

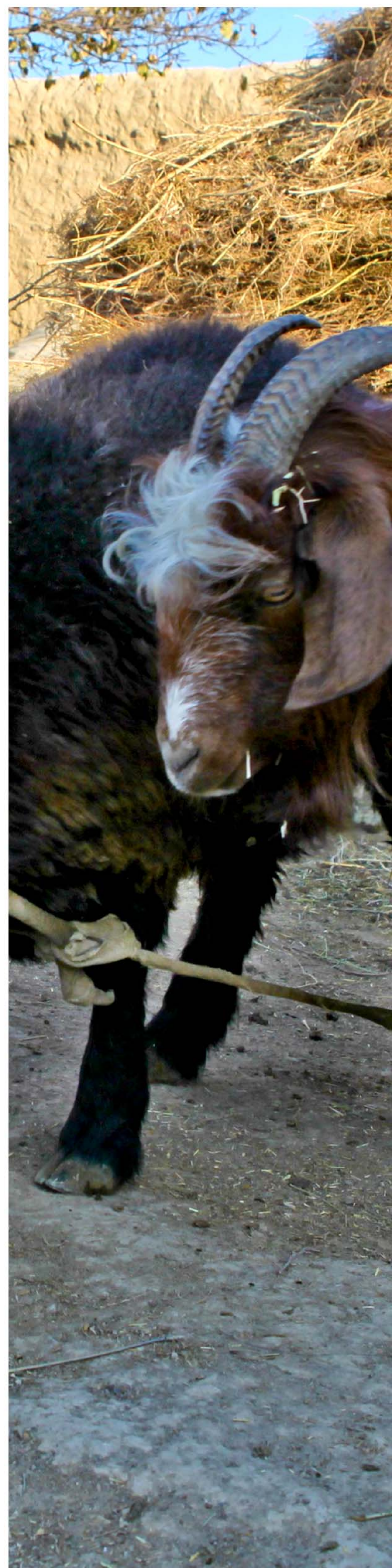


HAND IN HAND
AFGHANISTAN

ALLEVIATING POVERTY
THROUGH CREATION OF JOB

Bi-Annual Report

2013
2014





HAND IN HAND AFGHANISTAN

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ACRONYMS

AREDP	Afghanistan Rural Enterprise Development Program
ACE	Agricultural Credit Enhancement
BDS	Business Development Services
CDC	Community Development Council
CIG	Common Interest Group
DDA	District Development Assembly
EIF	Enterprise Incubation Fund
HiH Af	Hand in Hand Afghanistan
HiH Int.	Hand in Hand International
J&J CCT	Johnson & Johnson Corporate Citizenship Trust
MAIL	Ministry of Agriculture, Irrigation and Livestock
MISFA	Microfinance Investment Support Facility for Afghanistan
MFI	Micro-Finance Institution
MoEc	Ministry of Economy
MRRD	Ministry of Rural Rehabilitation and Development
M&E	Monitoring and Evaluation
ODOP	One District – One Product
PC	Provincial Council
Sida	Swedish International Development Cooperation Agency
SME	Small and Medium Enterprises
USAID	United States Agency for International Development

A WORD FROM CHAIRPERSON

With the challenges that the country has faced during the last year, Afghanistan remains underdeveloped with a significant percentage of people still living under poverty line according to official reports (MDG, NRVA). However, international commitment for stabilizing Afghanistan's socio-economic condition is ongoing to some extent. Funds have reduced due to change of the political interest of the donor community with little focus for economic development and job-creation. This is due to the increased insecurity and the inability to sustain the cost of war.

People's life has not improved much in terms of access to jobs, quality of education and better health services- mainly in rural and populated regions. These factors have harmed and unbalanced progress and prevented social development. Hand in Hand Afghanistan's model of poverty elimination through job creation has opened a new window for thousands of people for a better life and future.

Although unemployment and poverty still remains a huge challenge across the country, people's confidence on programs such as that of the HiH is strong and the communities continue creating Self Help Groups (SHG) in order to reach the goal.

Other communities not part of the groups are learning by seeing the experience of the previous work of HiH and many have become interested and approach our programme staff and request expansion.



While there is demand, there is also insecurity in parts of the country where no NGO can operate.

The results of our programs are very clear and visible to everyone in the society. HiH has created jobs and managed to prevent hundreds of men - if not thousands, from joining the insurgents because now they have jobs with income. These efforts have direct impact on economical empowerment of men and women in the society. HiH has created hope in a country where everything is almost falling apart. I would like to thank all contributors, partners, and the HiH family for their support and wish everyone more success at this challenging time.

