

ANNUAL REPORT 2015



VEFs Capacity Building Training | Dare I Suf District | Samangan Province



HAND IN HAND
AFGHANISTAN

SALIMA, THE BROOM MAKER

Salima is a young women living with her husband, two sons and one daughter in Wali Bay village of Aqcha district in Jawzjan province. She knew how to make brooms and was earning AFN 2,000 per month on average, but this income was never sufficient to meet their household expenses and her husband's joblessness was just adding to the problems. She joined a Hand in Hand group last year and from there on she never looked back. Salima has learnt doing business and at the same time she started saving within the group.

Day by day, she has realized changes in her own potential and improvement of her self-confidence, therefore she borrowed amount of AFN 5,000 from the group savings in order to give a new start to her

small broom making enterprise. Investing more money helped Salima to purchase more raw materials and produce more.

She says "I was making and selling brooms before joining Hand in Hand Afghanistan, but I knew nothing about business and marketing that was the reason I was earning less. Alhamdulillah now my business is growing and I focus more on the quality".

Not only this, Salima has also given her husband a job. Her husband helps her in supplying raw material and selling the finished brooms to the market. They can together make 400 brooms per month and this has increased their monthly net income from AFN 2,000 to AFN 8,000 which shows a considerable increase of AFN 6,000.



Salima | Broom Maker | Wali Bay Village | Aqcha District | Jawzjan Province



Group Photo | Hand in Hand Afghanistan | Planning Workshop for 2016 | Mazar I Sharif | November 2015

ACRONYMS

AREDP	Afghanistan Rural Enterprise Development Program
BDS	Business Development Services
CIG	Common Interest Group
DFID	Department for International Development
HiH Af	Hand in Hand Afghanistan
HiHI	Hand in Hand International
NGO	Non-Governmental Organization
SHG	Self Help Group
VEFs	Village Enterprise Facilitators



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ABOUT HAND IN HAND AFGHANISTAN

Organization's Name	Hand in Hand Afghanistan (HiH Af)
Established	December 2006, Registered with the Ministry of Economy of Afghanistan (License No. 890)
Vision	HiH Af's vision is an Afghanistan free of poverty, where gender equality is its cornerstone.
Mission	HiH Af'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. Targeting the poor and marginalized communities, with a particular focus on poor women, HiH Af empowers SHGs, provides support and training, and helps them access credit through savings, information, markets and opportunities
Chairperson	Seema Ghani
Country Director	Abdul Rahim Nasry

No. of Staff	269 (175 Female) 65% Female
Head Office	House P-860, Street 10, Taimani, Kabul Afghanistan
Regional Office	Guzar Marmul, Behind Sultan Razia High School, Mazar-e-Sharif, Afghanistan
District Offices	Balkhab, Gosfandi and Sancharak districts of Sarepul province. Shortepa and Kishindeh districts of Balkh province. Dara-i-Suf Bala and Payan district of Samangan province and Aqcha district of Jawzjan Province.
Contact	Telephone: +93 202 230 791 +93 795 225 141 E-mail: info@handinhand.org.af Web : www.handinhand.org.af Facebook: www.facebook.com/handinhandafghanistan Twitter: www.twitter.com/handinhand_af
Membership	<ul style="list-style-type: none"> • Hand in Hand Global Network • Agency Coordinating Body for Afghan Relief and Development (ACBAR) • Afghanistan Microfinance Association (AMA)

