139</td>
</tr>
</tbody>
</table>

A structured questionnaire was developed for the beneficiary survey with closed questions focusing on the Evaluation Questions. The questionnaire was translated into Dari and Pashto. This tool was compatible with Google Survey Application.

The ET trained and supervised a small team of enumerators to carry out the in-person survey. Training of the enumerators comprised FGD attendance and inclusion in on-site interviews. Enumerators were drawn from SUPPORT-II’s Third-Party Monitoring (TPM) team. Where permissible, the enumerators took at least two photos from each SME, as well as Global Positioning System (GPS) coordinates from each location.

**Key Informant Interviews.** The ET carried out 15 KII s to obtain opinions and views from activity stakeholders on ABADE implementation and achievements, as well as selected beneficiary SMEs (KII list is provided in Annex IV).

A KII Guide (qualitative instrument) was developed with five-six open-ended questions and several sub-questions (see Annex II).

**Focus Group Discussions.** The FGDs involved members of the activity target group - SME owners - for the purpose of capturing perceptions of ABADE assistance and how the support has affected their business. In all, nine FGDs (5 male; 4 female) were held. Initially, two FGDs (1 male; 1 female) each were conducted in Mazar-e-Sharif, Herat, Kabul, and Jalalabad. A ninth FDG was conducted in Kabul with male participants only due to the concentration of a large number of SMEs in the city. Those invited to participate in FGDs were drawn from the PPA SME portfolio provided by the IP, cross-referenced with the booklet showcasing beneficiary SMEs. The ET aimed for five to seven participants in each FGD (see Annex IV).

It was originally intended to hold FGDs in each of the five urban centers: Kabul, Mazar, Herat, Kandahar and Jalalabad. However, a review of the PPA portfolio revealed only three SMEs in Kandahar. Therefore, the ET did not hold an FGD in Kandahar.

A guide, qualitative instrument, was developed containing questions to structure and stimulate discussion (see Annex II). The expatriate and local experts facilitated and guided the conversation. For discussions with women SME owners, the ET trained female SUPPORT-II TPM field monitors who spoke the local language to help gender- sensitize the event.

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10 A fraction of actual sample of sample frame, per each province.
11 A fraction of actual sample of sample frame, per each enterprise category.
**Geographic Locations & Fieldwork Protocols**

The ET conducted fieldwork in teams of two, matching an expatriate with a local specialist. Initially, KII s and FDGs were arranged in Kabul to train the local staff. Then the ET split into two groups to travel respectively to Herat and Mazar-e-Sharif, spending four days in each location. The two local specialists visited Jalalabad for three days on their own after having worked with the expatriate team members.

The FGD participants were selected from a list of beneficiaries provided by the IP. Focus groups were held in secure locations within each city. Beneficiaries living with 30 minutes from the respective venues were selected to cut travel time, ensure sufficient attendance, and improve participants’ security.

Fieldwork was guided by the following protocols:

- Notices/invitations were sent by the evaluation team with an introduction from USAID.
- Team members conferred daily before/after each day’s activities.
- Each team member was required to prepare and type daily notes of key issues.
- One member of each team was responsible for follow-up and tracking down data that could enrich issues discussed in the interviews.
- The discussion was captured with careful note-taking and recording, where permissible.
- When permissible, photos were taken during the fieldwork.
- The ET fully engaged with USAID at each step of the evaluation process and all evaluation activities are consistent with USAID’s ADS 201.

**Data Analysis and Synthesis**

The distinguishing features of quantitative and qualitative research drove ET discussions of the usefulness, completeness, and relevance of IP and other available data and the potential new data developed through primary sources. Qualitative data helped provide an understanding of the activity’s theory of change that is the assumptions underlying the type and sequencing of activities meant to assist SMEs. Qualitative information also provided insights into the context of a problem, generating ideas to test with available quantitative data.

Several approaches were used to maximize the ET’s understanding and use of the collected data and information. Data and information drawn from ABADE activity files, along with any other relevant technical documents, were reviewed and discussed extensively for relevance to the evaluation questions (EQ). Data from FGDs and KII s was abstracted and shared among ET members. This analysis produced short briefs showcasing specific comments/concerns of key informants. Each structured conversation was captured with careful note-taking or recording. After typing, responses were manually coded to facilitate analysis.

In parallel, quantitative data was cleaned and findings were presented in various pie charts and bar graphs for the purposes of analysis. Computer-assisted analysis allowed data to be disaggregated by major categories. The tables and charts generated from the beneficiary survey, disaggregated by type of intervention, by size of business, and by sex, provided the essential quantitative basis for the evaluation findings. This data was compared with ABADE’s own data for consistency.

Specific measures were also taken to address some of the limitations. Selection bias was mitigated through application of systematic random sampling methods including stratification applied to ensure proper distribution across categories and geographical areas (see Table 2).
For qualitative data, the ET identified and interviewed as many of the key stakeholders as possible within the stipulated time. Since the activity had already closed and the expatriate personnel had left Afghanistan, the ET conducted Skype or telephone interviews with key informants. To mitigate recall bias, the ET sourced additional information from other respondents or acquired appropriate documents to triangulate the collected data.

More broadly, the methodology utilized in this mixed-method evaluation mitigated risks and limitations to a degree through the use of triangulation by combining methods, including both quantitative and qualitative, and to the extent possible sources of data. The ET looked for emergent themes, contextual factors, and trends in the responses. Thematic and quantitative analyses are reflected in the Findings-Conclusions-Recommendations (FCR) Matrix (Annex V). The ET’s Data Collection and Analysis Plan is contained in Annex III.

**Data Limitations**

Data limitations are summarized below:

- Independent verification of ABADE data was impeded because: 1) ABADE’s raw data, particularly from the end-of-activity survey, was not available for external review, and 2) ABADE did not maintain the source data for Tier II\(^{12}\) indicators (job numbers, sales figures, beneficiary numbers). In the absence of such documentation, the ET relied on self-reported beneficiary survey data to answer EQs.

- The ET understands that ABADE data on job numbers, sales figures and leveraged private investment is self-reported; verification would have required timely performance monitoring visits to SME offices for routine spot checks and data audit. Since the ABADE project had ended and such data verification visits could not be arranged in retrospect, the ET’s ability to verify ABADE data was constrained.

- Because the percentage breakdown by enterprise size specified in the SOW (micro-20%; small-30% and medium-50%) does not reflect the actual distribution of enterprises in each category (micro-31.1%; small-24.5% and medium-29.2%), the quantitative survey findings are not presented by category of enterprise (micro, small and medium).

- The margin-of-error had to be estimated as +/-10%. This degree of precision is low to verify sufficiently the accuracy of the number of created Jobs reported by the IP [EQ-2].

- Scheduling FGDs with female beneficiaries was challenging. The primary explanation is cultural, in that most women either do not carry phones, or do not have their phones on, during the day. The ET minimized this challenge by using female staff to make calls and by scheduling female FGDs before noon.

- Setting up KIIs was challenging as well. Since ABADE has closed out, all of its key expatriate staff were only available to talk over Skype. The same was true for the MoCI counterparts, who had moved on to assume responsibilities in other ministries.

- FGDs were also constrained by security factors beyond the control of Checchi, USAID, and the ET. For example, a security-related incident in Mazar-e-Sharif on September 2, 2018 made it difficult for female FGD participants to arrive at the venue. Out of the seven female business owners who were scheduled to attend, only three turned up for the FGD. In most other cases, the ET was able to attract an adequate number of FGD participants.

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\(^{12}\) Tier II indicators are at the outcome level (objectives) and Tier I are outputs or deliverables in the Result Framework.
• As the activity began in 2012 and had already ended, for many beneficiaries there was a distinct possibility of recall bias, as well as bias in reporting.

**Findings, Conclusions & Recommendations**

Following data collection, the evaluation team analyzed the data and information to determine fact-based evidence. This is written up as findings below from which conclusions (interpretations) were drawn and recommendations (judgments) made.

**Findings**

1.1 To what extent did the support that ABADE provided to SMEs contribute to increased employment (jobs/FTEs)?

ABADE’s final report claimed that a total of 17,777 jobs were created, or an average of 60 jobs per PPA. This compares to the survey finding from 80 respondents of 64 jobs. There was strong support in the survey that ABADE had helped to create jobs, increase sales, and meet market requirements – see chart. Note that the ET found many discrepancies between the job figures quoted by the IP in its booklet,¹³ and what was mentioned in FGDs and the ET quantitative survey.

Apart from measurement challenges to be discussed in EQ2, one explanation for the inconsistencies between different sources is the fluid and dynamic situation in which businesses operate. In FGDs, many award recipients indicated that production capacity expanded as a direct result of PPA and that new jobs were created in excess of what was declared by ABADE, especially for agribusiness and consumer products. But it appears that for many SMEs, such as carpentry and metalworking shops, market conditions have deteriorated in the last few years, which has meant a reduction in the workforce.

The average cost of each job created reported by ABADE is $20,008: total public funds of $104,997,656 and leveraged private sector resources of $250,208,215, divided by the total number of jobs created according to the IP. This is similar to the $20,000 jobs/investment figure for the recently completed World Bank-financed Afghanistan New Market Development (NMD) project.¹⁴ Comparable figures from other World Bank matching grant schemes come from Tunisia ($30,000), Nigeria ($24,000) and Lebanon ($10,000). ABADE used as a guide $1,500 of in-kind investment per job, but achieved $2,351, i.e. $41.8 million (the value of M/E), divided by 17,777, assuming the 17,777 figure is accurate.

The ET survey found that almost half of the jobs created went to females, but the IP headcount data reveals it was only 20%. In the NMD, 30% of jobs created were filled by females. Anecdotally from female FGDs, many of the jobs created by female-owned businesses were for women.

Interestingly, ABADE trained 274 women in high value skills, such as information communication technology, diagnostic imaging, computer-aided design, materials testing, and QuickBooks.

¹³ ABADE Public-Private Alliances 2012-2017. USAID.
accounting, and developed 61 alternative workplace models, such as home-based, work-site childcare, women-only offices and production areas, for women in alliance PPAs. However, ABADE was not required to do any mediation and neither tracked nor reported on jobs created though these efforts.

1.2 To what extent did the support that ABADE provided to SMEs contribute to increased ability of SMEs to meet the requirements of domestic and export markets?

This question relates to the positive effects of ABADE support on participating SMEs’ capacity. ABADE claims that 268 firms have improved management practices as a result of the activity, and 284 have improved technology, but it is not clear from the reporting if this applies to the 298-firm PPA portfolio or includes other SMEs, as ABADE served over 500 firms. According to the PPA agreement, TA provided by ABADE was supposed to improve management practices.

During implementation, ABADE prepared 27 technical training modules, delivered 56 courses, and trained 1,215 persons, of which 35% were female. However, survey respondents rated training the least helpful ABADE intervention for job creation, sales increases, and market access – see chart.

In addition to providing training, ABADE organized a mini expo in Kabul to aid carpet market access and arranged an Afghanistan Carpet Expo in Dubai for carpet makers to meet international buyers. To further boost marketing capacity, ABADE also organized two national conferences – one for gemstones and jewelry, and one for construction materials.

Undoubtedly the M/E provided by ABADE boosted PPA SMEs’ production capacity (volume as well as product range and quality), and pre- and post-award TA built PPA capacity to some extent in project planning, procurement, and environmental compliance. Skills training in accounting and marketing, as well as industry-specific training for carpet makers (eight courses), construction materials testing training, and training in marketing (including website, PR, branding), and food safety inspection training for food processors no doubt strengthened SME human capacity. But there was no training in quality assurance to help SMEs gain ISO certification, which would have aided them to penetrate export markets or improve internal systems to help compete domestically.

Certainly, the modest TA and training provided by the activity helped recipient SMEs to meet market requirements, but only to a limited extent. The evidence that ABADE interventions had a significant impact on SME capacity for meeting market requirements can be attributed primarily to the M/E provided. The new technology embedded within M/E enabled SMEs to increase their sales of Afghan products, as per the activity design, at the expense of imported products. In other words, the activity was geared to import substitution, not export promotion. The activity did not have any target for export sales, so the IP did not differentiate domestic from foreign sales in its reporting, and presumably was not required to do so by USAID.

1.3 To what extent did the support that ABADE provided to SMEs contribute to increased production?

ABADE claims to have helped spur a 245% (5x) increase in sales by PPA partner enterprises, primarily as a direct result of the new and improved M/E that increased processing and
manufacturing capacity, and, ultimately, revenues.

By comparison, the NMD project claims to have increased sales of beneficiaries by 24%. Anecdotally, FGD participants cited a broad range of sales increases, averaging 55%, since receiving ABADE assistance.

The ET survey found that almost 80% of respondents had increased sales by more than 20%, while the rest had experienced sales increases of less than 20% - see chart. The strong showing for Kabul is to be expected as it is the capital city, as is Nangarhar’s weak result due to insecurity, but the surprising Balkh numbers may be a reflection of worsening insecurity in the north. As with jobs, there are discrepancies in reported sales figures from the IP booklet, FGD reports, and the ET survey.

1.4 To what extent did the support that ABADE provided to SMEs contribute to access to finance?

There is an acute lack of access to finance for SMEs in Afghanistan. Bank financing comes with punitive interest rates, excessive collateral requirements, strict repayment terms, burdensome paperwork, no grace period, and lack of long-term bank products for capital investment.

Without investment in production capacity, especially M/E that improves product quality and productivity, many businesses are unable to compete with imports and/or sell to international markets. Through ABADE, public-private partnerships with Afghan SMEs facilitated access to financing to upgrade equipment and/or expand production.

ABADE invested in-kind more than $41,840,000 in M/E – an average of $141,000 per SME-PPA. Half of this amount went to small enterprises and about one-quarter each to micro enterprises and medium-sized businesses – see chart above.

ABADE also ensured that awards by value were distributed across the country – see chart.

However, the discrepancy between male and female business owners is pronounced – see chart.

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15 Although NMD’s target group was similar to ABADE, it differed in that it offered grants for BDS, not in-kind M/E.
Only 4% of ABADE in-kind investment went to women-owned businesses.

There was a huge range in the value of awards, from $1,000 to $1,000,000. Although ABADE M/E was valuable and necessary for participating SMEs, it was a temporary fix to the problem of access to finance.\textsuperscript{16} It is noted that the 2014 Mid-Term Evaluation (MTE) of ABADE expressed concern that award recipients were gaining an unfair advantage over their domestic competitors as a result of receiving ABADE M/E. This was certainly the case, although it can be counter-argued that ABADE adhered to an open competition policy so any business with a good project idea could have applied.

\textbf{1a. Which factors led to achievement, or lack of achievement, in new jobs, in capacity, in production/sales, and in access to finance\textendash;M/E?}

Factors leading to achievement (success factors) and lack of achievement (impediments) are numerous due to the scope and complexity of the activity.\textsuperscript{17} The factors for and against success can be categorized in terms of design, targeting, activity launch, outreach, application, approvals, TA and training pre-award support, TA post-award support, confusion-disagreement, delays in implementation of PPAs, sustainability, MIS, and security.

Success factors included:

- **Design.** ABADE’s theory of change/intervention logic was basically sound and the activity inputs (TA, TR, M/E, PSI) were mutually reinforcing. They resulted in production expansion that led to new jobs and increased sales. Material assistance (capital equipment) was the primary catalyst for growing the business (i.e. hard not soft assistance) – see chart - and M/E was the key to leveraging private sector PPA contributions.

- **Targeting.** ABADE effectively focused on businesses located in five major urban centers in key economic corridors, on enterprises in high potential sectors (e.g. carpets, marble, construction materials etc. – see chart), and on value-added businesses such as agro-processing and manufacturing, so that the SMEs recruited matched the desired profile (experienced, successful, prospects for expansion). ABADE also aimed to recruit existing

\textsuperscript{16} It was not the purpose of ABADE to provide a permanent solution to the ‘access to finance’ issue.

\textsuperscript{17} The 2014 Mid-term Evaluation (MTE) noted that ABADE had encountered numerous challenges in implementing the PPA model in Afghanistan.
business for SME Alliances and innovative new/startups for I-PPAs – so-called non-traditional businesses. ABADE had a target of 30% of SME-PPA and 50% Innovation PPA for women, youth, and pro-poor.

- **Outreach** was effective and comprehensive. ABADE arranged information session “roadshows,” made presentations to other USAID projects and other donors, organized a public media campaign on TV and radio, distributed flyers and posters, and paid for advertising. Outreach targeted women business owners as well as enterprises from high priority sectors through industry associations. The regional offices in Mazar and Herat, and the satellite office in Jalalabad, helped with outreach. There were several RfA rounds that generated a total of 1,347 Concept Notes (CN). Many CNs were rejected as they did not meet leverage requirements, or the business idea was deemed unsound. The CNs were screened down to 298 SME-PPA beneficiaries (270 SME alliances and 28 Innovation Alliances) comprising experienced business owners with solid proposals. Effective outreach is reflected in the good distribution of awards by location – see table below. Note that 12 PPAs were outside the four main urban centers and a significant number were in Kabul, as would be expected.