HAND IN HAND AFGHANISTAN

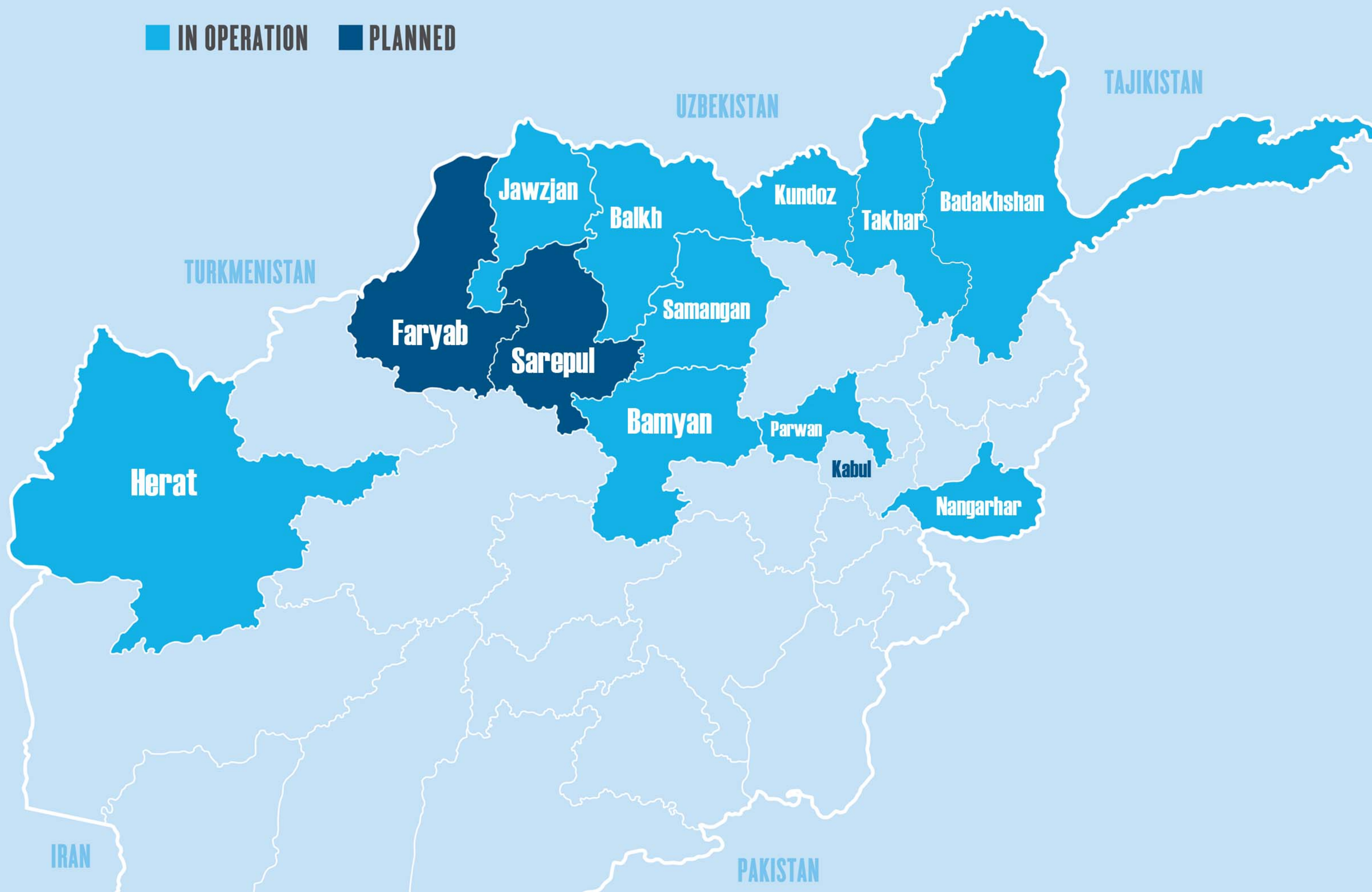
Hand in Hand Afghanistan (HiH Af) is a not-for-profit and non-governmental organization registered with Ministry of Economy of the Government of Islamic Republic of Afghanistan working towards elimination of poverty through creation of enterprise and jobs.

HiH Af is a member of Hand in Hand (HiH), a global network of independent organizations with a shared vision to alleviate poverty and gender inequality through the creation of enterprises and jobs.

The HiH Network has operations in India, Afghanistan, Eastern Africa, and Southern Africa, with fundraising and support offices in the United Kingdom, Sweden and the USA. The network promotes South-South knowledge transfer by sharing experiences, information, lessons learnt and best practices. The HiH model originates from Tamil Nadu in India, where, in over one decade, it has managed to mobilize some 1.2 million members into Self-Help Groups (SHGs) who in turn have created more than 1.7 million jobs.

**WE HAVE CREATED
MORE THAN 1.7
MILION JOBS**

■ IN OPERATION ■ PLANNED



VISION & MISSION

VISION

HiHAf's vision is an Afghanistan free of poverty, where gender equality is its cornerstone.

MISSION

HiHAf's mission is to work for economic and social empowerment of the poor by supporting the creation of enterprises and jobs, and the generation of higher incomes.

OUR VALUES

- We are pro-poor
- We are inclusive, impartial and non-discriminatory
- We work in partnership with others to achieve results
- We respect fundamental human rights and listen to our clients
- We value objectivity, integrity, professionalism and openness
- We value transparency and accountability
- We share our knowledge
- We esteem entrepreneurship and innovation



HAND IN HAND
AFGHANISTAN

GOVERNANCE

HiHAf is committed to good governance and follows recommended best practices. The HiHAf Board of Directors is the governing body chaired by Ms. Seema Ghani, with a mission to guide and take strategic decisions for the organization's long-term future and oversee its financial affairs, while holding its Chief Executive Officer (CEO) to account.

No staff members are voting members of the Board though the Board and the CEO work in close partnership. The Board composition covers essential skills, knowledge to complement that of the staff, and it pays particular attention to issues of security, fraud and corruption. Hand in Hand International has an ex officio seat to bring international experience and create a fiduciary link to donors.

BOARD OF DIRECTORS

SEEMA GHANI

Ms. Ghani has been chairing Hand in Hand Afghanistan Board of Directors (BD) since 2008. She obtained a Master of Science degree in International Business and studied another Master of Science course in Development studies in the UK, where she worked for PriceWaterHouseCoopers as a consultant. Since returning to Afghanistan in 2002, she has served in government as Director General of Budget for the Ministry of Finance and Deputy Minister of Labor and Social Affairs. She led the reform of the Afghan Chamber of Commerce and served as a member of its board. Later, she set up The Khorasan Charity, which provides care for some of the most vulnerable children in Afghanistan. She is also a member of several civil society boards, including the Khurasan Charity, the Afghan Technical Vocational Institute, The Afghan Family Guidance Association and Open Society Afghanistan. She is also the Founder of People's Movement Against Corruption in Afghanistan.