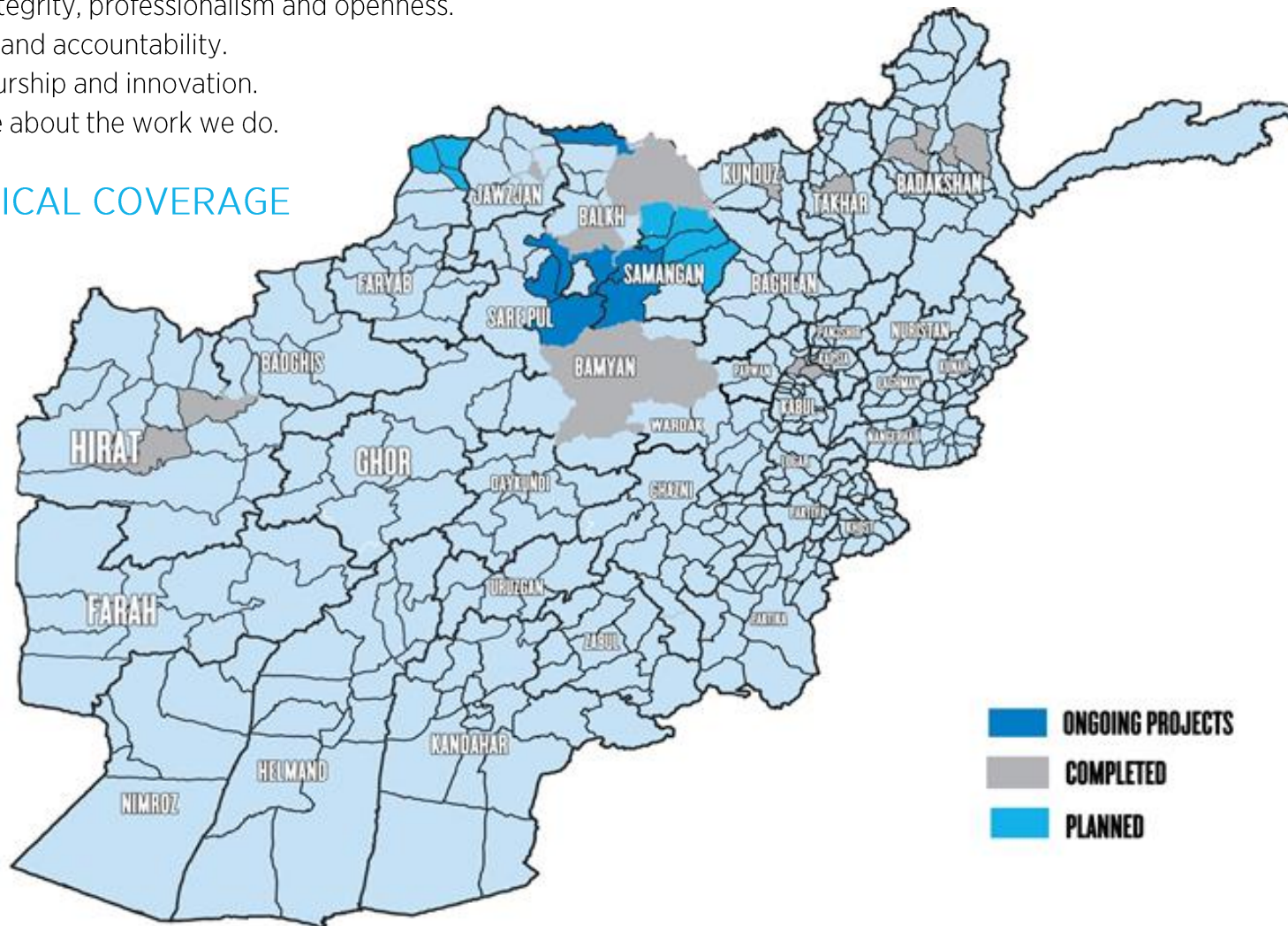
Partners and Supporters



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 the people we work with.
We value objectivity, integrity, professionalism and openness.
We value transparency and accountability.
We esteem entrepreneurship and innovation.
We share all knowledge about the work we do.