**Table 3: Geographical Distribution of PPAs/SMEs**

<table>
<thead>
<tr>
<th>Location</th>
<th>No. PPAs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Badghis *</td>
<td>1</td>
</tr>
<tr>
<td>Baghlan *</td>
<td>1</td>
</tr>
<tr>
<td>Balkh</td>
<td>60</td>
</tr>
<tr>
<td>Herat</td>
<td>66</td>
</tr>
<tr>
<td>Jawzjan *</td>
<td>6</td>
</tr>
<tr>
<td>Kabul</td>
<td>104</td>
</tr>
<tr>
<td>Kandahar *</td>
<td>3</td>
</tr>
<tr>
<td>Nangarhar</td>
<td>56</td>
</tr>
<tr>
<td>Samangan *</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>298</td>
</tr>
</tbody>
</table>

- **Re-focusing.** In its 3rd Annual Report, ABADE management mentioned that they had dropped micro-enterprises and focused on SMEs. Micro awards tended to be small, in the $1,000 - $4,000 range, and sometimes required more effort than larger awards due to lack of capacity, limited growth potential, and organizational inadequacy. ABADE was under pressure mid-way through the activity to achieve a greater impact.

- **‘Grant’ parameters.** Raising the threshold of the in-kind “grant” in FY2015 to $250,000 for SME Alliances and to $1 million for Innovation Alliances greatly increased interest from the business community.

- **Streamlining.** Approvals and vetting improved dramatically after streamlining. The approval process was reduced from 48 days to 18 days. Eventually the vetting process was also streamlined from 67 days to 6 days.

- **TA and training.** Pre-award TA and training included one-on-one idea sessions with potential applicants, writing workshops for applicants on preparing project plans, a pool of qualified volunteers offering remote assistance, and environmental compliance and mitigation support. PPAs had to comply with requirements of the Initial Environmental Examination

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18 FGD anecdotal evidence suggests ABADE intervention helped graduate micro enterprises to SMEs.
(IEE) OAPA-12-May-Afg-0033 and amendments. The environmental team at ABADE also advised SMEs on mitigation measures. This was combined with post-award assistance with M&E specifications, sourcing, procurement, and door-to-door delivery, training on accounting and marketing, and industry-specific training and marketing. TA support was considered to be very useful for applicants and recipients as many SMEs lacked the expertise to prepare applications and as recipients were not equipped to handle the necessary contracting and international logistics. Post-award training was demand-driven for PPA participants. ABADE delivered 56 training events covering double-entry accounting and QuickBooks (20 courses), marketing, brand management, website, public relations (10 courses), and industry-specific Hazard Analysis and Critical Control Points (HACCP) training for carpets, construction, and food processing. Overall, ABADE prepared 27 technical training modules. Financial management and accounting were compulsory for weaker SMEs. In addition, women business owners were trained on registration and licensing, and, as such, were encouraged to “formalize” their businesses. ABADE carried out a gender baseline survey in April 2013, followed by a Gender Strategic Action Plan that resulted in a package of professional training for women. Training was intense and sophisticated in the medical area – medical diagnostic imaging training comprised CT scanning, ultrasound, and mammography, and used a Master Trainer approach whereby six persons were sent to India. In total, ABADE trained 1,215 persons of whom 35% were female.

- ABADE mapped and surveyed over 200 BSPs in Afghanistan and delivered two workshops on strengthening BSP services, capacity, and promotions. ABADE engaged local BSPs as trainers to conduct the training in local languages that built on their experience and expertise. Workshops were provided for local BSPs to enhance their delivery of business development services.

- In the Business Enabling Environment (BEE), ABADE helped to establish, through PPD, six working groups to address constraints in key value chains.

Numerous factors impeded activity achievement, including:

- While ABADE’s theory-of-change was basically sound, the logical framework (LF) was not very well articulated in activity documents because intermediate outcomes that were omitted in M&E Plans as part of the ABADE logic chain are vital for understanding Afghan enterprise development, and changes to the Mission Framework and activity indicators and targets made activity management difficult.

- Activity design underestimated the requirements for pre- and post-award technical support, and refocusing the activity exclusively on SMEs disadvantaged women’s economic empowerment as female business owners are found predominantly in the micro category.

- ABADE got off to a slow start; there were delays in establishing systems, opening regional offices, hiring local staff, and mobilizing expatriates. An OIG audit found the field management to be weak and the expatriate team was replaced. OIG suggested that subcontractor IESC’s lack of capacity and management experience with an activity of this

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19 For example, Hamid Saadat Nonalcoholic Beverages and Mineral Water Production Co. received advice on septic tanks and wastewater treatment, water recycling, test of potable water, 20 M&E Plan v.4 Jan. 2017 mentions private sector development, boosting productivity, job creation, investment, sales, and access to finance, complementarity, business enabling environment, workforce development and leveraging catalytic capital. 21 New products, new markets, product quality, supply chain reliability, distributions systems, productivity etc.
magnitude may have contributed to the slow launch. (Having said this, the IP team later regained its footing);

- ABADE submitted 11 notifications of implementation delay to USAID over the life of the activity, noting some major constraints outside the control of the IP:
  - ABADE was almost derailed by the customs clearance issue – authorities insisted on duties being paid on imported M/E. Eventually an exemption was obtained through Presidential Decree but not until after many orders incurred significant demurrage and detention charges after many months of delay.
  - The application process entailed an extensive quantity of prescribed documentation (MTE 2014); for applicants it was both onerous and “bureaucratic,” especially as many business owners are illiterate or semi-literate. Applicants also faced challenges because some documents were in English and needed to be completed online, which required language and internet skills.
  - The OIG audit found that the approval process was inefficient because USAID was short-staffed, and perhaps due to the high staff turnover at the Mission at that time.
  - Vetting of applicants, though necessary, was later extended to vendors and shippers and this created a huge backlog.

- During implementation, there was confusion over which party was responsible for paying for in-country transportation of M/E (MTE 2014), paying for off-loading M/E from ships, and arranging the training of workers on M/E operations and maintenance. It is clear in PPA agreements that SMEs were responsible for site preparation and facility upgrades, and largely responsible for M/E training on operations and maintenance. International transportation of M/E was covered by ABADE, but in-country transportation of M/E was sometimes shared between ABADE and the SME.

- Some activity recipients disagreed with ABADE on M/E specifications and sourcing, for example, they wanted German or British equipment while ABADE insisted on buying less expensive but appropriate equipment from Turkey, Pakistan, or China.

- The ET found some anecdotal evidence of favoritism and corruption during project implementation, but it seems that bribery was by no means endemic.22

- For activity outcomes to be sustained, the M/E delivered to SMEs had to be kept operational. Breakdowns in machinery are to be expected in production, and minor breakdowns could be repaired quickly and cheaply either in-house or by a local source; however, major breakdowns usually require a spare part, which in this context may need to be imported at considerable expense. Larger businesses can afford to pay for such parts, but smaller businesses usually can’t, so their M/E sits idle after it is no longer operational.

- There was a myriad of minor impediments to effective implementation such as:
  - Risk management personnel were at one time denied visas;
  - High employee turnover as ABADE local staff opted for Special Immigration Visas;
  - Q Hotel in Kabul became ineligible, requiring the IP to relocate its expat staff and admin offices;

22 Seven instances were reported, but only two serious cases were investigated.
Some SMEs had allowed their licenses to lapse and needed to renew them, but at one time were impeded from doing so due to a serious dispute between the Afghanistan Investment Support Agency (AISA) and MoCI on re-registration;

As noted in the OIG audit, federal shipping regulations require that 50% of goods travel on US flagged vessels; since 75% of M/E originated in China, this increased costs and contributed to delays in delivery; and

In China, suppliers would wait until a container was full before loading it onto a ship, increasing delivery time.

- The drawdown of US forces in 2014 led to a deteriorating security situation so that Kabul is now in effect “on the front line.” Insecurity negatively impacted ABADE implementation as follows:

  - Due to slower growth, some participating SMEs experienced poor cash flow and could not afford site preparation or facility upgrades, so when M/E arrived it had to be warehoused.
  - Outside of the five main urban centers, the countryside is non-permissive, making it much harder to service rural SMEs such as agri-businesses and marble enterprises.
  - Bottlenecks and closures at the Pakistan border, e.g. Torkham Gate and Spin Boldak, increased transportation costs and caused delays - issues that are critical as Afghanistan is landlocked.
  - More importantly, introducing new and improved technology to businesses required installation and integration into existing production lines, as well as staff training on operations and maintenance. Ideally, the overseas vendor would provide foreign technicians to do this but technicians from China – where most of the M/E was sourced – would not travel to Afghanistan, and neither would Turkish engineers. Instead, SMEs were obliged to find someone locally, or to bring in technicians from Iran or Pakistan.
  - In late 2016, a rail option for Chinese vendors became feasible, but due to the terrorism risk, vendors insisted on sea shipment, even though it took longer.

1b. To what extent were the contributions from ABADE sufficient to help SMEs overcome constraints to achieve the intended results (jobs, capacity, sales and M/E)?

The ABADE in-kind M/E grant is a temporary fix for PPA partners, not a long-term solution. The access to finance issue persists, especially for capital equipment. Shortly after ABADE started, security in Afghanistan began to deteriorate, but the satellite offices helped to mitigate the risk and permitted limited access to rural areas, especially for marble enterprises and agri-business.

In C3, high potential sector action planning was carried out with sector/industry stakeholders following a PPD23 approach that identified top priority sector constraints. ABADE worked on the government side with MoCI,24 MAIL, MoMP, MOWA, ACCI, and AISA (now merged with MoCI).

Examples of business constraints mitigated through ABADE intervention include: halved the cost of air freight for carpets to reach international markets; established a training center for cutting and polishing of stone, and conducted training to improve the quality for export; helped women understand the requirements for business registration and licensing; brought carpet buyers in to give

23 Not just stakeholder engagement, but mobilizing their resources for implementing action plans.
24 MoCI dedicated sector specialists to act as the Secretariat to the various working groups.
feedback on marketability of carpets and inform dealers about buyer requirements; helped to eliminate the duplication of business licensees between AISA and MoCI; and provided training on construction material testing, e.g. compressed earth bricks and lightweight concrete, in a laboratory using international standards and modern equipment.

Since ABADE, the six sector working groups have continued to function, meeting four or five times annually, and have revised or updated actions plans every two years, demonstrating that the initiative started by ABADE is now sustainable without donor assistance. Furthermore, MoCI has increased the number of working groups to 13 – new sectors include wood, cashmere, medical herbs, ceramics, almonds and other nuts. ABADE also conducted an Afghanistan Carpet Expo in Dubai, bringing together international buyers and carpet exporters from Afghanistan, and organized conferences and trade shows for selected sectors.

There are a range of constraints on SME expansion over which ABADE has no control, such as fluctuating demand due to volatile market conditions, e.g. US sanctions on Iran adversely affecting Herat businesses; continued lack of access to finance; electricity problems outside of Kabul that interrupt production; high transport costs on raw materials; poor cooperation between government ministries; lack of industrial loans for processors and manufacturers; and difficulty obtaining visas for business trips.

1c. How satisfied were SMEs with the support provided by ABADE?

The ET found that 80% of survey respondents were very satisfied with ABADE assistance, 16% were satisfied, and 4% were dissatisfied – see chart. The positive response was strongest in Kabul, as presumably beneficiaries there were better served by ABADE’s “head office.” This finding was reinforced during the various FGDs where, with few exceptions, award recipients expressed their appreciation for the support provided through ABADE.

2. To what extent did ABADE accurately and uniformly report on its indicators and what effect did that have on project implementation and decisions made, if any?

To answer the question concerning “accurate and uniform reporting,” it is first necessary to look at what was reported. ABADE had prescribed indicators and targets that evolved over time. There were three M&E Plans, issued consecutively over the life of the project: M&E Plan (then referred to as a PMP) July 2013; M&E Plan v. 3.5 August 2015; and M&E Plan v.4 January 2017.

ABADE experienced changes to its indicators and targets. In July 2013 it was agreed to substitute in Tier 1 the number of action plans in targeted industry sectors for reduction in number of days to obtain business license and construction permits, as the latter indicator was already being addressed by the World Bank. The August 2015 plan added four ‘business regulatory constraints addressed’ indicators. The March 2016 OIG Audit concluded that C3 had little impact on reducing or removing

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25 ABADE’s C3 BEE initiative has continued to produce results: cashmere branding; GOA provided 900 hectares of land for industrial zones in major cities for carpet makers; smuggling of unwashed cashmere is now banned; GoodWeave certificate for carpet makers (child labor); Turkish airlines transports cashmere from Herat; Kam Air transports grapes, apples, pomegranates; support health and education for weavers in rural areas.
Since then, ABADE claimed to have addressed six constraints, including reducing the cost of international air freight for carpets by half and helping to resolve licensing duplication between MoCI and AISA.

In September 2015, ABADE proposed to reduce the Tier II indicator for FTE jobs from 46,000 to 15,000, as the higher number included indirect jobs and was based on a USAID cost-benefit study that proposed $60 million for ‘direct equity investment’ into SMEs. Moreover, the measurement of indirect jobs is complex, and attribution is a challenge.

ABADE also proposed adding a new Tier II indicator – number of beneficiaries with a target of 80,000 – to complement the FTE jobs indicator, and perhaps substitute for the removal of the indirect jobs measurement. Some PPAs were capital intensive and resulted in minimal direct jobs, but had considerable impact on end users, so this was an attempt to measure that effect. The new indicator sought to capture ABADE’s impact on all expected indirect beneficiaries, even though actual results would only become apparent two to three years after activity completion. This may be considered more of an impact-level indicator/target, similar to raising incomes and an improved trade balance, that are impossible to attribute to just one activity. The 4.9 million end beneficiaries claimed by the IP is highly questionable and the methodology used to arrive at such a figure should never have been allowed.

In September 2015, several LOP targets were changed in Tier I: number of firms receiving USG assistance to invest in improved technologies was increased from 150 to 200; number of SME alliances was reduced from 365 to 260; and number of Innovation Alliances was reduced from 41 to 25.

Although ABADE did elaborate on some aspects of ‘intermediate outcomes’ - women economic empowerment, BSP/BDS, and BEE— it missed an opportunity by not reporting systematically on the nature and extent of business expansion arising from ABADE intervention to better understand enterprise development in Afghanistan. The growth of business entails a range of factors - new customers, new products, new markets, better quality product, improved supply chain, better distribution systems, stronger brand awareness, better technology, enhanced productivity, etc. These are only mentioned ad hoc in write-ups of success stories and are not analyzed in any systematic manner.

The only indicators that relate to business expansion are “improved management practices” and “investment in improved technologies.” A better indicator for intermediate outcomes would have been “implementation of project plans.” When applying to ABADE for in-kind investment, business owners were required to include a project plan. If properly prepared, this project plan would have explained how the business intended to expand, e.g. through increased productivity, new products, improved product quality, entering new markets, etc. Unfortunately, earlier PPA applications merely included a budget showing ABADE and partner contributions without a full explanation of how the inputs would affect the business.

Table 4 below shows ABADE’s original and revised indicators and targets, and results achieved overall, with changes highlighted.

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26 Although ABADE had indicators for HVS training, alternative workplace models, high potential sector action plans and business constraints addressed, it did not have any for BDS/BSP.
### Table 4: Changing Indicators and Targets, and Overall Results

<table>
<thead>
<tr>
<th>No.</th>
<th>Performance Indicator</th>
<th>Target</th>
<th>Life of activity achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>PMP v.2 July 2013</td>
<td>M&amp;E Plan v.3.5 Aug 2015</td>
</tr>
<tr>
<td>1</td>
<td>Number of SMEs supported with ABADE assistance</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td>2</td>
<td>Number of private sector firms that have improved management practices as a result of ABADE assistance</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>3</td>
<td>Number of firms receiving ABADE assistance to invest in improved technologies</td>
<td>150</td>
<td>200</td>
</tr>
<tr>
<td>4</td>
<td>Number of public-private alliances formed as a result of ABADE assistance</td>
<td>365</td>
<td>260</td>
</tr>
<tr>
<td>5</td>
<td>Number of Innovation public-private alliances formed</td>
<td>41</td>
<td>25</td>
</tr>
<tr>
<td>6</td>
<td>USD value in private sector investments created</td>
<td>180m</td>
<td>180m</td>
</tr>
<tr>
<td>7</td>
<td>Average increase in sales by SME-PPAs</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>8</td>
<td>Number of initiatives that provide alternative workplace models for women</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>9</td>
<td>Number of women trained in “high-value” skills (information technology, engineering, and finance)</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>10</td>
<td>Number of Action Plans accepted by MoCI</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>11</td>
<td>Number of business constraints addressed</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

**TIER II**

|     | Number of full-time equivalent jobs created                                        | 46,000          | 15,000                      | 15,000                     | 17,777                     |
|     | Number of beneficiaries                                                              | 80,000          | 80,000                      |                            | 4,914,616                  |
|     | Average increase in sales by PPAs                                                    |                 |                              |                            |                            |
|     | Number of private sector firms that have improved management practices as a result of ABADE assistance |                 |                              |                            |                            |

**NOTE:** Indicators “C” and “D” were shown as Tier I in ABADE Final Report.

Next the ET considered how reported results were actually measured. Measurement of outputs (Tier I) is relatively straightforward and can be verified by referencing source documents or individual records that are easily audited such as registration forms, PPA agreements, and training reports. In Tier I, there is hard physical evidence to support measurement. As such, ABADE reporting on Tier I indicators was accurate and uniform as it was derived from data in TAMIS, the activity’s management information system.