BOARD OF DIRECTORS



AGNES SVENSSON

Ms. Svensson is the Program Manager for Hand in Hand International where she specializes in program development and fundraising. Before joining Hand in Hand she worked at the United Nations Development Program in New York and the Democratic Republic of the Congo, focusing on aspects of private sector development. She holds an MSc in Business and Development Studies from Copenhagen Business School and BSc in Business and Economics from the Stockholm School of Economics.

WAHEED SAIFI

Mr. Saifi is the Policy and Organizational Development Adviser to Minister of Labour, Social Affairs, Martyrs and Disabled. He has been a member of Hand in Hand Afghanistan BD since 2010. Mr. Saifi holds an MSc in Development Management from London School of Economics. He has served in the government and international organizations and is highly qualified and professional with a successful track record of thirteen years of work experience, more than ten years of which have been in senior management and advisory positions.



KAMELA SIDIQI

Ms. Kamela Sidiqi is the Deputy Chief of Staff (Admin and Finance) at the President's office – Government of Islamic Republic of Afghanistan. Kamela Sidiqi is one of Afghanistan's leading female entrepreneurs. Kawayan Business Development Services in 2004 was the first Business Development Training providing company in Afghanistan which she set up. Kamela has received international recognition for her work at the 10th Anniversary US Global Leadership Campaign in 2005. The Dressmaker of Khair Khaina is a book that Gayle Tzemach Lemmon has written on the life of Kamela charting her growth from a dressmaker to a thriving entrepreneur.

PROJECTS

SUSTAINABLE LIVELIHOOD PROGRAM (SLP)

Under this project total 7,200 rural entrepreneurs were mobilized into SHGs in Kaldar, Marmul and Sholgara districts of Balkh province. The aim of this project is to improve the livelihood of the targeted groups through implementation of HiH enterprise development and Job creation model. Under this project a Knowledge Resource Centre (KRC) established in Mazar e Sharif to train people from rural areas but also staff from other NGOs and Government organizations and will share best practices with different development agencies. This project was implemented from Dec 2010 - Dec 2014 and funded by Sida, HiH Int. and HiH Af.

SANITATION AND HYGIENE AWARENESS AND ENTERPRISE DEVELOPMENT

This project complemented the Sustainable Livelihood Program (SLP), providing hygiene and sanitation awareness and training to 10,129 SHG and none SHG members and also supporting the establishment of rural enterprises by providing Enterprise Incubation Fund (EIF) to enable group members to start their microenterprises. The project was implemented from May 2011 to April 2014 and was funded by Johnson & Johnson Corporate Citizenship Trust.

SUPPORTING RURAL ENTREPRENEURSHIP AND PROMOTING WOMEN'S SOCIO-ECONOMIC EMPOWERMENT IN DARA-I-SUF BALA AND DARA-I-SUF PAYAN DISTRICTS OF SAMANGAN

The overall objective of this action is to economically empower and strengthen the socio-economic rights of poor rural women and men in Afghanistan, with a particular focus on women. The project targeted total of 5,400 rural entrepreneurs (70% women) are mobilized and trained to create 8,100 jobs. Activities will continue to August 2016 co-funded by the European Delegation to Afghanistan, J&J CCT and Hand in Hand International.

PILOTING AND IMPLEMENTATION OF THE CONCEPT OF ONE DISTRICT ONE PRODUCT (ODOP) FOR COMMUNITY LED MICRO ENTERPRISE DEVELOPMENT IN RURAL AREAS OF PARWAN AND HERAT PROVINCES

The prime objective for this project are to recommend the standardized products with added value, value chain analysis, develop market and facilitate access to technical, financial and business development services as well as to develop operational guideline, Implementation strategy and training modules for the large scale replication. This is the pilot project of the ODOP funded by AREDP/MRRD and implementation started from July 2014.

PROJECTS

IMPROVING LIVES THROUGH CREATION OF MICROENTERPRISES AND JOBS IN JAWZJAN

The objective of this project is to reduce poverty and gender disparity in the targeted area through creating enterprises and therefore jobs. HiH Af reached out to the most vulnerable and under-served regions and groups in society, with focus on poor, rural and financially excluded populations. The project targeted total of 1,800 rural entrepreneurs (70% women) to create 2,700 jobs.

VALUE CHAIN IMPROVEMENT PROJECT FOR SEVEN WOMEN COOPERATIVES

This project was implemented in Balkh, Kunduz, Takhar, Badakhshan, Parwan, Nangarhar and Herat provinces to build the capacity of head of women cooperatives and its members through exposure visit to Hand in Hand India and provision of training and follow up mentoring visit. The project was funded by ACE/USAID and Hand in Hand.

BUSINESS DEVELOPMENT TRAINING PROJECT FOR SMEs BAMYAN PROVINCE

Under this project HiH Af has built the capacity of 48 SMEs of different sectors in accounting, financial management, budgeting, marketing & market management and marketing strategy after performing a need assessment of the target SMEs. During the project SMEs gained knowledge on business ethics, tax law and business related social challenges (e.g. child labor and gender); SMEs were also familized to best basic practices in business management and administration; and finally utilization of best practices in operations and supply chain management.



Dorafshan and Her Strong Self-Confidence

Dorafshan is a 19 year old married woman who lives in Dara-e-Suf Payan district of Samangan province with her husband and a child. She joined Zohra SHG in April 2014 where she learned tailoring skill and ways of doing business. After being trained she decided to start her own small enterprise in order to give a helping hand to her husband to cover family expenses. She received the enterprise startup toolkit from Hand in Hand and secured a loan of AFN 1,000 from the group to purchase the other required raw materials to start sewing. Dorafshan receives orders from relatives and neighbors to sew cloths for women and kids and she now earns AFN 4,000 on monthly basis. She has repaid the internal loan to the group and has started stepping towards self-sufficiency and contributes to family expenses properly.