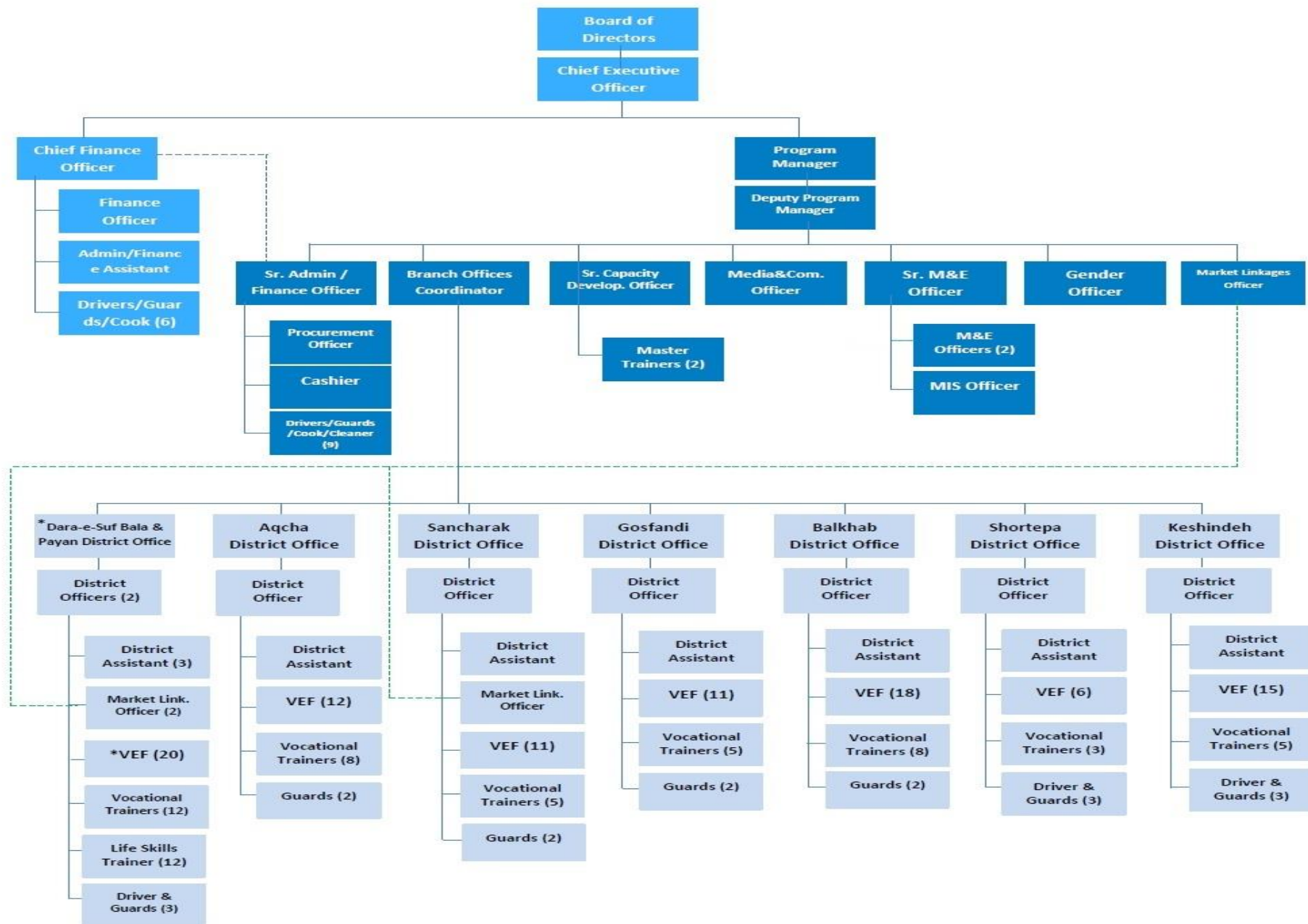
OUR GEOGRAPHICAL COVERAGE



OUR BENEFICIARIES

The Hand in Hand Afghanistan enterprise creation approach is based on a philosophy of self-help and entrepreneurship – of unlocking potential. The majority of our beneficiaries are the vulnerable, marginalized and poor with a particular focus on poor women defined by specific criteria.