The measurement and validation of Tier II outcome indicators for jobs and sales is problematic. The ET found considerable discrepancies in jobs and sales numbers between the beneficiary survey, the IP booklet, and the FGDs. Tier II outcome-level indicators were measured through surveys, initially extrapolated from a sample of PPAs but later sent to the entire PPA portfolio. However, the data was provided on a self-reporting basis and was not consistent. Most SME beneficiaries had poor, if any, financial records and relied on cash or single-entry accounting (despite efforts by ABADE to train SMEs on accounting/QuickBooks). Business owners were reluctant to reveal revenues.

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27 The survey found one instance of a business owner (A165) who had closed the business, sold the M/E and moved abroad, and another where the business (A047) was sold. In the latter case, as long as it remains operating and viable, then benefits will continue to flow.
(recognized as a data limitation in PMP 2013 PIRS indicator 7), and employment records were similarly lacking.

ABADE’s tendency to count numbers of jobs and sales upon signing a PPA Agreement led to premature reporting. Interestingly, ABADE only monitored SMEs for 90 days following close-out of PPA. The full effects of business expansion may take a year or two to materialize so there is an argument here that results may have been under-reported.

The Midterm Evaluation concluded that “ABADE needs a new approach that replaces extrapolation with direct data collection and more rigorous verification.” The OIG audit in turn concluded that ABADE was “not tracking actual results” and that reporting was “of low quality and the numbers inflated.” SUPPORT-II’s post-OIG audit assessment concurred with the OIG finding that ABADE reporting was “neither reliable nor consistent.” Although the IP changed its monitoring survey methodology from sampling and extrapolation to canvassing all beneficiaries, there has been no evidence found that the IP undertook a more rigorous verification of results and improved the quality of its reporting after the OIG audit.28

Finally, with respect to reporting, the ET examined how results were monitored or verified. The ET was informed that ABADE staff visited the SME beneficiaries on a monthly basis, i.e. internal monitoring. But there was no accurate verification of jobs and sales made during those visits. The field monitors tried to use proxies, such as observing production volumes and doing a headcount of workers but this by itself is flawed. Workers may be absent, sick, or on holiday. There may also be a second shift, or the business could be seasonal or experiencing a temporary market decline.

The OIG audit was critical of the quality of third-party monitoring (TPM), finding that the verification of performance indicator results was weak. The ET reviewed a sampling of TPM reports and found that one monitor in each province had visited an SME site for independent monitoring and verification purpose. Each visit lasted, on average, a little over two hours. In the first half of the visit, the monitor filled out a checklist to verify that USAID-provided equipment was in use and had been branded with the USAID logo. Additionally, the monitor counted employees and took photos of the facility with GPS coordinates. In the second half of the visit, the monitor conducted a detailed interview with the SME owner or senior manager.

TPM activity, however, did not add significant value to the existing ABADE monitoring data. For one thing, the verification part was weak. Per USAID’s request, monitors primarily focused attention on equipment verification and did not verify sales figures, employee numbers, and business development services based on actual observation of existing records. For example, in one case reviewed by the ET, the monitor noted an employee headcount of 26 during a verification visit. Separately, the business owner claimed hiring 900 workers. The ET found no evidence that either USAID or the TPM team had reconciled these figures. Thus, the over-reliance on self-reported data raises concerns about number inflation and data quality.

Some decisions were made as a result of ABADE’s reporting on activity implementation. Due to lack of real progress in first nine months, a decision was made to replace the field management team, and

28 The ET did not come across any such documentation and indeed was not required under the SOW to assess whether these recommendations had been implemented, but a review of this issue by SUPPORT II during the 2017 Partnership for Transition stock-taking exercise found no evidence of compliance with the recommendations. The last ABADE AOR, however, reported during USAID’s final review of this report that a former AOR had worked with the ABADE M&E Director to respond to and close all the OIG recommendations. A copy of the resulting memorandum to the OIG from USAID could not be located.
ABADE, as well, was restructured in mid-2013. Component 1 pre-award application assistance was transferred to Component 2 to allow the former to focus on post-award implementation.

In Year 3 of implementation, ABADE dropped micro enterprises in favor of SMEs. Also, due to lack of implementation progress, vetting and USAID approvals were streamlined to accelerate PPA formation. The customs blockage was eventually resolved through a decision at the highest level with a Presidential Decree.

Although ABADE maintained a record of disaggregated data, it did not report by gender, size, sector, location etc. as USAID did not require this of the IP.

In addition to tracking indicators, ABADE was supposed to carry out end-of-activity special studies. However, proposed studies on “Economic Rate of Return” and “Contribution of SMEs to the Economy” were not prepared.

3. To what extent was ABADE effective in leveraging investment from the private sector?

ABADE invested in-kind a total of $41,840,322 in M/E and leveraged from private sector PPA partners a total of $250,208,215 – see chart. In other words, for every dollar that ABADE invested in PPA projects, it raised almost $6.00 from the private sector partner. Also, the resource ratios of 1:2 for SME alliance and 1:1 for Innovation Alliance were not only met but greatly exceeded.

The 2014 MTE concluded that the leveraging result should be treated ‘cautiously.’ Of concern is what is eligible to be considered as a partner contribution under the PPA, how the items are valued, and how the resource is verified/monitored.

The PPA, a model fostered by USAID’s Global Development Alliance (GDA), is a transformational partnership that advances core business interests and achieves sustainable development impact. PPA’s leveraged market-based approach solves critical business issues and development challenges. The PPA mobilizes and applies a significant array of expertise, capabilities, assets, and other resources (cash and in-kind) from both partners in the alliance.

Regarding contributions from the private sector partner, the 2016 Annual Activity Statement of the Global Development Alliance (APS 2016) states “while private sector contributions are inputs to an alliance, USAID assesses the importance of such contributions in terms of the impact they will create (p.21).” In other words, “USAID seeks to maximize cost-efficient development impact” and “meeting the private

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29 Replacing manual operations with automation (through technology embedded in new M/E) could have resulted in workforce reduction, but the ET saw no clear evidence of this.

30 The evaluation SOW required ET findings to be disaggregated by gender, geographic location, and types of investment. The ET’s initial suggestion to analyze ABADE’s raw data contained in its management information system was not supported by USAID, and direct access to the database was denied by the IP.

31 ABADE PMP July 2013.

32 FY2015 annual report notes modification to Cooperative Agreement allowed women’s participation in PPA SME on 1:1 leverage instead of 1:2

33 Improvements in product quality, supply chain, sales, customer base, new markets, new products, operating costs, productivity, distribution systems, brand awareness etc.

sector resource requirement is not a narrow accounting exercise (p.33/4).” What is important for USAID is the value proposition underlying each project plan, i.e. the quality and quantity of results and impact achieved via an alliance.

GDA-APS 2016 continues “whereas cost-sharing is binding and auditable (and must be verifiable from the recipient’s records), leverage is not…. private sector contributions are not subject to traditional audit standards as they are not intended to be held to the same level of accountability as cost-sharing or matching (p.45).” USAID expects the award recipient to provide information on leveraged resources on a quarterly basis.

APS 2016 identifies what is allowable as in-kind contribution: commodities, training, donated time by consultants and company employees, salaries of staff dedicated to the project, ICT and capital assets, intellectual property and licenses (p.34/35). However, in the interest of attribution, private sector contributions to an alliance must support and advance objectives and be different from what would have transpired in the absence of engagement with USAID. Furthermore, the contributions must have value that can be measured in some form.

Generally, a minimum of 25% in private sector contributions was required in the form of cash (p.36). In light of the above, from a scan of selected PPA agreements, it would seem the items identified in the PPA budget were indeed eligible. However, the challenge arose in determining an appropriate value for the items. In some instances, SMEs purchased equipment such as generators so presumably there were invoices and receipts to verify the expenditure. However, for renovations to existing facilities and site preparation it is unlikely that there was a clear paper trail of evidence of spending. In Afghanistan, data on land values and titling, and labor laws, are lacking. ABADE suggested that local staff could draw on their experience to assess property values. The reports reveal that, indeed, staff estimated private sector contributions but this approach was subjective, and neither uniform nor consistent. Checchi was asked in 2016 through the SUPPORT II project to verify the findings of the OIG audit of ABADE and stated; “it is virtually impossible to verify the valuation of PPA partner contributions with a high level of certainty.”

The Checchi assessment recommended that ABADE revise its PIRS to provide clear and specific guidance not only on what to include, but also how to value the contribution. In particular, the Checchi assessment suggested the projected expenses be eliminated from the calculation of partner contribution as it is ‘no more than conjecture.’ The ET found no evidence that the recommendations in the post-audit SUPPORT-II assessment were implemented by the IP.
Afghan Red Pomegranate PPA Mar 2015 proposes ABADE ($236,000) partially fund a fruit juice production line as well as contribute a plate-type pasteurizer and aseptic filling machine, and fund the transportation of this equipment. Afghan Red Pomegranate ($1,515,000) would invest in the construction of new production, storage, and office facilities; extensive infrastructure including a water system, foundation, platforms, steam distribution pipes, heat insulation, recovery pipelines, and electrical connection; a portion of the cost of the fruit juice production line; all installation and technical training costs; and the cost of ISO and HACCP certifications. In addition to this new investment, Afghan Red will contribute existing assets, including two plots of land, storage buildings, and water wells. Afghan Red will be responsible for managing (and funding) all installation, set up, and operations, of the new equipment, as well as all recruitment, hiring, and training of the new staff.

As can be seen from the two text boxes, partnership contributions can be fairly complex. Private sector contributions outlined in detail in Annex 3 of each PPA agreement, together with financial values, need to be validated through on-site monitoring. The monitoring, whether by ABADE staff or independent Third-Party Monitors (TPM), should have verified that all the items pledged by the SME were in fact real, operational, and dedicated to the alliance project — especially the first-year’s operating expenses. Unfortunately, ABADE ceased on-site monitoring 90 days after PPA close-out.

A review of TPM reports indicates self-reporting (form filling) and little on-site verification of actual private sector ‘investment.’

4. How worthwhile was the investment (machineries provided by ABADE), as perceived by SME owners/management?

With a few exceptions, most of the SME-PPAs surveyed by the ET were highly appreciative of the M/E they received from ABADE as in-kind investment. The SME owners had ample opportunity to consider their situation and prospects for immediate business expansion, and to state their immediate and pressing M/E needs and preferences to ABADE staff. In quite a few cases, SME owners requested several pieces of M/E but due to budget restrictions, and the ratio requirements of the PPA, this was not allowed.

The following sub-questions were considered by the ET to explore the concern surrounding sustainability of the M/E provided by ABADE.

4a. How effective was the training that ABADE provided to SMEs in enabling the SMEs to operate and sustain their machinery?

According to the ET’s beneficiary survey, 20% of respondents said they received training on M/E operations and maintenance while 80% said they had not – see chart. The PPA agreement clearly states that in the majority of cases the SME is responsible for this aspect. Perhaps due to the one to two year time-lag between the application and delivery, SME owners may simply have forgotten about their obligation and were relying on ABADE for operations and maintenance support.
4b. Do SMEs intend to maintain the machinery purchased under ABADE? If so, how?

The vast majority of survey respondents (84%) said the M/E was still operating, while 16% said it was not – see chart. The reasons stated for the M/E being non-functional were: it did not serve its purpose; the workers could not operate it; it was too expensive to repair, or spare parts were not available in country. It is in the interest of recipient SMEs to maintain and/or repair the donated M/E and thereby extend the life of the equipment, but for smaller businesses a lack of funds may delay major repairs.

4c. In the event that machinery is damaged, how able are SMEs to access the spare parts and technical know-how necessary to ensure the functionality of machineries?

Over half of the survey respondents had experienced some form of M/E breakdown, which is normal for a production facility. Half of this group attributed the breakdown to overuse, 25% cited power outages, and the remaining 25% said that the equipment had not been operated properly, was of low quality, or had been damaged in transit.

Half of the SMEs that had a M/E breakdown said they had carried out the repairs in-house; 38% had obtained local help; 9% had sent a part overseas for repair; and 4% used foreign experts to fix the M/E.

CONCLUSIONS

The conclusions of this evaluation are as follows:35

EQ1: To what extent did the support that ABADE provided to SMEs contribute to increased employment, increased ability of the SMEs to meet the requirements of domestic and export markets, increased production, and increased access to finance?

- The intervention logic, Theory of Change, was basically sound – provision of M/E to successful business owners with solid expansion plans did generate substantial and sustained employment.
- There was minimal effect on women’s economic empowerment – only 4% of M/E by value went to female owners (one-sixth of the portfolio); and there was no evidence to support the notion that HVS training and alternative workplace models transitioned into real jobs for women.
- Some participating SMEs improved their marketing capabilities through ABADE technical support.
- All participating SMEs upgraded and improved technology that was embedded in the new M/E acquired under ABADE.
- Many participating SMEs improved their management practices through technical assistance and training received, but there was negligible training on ISO and HACCP.
- The ABADE in-kind M/E “grant” was only a temporary fix to the problem of SME access to finance for capital investment.

35 Although conclusions are a synthesis or interpretation of findings, they are listed here as per EQs.
la. Which factors led to achievement, or lack of achievement, in each of these areas?

- By failing to acknowledge the important link of intermediate outcomes between outputs and final outcomes, the activity missed an opportunity to gain valuable insight into the business development process in Afghanistan.

- There were design flaws as ABADE did not anticipate the customs issue, the full costs of M/E transportation, and delays in vetting and approvals, and underestimated the scope of pre- and post-award technical support required.

- Dropping micro enterprises in Year 3 and re-focusing on SMEs yielded a bigger impact on job creation, but was to the detriment of women’s economic empowerment as female business owners are clustered in the micro enterprises.

- Raising the threshold of the in-kind grant in FY2015 greatly increased the interest of larger businesses, whose proposals generated more jobs, sales and investment.

- ABADE suffered from a delayed launch due to the IP’s lack of experience and expertise for such a large and complicated activity.

- Despite a slow start, the IP soon became effective in terms of outreach to attract applications and recruit good businesses.

- The activity implementation suffered from considerable delays caused mainly by factors beyond the control of the IP, in particular approvals, vetting, and customs.

- Pre-award and post-award assistance were useful, especially for illiterate or semi-literate applicants and recipients, but technical support was insufficient or under-resourced in view of the requirements of many SMEs.

- Importing M/E from China, Pakistan, India, Turkey, etc. to a landlocked country was challenging in terms of transportation logistics.

- Confusion over payment and responsibility reflected poorly on the relationship and communication between the IP and some recipients.

- Since 2014, the drawdown of US forces has led to a deteriorating security situation that has adversely affected the economy and, in turn, has created considerable difficulties for economic growth initiatives such as ABADE.

- Continuing insecurity in Afghanistan diminishes prospects for successful future OEG programming.

- Many significant constraints on the Afghan private sector continue after ABADE.

lb. To what extent were the contributions from ABADE sufficient to help SMEs overcome constraints to achieve these intended results?

- The PPD model established under C3 has proven to be sustainable.

- The capacity of BSPs was enhanced to a limited extent.

lc. How satisfied were SMEs with the support provided by ABADE?

- Considering the lack of experience of ABADE management with an activity of this magnitude, the delays outside of its control, the non-permissive environment, etc., the IP
performed reasonably well in terms of effective outreach, results achieved, and recipients’ satisfaction with ABADE support.

EQ2: To what extent did ABADE accurately and uniformly report on its indicators and what effect did that have on project implementation and decisions made, if any?

- Although ABADE was able to make a positive contribution to new private sector jobs, market access, increased sales, and access to finance in Afghanistan, the extent of such results are questionable because precise measurement and verification of Tier II indicators (outcomes) are virtually impossible in the Afghan environment.