Dorafshan is happy with her job as she says: “I am very happy to help my family financially and this has given me enough confident to move forward and expand my enterprise.”



APPROACH

Self-help, empowerment and capacity building are fundamental to the rationale, integrated design, implementation and sustainability of HiHAF's model. HiHAF creates small enterprises and jobs that promote self-reliance at individual, household and community levels, which in turn contributes to economic growth at local and national levels. This is done mainly through the formation of SHGs of women and men from similar socio-economic backgrounds. The SHG approach is an empowerment tool that focuses on equipping the individual to improve the socio economic condition of their families and communities. Complementary training on business, production, skills, savings/credit and market linkages then capacitates individuals with relevant knowledge and skills to identify and use resources within their communities, materialize their ambitions into market-based, profitable enterprises and improved incomes. As a result, HiHAF contributes directly to improving women's economic independence and social standing as household income contributors, leaders and community/household decision-makers.



SOCIAL MOBILIZATION

Within the social mobilization and saving component of the program, HiH Afghanistan works on formation of specific groups such as Self Help Groups (SHGs) comprised of 10-20 members with different enterprise backgrounds and interests, and Common Interest Groups (CIGs) comprised of 5-15 members with the same enterprise background and interests. Considering the cultural sensitivities and barriers in Afghanistan, HiH Af uses these groups as important and effective entry points to empower individuals and trains women and men separately. Mobilization is done through the CDCs in the villages where awareness campaigns and social forums are conducted to introduce HiH Af, its vision and mission and the HiH job creation model to people.

These practices and experiences show that the groups are strong and successful, especially women groups who can find themselves confident to work and share their problems and responsibilities. Men groups are also trained on social and economic benefits and the importance of women engagement in creation of entrepreneurship.