ORGANOGRAM



2006 - 2008

1. HiH Af establishment, registration with the ministry of economy and setup of a Head office in Kabul and a Regional office in Mazar-e-Sharif
2. Implementation of pilot project “Mass Mobilization in to Entrepreneurship in Khulm and Nahr I Shahi districts.
3. Implementation of Horticulture and Livestock Project (HLP) in Balkh province.
4. Facilitating Rural Enterprise Development project through capacity building of Self-help groups in Badakhshan (FRED)
5. Implementation of Small & Medium size Enterprise Development (SMED) in Balkh province

2009 - 2011

1. Continuation of pilot project “Mass Mobilization in to Entrepreneurship in Khulm and Nahr I Shahi districts.
2. Small & Medium sized Enterprise Development (SMED) SME implementation project in Balkh province.
3. Implementation of Sustainable Livelihood Program in Kaldar, Marmul and Sholgara districts of Balkh.
4. Implementation of Horticulture and Livestock Project (HLP) in Khulm district.
5. Implementation of Sanitation and Hygiene Awareness and Enterprise Development project in Kaldar and Sholgara districts.
6. Provision of training for AREDP Staff

2012 - 2014

1. Implementation of “Supporting Rural Entrepreneurship and Promoting Women’s Socio-economic Empowerment in Dara-i-Suf Bala and Payan districts of Samangan Province”.
2. Implementation of “Improving Lives through creation of Microenterprises and Jobs in Jawzjan”.
3. 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.
4. Continuation of Sustainable Livelihood Program in Kaldar, Marmul and Sholgara districts of Balkh.
5. Conducting Business Development Training for SMEs- Bamyan Province
6. Continuation of Sanitation and Hygiene Awareness and Enterprise Development project in Kaldar, Marmul and Sholgara districts.
7. Value Chain Improvement Project for Women Cooperatives in 7 provinces

2015

1. Implementation of Project “Reducing Poverty and Gender Inequality” in Sarepul Province of Afghanistan by improving household income and financial resilience for rural women through enterprise and job creation.
2. Continuation of the project “Supporting Rural Entrepreneurship and Promoting women’s socio-economic empowerment” in Dara-i-Suf Bala and Dara-i-Suf Payan districts of Samangan Province.
3. Continuation of the project “Improving Lives through creation of Microenterprises and Jobs” in Jawzjan province.
4. Implementation of Sustainable Livelihood Program (SLP) in Shortepa and Kishindeh districts of Balkh province.

A MESSAGE FROM THE CHAIRPERSON



The insecurity and the uncertain situation have increased in the country resulting in more job losses and more instability. The youth today whether literate or illiterate have limited choice in finding jobs.

While challenges are increasing in the country, more and more of the younger population are encouraged to leave the country to migrate to other countries in the hope of finding better life. This however, is another challenge that they don't realize the travel to the West is very dangerous because of the unsafe routes the smugglers take them through. Also settling down in the Western countries be it Turkey as their initial stop or the European countries is very difficult and at times impossible. Thousands of the migrants to Europe are still waiting to be accepted by their governments as refugees so that they can begin settling down. Hundreds of them if not thousands are being deported by some countries and on return the vicious circle begins again and the struggle into finding another life in Afghanistan continues.

Organizations such as Hand In Hand are the only ones working towards helping this vulnerable population. Due to reduce of donor funding in these sectors, HiH and others like it, can only assist in creating some jobs which is not enough for the need in the country.

Donor community is being encouraged by the government of Afghanistan to make contribution to the budget of the government. The government is still dependent on international community contribution. Departure of the international forces from the country and more unstable countries elsewhere has encouraged some donors to either completely leave the country or move their

funds elsewhere. More companies and NGOs who are sources of jobs for the population have as a result closed down. The international forces were another source for jobs and income which has also stopped.

HiH feels that its responsibilities are increasing because these kinds of NGOs are limited in their kind. Most of the NGOs are humanitarian organizations and do not necessarily work towards self-sustainability of the population. While the need has increased in creating jobs, HiH and other similar organizations feel their work is becoming even more important in such an uncertain situation.

The staff of HiH Af work tirelessly towards helping the groups that they work with and we realize we are becoming more crucial to the lives of thousands of people in the community. It relieves us when we see that a lot of people we work with end up getting more income and also able to assist others in the community with jobs.