- Proxies for jobs, sales, and in-kind PSI cannot guarantee accuracy and reliability. For example, the evaluation found no systematic method for valuing and documenting PSI, calling into question the validity of reported achievements.

- Indicator reporting, while accurate, gave a mixed picture of overall achievements. For example, while market access was certainly enhanced by improved production capacity (M/E), the human, marketing, and financial capacity of businesses were, at best, only marginally affected by ABADE based on reporting.

EQ3: To what extent was ABADE effective in leveraging investment from the private sector?

- The leverage ratio is outstanding, provided the PSI values are accurate. However, because a systematic method for setting these values was not evident the extent to which ABADE was effective in this regard cannot be established with certainty.

- With PPA schemes such as ABADE, USAID is more interested in value proposition, i.e., outputs (employment) rather than inputs (costs) of which PSI is a part. Without being certain of the true investment, i.e. recipient contribution level, it is not possible to establish the precise leverage and thus value leveraged by ABADE interventions.

EQ4: How worthwhile an investment was the M/E provided by ABADE, as perceived by SME owners/management?

- Sustainability of outcomes is a major concern, as there was no provision for major repairs after M/E delivery and smaller businesses lack the financial capacity to handle this problem, meaning their M/E sat idle. While at the time of the evaluation 84 percent of the M/E was said to be operational this commendably high figure will decline as time passes and more M/E requires significant maintenance and repairs which will be difficult for smaller businesses to afford.

- The worthiness of the investment was linked in the minds of some owners to overall costs. Uncertainty over which party would pay transportation of M/E in-country, as well as who would pay for and arrange training on M/E operations and maintenance, even though this was clear in most PPA agreements, complicated this calculation and reflected on the weak relationship and communication between the IP and some recipients.
RECOMMENDATIONS

The evaluation team makes the following recommendations:

EQ1: To what extent did the support that ABADE provided to SMEs contribute to increased employment, increased ability of the SMEs to meet the requirements of domestic and export markets, increased production, and increased access to finance?

- More programming like ABADE should be offered – productive enterprises have a huge need for M/E and such an initiative can produce real jobs that are sustainable.
- In future OEG programming, skills training and alternative workplace models need to be clearly linked to jobs, and tracked and reported accordingly.
- International quality certification for SMEs should be supported to improve SMEs’ production and marketing capabilities so that they are better able to compete domestically and in foreign markets.
- At the outset, a clear and comprehensive activity design should be formulated that recognizes relevant intermediate outcomes, minimizes the necessity to modify indicators and targets during implementation, and anticipates potential implementation shortcomings.
- Economic growth programming should differentiate SMEs from micro-enterprises and male from female beneficiaries, as needs are quite different.
- When making decisions on re-focusing activity, or altering grant parameters, the consequences should be fully assessed and incorporated into decision-making.
- IPs should have sufficient capacity to effectively execute activities, especially if the activity has a broad scope.
- Similar programming should ensure that the design includes robust technical assistance and training - not just pre-and post-award but after M/E delivery as well.
- The roles and responsibilities of beneficiaries under signed agreements should be clearly outlined and communicated.
- OEG programming should address all the constraints facing the Afghan private sector for sustained economic growth to occur. For example, there needs to be a long-term solution for SMEs to access financing for capital equipment. The PPD mechanisms coordinated by MoCI should be supported as they contribute to an enhanced business enabling environment.
- There should be efforts to build the capacity of Afghan Business Service Providers (BSP) to deliver business development services.

EQ2: To what extent did ABADE accurately and uniformly report on its indicators and what effect did that have on project implementation and decisions made, if any?

- Similar activities need to be monitored for one to two years after completion for the full effects of the intervention to materialize.
- If disaggregated data exists, it should be analyzed and reported.
- If attempts to access source documents for validating outcomes are not successful, suitable proxies can be used together with regular on-site observations, although limitations on data
validity should be recognized.

**EQ3: To what extent was ABADE effective in leveraging investment from the private sector?**

- Ensure that similar future PPA schemes establish clear and consistently applied valuation methodologies of PSI that are recorded through comprehensive documentation.

**EQ4: How worthwhile an investment was the M/E provided by ABADE, as perceived by SME owners/management?**

- Future similar programming should include warranties or after-sales service agreements in vendor contracts, or an insurance facility.
- Ensure written agreements on PPA schemes are supported through effective communications between the IP and all beneficiaries.
- Vendors should be required not only to deliver M/E according to specifications, but also to provide technicians to help install and integrate the M/E, and provide training on its operation and maintenance.
ANNEXES
ANNEX I: EVALUATION SCOPE OF WORK

STATEMENT OF WORK

FINAL PERFORMANCE EVALUATION OF ASSISTANCE IN BUILDING AFGHANISTAN BY DEVELOPING ENTERPRISES (ABADE)

I. ACTIVITY INFORMATION

<table>
<thead>
<tr>
<th>Activity/Activity Name:</th>
<th>Assistance in Building Afghanistan by Developing Enterprises (ABADE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractor:</td>
<td>Volunteers for Economic Growth Alliances (VEGA)</td>
</tr>
<tr>
<td>Contract #:</td>
<td>AID-306-LA-13-00001</td>
</tr>
<tr>
<td>Total Estimated Cost:</td>
<td>$104,997,656</td>
</tr>
<tr>
<td>Life of Activity/Project:</td>
<td>October 2012 – July 2018* S (No cost extension was given, but all activity work has been completed.)</td>
</tr>
<tr>
<td>Active Provinces:</td>
<td>Kabul, Herat, Mazar-e-Sharif, Jalalabad, Kandahar</td>
</tr>
<tr>
<td>Mission Development Objective (DO):</td>
<td>DO1: Sustainable Agricultural-led Economic Growth Expanded</td>
</tr>
<tr>
<td>Linkage to Standard Activity Structure (SPS):</td>
<td>EG Economic Growth</td>
</tr>
<tr>
<td>Required?</td>
<td>Yes- One evaluation per project</td>
</tr>
</tbody>
</table>

II. INTRODUCTION

Assistance in Building Afghanistan by Developing Enterprises (ABADE) is a five-year USAID activity which began on October 16, 2012 and completed in July 31, 2018. The activity was designed to support enterprise development and job creation by assisting Small and Medium Enterprises (SMEs) to grow their businesses with: a) additional capital, b) adequate planning, c) appropriate equipment and technologies, d) better management skills and know-how, e) strong, innovative for-profit and not-for-profit supporting institutions, and f) a business environment that is more conducive to the specific needs of supported ABADE’s enterprises.
The Office of Economic Growth (OEG) included in its Evaluation Plan for the FY 2018 a final performance evaluation of ABADE. This evaluation will provide an independent verification of activity outputs and outcomes and serve as a lesson learned document to inform the design and implementation of future activities.

III. BACKGROUND

ABADE worked with the private sector to strengthen its productivity and help enterprises sustain growth and create jobs. ABADE’s objectives were to increase domestic and foreign investment, stimulate employment, and improve sales of Afghan products. ABADE’s public-private alliances with SMEs help reduce the risks involved with business expansion. The activity coordinated with other USAID activities to improve the business-enabling environment, develop a skilled workforce, and facilitate access to finance. The main components of the activity were:

1) **Small and Medium Enterprise Public-Private Alliances**: Capital was provided to existing SMEs or business alliances through a competitive application process. Afghan business partners had to invest at least twice USAID’s contribution in various manufacturing sectors.

2) **Innovation Public-Private Alliances (PPA)**: USAID aims to stimulate innovation by providing capital for new business ideas through a competitive application process. Afghan business partners must invest an amount at least equal to the USAID contribution.

3) **Technical Assistance and Business Advisory Services**: ABADE provided technical assistance and business advice to SMEs, sub-award recipients, and other key stakeholders in accounting, marketing, access to finance, achieving quality standards, and how to use specialized production machinery.

4) **Business Enabling Environment**: ABADE worked with the Ministry of Commerce and Industries (MoCI) to improve Afghanistan’s business climate by addressing regulatory and procedural barriers that affect private enterprise’s ability to compete. The activity worked with businesses and government to create five-year, industry-specific action plans for the agribusiness, marble, gemstones and jewelry production, construction materials, carpets, and women-owned SMEs, and assisted stakeholders with the implementation of priority initiatives identified in action plans.

The results from the beginning of the activity to date include:

<table>
<thead>
<tr>
<th>Indicators</th>
<th>LOP Target</th>
<th>LOP Actual</th>
<th>% Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. 500 SMEs supported with ABADE assistance</td>
<td>500</td>
<td>518</td>
<td>104%</td>
</tr>
<tr>
<td>2. 150 private sector firms that have improved management practices as a result of USG assistance</td>
<td>150</td>
<td>268</td>
<td>179%</td>
</tr>
<tr>
<td>3. 200 firms receiving USG assistance to invest in improved technologies (SME registration forms)</td>
<td>200</td>
<td>284</td>
<td>142%</td>
</tr>
<tr>
<td>4. 260 SME public-private alliances formed as a result of ABADE assistance</td>
<td>260</td>
<td>270</td>
<td>104%</td>
</tr>
<tr>
<td>5. 25 innovation public-private alliances formed</td>
<td>25</td>
<td>28</td>
<td>112%</td>
</tr>
<tr>
<td></td>
<td>Activity Description</td>
<td>Objective</td>
<td>Budget (USD)</td>
</tr>
<tr>
<td>---</td>
<td>--------------------------------------------------------------------------------------</td>
<td>-----------</td>
<td>--------------</td>
</tr>
<tr>
<td>6</td>
<td>$180 million in private sector investments created</td>
<td>$180,000,000</td>
<td>$292,525,355</td>
</tr>
<tr>
<td>7</td>
<td>20 percent increase in sales by public-private alliance SMEs</td>
<td>20%</td>
<td>245%</td>
</tr>
<tr>
<td>8</td>
<td>40 initiatives that provide alternative workplace models for women</td>
<td>40</td>
<td>61</td>
</tr>
<tr>
<td>9</td>
<td>200 women trained in “high value” skills</td>
<td>200</td>
<td>274</td>
</tr>
<tr>
<td>10</td>
<td>6 action plans accepted by MoCI</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>11</td>
<td>4 regulatory constraints addressed</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>12</td>
<td>15,000 full-time equivalent jobs created</td>
<td>15,000</td>
<td>17,777</td>
</tr>
<tr>
<td>13</td>
<td>80,000 beneficiaries</td>
<td>80,000</td>
<td>4,914,616</td>
</tr>
</tbody>
</table>

IV. ACTIVITY GOALS AND OBJECTIVES

The Results Framework under the activity and the way in which this activity is related to USAID Goal and Development Objectives is presented in the following chart:

V.1 PURPOSE OF THE EVALUATION

The purpose of this evaluation is to understand the extent to which ABADE achieved its intended results and was implemented effectively. In addition, OEG would like to know the challenges SMEs faced in production, access to raw materials, and access to electricity. The results of this evaluation will be used to inform OEG’s new strategy and new activity designs that are focused on working with the Afghan private sector to increase jobs and exports in specific value chains.
VI. 2. EVALUATION QUESTIONS

The evaluation will focus on the following questions:

1. To what extent did the support that ABADE provided to SMEs contribute to: 1) Increased employment (jobs/FTEs); 2) Increased ability of the SMEs to meet the requirements of domestic and export markets; 3) Increased production; and 4) Increased access to finance?
   a. Which factors led to achievement, or lack of achievement, in each of these areas?
   b. To what extent were the contributions from ABADE sufficient to help SMEs overcome constraints to achieve these intended results?
   c. How satisfied were SMEs with the support provided by ABADE?

2. To what extent did ABADE accurately and uniformly report on its indicators and what effect did that have on project implementation and decisions made, if any?

3. To what extent was ABADE effective in leveraging investment from the private sector?

4. How worthwhile of an investment (machineries provided by ABADE) is it, as perceived by SME owners/management?
   a. How effective was the training that ABADE provided to SMEs in enabling the SMEs to operate and sustain their machinery?
   b. Do SMEs intend to maintain the machinery purchased under ABADE? If so, how?
   c. In the event that machinery is damaged, how able are SMEs to access the spare parts and technical know-how necessary to ensure the functionality of machineries?

Note: all findings on SMEs should be disaggregated by gender, geographical location, and types of investments.

3. EVALUATION DESIGN & METHODOLOGY

The Evaluation Team will develop an evaluation design and methodological approach to comprehensively answer the questions listed under Section 2. Though the team has discretion to design and use the most appropriate evaluation tools, close coordination with USAID/Afghanistan (OEG) will be necessary to ensure that the evaluation team selects methods that are suitable for use in insecure areas. Evaluation techniques may include document review, field interviews with beneficiaries, key informant interviews, focus group discussions, etc. The evaluation team should use a mix of quantitative and qualitative data collection and analysis methods to generate descriptive, evidence-supported answers. When quantitative data collection and analysis is used, random sampling is preferred, as feasible and appropriate. ABADE supported a total of 298 PPAs, these PPAs are located in Kabul, Mazar, Herat, Nangarhar, and Kandahar. The sample size will be based on 50% large businesses, 30% medium, and 20% small businesses. This will be further discussed with evaluation team in the inception meeting.

The table below provides illustrative data sources, data collection methods, and analysis approaches for each evaluation question.
<table>
<thead>
<tr>
<th>Questions</th>
<th>Suggested Data Sources</th>
<th>Suggested Data Collection Methods</th>
<th>Data Analysis Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. To what extent did the support that ABADE provided to SMEs contribute to: 1) Increased employment (jobs/FTEs); 2) Increased ability of the SMEs to meet the requirements of domestic and export markets; 3) Increased production; and 4) Increased access to finance?</td>
<td>ABADE Quarterly Reports Owners of beneficiary SMEs Newly hired labors</td>
<td>Desk-Review Semi-structured interviews Focus Group Sessions Interview with PPAs Owners, KII</td>
<td>Qualitative and quantitative data analysis Case studies</td>
</tr>
<tr>
<td>a. Which factors led to achievement, or lack of achievement, in each of these areas?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. To what extent were the contributions from ABADE sufficient to help SMEs overcome constraints to achieve these intended results?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. How satisfied were SMEs with the support provided by ABADE?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. To what extent did ABADE accurately and uniformly report on its indicators and what effect did that have on project implementation and decisions made, if any?</td>
<td>ABADE Quarterly Reports Custom and Standard Indicator PIRS Data Quality Assessments VEGA/ABADE staff, where possible</td>
<td>Desk Review KIIs</td>
<td>Qualitative data analysis</td>
</tr>
<tr>
<td>3. To what extent was ABADE effective in leveraging investment from the private sector?</td>
<td>ABADE Quarterly Reports Owners of beneficiary SMEs (Interview) MOCI – Private Sector Department</td>
<td>Desk-Review Combine qualitative and quantitative sampling, data collection disaggregated and analyzed by intervention, region, and gender FGD</td>
<td>Qualitative and quantitative data analysis Case Studies</td>
</tr>
</tbody>
</table>
4. How worthwhile of an investment (machineries provided by ABADE) is it, as perceived by SME owners/management?

- How effective was the training that ABADE provided to SMEs in enabling the SMEs to operate and sustain their machinery?
- Do SMEs intend to maintain the machinery purchased under ABADE? If so, how?
- In the event that machinery is damaged, how able are SMEs to access the spare parts and technical know-how necessary to ensure the functionality of machineries?

<table>
<thead>
<tr>
<th>ABADE Quarterly Reports</th>
<th>Desk-Review Semi-structured interviews</th>
<th>Qualitative and quantitative data analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owners of beneficiary SMEs (Interview)</td>
<td>Focus Group KII</td>
<td></td>
</tr>
</tbody>
</table>

4. EXISTING INFORMATION SOURCES

The following documents will be provided by USAID/OEG to the Evaluation Team for review, prior to arriving in-country:

a. ABADE Statement of Work (SOW)
b. ABADE Work plan(s)
c. ABADE Performance Management Plan(s)
d. ABADE Weekly (at least the four most recent), Quarterly, and Annual Reports
e. ABADE Fact Sheet, and Success Stories
f. USAID 3-Year Transition Strategy Plan
g. Past year’s DQAs assessing ABADE and relevant indicators
h. Other documents as requested and deemed necessary

5. EVALUATION TEAM COMPOSITION

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

- **Evaluation Team Leader (Expat).** The Team Leader shall be an evaluation expert with excellent analytical skills and experience evaluating economic growth strategies. At least ten years of program evaluation experience is required, preferably with USAID-funded SME supported activities with a partnership component. The Team Leader shall possess at least a Master degree, PhD preferred, in economics, finance, SME development, international development, social science, or a related discipline. The Team Lead should be able to write a high quality, standard, accurate and concise report in English. Afghanistan or regional country experience is preferred.