MOBILIZED AS OF DEC 2014

1,316 GROUPS
760 FEMALE 556 MALE

22,371 MEMBERS
12,955 FEMALE 9,416 MALE



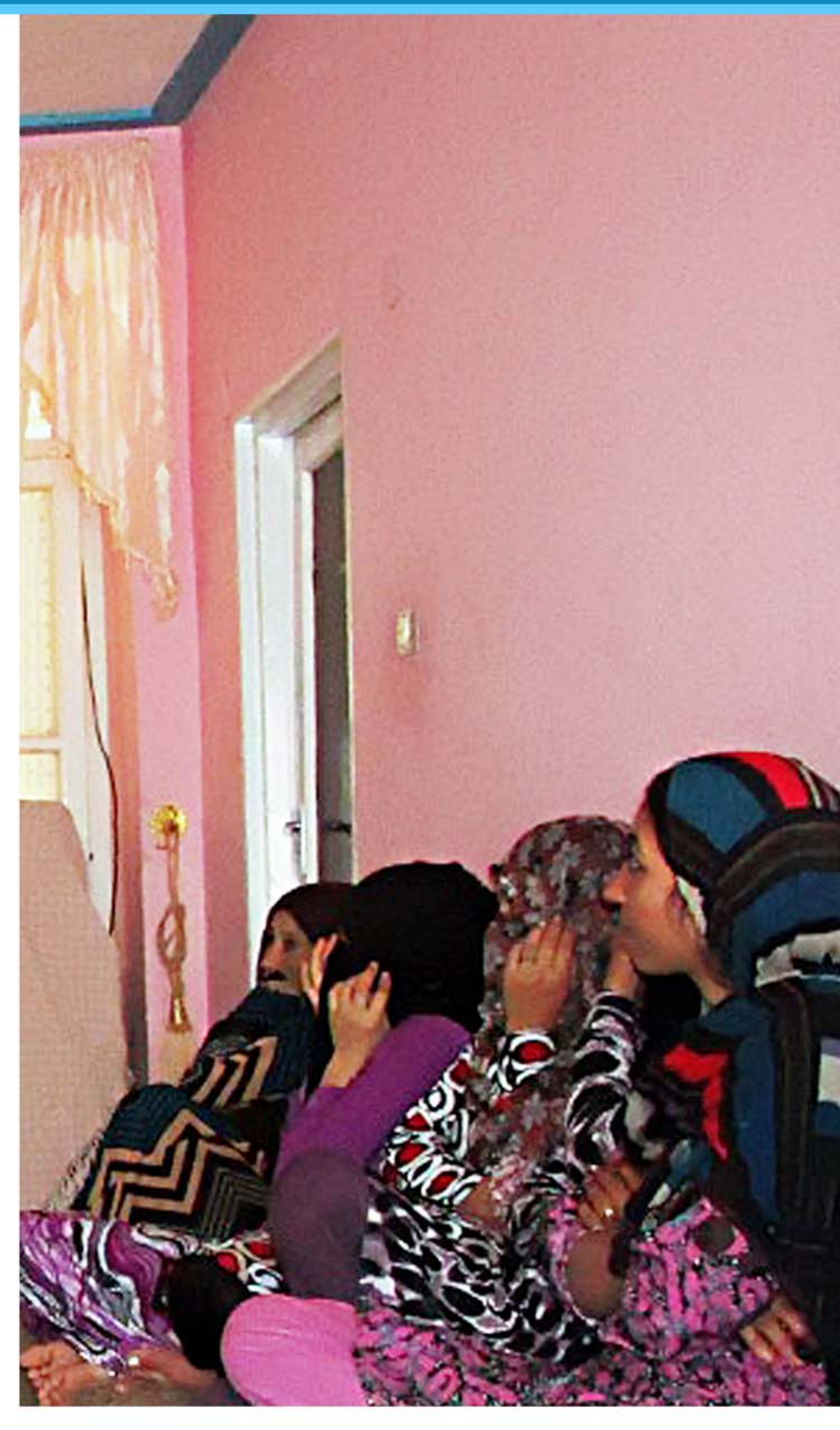
TRAINING GROUP MANAGEMENT

This training is very important for the management of the group and for members to understand their roles and responsibilities. Members are briefed about the importance of being a group once again. The training mainly focuses on leadership, roles and recordkeeping. The group leadership is trained on their specific roles such as the group head, the cashier and the secretary. The group also learns to prepare their constitution that includes group discipline, members' entry and exit rules, group participation, group decision, meeting intervals, saving and internal lending rules. Finally in recordkeeping session members will have the opportunity to learn taking meeting minutes, updating and maintaining group book and member's passbooks.

AS OF DEC 2014

22,371

MEMBERS TRAINED



TRAINING MICROFINANCE

Microfinance Package is an efficient and useful training for management of group's financial activities. The aim is to enhance group members' knowledge in terms of importance of group-saving, Islamic lending principles, role of microfinance in community development and women participation and involvement in family income. Members will also learn to track saving and internal lending activities in the group's book.

TRAINED AS OF DEC 2014

18,324 MEMBERS

**60.7%
FEMALE**



TRAINING

BUSINESS DEVELOPMENT SERVICES

AS OF DEC 2014

17,579

MEMBERS TRAINED

10,881 FEMALE

6,698 MALE

The BDS training package is designed using the Competency Based Economies through the Formation of Enterprises (CEFE) which is a GIZ entrepreneurship training system.

Mobilized members received the eight sessions of Business Development Services training that includes:

- Unlocking Entrepreneurial Individual Strengths
- Basics of Enterprise,
- Selection of Sample Enterprise
- Basics of Marketing (Marketing Mix; 4Ps)
- Effects of Demand and Supply on Price of Products
- Market Survey
- Seasonal Calendar
- Financial Statement

After completing this training, beneficiaries who already have small investments have focused on their expansion and improving their current enterprises and those who do not have any income generating activity learned to select a microenterprise.



TRAINING

LIFE SKILLS

Soon after mobilization and group formation, the life skills training is offered on needs basis to members. The curriculum and training material is compiled using materials from different sources and adapted to serve needs and fulfil the purpose of offering training. This training is called life skills because it covers a wide range of topics including different enterprises, skills,

social awareness, hygiene & health, environment, etc. Therefore this training besides enabling members to learn read, write and do basic calculations, it increases their awareness in the above areas as well.

AS OF DEC 2014

430 FEMALE

MEMBERS

TRAINED



TRAINING

VOCATIONAL SKILLS

In addition to Business and Enterprise development training, there is a need to build skills of the potential entrepreneurs in order to enable them to start a successful enterprise. Therefore, HiH Af focuses on supporting and providing market driven vocational training to group members. These trainings are offered practically in the below mentioned areas and regular on the job support is also given to the entrepreneurs.

- Poultry
- Agriculture
- Horticulture
- Livestock
- Fish Farming
- Beekeeping
- Wool spinning
- Tailoring
- Embroidery
- Knitting and weaving

AS OF DEC 2014

6,917 MEMBERS
TRAINED ON DIFFERENT SKILLS

1,942 FEMALE
4,974 MALE



A Man with Young Dream!

Haji Taj Mohammad who is a 56 year old man lives in Naw Abad village of Aqcha district with his nine children. However he has been unemployed for long time, but has never tired of struggling with difficulties and challenges. Taj Mohammad used to work daily wage basis before joining the Barabari Self Help Group (SHG) in Aqcha district. After joining the group he has received training on group management, microfinance, saving and business principles.

After completing the vocational skill training, Taj found himself qualified to establish a self-business. He formed a CIG (Conmen Interest Group) rapidly and initiated leading internal loan as primary source and invested a share cost amount of AFN 20,000 on a poultry farm and purchased 600 new born chicks. Taj's poultry farm is the first local farm in his village and supplies the entire village needs with fresh chicken. He earns an average of AFN 5,000 in monthly basis. Now, lots of people particularly grocery shops are aware of this local poultry farm in the village and prefer to be his clients.

Taj Mohammad has got the ability to contribute to his family's entire costs particularly his five sons who go to school. He is very satisfied with his new career and looking to future optimistically

..

I am very happy of the first group" investment in our village. We will soon have 1,500 more chicks in our small farm and expand our business. I am thankful to HiH for providing skill trainings and the opportunity of group works." Said Taj



HYGIENE AND SANITATION

AS OF DEC 2014
HYGIENE TRAINING TO
10,129
MEMBERS

The hygiene and sanitation training focused on increasing awareness and educating the SHG members about diseases and prevention from it. The main topics included Personal and environmental hygiene, Nutrition and first aid, and preventable diseases and vaccines. The training was offered through audio visual and posters and members received small hygiene kits from HiH Af in order to build the habit of using necessary hygiene items among people

HYGIENE KIT TO
2,792 FEMALE
2,260 MALE



ENTERPRISE INCUBATION FUND AND ACCESS TO CREDIT

Members start saving within the groups from the first meeting and after receiving business development service training members were encouraged to start new small businesses or enhance their current microenterprises. Normally there are two ways of receiving a loan, from internal group savings or from external microfinance institution for their entrepreneurial activities. If the group saving is insufficient and there is no MFI in the area, HiH Af Enterprise Incubation Fund will provide members with small loans. Since access to finance is limited therefore toolkits are another solution to enable members to establish and run their business.