- **Monitoring & Evaluation Specialists (one expat, one Afghan).** The M&E Specialists shall possess at least five years of experience in program evaluations, and excellent analytical skills. The M&E Specialists shall possess a university degree in economics or related fields, preferably with a Master degree in administration or the social sciences. Experience in socio-economic field survey and participatory appraisal, designing the tools, sampling and survey methods (e.g. key informant interviews and focus group discussions) are required.

- **SME Specialist (Afghan).** The SME Development Specialist shall have at least five years of experience in designing, implementing, or assessing private sector development activities. The
successful candidate shall possess at least a university degree in business administration, economics, or a related field. Strong writing and interpersonal skills are required. Good knowledge and contacts with SMEs in Afghanistan are preferred.

6. EVALUATION SCHEDULE

The Contractor is expected to perform all evaluation tasks during this period, but not necessarily work on a full-time basis for the entire period. The Contractor should propose a detailed level of effort (LOE) along with the proposal. An estimated LOE distribution is provided on the next page for all positions. The estimated LOE table is illustrative; the contractor is required to propose a final breakdown of actual individual LOE deemed necessary to provide all tasks/deliverables. The suggested minimum LOE in days by activity is as follows:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Expat Team Lead</th>
<th>M&amp;E Specialist (Expat)</th>
<th>M&amp;E Specialist (Afghan)</th>
<th>SME Specialist (Afghan)</th>
<th>Total LOE in days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remote Preparation, Document Review, and Draft Work Plan</td>
<td>3</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>Travel to and from Afghanistan</td>
<td>4</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>• In-brief meeting</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>• finalize work plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Develop interview questions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Plan data analysis</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Compile list of interviewees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Identify survey questions (if applicable)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KIIs and FGDs conducted, data collected and analyzed</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>80</td>
</tr>
<tr>
<td>Mid-brief to USAID</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Data analysis, draft report and preparation of presentation</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>40</td>
</tr>
<tr>
<td>Exit brief to USAID</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Final report (Remote)</td>
<td>8</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>13</td>
</tr>
<tr>
<td>Totals</td>
<td>50</td>
<td>47</td>
<td>35</td>
<td>35</td>
<td>169</td>
</tr>
</tbody>
</table>

Minimum LOE in days by position:

<table>
<thead>
<tr>
<th>Position</th>
<th>Remote prep</th>
<th>Travel to/from Kabul</th>
<th>In-Country</th>
<th>Finalization of Report</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expat Team Leader</td>
<td>3</td>
<td>4</td>
<td>35</td>
<td>8</td>
<td>50</td>
</tr>
<tr>
<td>Expat Technical Specialist</td>
<td>3</td>
<td>4</td>
<td>35</td>
<td>5</td>
<td>47</td>
</tr>
<tr>
<td>Research Assistant X2</td>
<td>0</td>
<td>0</td>
<td>72</td>
<td>0</td>
<td>72</td>
</tr>
<tr>
<td>Total</td>
<td>6</td>
<td>8</td>
<td>142</td>
<td>13</td>
<td>169</td>
</tr>
</tbody>
</table>
7. DELIVERABLES AND REPORTING REQUIREMENTS

1. **In-briefing:** Within 48 hours of arrival in Kabul, the Evaluation Team will have an in-brief meeting with the Office of Program and Project Design (OPPD) Monitoring & Evaluation Unit and the Office of Economic Growth to discuss the Evaluation Team’s understanding of the assignment, initial assumptions, evaluation questions, methodology, and work plan, and/or to adjust the SOW, if necessary.

2. **Evaluation Work Plan:** At least two days before the in-brief, the contractor shall provide a detailed work plan to USAID. The initial work plan will include: (a) the overall evaluation design, including the proposed methodology, data collection and analysis plan, and data collection instruments; (b) a list of the team members and their primary contact details while in-country, including the e-mail address and mobile phone number for the team leader; and (c) the team’s proposed schedule for the evaluation. USAID will provide feedback during the in-brief discussion. Within two days following the in-brief, the Evaluation Team shall provide revised work plan and methodology to USAID. USAID offices will have up to two days to review and approve the work plan and methodology.

3. **Mid-term Briefing and Interim Meetings:** The evaluation team is expected to hold a mid-term briefing with USAID on the status of the assessment including potential challenges and emerging opportunities. If desired or necessary, weekly briefings by phone can be arranged.

4. **Final Exit Presentation:** The evaluation team is expected to hold a final exit presentation to discuss the summary of findings and recommendations to USAID. This presentation will be scheduled as agreed upon during the in-briefing. During this meeting, contractor will share primary findings with USAID and finalize the report schedules.

5. **Draft Evaluation Report:** The draft evaluation report should be consistent with the guidance provided in Section XIII: “Final Report Format.” The report will address each of the issues and questions identified in the SOW and any other factors the team considers to have a bearing on the objectives of the evaluation. The draft evaluation report should not exceed 25 pages, not including the Abstract, Executive Summary or Annexes. Any such factors can be included in the report only after consultation with USAID. The submission date for the draft evaluation report will be finalized during the approval of work plan. The date can be reviewed again during the mid-term or exit briefing considering the time requirement for analysis and drafting. Evaluation reports must also conform to USAID branding requirements. Once the draft evaluation report is submitted, USAID will share consolidated comments to contractor in eight working days. The contractor will then have five working days to make appropriate edits and revisions to the draft and re-submit the revised final draft report to USAID. USAID will review and provide any final comments within five working days.

6. **Final Evaluation Report:** The Contractor then will be asked to take no more than five working days to respond/incorporate the final comments from USAID. The Contractor will then submit the final report to USAID. The evaluation final report should include all elements described in ADS 201mah, USAID Evaluation Report Requirements (also listed below). The evaluation report should represent a thoughtful, well-researched, and well-organized effort to objectively evaluate the strategy, project, or activity. The evaluation must adhere to the criteria outlined in ADS 201maa, Criteria to Ensure the Quality of the Evaluation Report. All project data and records (dataset, supporting documents such as code books, data dictionaries, scope and methodology used to collect and analyze the data)
are the property of USAID and will, as applicable, be submitted in full in an easily readable electronic format, per the requirements outlined in ADS 579.

The evaluation report must:

1. Include an abstract of not more than 250 words briefly describing what was evaluated, evaluation questions, methods, and key findings or conclusions. The abstract should appear on its own page immediately after the evaluation report cover.

2. Include an Executive Summary 2–5 pages in length that summarizes key points (purpose and background, evaluation questions, methods, findings, and conclusions).

3. State the purpose of, audience for, and anticipated use(s) of the evaluation.

4. Describe the specific strategy, project, activity, or intervention to be evaluated including (if available) award numbers, award dates, funding levels, and implementing partners.

5. Provide brief background information. This should include country and/or sector context; specific problem or opportunity the intervention addresses; and the development hypothesis, theory of change, or simply how the intervention addresses the problem.

6. State the evaluation questions.

7. Describe the evaluation method(s) for data collection and analysis.

8. Describe limitations of the evaluation methodology.

9. Include evaluation findings and conclusions.

10. Include recommendations separate from findings and conclusions.

11. Address all evaluation questions in the Statement of Work (SOW) or document approval by USAID for not addressing an evaluation question.

12. Include the annexes listed under the evaluation report format section.

8. MANAGEMENT

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

The contractor is responsible for all direct coordination with USAID/Afghanistan Office of Program and Project Development (OPPD), through the SUPPORT II COR Nasrullah Ahmadzai (nahmadzai@usaid.gov). From a technical management perspective, the contractor will work closely with Office of Economic Growth OEG and mainly ABADE AOR Khaksar Adel (kadel@usaid.gov) and the Alternate AOR Tariq Waizy (twaizy@usaid.gov).

9. FINAL REPORT FORMAT

The length of evaluation final report should not exceed 25 pages in length, excluding the Abstract, Executive Summary and Annexes. It should be written in English, using Gil Sans MT 11-point font,
multiple/1.15 spacing, and be consistent with USAID branding policy. The report should be structured as follows:
1. Cover Page

Include enough information on the cover of the evaluation report so that a reader can immediately understand that it is an evaluation and what was evaluated. The evaluation cover must:

Include a title block in USAID light blue background color.

Include the word “Evaluation” at the top of the title block and center the report title underneath that. The title should also include the word “evaluation.”

Include the following statement across the bottom of the cover page: “This publication was produced at the request of the United States Agency for International Development. It was prepared independently by [list authors and organizations involved in the preparation of the report].” For an internal evaluation team, use the following statement: “This publication was produced at the request of [USAID/Mission or OU] and prepared by an internal evaluation team comprised of [list authors and affiliation].”

Feature one high-quality photograph representative of the project being evaluated and include a brief caption on the inside front cover describing the image with photographer credit.

State the month and year of report publication (e.g. when final and approved by USAID Operating Unit).

2. Evaluation Abstract (250 words maximum). Briefly describes what was evaluated, evaluation questions, methods, and key findings or conclusions.

3. Title Page

4. Table of Contents

5. List of any acronyms, tables and/or figures

6. Acknowledgements or Preface (optional)

7. Executive Summary (2-5 pages): This section should represent a concise and accurate statement of the most critical elements of the report.

8. Introduction

Description of the project evaluated, including goal and expected results

Brief statement on purpose of the evaluation, plus a list of the evaluation questions

Description of the methods used in the evaluation (such as desk/document review, interviews, site visits, surveys, etc.), the rationale and location for field visits (if any), and a description of the numbers and types of respondents

Limitations to the evaluation, with particular attention to the limitations associated with the evaluation methodology (selection bias, recall bias, unobservable differences between comparator groups, etc.)

9. Findings

Findings should be specific, concise, and supported by strong quantitative or qualitative evidence.

Findings should be presented as analyzed facts, evidence, and data and not based on anecdotes, hearsay, or simply the compilation of people’s opinions.

Describe findings, focusing on each of the evaluation questions and providing gender disaggregation where appropriate.
If evaluation findings assess person-level outcomes or impact, they should also be separately assessed for both males and females.

Evaluation findings should be presented as analyzed facts, evidence, and data and not based on anecdotes, hearsay, or the compilation of people's opinions.

10. Conclusions

a. Conclusions should be specific, concise, and supported by strong quantitative or qualitative evidence.

11. Recommendations

Recommendations should be actionable, practical and specific statements for existing programming and for the design and performance of future programming.

Each recommendation should be supported by a specific set of findings.

Include recommended future objectives and types of activities based on lessons learned.

12. Annexes

Evaluation Scope of Work: If the SOW was revised over the course of the evaluation, the evaluation report should include the updated SOW as an annex rather than the original SOW. The SUPPORT II COR must agree upon, in writing, all modifications to the SOW, whether in technical requirements, evaluation questions, evaluation team composition, methodology, or timeline.

Detailed Methodology Description. This section should capture any pertinent information not captured in the evaluation report. If qualitative analysis was undertaken as part of the methodological approach, this section must describe the evaluation team's approach to conducting the analysis, including codes, software packages used (if applicable), and description of how the analysis was conducted. If quantitative analysis was undertaken as part of the methodological approach, this section must provide specificity on how the sample was identified and selected, how the methodological approach addressed known data limitations, and detailed description of any statistical analysis undertaken. The purpose of this section is to ensure that the methodology and analysis approach used by the evaluation team is fully transparent.

Evaluation Findings-Conclusions-Recommendations (FCR) Matrix

Copies of all data collection and analysis tools used, such as questionnaires, checklists, survey instruments, and discussion guides.

List of critical and key documents reviewed.

Schedule of Meetings and all sources of information—properly identified and listed. (If confidentiality is a concern, the team should discuss and agree upon an approach with USAID).

Statement of differences (if applicable), any “statements of difference” regarding significant unresolved differences of opinion by funders, implementers, and/or members of the evaluation team.

Signed disclosures of conflicts of interest from evaluation team members.

Summary information about evaluation team members, including qualifications, experience, and role on the team.

10. OVERALL REPORTING GUIDELINES
The evaluation report should represent a thoughtful, well-researched, and well-organized effort to objectively evaluate the performance of ABADE. The evaluation report must adhere to the “Criteria to Ensure the Quality of the Evaluation Report” detailed in ADS 201. Evaluation reports shall address all evaluation questions included in the statement of work and be written in highly professional English, free of grammatical and typographical error, and with professional formatting. Annexes should be free of personally-identifiable information (PII), and any/all information which may compromise the privacy and protection of evaluation participants will be reviewed by USAID for potential redaction/removal.

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

II. DISSEMINATION REQUIREMENTS
ADS 201 requires that an evaluation report be submitted to the Development Experience Clearinghouse (DEC) within 90 days of its completion. The Contractor shall submit an electronic version of the final report to the DEC, upon the approval of the report by USAID. The Contractor shall follow ADS 579 as it relates to the submission of relevant data sets to the Development Data Library in a machine-readable, non-proprietary format. An evaluation dissemination and utilization plan will be prepared following the ADS accordingly. The results (findings and recommendations) of ABADE final evaluation will be shared with the key stakeholders including the IP through email as appropriate.
## ANNEX II: DATA COLLECTION INSTRUMENTS

**FGD - DATA COLLECTION INSTRUMENT**  
revised 13.09.2018

<table>
<thead>
<tr>
<th>Names of participants and contact info</th>
<th>See Sign-In Sheet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Province /City of FGD</td>
<td></td>
</tr>
<tr>
<td>PPA number</td>
<td>See Schedule Sheet and PPA Booklet</td>
</tr>
<tr>
<td>Date</td>
<td></td>
</tr>
<tr>
<td>Time start FGD:</td>
<td>Time end FGD</td>
</tr>
<tr>
<td>Facilitator:</td>
<td></td>
</tr>
<tr>
<td>Other members of ET</td>
<td></td>
</tr>
<tr>
<td>Note taker:</td>
<td>Recording: Y/N</td>
</tr>
</tbody>
</table>

Ask them to sign Sign-In Sheet  
Get them to sign **consent form**. *(Read the consent form and get it signed)*  
Consent obtained and the consent form signed by all?  
Yes  
No

### NOW GO AROUND THE ROOM AND ASK EACH PARTICIPANT THE FOLLOWING:

1. **Self-Introductions – Brief Overview of their Business**

2. **Outreach**
   - How did you learn about ABADE activity? How were you ‘recruited’?
   - Did you receive any help with preparing Concept Note?

3. **TA – pre-award**
   - Did you get help from ABADE with preparing your Project Plan?
   - Was your project for:
     - better technology
     - new products
     - new markets
     - more productivity [lower costs/more profits]
     - better product quality
     - improving supply chain reliability
     - expanding customer base
     - improving distribution systems
     - brand awareness
     - workforce skills training
   - Was your contribution:
     - Site preparation
     - Pledge existing assets
     - Buy new assets
     - Yr1 operating expenses
     - Donated time
NOW GO AROUND THE ROOM AND ASK EACH PARTICIPANT THE FOLLOWING:

4. **TA – post award**
   - Did ABADE help you with M/E specifications? Sourcing? Procurement?
   - Was this assistance valuable?

NOW GO AROUND THE ROOM AND ASK EACH PARTICIPANT THE FOLLOWING:

5. **Machinery/Equipment**
   - What M/E did ABADE acquire for you? [same as in PPA booklet?]
   - Did you get what you asked for?
   - Did you contribute to the M/E, or transportation?
   - Did the vendor or other foreigners help to install,
   - How long between the application and arrival of M/E?
   - Why the delay?

NOW GO AROUND THE ROOM AND ASK EACH PARTICIPANT THE FOLLOWING:

6. **Training – M/E and other**
   - Who trained your workers on operating and maintaining the M/E?
   - Was there a manual? In English?
   - How will you repair the M/E?
   - Did you receive other training received? e.g. accounting software, marketing,
   - How effective was the training received?

NOW GO AROUND THE ROOM AND ASK EACH PARTICIPANT THE FOLLOWING:

7. **Jobs and Sales**
   - Did your production/sales increase as direct result of ABADE support?
   - Were sales in export markets, or all domestic [M substitution]
   - What % increase over life-of-project? [check against booklet claims]
   - New jobs increased due to ABADE? [check in booklet].

NOW GO AROUND THE ROOM AND ASK EACH PARTICIPANT THE FOLLOWING:

8. **Verification**
   - Did ABADE staff visit you regularly?
   - How did they check your partner contribution, sales and jobs?
   - Did ABADE staff review your financial records/system? Personnel records?
   - Did you receive any TPM?
   - Was TPM different to ABADE?

NOW GO AROUND THE ROOM AND ASK EACH PARTICIPANT THE FOLLOWING:

9. **Satisfaction**
   - How satisfied are you with ABADE support overall?