INTERNAL LOAN

TOTAL

16,598,700

FEMAL

8,000,000

MALE

8,608,700

MEMBERS' SAVING

TOTAL

24,957,654

FEMAL

12,802,707

MALE

12,154,947

EIF

TOTAL

23,055,000

FEMAL

8,905,000

MALE

14,150,000

TOOLKITS

TOTAL

1,514

FEMAL

839

MALE

675

LINKING ENTREPRENEURS TO MARKET

HiH Af is working on value chain upgrading across all the economic sectors its members are engaged in. The majority of HiH Af beneficiaries are active in agriculture and livestock production. HiH Af seeks to expand the market opportunities of Self Help Group and creating linkages between rural villages and districts to wider markets in Mazar-e-Sharif and Kabul. HiH Af supports the members to develop marketing and branding of goods so that consumers can differentiate higher quality Afghan goods

from low quality products. Initial formation of CIGs/Producer Groups and then cooperatives or cluster-based business associations provide the backbone for such support, as HiH Af's members retain more value by working together to negotiate better deals, share transportation and logistics service costs, and capture larger work contracts than what would be possible by a single individual or SHG. Exhibitions are also a good mean for the promotion of members' products.



ENTERPRISE & JOBS

5,927

MICRO
ENTERPRISES

ESTABLISHED/EXPANDED



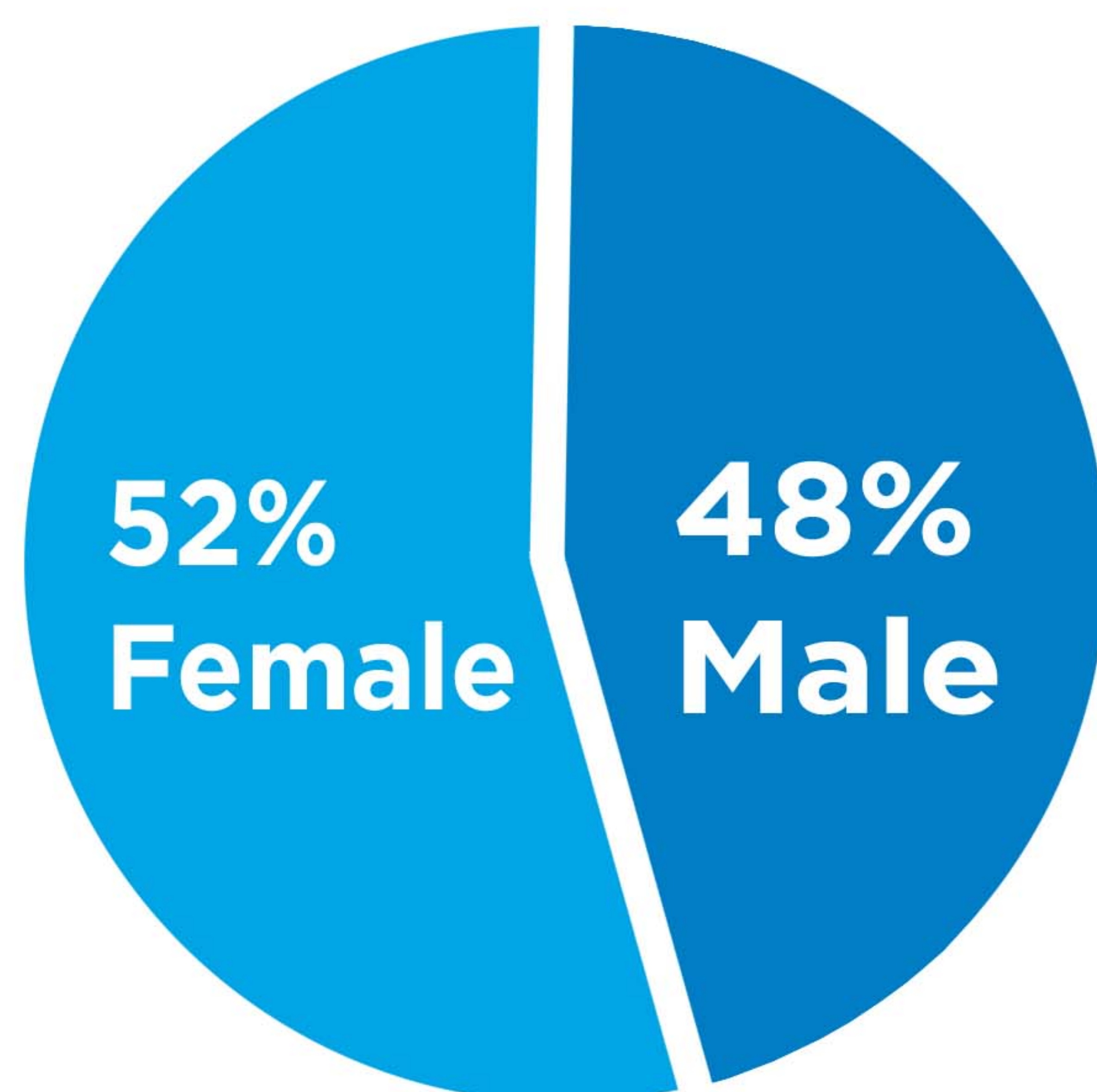
JOBS CREATED

4,415

WOMEN

4,139

MEN



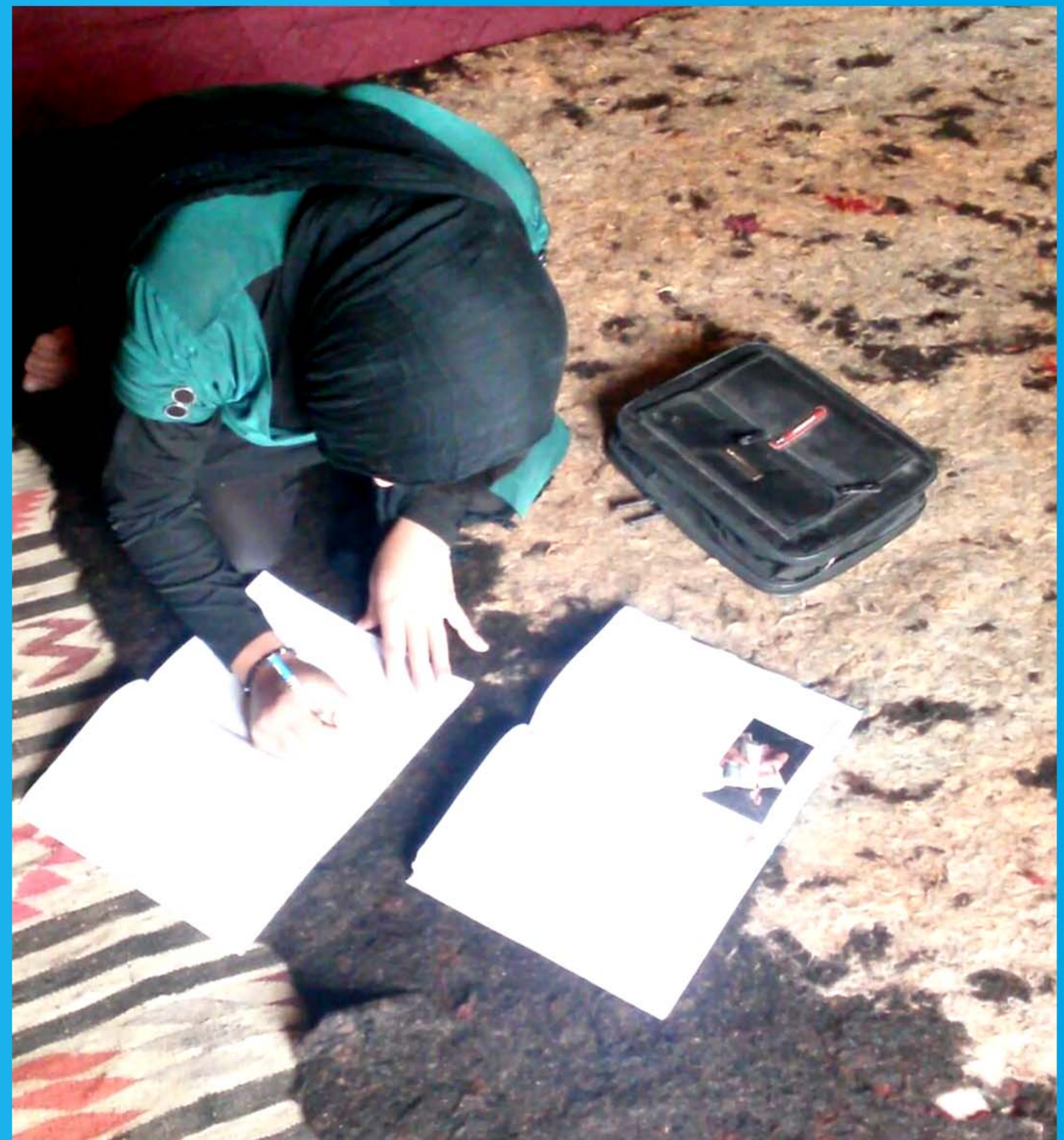
KHAWAR AND HER DREAMS FOR FUTURE

Khawar is a 27 year old girl with disability. She was born healthy, but a planted mine exploded and caused losing her left leg when she was a kid and later on things got worse for Khawar as she lost her father too. She now lives in a rural area, in Zawarha village of Sholgara district with her 4 sisters and two brothers with lots of difficulties.

However, life has been frightening for Khawar since childhood, but it hasn't stopped her being hopeful and looking to future optimistically. Although Khawar was illiterate and disabled, but not hopeless therefore she has been looking for a way to work and having income since long years ago. Khawar heard from friends and neighbors about HiH Af program and joined Aamo SHG which was formed in her village. Along with other trainings she received Live Skills training and learned how to read, write and do basic calculation after a four-month course.