10. **Recommendations for future**
    - What ongoing problems do you have [e.g. electricity, bank loans, raw materials, exporting etc.]
Guide for KII with Stakeholders

Interviewee’s designation:
Province:
E-mail:

Interviewer:
Date of the interview:
Note taker:
Time interview started:
Means of recording:
   a- Note taking   b- Voice recording
Time interview ended:

Please ask the following questions and note the answers on one blank sheet provided
Please number the blank sheets before you start
Please write down the question numbers at the beginning of answers to each question

I would like to read the consent form which explains the aim of this study, how we use this data and confidentiality of the information you provide us with. (Read the consent form and get it signed)
Consent obtained and the consent form signed
   a) Yes           b) No

Introduction
1. Please tell us about your role and the type of interaction that you had with ABADE?

Effectiveness
1. How do you assess the effectiveness of ABADE’s efforts? (Probe if necessary) on SMEs?
   a. Increased employment (jobs/FTEs)
   b. Increased ability of the SMEs to meet the requirements of domestic and export markets (building the capacity of the enterprise)
   c. Increased production - more sales
   d. Increased access to finance - investment in machinery/equipment

2. How was ABADE effectiveness with respect to Business Enabling Environment (BEE) – helping MoCI develop high priority sector Action Plans, and support implementation to remove value-chain constraints

Challenges and lessons learned
1. Please tell us about the lessons learned from this project? What has worked and how? What has not worked and why? (probe if necessary)
   a. Increased employment (jobs/FTEs)
   b. Increased ability of the SMEs to meet the requirements of domestic and export markets
   c. Increased production
   d. Increased access to finance

Sustainability
1. How do you assess the sustainability of the ABADE’s results? (probe if necessary)
   a. Employment - Jobs
   b. Meeting domestic and export markets requirements - business capacity
   c. Production - sales
   d. Access to finance - machinery/equipment

Recommendations
1. What are your recommendations to USAID for future similar programming?

Other comments?
### ABADE SME QUANTITATIVE BENEFICIARY SURVEY - English

**Final Performance Evaluation of USAID/ABADE Activity (Aug-Sep 2018)**

### CODING

<table>
<thead>
<tr>
<th></th>
<th>Enumerator ID</th>
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<th>PPA Reference No.</th>
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</thead>
<tbody>
<tr>
<td>3</td>
<td>Date</td>
<td>☐☐☐☐☐☐</td>
<td>4</td>
<td>Province</td>
<td>Enter text here</td>
</tr>
</tbody>
</table>

### INFORMED CONSENT

1. **Introductory scripts**
   - Assalam-o-Alaikum. My name is ______________________________, and we are conducting this interview on behalf of USAID to obtain information on Assistance in Building Afghanistan by Developing Enterprises (ABADE) activity for the final evaluation report. You have been selected to participate in this interview because you are a relevant and valued respondent from whom information is required.
   - Your participation in this interview is voluntary. The procedure involves interview that will take approximately 25 minutes. Your responses will be confidential, and your name will not be disclosed. The report will not contain information that will personally identify you. Information provided by you will be reported as part of an aggregate value.

2. **Query**
   - Have you signed an agreement with ABADE through VEGA/IESC? ☐ YES ☐ NO

   [If not, stop the interview]

3. **Consent**
   - Are you at least 16 years of age? (If less than 16, stop the interview)
     ☐ YES ☐ NO

4. **Consent**
   - Do I have your consent to proceed with interview? [If not, stop the interview]
     ☐ YES ☐ NO

### IDENTIFICATION

<table>
<thead>
<tr>
<th></th>
<th>Respondent No.</th>
<th></th>
<th>ANONYMIZE NUMBERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Sex</td>
<td>☐ Male ☐ Female</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Type of alliance</td>
<td>☐ SME alliance ☐ Innovation alliance</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Age</td>
<td>☐☐</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Sector</td>
<td>☐ Agribusiness ☐ Marble ☐ Carpet ☐ Construction ☐ Gemstone ☐ Other</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Registration</td>
<td>☐ GoA ☐ AISA ☐ Municipality ☐ Not registered yet ☐ Don’t know</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Valid Period</td>
<td>☐☐☐☐ to ☐☐☐☐</td>
<td></td>
</tr>
<tr>
<td>Section</td>
<td>Questions</td>
<td></td>
<td></td>
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<td>---------</td>
<td>-----------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A1</td>
<td>What type of assistance has your business received from ABADE activity? (check all that apply)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A2</td>
<td>If you received machinery/equipment provided through ABADE, please indicate the type of investment – select from the following list:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A3</td>
<td>Was the value of your contribution to the project in cash and/or in kind (take pictures of the SME’s contribution if it is in-kind)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A4</td>
<td>Did ABADE support contribute to your business as follows? (read the options and check all that apply)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A5</td>
<td>Which one of the ABADE interventions helped most in creating jobs? (check one)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A6</td>
<td>Which one of the ABADE interventions helped most in increasing sales? (check one)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A7</td>
<td>Which one of the ABADE interventions helped most meeting market requirements? (check one)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A8</td>
<td>Which one of the ABADE interventions helped the least in creating jobs? (check one)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A9</td>
<td>Which one of the ABADE interventions helped the least in increasing sales?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Number of employees at the time of registration**
  - Total: [ ]
  - Female: [ ]
  - Male: [ ]

- **Current Business Status**
  - Running Business [ ]
  - Permanently Closed [ ]
  - Temporarily Closed [ ]

- **SECTION A: (Linked to Research Questions 1) (Mark all that applies and fill in relevant sections)**
  - Access to finance
  - Technical Assistance
  - Machine and Equipment
  - Training
  - Computers
  - Internet access
  - Software
  - Automated machinery
  - Production lines
  - Assembly lines
  - Packaging lines
  - Bottling lines
  - Cranes
  - Cutting machinery
  - Welding equipment
  - Pressing machines
  - Rolling equipment
  - Publishing equipment
  - Other (please specify)
  - In-cash
  - In-kind
  - Increasing employment
  - Meeting market requirements
  - Increasing production
  - Access to finance
  - Technical Assistance
  - Machine and Equipment
  - Training
### Section A: ABADE Interventions Assessment

<table>
<thead>
<tr>
<th>Question</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>A10 Which one of the ABADE interventions helped the least in meeting market requirements?</td>
<td>☐ Access to finance ☐ Technical Assistance ☐ Machine and Equipment ☐ Training</td>
</tr>
<tr>
<td>A11 To what extent was ABADE support sufficient to create jobs?</td>
<td>☐ To a Great Extent ☐ Somewhat ☐ Very Little ☐ Not at all</td>
</tr>
<tr>
<td>A12 To what extent was ABADE support sufficient to increase sales?</td>
<td>☐ To a Great Extent ☐ Somewhat ☐ Very Little ☐ Not at all</td>
</tr>
<tr>
<td>A13 To what extent was ABADE support sufficient to meet domestic and export market requirements?</td>
<td>☐ To a Great Extent ☐ Somewhat ☐ Very Little ☐ Not at all</td>
</tr>
<tr>
<td>A14 How satisfied are you with the overall ABADE support you received?</td>
<td>☐ Very Satisfied ☐ Satisfied ☐ Dissatisfied ☐ Very dissatisfied</td>
</tr>
<tr>
<td>A15 Did your business’ average sales increase due to ABADE assistance?</td>
<td>☐ Yes ☐ No ☐ Don’t know</td>
</tr>
<tr>
<td>A16 If yes, answer the following: What is the average increase in sales since ABADE agreement was signed? (Life of Project)</td>
<td>☐ No change ☐ From 1 to 10% ☐ From 11% to 20% ☐ More than 20%</td>
</tr>
<tr>
<td>A17 Did your number of full-time equivalent employees increase due to ABADE assistance? (If no or don’t know, go to B1)</td>
<td>☐ Yes ☐ No ☐ Don’t know</td>
</tr>
<tr>
<td>A18 If yes, answer the following: How many full-time equivalent employees has your business been able to add as a result of ABADE assistance?</td>
<td>Total: ☐ ☐ ☐ ☐ Female: ☐ ☐ ☐ ☐ Male: ☐ ☐ ☐ ☐</td>
</tr>
</tbody>
</table>

### Section B: (Linked to Research Questions 4)

<table>
<thead>
<tr>
<th>Question</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1 Did your organization receive any machines or equipment through ABADE support? (If no or don’t know, go to conclusion)</td>
<td>☐ Yes ☐ No ☐ Don’t Know</td>
</tr>
<tr>
<td>B2 Did your employees receive any training to operate the equipment you received?</td>
<td>☐ Yes ☐ No ☐ Don’t know</td>
</tr>
<tr>
<td>B3 Was the training enough to operate the equipment?</td>
<td>☐ Yes ☐ No ☐ Don’t know</td>
</tr>
<tr>
<td>B4 Did your employees receive any training to maintain that equipment?</td>
<td>☐ Yes ☐ No ☐ Don’t know</td>
</tr>
<tr>
<td>B5</td>
<td>Was the training enough to maintain the equipment?</td>
</tr>
<tr>
<td>B6</td>
<td>How would you rate the overall effectiveness of that training?</td>
</tr>
<tr>
<td>B7</td>
<td>Did your business receive operational manuals translated into local language for reference? (if Yes, please take a picture of it)</td>
</tr>
<tr>
<td>B8</td>
<td>Is the equipment operational and under use? (take the pictures of the machinery/equipment) (If yes, proceed to B10)</td>
</tr>
<tr>
<td>B9</td>
<td>If not operational, why?</td>
</tr>
<tr>
<td>B10</td>
<td>Has ABADE provided equipment/ machinery broken down since you received it? (If no or don’t know, go to conclusion)</td>
</tr>
<tr>
<td>B11</td>
<td>If yes, what could be the reason?</td>
</tr>
<tr>
<td>B12</td>
<td>How do you typically repair ABADE machinery</td>
</tr>
</tbody>
</table>

**CONCLUSION**

Is there anything you would like to add/share:

____________________________________________________________________________________
____________________________________________________________________________________

Thank you very much for your time. The information you have provided will be very useful to improve future programming

Interview End Time ☐☐☐☐
Implementing Partner Representatives ‘Guide’

1. Is the intervention logic about helping SMEs grow their business through M&E, training and TA to create jobs and increase sales?

2. Results Framework changed – from competitiveness to agri-led sustainable dev- and indicators and targets … why was this? Was it problematic for IP?

3. In SOW 2011 was 24m, and contract 105m. Why escalation?

4. Got off to slow start, in project… why was that?

5. BDS…. did training, not TA? TA was advising on machinery specs, sourcing equipment and doing procurement. Any consulting to solve business issues?

6. ABADE supposed to be “new V-C activity” … how did the activity strengthen VCs, {target SMEs in high priority sectors, worked MoCI on priority sector Action Plans}.

7. MoCI Action Plans – yes formulate with stakeholder engagement and working groups, but implementation progress?

8. Why so many no-cost extensions?

9. Please elaborate on delays in implementation – customs, specs for machinery, security, vetting etc.

10. Biggest collaborator…. Mocci, ASIA, Chamber, other?

11. Why only 3 SMEs in Kandahar?

12. Women trained, esp. HVS, lead to jobs? 6! Alternative workplace models… where is info?

13. Why no disaggregated reporting on gender, age, sector, location, biz size, etc.?

14. Happy with indicators and targets?

15. results-level [Tier 2] - focus of ABADE to create JOBS, increasing Sales, and generating private sector INVESTMENT but how reliable and valid are the numbers?

16. Jobs and sales – self-reported?

17. PS investment total USD 250m (partner contribution) …. how calculated? [estimate, calculated? verified]?

18. DQA in 2016… said ABADE M&E systems ‘best practice’ do you agree in light of the OIG report? [said sales and jobs and investments all inflated, cannot validate]

19. Measure jobs and sales through survey sample and extrapolated,

20. There was follow up through field monitoring to verify?

21. Was the field monitoring effective? [ almost impossible to verify sales and jobs reporting]?

22. Any TPM?

23. What changes were made to ABADE M&E system in 2016 to increase reliability and validity of reported results?

24. Was there over and under reporting, on jobs, sales and partner investments?

25. How was partner contribution defined or calculated?
## GUIDE  KII with SME

<table>
<thead>
<tr>
<th>Name of owner</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Business name</td>
<td></td>
</tr>
<tr>
<td>Province</td>
<td></td>
</tr>
<tr>
<td>PPA number</td>
<td></td>
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<tr>
<td>Tel</td>
<td></td>
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<tr>
<td>date</td>
<td></td>
</tr>
<tr>
<td>time</td>
<td></td>
</tr>
<tr>
<td>Micro, small, medium</td>
<td></td>
</tr>
<tr>
<td>Interviewer:</td>
<td></td>
</tr>
<tr>
<td>Note taker:</td>
<td></td>
</tr>
<tr>
<td>Recording: Y/N</td>
<td></td>
</tr>
</tbody>
</table>

Write down the question numbers at the beginning of answers to each question.

Start with **consent form** which explains the aim of this study, how we use this data and confidentiality of the information you provide us with. *(Read the consent form and get it signed)*

Consent obtained and the consent form signed

<table>
<thead>
<tr>
<th>b) Yes</th>
<th>b) No</th>
</tr>
</thead>
</table>

### 1. Business Expansion proposal
- Tell us about your business……when was it started, by whom, what does the business do [goods and/or services], where does it operate?
- What was your business expansion project purpose with ABADE?
- What M/E did you ask for?

### 2. Pre-award TA
- During application process, did ABADE help you with your project plan, or business plan?

### 3. Partner Contribution
- What resources did you contribute toward the business expansion project?
- What was the value of your contribution?
- How was it calculated?
- Did you contribute to the M/E, or transportation or set up or training?

### 4. Post-Award TA
- Did ABADE help you with M/E specification, sourcing, procurement and transportation?
- In which ways?
- Did your M/E need foreigners to assemble, and install?

### 5. Post award Training
- Were your workers trained in operating, and maintaining the M/E?
- By whom?
- Was there a manual? In Dari?
6. M/E sustainability
   - How do you repair the M/E that ABADE has provided you?
   - What do you do about spare parts?

7. Jobs and Sales
   - What was increase in sales as direct result of ABADE support? (life of project)
     {Booklet claimed sales increase xxxx and jobs increase xxxxx}
     - Did you hire more workers?
     - Seasonal jobs?

8. Verification
   - Did ABADE staff visit you monthly to verify your reported sales and jobs?
   - Did they access any source documents - personnel records, financial records, etc.?

9. Any other benefits
   - Any improvements on productivity/profitability, product quality, new markets, new products, improved management and operations practices?

10. Satisfaction
    - How satisfied are you with ABADE support?
    - Pre-award - Application process?
    - Post award – Specifications/sourcing/procurement?
    - Pot-award – setting/installing M/E
    - Post award – general training, training on M/E?

11. Recommendations
    - What ongoing needs /problems?
    - What future support do you need to grow your business?

Thank you
## Annex III: Data Collection and Analysis Plan

The table below provides data sources, data collection methods, and analysis approaches for each evaluation question.

**EQ-1: To what extent did the support that ABADE provided to SMEs contribute to: 1) Increased employment (jobs/FTEs); 2) Increased ability of the SMEs to meet the requirements of domestic and export markets; 3) Increased production; and 4) Increased access to finance?**

<table>
<thead>
<tr>
<th>Sub-question</th>
<th>Source</th>
<th>Data Collection</th>
<th>Sampling Approach</th>
<th>Data Analysis Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Which factors led to achievement, or lack of achievement, in each of these areas</td>
<td>PPAs</td>
<td>Structured questionnaire</td>
<td>In-person Interviews KII FGD Desk research Non-probability Sample</td>
<td>Descriptive and content analysis and triangulation of findings</td>
</tr>
<tr>
<td></td>
<td>Stakeholders</td>
<td>Guide</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Activity Beneficiaries</td>
<td>Guide</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Document Review</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.2 To what extent were the contributions from ABADE sufficient to help SMEs overcome constraints to achieve these intended results?</td>
<td>PPAs</td>
<td>Structured questionnaire</td>
<td>In-person Interviews KII FDGs Desk Research Non-probability Sample</td>
<td>Descriptive and content analysis by themes and triangulation of findings</td>
</tr>
<tr>
<td></td>
<td>Stakeholders</td>
<td>Guide</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Activity Beneficiaries</td>
<td>Guide</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Document Review</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.3 How satisfied were SMEs with the support provided by ABADE?</td>
<td>PPAs</td>
<td>Structured questionnaire</td>
<td>In-person Interviews KII Non-probability Sample</td>
<td>Descriptive and content analysis and triangulation of findings</td>
</tr>
<tr>
<td></td>
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</tr>
</tbody>
</table>
### EQ-2: To what extend did ABADE accurately and uniformly report on its indicators and what effect did that have on project implementation and decisions made, if any?