She earns

**AFN 5,000
PER MONTH**



In no time, Khawar fulfilled another dream and became eligible of taking a tailoring training where trainees learn skills and basic financial management to run their own business. She is now a tailor and receives orders from neighborhoods and usually earns around AFN 5,000 per month. "I always dreamed to become a literate girl and then learn a skill which could help me to have income and contribute to family expenses, now i am very happy having this ability." Said Khawar



FINANCIAL SUMMARY 2013

Hand in Hand Afghanistan is responsible for the preparation and fair publishing of the financial statements in accordance with accounting principles generally accepted as common norms and standards. Financial performance is audited by independent, external and registered audit firms annually and we are honored and have the commitment to share the financial status of the organization showing our accountability and transparency with donors who financially support HiH Af, government, stakeholders and finally the beneficiary.



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Independent Auditors' Report to the Board of Directors of Hand in Hand - Afghanistan

We have audited the accompanying financial statements of **Hand in Hand - Afghanistan** ("the **Organization**"), which comprise the statement of financial position as at 31 December 2013 and the related statement of income and expenditure, statement of changes in fund and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the accounting policies as stated in Note 3 to the financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of Hand in Hand - Afghanistan for the year ended 31 December 2013 are prepared, in all material respects, in accordance with the accounting policies as stated in Note 3 to the financial statements.

Ernst and Young Ford Rhodes Sidat Hyder
Chartered Accountants
Engagement partner: Muhammad Basheer Juma
Date: 15 July 2014
Kabul, Afghanistan

FINANCIAL SUMMARY 2013

HAND IN HAND - AFGHANISTAN STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Note	31 Dec 2013 US\$	31 Dec 2012 US\$
ASSETS			
Current assets			
Short term prepayments	4	4,000	13,116
Loans and advances	5	185,771	143,581
Cash and bank balances	6	60,390	426,268
Total assets		250,161	582,965
GENERAL FUND AND LIABILITIES			
General fund			
Accumulated surplus		247,161	577,965
Current liabilities			
Audit fee payable		3,000	5,000
Total equity and liabilities		250,161	582,965

The annexed notes from 1 to 11 form an integral part of these financial statements.

Chairperson

Country Director

HAND IN HAND - AFGHANISTAN STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	01 January 2013 to 31 Dec 2013 US\$	20 March 2012 to 31 Dec 2012 US\$
Income	7	467,513	813,338
Expenditure	8	798,317	651,894
(Deficit)/Surplus		(330,804)	161,444

The annexed notes from 1 to 11 form an integral part of these financial statements.

Chairperson

Country Director

HAND IN HAND - AFGHANISTAN STATEMENT OF CHANGES IN FUNDS FOR THE PERIOD FROM 01 JANUARY 2013 TO 31 DECEMBER 2013

	Accumulated surplus US\$
Balance as at 20 March 2012	416,521
Surplus for the period	161,444
Balance as at 31 December 2012	577,965
Balance as at 01 January 2013	577,965
Deficit for the year	(330,804)
Balance as at 31 December 2013	247,161

The annexed notes from 1 to 11 form an integral part of these financial statements.

Chairperson

Country Director

HAND IN HAND - AFGHANISTAN STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2013

	01 January 2013 to 31 Dec 2013 US\$	20 March 2012 to 31 Dec 2012 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
(Deficit)/ Surplus	(330,804)	161,444
Decrease / (Increase) in current assets:		
Short term prepayments	9,116	(3,466)
Loans and advances	(42,190)	(95,294)
(33,074)		(98,760)
(Decrease)/Increase in current liabilities:		
Audit fee payable	(2,000)	-
Net cash (used) / generated from operating activities	(365,878)	62,684
Cash and cash equivalents at the beginning of the year	426,268	363,584
Cash and cash equivalents at the end of the year	60,390	426,268

The annexed notes from 1 to 11 form an integral part of these financial statements.

Chairperson

Country Director

FINANCIAL SUMMARY 2014



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Independent Auditors' Report to the Board of Directors of Hand in Hand - Afghanistan

We have audited the accompanying financial statements of **Hand in Hand - Afghanistan**, which comprise the statement of financial position as at 31 December 2014, and statement of income and expenditure, statement of changes in fund and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the accounting policies as stated in Note 3 to the financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of Hand in Hand - Afghanistan for the year ended 31 December 2014 are prepared, in all material respects, in accordance with the accounting policies as stated in Note 3 to the financial statements.

Chartered Accountants
Engagement partner: Muhammad Basheer Juma
Date: 07 May 2015
Kabul, Afghanistan

FINANCIAL SUMMARY 2014

HAND IN HAND - AFGHANISTAN STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

Note	2014 AFN	2013 AFN Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus / (Deficit) for the year	1,360,706	(16,882,482)
Decrease / (Increase) in current assets:		
Short term prepayments	224,400	460,647
Loans and advances	5,734,718	(2,922,503)
	5,959,118	(2,461,856)
(Decrease) / Increase in current liabilities:		
Increase in liabilities	3,156,236	468,255
Net cash generated from / (used in) operating activities	10,476,060	(18,876,083)
Cash and cash equivalents at the beginning of the year	3,387,895	22,263,978
Cash and cash equivalents at the end of the year	13,863,955	3,387,895

The annexed notes from 1 to 13 form an integral part of these financial statements.

S. Ghomr
Chairperson

[Signature]
Country Director

HAND IN HAND - AFGHANISTAN STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

Note	2014 AFN	2013 AFN (Restated - Note 10)	2012 AFN
ASSETS			
Current assets			
Short term prepayments	4	-	224,400
Loans and advances	5	4,687,021	10,421,739
Cash and bank balances	6	13,863,955	3,387,895
Total assets		18,550,976	14,034,034
GENERAL FUND AND LIABILITIES			
General fund			
Accumulated fund		9,363,990	8,003,284
Current liabilities			
Severance payable		2,745,986	-
Loan from HIH International	7	5,700,000	5,610,000
Interest payable	7	427,500	252,450
Audit fee payable		313,500	168,300
		9,186,986	6,030,750
Total equity and liabilities		18,550,976	14,034,034

The annexed notes from 1 to 13 form an integral part of these financial statements.

S. Ghomr
Chairperson

[Signature]
Country Director

HAND IN HAND - AFGHANISTAN STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2014

Note	2014 AFN	2013 AFN Restated
Income	8	78,205,191
Expenditure	9	76,844,485
Surplus / (Deficit) for the year		1,360,706

The annexed notes from 1 to 13 form an integral part of these financial statements.

S. Ghomr
Chairperson

[Signature]
Country Director

HAND IN HAND - AFGHANISTAN STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED 31 DECEMBER 2014

	Accumulated surplus AFN
2013	
Balance as at 01 January 2013	30,187,111
Effect of Restatement (Note 10)	(5,301,345)
Balance as at 01 January 2013 - restated	24,885,766
Deficit for the year - restated	(16,882,482)
Balance as at 31 December 2013	8,003,284
2014	
Balance as at 01 January 2014	8,003,284
Surplus for the year	1,360,706
Balance as at 31 December 2014	9,363,990

The annexed notes from 1 to 13 form an integral part of these financial statements.

S. Ghomr
Chairperson

[Signature]
Country Director



DONORS AND CONTRIBUTORS



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