<table>
<thead>
<tr>
<th>Sub-question</th>
<th>Data Collection</th>
<th>Sampling Approach</th>
<th>Data Analysis Method</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Source</td>
<td>Tool</td>
<td>Method</td>
</tr>
<tr>
<td>No sub-questions.</td>
<td>Document review</td>
<td>M&amp;E Plans DQAs Baseline and progress tracking data</td>
<td>Desk research</td>
</tr>
</tbody>
</table>

### EQ-3: To what extent was ABADE effective in leveraging investment from the private sector?

<table>
<thead>
<tr>
<th>Sub-question</th>
<th>Data Collection</th>
<th>Sampling Approach</th>
<th>Data Analysis Method</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Source</td>
<td>Tool</td>
<td>Method</td>
</tr>
<tr>
<td>No sub-questions.</td>
<td>Document review</td>
<td>Baseline and progress tracking indicator data</td>
<td>Desk research</td>
</tr>
</tbody>
</table>

### EQ-4: How worthwhile of an investment (machineries provided by ABADE) is it, as perceived by SME owners/management?

<table>
<thead>
<tr>
<th>Sub-question</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 How effective was the training that ABADE provided to SMEs in enabling the SMEs to operate and sustain their machinery?</td>
</tr>
<tr>
<td>4.2 Do SMEs intend to maintain the machinery purchased under ABADE? If so, how?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sub-question</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 How effective was the training that ABADE provided to SMEs in enabling the SMEs to operate and sustain their machinery?</td>
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<tr>
<td>4.2 Do SMEs intend to maintain the machinery purchased under ABADE? If so, how?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source</th>
<th>Tool</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPAs</td>
<td>Structured questionnaire</td>
<td>In-person Interviews</td>
</tr>
<tr>
<td>Stakeholders</td>
<td>Guide</td>
<td>KII</td>
</tr>
<tr>
<td>Activity Beneficiaries</td>
<td>Guide</td>
<td>FGDs</td>
</tr>
<tr>
<td>PPAs</td>
<td>Structured questionnaire</td>
<td>In-person Interviews</td>
</tr>
<tr>
<td>Stakeholders</td>
<td>Guide</td>
<td>KII</td>
</tr>
<tr>
<td>Activity Beneficiaries</td>
<td>Guide</td>
<td>FDG</td>
</tr>
<tr>
<td>Non-probability Sample</td>
<td>Non-probability Sample</td>
<td>Non-probability Sample</td>
</tr>
</tbody>
</table>

Descriptive and content analysis by themes and triangulation of findings
| 4.3 In the event that machinery is damaged, how able are SMEs to access the spare parts and technical know-how necessary to ensure the functionality of machineries? | PPAs Stakeholders Activity Beneficiaries Document Review | Structured questionnaire Guide Guide Guide | In-person Interviews KII FGDs Desk Review | Non-probability Sample | Descriptive and content (by sector) analysis and triangulation of findings |
ANNEX IV: SOURCES OF INFORMATION

KEY INFORMANTS AND FGD PARTICIPANTS

Key Informants (KII): [Note: Names redacted for reasons of security.]

<table>
<thead>
<tr>
<th>Name</th>
<th>Designation</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 XXX</td>
<td>Program Manager</td>
<td>ABADE</td>
</tr>
<tr>
<td>2 XXX</td>
<td>Chief of Party</td>
<td>ABADE</td>
</tr>
<tr>
<td>3 XXX</td>
<td>M&amp;E Specialist</td>
<td>ABADE</td>
</tr>
<tr>
<td>4 XXX</td>
<td>Senior Technical Manager</td>
<td>ABADE</td>
</tr>
<tr>
<td>5 XXX</td>
<td>Project Management Specialist, Office of Economic Growth</td>
<td>USAID</td>
</tr>
<tr>
<td>6 XXX</td>
<td>SME Owner</td>
<td>Benay Khidmat Construction and Road Paving Company</td>
</tr>
<tr>
<td>7 XXX</td>
<td>SME Owner</td>
<td>Haji Malim Engineering Workshop</td>
</tr>
<tr>
<td>8 XXX</td>
<td>Private Sector Specialist</td>
<td>World Bank</td>
</tr>
<tr>
<td></td>
<td>Task Leader</td>
<td>World Bank New Market Development</td>
</tr>
<tr>
<td>9 XXX</td>
<td>SME Development Expert (Cashmere)</td>
<td>Ministry of Commerce and Industries</td>
</tr>
<tr>
<td></td>
<td>SME Development Expert (Carpet)</td>
<td>Ministry of Commerce and Industries</td>
</tr>
<tr>
<td></td>
<td>Competitive Sectors Specialist</td>
<td>Ministry of Commerce and Industries</td>
</tr>
<tr>
<td></td>
<td>Head of Business, Development Department</td>
<td>Ministry of Commerce and Industry (MOCI)</td>
</tr>
<tr>
<td>10 XXX</td>
<td>Deputy CEO</td>
<td>Afghan Chamber of Commerce and Industries (ACCI)</td>
</tr>
</tbody>
</table>

1. Kabul FGD Participants: (2 x Male)

1. Mr. XXX, owner of Carpentry Co.
2. Mr. XXX, owner of Engineering Workshop
3. Mr. XXX, owner of Afghanistan Rugs and Carpet Centre.
4. Mr. XXX, owner of Abdul Rahim Co.
5. Mr. XXX, owner of Melad-al-Mahdi Washing Powder Manufacturing Co.
6. Mr. XXX, owner of Mohammad Basir Co.
7. Mr. XXX, owner of Kabul Packages Company.
8. Mr. XXX, owner of Maisam Steel Mill.
9. Mr. XXX, owner of Panel Tech Co.
10. Mr. XXX, owner of Pakiza Rahimi Co.
11. Mr. XXX, owner of Tak Dana and fresh fruit processing Co.
12. Mr. XXX, owner of Kabul cola soft drink production Co.
13. Mr. XXX, owner of Artizana Garment Manufacturing Co.
2. Kabul FGD Participants: (Female)

1. Ms. XXX, owner of SARRA Design Handicrafts Production Company.
2. Ms. XXX, owner of Muska Ball and Leather Making Company.
3. Ms. XXX, owner of Mahmoodzada Wood Industry Co.
4. Ms. XXX, owner of Refah Tech and E- Payment Solutions Company.

3. Herat FGD Participants: (Male)

1. Mr. XXX, Marketing Manager of Asia Pharma Syringe and Medical Production Equipment Co.
2. Mr. XXX, owner of Wareq Talaieiy Industrial Company.
3. Mr. XXX, owner of Chenaran Wood Industry Company.
4. Mr. XXX, owner of Talaye Production Company.
5. Mr. XXX, owner of Nan Fantazi Akberi Co.

4. Herat FGD Participants: (Female)

1. Ms. XXX, owner of (DBA Bahar Restaurant).
2. Ms. XXX, owner of Sherzad Production Company.
3. Ms. XXX, owner of Nasrin (DBA Mursal Darya Sewing Production Company)
4. Ms. XXX, owner of Khushnama stonecutter company.
5. Ms. XXX, owner of Shakila (DBA Roya-e- Giti Beauty Saloon)
6. Ms. XXX, owner of Fariha (DBA khaharan arya) company.
7. Ms. XXX, owner of Khaharan Ansari Company.

5. Jalalabad FGD Participants: (Male)

1. Mr. XXX, vice president of Waheedullah Kamawal Edible Oil, Animal Feed and Soap Production company.
2. Mr. XXX, owner of Taqdeerullah Kamawal Chocolate and Gum Production Co.
3. Mr. XXX, owner of Fresh Food Production Company.
4. Mr. XXX, owner of Selab Sohail Technical and Production Company.
5. Mr. XXX, owner of Afghan Rice Processing Mill.
6. Mr. XXX, owner of Zeeshan Danish Food Items Production Co.

6. Jalalabad FGD Participants: (Female)

1. Ms. XXX, owner of Jamila Sadaat Vocational Learning Company.
2. Ms. XXX, owner of Khkoli Roh Afza Food Material Production Company.
3. Ms. XXX, owner of Waheeda Kamawal Carpet Weaving Training Centre.

7. Mazar FGD Participants: (Male)

1. Mr. XXX, owner of Mohammad Omer Arifi Industrial Co.
2. Mr. XXX, owner of Prince Eva Company limited.
3. Mr. XXX, owner of Suratgar Printing press.
4. Mr. XXX, owner of Nezam Eva Plastic Production Industrial Co.
5. Mr. XXX, owner of Atlas furniture production company.
6. Mr. XXX, owner of Parwaz prof Aluminum PVC Production Co.
7. Mr. XXX, owner of Shamshad Plastic Co.

8. **Mazar FGD Participants: (Female)**

1. Ms. XXX, owner of Rabia Maryam Handicrafts Co.
3. Ms. XXX, owner of Setara Body Fitness.

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10. ABADE M&E Plan, version 3.5, USAID Afghanistan ABADE Activity- August 2015.
24. Quarterly Performance Report, USAID Afghanistan ABADE Activity - FY 2014 Q3 April- June 2014 (Final)
25. Quarterly Performance Report Annexes 3 & 4, USAID Afghanistan ABADE Activity- Jan-March 2014 (4-29-14)
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47. Telephone Survey (KIs) of remote SMEs, ABADE- Evaluation Team- Sep 2018.
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49. PPA Agreements, USAID Afghanistan ABADE Activity- [May 12, 2013 to Apr 19, 2015].
50. Third Party Monitoring Reports, USAID Afghanistan ABADE Activity [Dec 29, 2016 to Dec 29, 2016].
**Annex V: F-C-R Matrix**

### Key Questions Findings-Conclusions-Recommendations Matrix

**EQ-1:** To what extent did the support that ABADE provided to SMEs contribute to: 1) Increased employment (jobs/FTEs); 2) Increased ability of the SMEs to meet the requirements of domestic and export markets; 3) Increased production; and 4) Increased access to finance?

<table>
<thead>
<tr>
<th>Key Question</th>
<th>Findings</th>
<th>Conclusions</th>
<th>Recommendations</th>
</tr>
</thead>
</table>
| **Employment** | ▪ According to ABADE Final Performance Report July 2018, the activity created 17,777 jobs, or 60 jobs for each PPA.  
▪ ET quantitative survey of 80 PPAs found each PPA created 64 jobs, on average.  
▪ Cost per job was $20k (total public and private investment divided by total jobs) that is in line with benchmarks such as World Bank NMD project in Afghanistan.  
▪ Considerable discrepancies on SME job numbers achieved between the Implementing Partner (IP) Promotional Booklet, the ET survey and anecdotal evidence obtained during FGDs.  
▪ 274 women were trained in high value skills and 61 alternative workplaces for women were created but there was no data to show if these activities materialized into jobs for women. | ▪ The intervention logic (theory of change) was basically sound – provision of M/E to successful business owners with solid expansion plans did generate substantial and sustained employment.  
▪ There was minimal effect on women’s economic empowerment – only 4% of M/E by value went to female owners (one-sixth of the portfolio), the headcount revealed only 20% new jobs created went to females, and there was no evidence to support the notion that HVS training and alternative workplace models transitioned into real jobs for women. | ➢ Offer more programming like ABADE – there is a huge need by productive enterprises for M/E and such an initiative can produce real, sustained jobs  
➢ In future OEG programming skills training and alternative workplace models need to be clearly linked to jobs, and tracked and reported accordingly. |
| **Market Ability/Access** | ▪ Mini-expos were organized in Kabul and Dubai for participating SMEs, and two national conferences were arranged on gemstones/jewelry and construction materials. | ▪ Some of the participating SMEs improved their marketing capabilities through ABADE technical support. |  |
| **Production Capacity** | ▪ 284 SMEs invested in new machinery & equipment to increase production.  
▪ 268 SMEs received pre- and post- award support in project planning and procurement, as well as post-award marketing, and financial and industry specific training. 27 technical modules were developed and 57 courses were delivered.  
▪ According to ABADE Final Performance Report, the project increased PPA sales by 245 but this was not consistent with FGDs | ▪ All participating SMEs upgraded and improved technology that was embedded in the new M/E acquired under ABADE.  
▪ Many of the participating SMEs improved their management practices through technical assistance and training received but there was negligible training on ISO and HACCP. | ➢ Support international quality certification for SMEs to improve production and marketing capabilities in order to better compete domestically and in foreign markets. |
(50%) and ET quantitative beneficiary survey found that 79% PPAs increased sales by more than 20%

<table>
<thead>
<tr>
<th>Access to Finance</th>
<th>• The ABADE in-kind M/E ‘grant’ was only a temporary fix to the problem of SME access to finance for capital investment.</th>
<th>➢ There needs to be a long-term solution for SMEs to access finance for capital equipment.</th>
</tr>
</thead>
<tbody>
<tr>
<td>• ABADE made $41.8 million in-kind capital contribution of which 96% went to men-owned businesses. The range of M/E contributions was between $1K to $1 million.</td>
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<td></td>
</tr>
<tr>
<td>• SME access to finance is a challenge in Afghanistan due to lack of long-term capital loan products, high interest rate, heavy collateral and cumbersome application process.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity Design</th>
<th>• By failing to acknowledge the important link of intermediate outcomes between outputs and final outcomes, the activity missed an opportunity to gain valuable insight into the business development process in Afghanistan.</th>
<th>➢ Formulate a clear and comprehensive activity design at the outset that recognizes relevant intermediate outcomes, minimizes the necessity to modify indicators and targets during implementation, and anticipates potential shortcomings in implementation.</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Activity focus on improved M/E was key to business growth in Afghanistan and critical to leveraging private sector investment.</td>
<td>• Changes to the results framework required adjustments by activity managers in managing, tracking and reporting - &quot;moving the goal posts&quot; was disruptive to smooth implementation.</td>
<td>➢ Differentiate SMEs from micro-enterprises in programming design for economic growth, as well as male from female beneficiaries, as needs are quite different.</td>
</tr>
<tr>
<td>• Activity inputs (private sector investment, technical assistance, training, in-kind M/E) were mutually reinforcing.</td>
<td>• There were design flaws as ABADE did not anticipate the customs issue, the full costs of M/E transportation, delays in vetting and approvals, and underestimated the scope of pre and post-award technical support required.</td>
<td></td>
</tr>
<tr>
<td>• The logical (results) framework omitted important intermediate outcomes.</td>
<td>• Comp3 business enabling environment was an unnecessary complication/distraction to the activity core.</td>
<td></td>
</tr>
<tr>
<td>• There were changes both to the Mission Framework and the activity indicators and targets during activity implementation.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Pre and post-award technical support was useful intervention but inadequate.</td>
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</table>

<table>
<thead>
<tr>
<th>Targeting</th>
<th>• The dropping of micro enterprises in Yr3 and re-focusing on SMEs yielded bigger jobs impact but was to the detriment of women economic empowerment as female business owners are clustered in the micro category.</th>
<th>➢ When making decisions on re-focusing activity, or altering grant parameters, ensure the consequences re fully assessed.</th>
</tr>
</thead>
<tbody>
<tr>
<td>• ABADE targeted primarily 5 urban centers in key economic corridors.</td>
<td>• Raising the threshold of the in-kind ‘grant’ in FY2015 greatly increased interest from larger businesses whose proposals generated more</td>
<td></td>
</tr>
<tr>
<td>• PPAs were formed with existing value-added businesses (SME-PPA) and start-ups (Innovating PPA) from high potential sectors (carpets, gemstones, agribusiness, construction materials, etc.).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Micro-enterprises were dropped in yr3 and the activity re-focused</td>
<td></td>
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</tbody>
</table>
The threshold of the in-kind 'grant' was raised in FY2015 to $250k for SME Alliances and to $1 million for Innovation Alliances.

### Activity Start-up

- The activity slow start was due to delays in establishing systems, opening regional offices, hiring locals and mobilizing expatriates.
- ABADE suffered from a delayed launch due to the IP’s lack of experience and expertise for such a large and complicated activity.
- Ensure IPs are selected with sufficient capacity to effectively execute activities, especially if the activity scope is immense.

### Outreach

- Outreach to the target market was comprehensive and comprised presentations, media campaign, advertising, posters, flyers and information sessions.
- Marketing generated 1,347 CNs that were screened down to 298 successful SMEs with good prospects for expansion.
- Despite a slow start, the IP soon became effective in terms of outreach to attract applications and recruit good businesses.

### Application & Approval Process

- The application process was lengthy and a ‘paper burden’ as many applicants were semi-literate and illiterate.
- There was some evidence of corruption during ABADE implementation but this was not deemed to be endemic.
- OIG Audit found USAID approval process ‘inefficient and short-staffed’.
- Approvals and vetting improved dramatically after streamlining of procedures – approval period reduced from 48 to 18 days and vetting from 67 to 6 days.
- The activity implementation suffered from considerable delays but these were caused mostly by factors outside the control of the IP, in particular approvals, vetting and customs.

### Pre-award Technical Assistance

- Pre-award TA comprised one-on-one idea sessions, writing workshops for the project plan, a pool of qualified volunteers offering remote assistance, and environmental compliance and mitigation support.
- Pre-award support shifted in 2013 from C1 to C2.

### Post-award Technical Assistance

- Post-award TA comprised machinery & equipment specifications, sourcing, procurement, and door-to-door delivery.
- Pre-award and post-award assistance were useful, especially for illiterate or semi-literate
- Similar programming should ensure that the
- Post-award support also included training on accounting (20 courses), marketing (10 courses) and industry-specific training and marketing support.
  - A total of 1,215 professionals were trained, of which 35% female.
  - FDGs found there had been disagreements on specifications and sourcing between IP and some PPAs.
  - There was confusion over which party would pay transportation of M/E in-country, as well as who would pay for and arrange training on M/E operations and maintenance, even though this was clear in most PPA agreements.
  - Activity design underestimated the requirements for pre and post-award technical support.

**Procurement (delays)**
- The customs clearance issue almost derailed the activity and was eventually resolved through Presidential Decree.

**US forces draw down in 2014**
- Greater insecurity and resultant slowing economy meant some SMEs experienced poor cash flow and as a result could not afford site preparation or facility upgrades so when M/E arrived it had to be warehoused.
- Outside of the five main urban centers, the countryside was non-permissive meaning much harder for the activity to service rural SMEs such as agri-business and marble.
- Several Pakistan border issues emerged that proved critical as Afghanistan is landlocked and Karachi was the main port of entry.
- M/E vendors from China refused to send their technicians to install and train recipients, and though a rail option later opened for Chinese vendors they insisted on longer sea shipment routes.
- Since 2014, the US forces draw down has led to a deteriorating security situation that adversely affected the economy that in turn created considerable difficulties for economic growth initiatives such as ABADE.
- Continuing insecurity in Afghanistan diminishes prospects for successful future OEG activity.

**Other Constraints**
- Flat markets and fluctuating demand, high transport costs for raw materials, political instability, energy problems outside of Kabul; weak Inter-Ministerial cooperation, and poor access to finance all continued after ABADE to constrain Afghan private sector expansion.
- Many significant constraints on the Afghan private sector continue after ABADE.

- Importing M/E from China, Pakistan, India, Turkey etc. to a landlocked country was challenging in terms of transportation logistics.
- Confusion over payment and responsibility reflected poorly on the relationship and communication between the IP and some of the recipients.

- Applicants/recipients, but technical support was insufficient and/or under-resourced in view of the requirements of many SMEs.

- Design includes robust technical assistance and training - not just pre-and post-award but after M/E delivery as well.
- Clearly outline and communicate role and responsibilities of beneficiaries under signed agreements.
- OEG programming should address all the constraints facing Afghan private sector for sustained economic growth to occur.
<table>
<thead>
<tr>
<th>EQ-2: To what extent did ABADE accurately and uniformly report on its indicators and what effect did that have on project implementation and decisions made, if any?</th>
</tr>
</thead>
<tbody>
<tr>
<td>2: To what extent did ABADE accurately and uniformly report on its indicators and what effect did that have on project implementation and decisions made, if any?</td>
</tr>
<tr>
<td>1.b. To what extent were the contributions from ABADE sufficient to help SMEs overcome constraints to achieve these intended results?</td>
</tr>
<tr>
<td><strong>Business Enabling Environment (BEE)</strong></td>
</tr>
<tr>
<td>• According to ABADE final performance report July 2018, 6 action plans in key sectors were prepared/approved and 6 constraints were removed.</td>
</tr>
<tr>
<td>• Although C3 was dropped toward the end of ABADE, the Public-Private-Dialogue (PPD) mechanism established by ABADE under C3 continues to function and has since expanded into other sectors to produce practical and lasting solutions to sector issues.</td>
</tr>
<tr>
<td>• ABADE mapped out local business service providers (BSPs) and increased their ability to deliver business development services (BDS)</td>
</tr>
<tr>
<td>• The PPD model established under C3 has proven to be sustainable.</td>
</tr>
<tr>
<td>• The capacity of BSPs was enhanced in a limited fashion.</td>
</tr>
<tr>
<td>➢ Support the PPD mechanisms coordinated by MOCI as they contribute to an enhanced BEE.</td>
</tr>
<tr>
<td>➢ Build capacity of Afghan Business Service Providers to deliver business development services.</td>
</tr>
<tr>
<td>1.c How satisfied were SMEs with the support provided by ABADE?</td>
</tr>
<tr>
<td>• ET found 80% of survey respondents were very satisfied with ABADE assistance, while 16% were satisfied and 4% were dissatisfied.</td>
</tr>
<tr>
<td>• Considering IESC lack of experience with an activity of this magnitude, the delays outside of its control, the non-permissive environment, its effective outreach, the results achieved, and recipients’ satisfaction with ABADE support, the IP performed reasonably well.</td>
</tr>
<tr>
<td>➢ If disaggregated data exists, it should be analyzed and reported.</td>
</tr>
<tr>
<td>➢ After attempting to access source documents for validating outcomes, use suitable proxies together with regular on-site observations though recognizing limitations on data validity.</td>
</tr>
<tr>
<td>➢ Similar activities need to be monitored for 1-2 years after completion for the full effects of the intervention to materialize.</td>
</tr>
<tr>
<td>Intermediate outcomes vital to business expansion were only reflected in two vague indicators.</td>
</tr>
<tr>
<td>Shifting indicators and targets presented difficulties for activity managers in tracking and reporting.</td>
</tr>
<tr>
<td>Tier I reporting was accurate on ‘outputs’ (hard physical evidence existed on file to be audited) but Tier II reporting on ‘outcomes’ (jobs and sales) was not reliable, valid or consistent (OIG report &amp; ABADE Midterm Evaluation).</td>
</tr>
<tr>
<td>ABADE used baseline sales and employment figures from SME Registration Form. Over LOP, this data was extrapolated from surveys. After OIG audit, ABADE surveyed all registered PPAs rather than taking a convenient sample but the data continued to be self-reported.</td>
</tr>
<tr>
<td>Significant discrepancies were found between the IP reporting, FGDs anecdotal evidence and the ET survey.</td>
</tr>
<tr>
<td>IP source data was disaggregated but there was no requirement for reporting and the data was not analyzed.</td>
</tr>
<tr>
<td>Precise measurement in the is challenging in Afghan context as SMEs</td>
</tr>
<tr>
<td>• Although ABADE was able to make a positive contribution to new private sector jobs, market access, increased sales and access to finance in Afghanistan, the extent of such results is questionable - precise measurement and verification of Tier II indicators (outcomes) are virtually impossible in the Afghan environment.</td>
</tr>
<tr>
<td>• Proxies for jobs, sales and in-kind PSI cannot guarantee accuracy and reliability.</td>
</tr>
<tr>
<td>• Market access was certainly enhanced by improved production capacity but human, marketing and financial capacity of businesses was only impacted marginally by ABADE, if not at all. Even production capacity sustainability is in doubt if SMEs cannot repair the M/E once it breaks down.</td>
</tr>
<tr>
<td>EQ-2: To what extent did ABADE accurately and uniformly report on its indicators and what effect did that have on project implementation and decisions made, if any?</td>
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</table>
run business on cash basis, are reluctant to share information, and lack financial and employee records.

- Measurement of jobs was premature as done as soon as PPA agreement was signed but before M/E delivery and set up.
- Monitoring was for 90 days after PPA close out when they should have tracked jobs and sales for one to two years for full activity effects – this could have led to under-reporting.
- Monitoring by both ABADE and independent TPM was inadequate as they only verified use of equipment after delivery not actual jobs or sales i.e. no meaningful verification.

**Effects on Decision Making**

- The initial management team was replaced due to lack of progress.
- 3 MEPs were prepared to reflect changing indicators and targets.
- Pre-award support was shifted to Component 2.
- Monitoring survey methodology changed to interview all PPAs rather than drawing a small sample.
- Micros dropped in Year 3 and focus shifted to SMEs.
- Vetting and approvals were streamlined.
- Presidential Decree obtained for customs exemption.

**EQ-3: To what extent was ABADE effective in leveraging investment from the private sector?**

<table>
<thead>
<tr>
<th>EQ-3: To what extent was ABADE effective in leveraging investment from the private sector?</th>
<th>ABADE in-kind M/E support for PPAs was $41.8 million with PSI $250 million meaning a leverage of 1.6.</th>
<th>The leverage ratio is outstanding provided the PSI values are accurate.</th>
<th>Ensure documentation exists to demonstrate how eligible PSI items are valued/estimated.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Commodities, training, sunk cost, generators, site preparation, facility upgrade, dedicated staff, donated time and intellectual property are eligible PSI items as per GDA guidelines.</td>
<td>With PPA schemes, USAID is more interested in value proposition (results) rather than costs (inputs).</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Although PPA schemes are not auditable, they must be measurable but verification is not possible if valuations are self-reported. The ET could find no documentation to understand how eligible items were valued/estimated.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**EQ-4: How worthwhile of an investment (machineries provided by ABADE) is it, as perceived by SME owners/management?**

<table>
<thead>
<tr>
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<th>Though most SMEs received what they asked for and were generally satisfied with the activity support, requests for multiple pieces of M/E by some were not allowed due to budget restrictions and PPA ratio requirements.</th>
<th>Sustainability of outcomes is a major concern as there was no provision for major repairs after M/E delivery and smaller businesses lacked financial capacity to handle this problem</th>
<th>Future similar programming should include warranties or after-sales service in vendor</th>
</tr>
</thead>
</table>
| in enabling the SMEs to operate and sustain their machinery? | • According to the ET survey, 20% of beneficiaries received training on M/E operations and maintenance while 80% said they had not. According to PPA agreement, the SME recipient is responsible for this aspect.  
- ET survey found of those that received training on M/E operations and maintenance, 33% considered it excellent, 58% good, 8% weak and 3% very bad.  
- 84% of survey respondents said the M/E received was still operating while 16% said it was not because the M/E did not serve its purpose, the workers could not operate it, it was too expensive to repair, or spare parts were not available in-country.  
- Over half respondents in the survey experienced some form of M/E breakdown – for half of the SMEs it was due to overuse, one-quarter said power outages, and the remaining quarter said it was due to not being operated properly, low quality of M/E or was damaged in transit.  
- Half of the SMEs that had a M/E breakdown said they carried out repairs in-house, 38% obtained local help, 9% had sent a part overseas for repair, and 4% had to use foreign experts to fix the M/E. meaning their M/E sat idle.  
- Confusion arose over which party would pay transportation of M/E in-country, as well as who would pay for and arrange training on M/E operations and maintenance (even though this was clear in most PPA agreements), reflected on the weak relationship and communication between IP and some of the recipients.  
➢ Ensure the vendor provides not only M/E according to specifications but technicians to help install and integrate the M/E, and train on its operations and maintenance. | contracts, and/or an insurance facility. |
ANNEX VI: EVALUATION TEAM MEMBERS’ QUALIFICATIONS AND ROLES

Denis Dunn – Team Leader

Mr. Dunn has a BA in Economics and an MA in Planning (regional Economic Development). He has 35 years’ professional experience in private sector development with 24 years in emerging/transitional countries on donor-funded projects/assignments.

Since 2010, Mr. Dunn has worked as Team Leader in Somaliland for a DFID & World Bank grant scheme, in Afghanistan for USAID on assorted M&E missions, for DFID on a business environment/Ministry reform project, for World Bank on a capacity-building project, and in Turkey on a UE-funded logistics park project, and in Moldova on an EU-funded quality infrastructure/competitiveness project.

Babar Mufti – Team Member

Mr. Mufti is a development consultant with expertise in donor-funded socio-economic and governance activities. He is a graduate of Georgetown University with an MS in International Development.

Humayoon Iqbal – M&E Specialist

Humayoon Iqbal has an MD and is doing his masters in evaluation (online). He is a methodologist with 9 years of experience in design and implementation of different M&E systems. He has so far led and contributed to 20 evaluations. His most recent work with CARE was to lead and analyze the household survey of a livelihood project.

Rahmatullah Abid- SME Specialist

Mr. Abid possesses bachelor’s degree in Biology from Kandahar University. He has over (7) years of professional experience in M&E with multiple large USAID-funded Activities as well as Taskforce-ISAF. Since late 2013, Mr. Abid has worked as a ‘District M&E Officer’ for AECOM-SIKA South as well as a ‘Regional M&E Manager’ for DAI-WIE-Promote.

As a District M&E Officer for AECOM-SIKA South, he extensively reported to SIKA South Regional Office on the ongoing grants, workshops, and information sessions. As a Regional M&E Manager at DAI-WIE, Mr. Abid also mentored and supervised over 20 female M&E staff in five respective provinces in the south; he reported to WIE Head Office on the progress made and the lessons learnt.
**ANNEX VII: KEY DEFINITIONS**

**Global Development Alliance (GDA)**
A GDA is a partnership involving USAID and the private sector where the partners work together to develop and implement activities that leverage and apply our respective assets and expertise to advance core business interests, achieve USAID's development objectives, and increase the sustainable impact of USAID's development investments. GDAs mobilize at least $1 in resources from private sector partners for every $1 USAID contributes.

**Private Sector**
For purposes of the GDA activity, private sector refers to the following: private for-profit entities such as a business, corporation, or private firm; private equity or private financial institutions, including private investment firms, mutual funds, or insurance companies; private investors (individuals or groups); private business or industry associations, including but not limited to chambers of commerce and related types of entities; private grant-making foundations or philanthropic entities; or private individuals and philanthropists.

**Resource Partner**
Resource partners are defined as organizations (e.g., corporations, financial institutions, foundations, social entrepreneurs, diaspora organizations, NGOs, donors, government agencies, etc.) that will contribute cash and in-kind resources to a GDA, including but not limited to technical expertise, goods and services, market access, and related investments. (Resource partners may also act as implementing partners.)

**Implementing Partner**
Any for-profit or not-for-profit organization that receives USG funding to deliver foreign development assistance. Typically refers to USAID’s “traditional implementing partners” as defined in AAPD 04-16. Examples: NGOs, universities, development contractors.

**Annual Program Statement (APS)**
When USAID intends to support a variety of creative approaches towards developing methodologies to assess and implement development objective activities, the Agency may use an Annual Program Statement to generate competition for these awards.

**USAID Mission**
Missions are USAID’s field offices in developing countries. The majority of USAID development assistance is provided through USAID Missions.

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## ANNEX VIII: DISCLOSURE OF CONFLICTS OF INTERESTS

Disclosure of Conflict of Interest for USAID Evaluation Team Members

<table>
<thead>
<tr>
<th>Name</th>
<th>Denis Dunn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title</td>
<td>Consultant</td>
</tr>
<tr>
<td>Organization</td>
<td>Checchi and Company Consulting, Inc.</td>
</tr>
<tr>
<td>Evaluation Position?</td>
<td>Team Leader</td>
</tr>
<tr>
<td>Evaluation Award Number (contract or other instrument)</td>
<td>Contract No. AID-306-C-12-00012</td>
</tr>
<tr>
<td>USAID Project to be Evaluated</td>
<td>ABADE</td>
</tr>
</tbody>
</table>

I have real or potential conflicts of interest to disclose. [ ] Yes [x] No

If yes answered above, I disclose the following facts:

1. Close family member who is an employee of the USAID operating unit managing the project(s) being evaluated or the implementing organization(s) whose project(s) are being evaluated.
2. Financial interest that is direct, or is significant through indirect, in the implementing organization(s) whose projects are being evaluated or in the outcome of the evaluation.
3. Current or previous direct or significant though indirect experience with the project(s) being evaluated, including involvement in the project design or previous iterations of the project.
4. Current or previous work experience or seeking employment with the USAID operating unit managing the evaluation or the implementing organization(s) whose project(s) are being evaluated.
5. Current or previous work experience with an organization that may be seen as an industry competitor with the implementing organization(s) whose project(s) are being evaluated.
6. Preconceived ideas toward individuals, groups, organizations, or objectives of the particular projects and organizations being evaluated that could bias the evaluation.

I certify (1) that I have completed this disclosure form fully and to the best of my ability and (2) that I will update this disclosure form promptly if relevant circumstances change. If I gain access to proprietary information of other companies, then I agree to protect their information from unauthorized use or disclosure for as long as it remains proprietary and refrain from using the information for any purpose other than that for which it was furnished.

Signature [Signature]

Date Aug 10, 2018
Disclosure of Conflict of Interest for USAID Evaluation Team Members

<table>
<thead>
<tr>
<th>Name</th>
<th>Babar Mufti</th>
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<tr>
<td>Date</td>
<td>1/23/2018</td>
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### Disclosure of Conflict of Interest for USAID Evaluation Team Members

<table>
<thead>
<tr>
<th>Name</th>
<th>Humayoon Iqbal</th>
</tr>
</thead>
<tbody>
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<tr>
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</table>
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<table>
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<tr>
<th>Name</th>
<th>Rahmatullah Abid</th>
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Signature: _____________________________
Date: May 16, 2018

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