We are happy to announce another successful year for the HiH and its beneficiaries. I would also like to take this opportunity to thank all our partners and contributing agencies that helped us with our commitment resulting in more support to the community.

Yours Sincerely



Seema Ghani
Chairperson

A MESSAGE FROM THE COUNTRY DIRECTOR



Despite increased insecurity in Afghanistan, what a momentous year this has been for all of us at Hand in Hand Afghanistan! We have expanded our programmatic presence, improved service delivery and reached newer impact milestones. To highlight some of our achievements in the last year here:

We have expanded our programmatic presence and are active in 193 villages, eight districts and four provinces (Balkh, Samangan, Jawzjan and Sarepul) in the North of Afghanistan, mobilized 9080 members in to Self-help Groups/Saving Groups, provided various types of training to members such as Group Management, Basic Bookkeeping, Business Development Services (BDS) and Life Skills Training. All our mobilization and capacity development efforts have been created the following significant results:

1. Total amounts saved by the Group members – AFN 24,452,082
2. Total amounts internally lent by the members – AFN 8,728,934
3. Total Micro Enterprises established or enhanced – 8,779
4. Total Jobs created – 11,103

The above mentioned results had positive impact and contribution to the improved living standards and socio economic enhancement of our targeted beneficiaries and communities.

In 2015 we have succeeded to enter to the second year implementation of project “Supporting Rural Entrepreneurship and Promoting Women’s Socio-Economic Empowerment in Dara-i-Suf Bala and Dara-i-Suf Payan Districts of Samangan Province” and “Sustainable Livelihood Program in Aqcha District of Jawzjan province” with financial support of European Union and Hand in Hand International (HiHI). Apart from the existing projects, we have been able to

receive grant from the British Department for International Development (DFID) and HiHI to expand in Sarepul province to implement the new project “Reducing Poverty and Gender Inequality in Sarepul Province of Afghanistan by Improving Household Income and Financial Resilience for Rural Women through Enterprise and Job Creation” and “Sustainable Livelihood Program in Shortepa and Kishindeh Districts of Balkh province.

Nothing were possible to achieve without having the evidence based and successful implementation system, dedicated staff and the most important guidance and technical support provided by HiH Af Board of Directors and HiHI. The government and community support also have enabled us to implement our program in an effective and efficient manner in such volatile situations.

Today, when I am writing this and reminiscing our journey, I am filled with an overwhelming sense of pride and humility. I still remember 2012, when I started with implementation of one project in Balkh province. I had never imagined that we would reach such enviable standards to expand and work with different partners. Our journey and achievements have been made possible only because of our teams’ hard work and perseverance and partners and donors unflinching support to serve the people who are living under the poverty line.

Signing-off by wishing you all a healthy, happy and a successful year ahead! I hope that you will continue to support the poor women and men to become out of poverty through implementation of our successful model of enterprise development and job creation.

Warm Regards, --

A handwritten signature in blue ink, appearing to read 'Abdul Rahim Nasry', with a long horizontal stroke extending to the right.

Abdul Rahim Nasry
Country Director

FIRST FEMALE BEEKEEPING ENTREPRENEUR

Fareeda is 23 years old, single and lives with her parents in Marmul district of Balkh province. She was a student when she joined HiH SHG named “Shogufa”. She was facing financial issues to pay her education expanses because she was jobless and depended on her father’s income.

After joining the SHG and completing beekeeping vocational training conducted by HiH Af, she borrowed the amount of AFN 10,000 from the SHG and established a beekeeping enterprise. She started the business

with two boxes of bees. Fareeda is the first woman who has started beekeeping business in Marmul district.

Now she has got 18 boxes of bees and her average monthly income is AFN 8,000 and she is able to contribute in family expanses. She wants to further improve her business by increasing the number of bee boxes to 50 within next year. She says “with HiH Af support, I am able to continue my higher education and I have earned much more respect in society”



Fareeda | Beekeeping Entrepreneur | Marmul District | Balkh Province



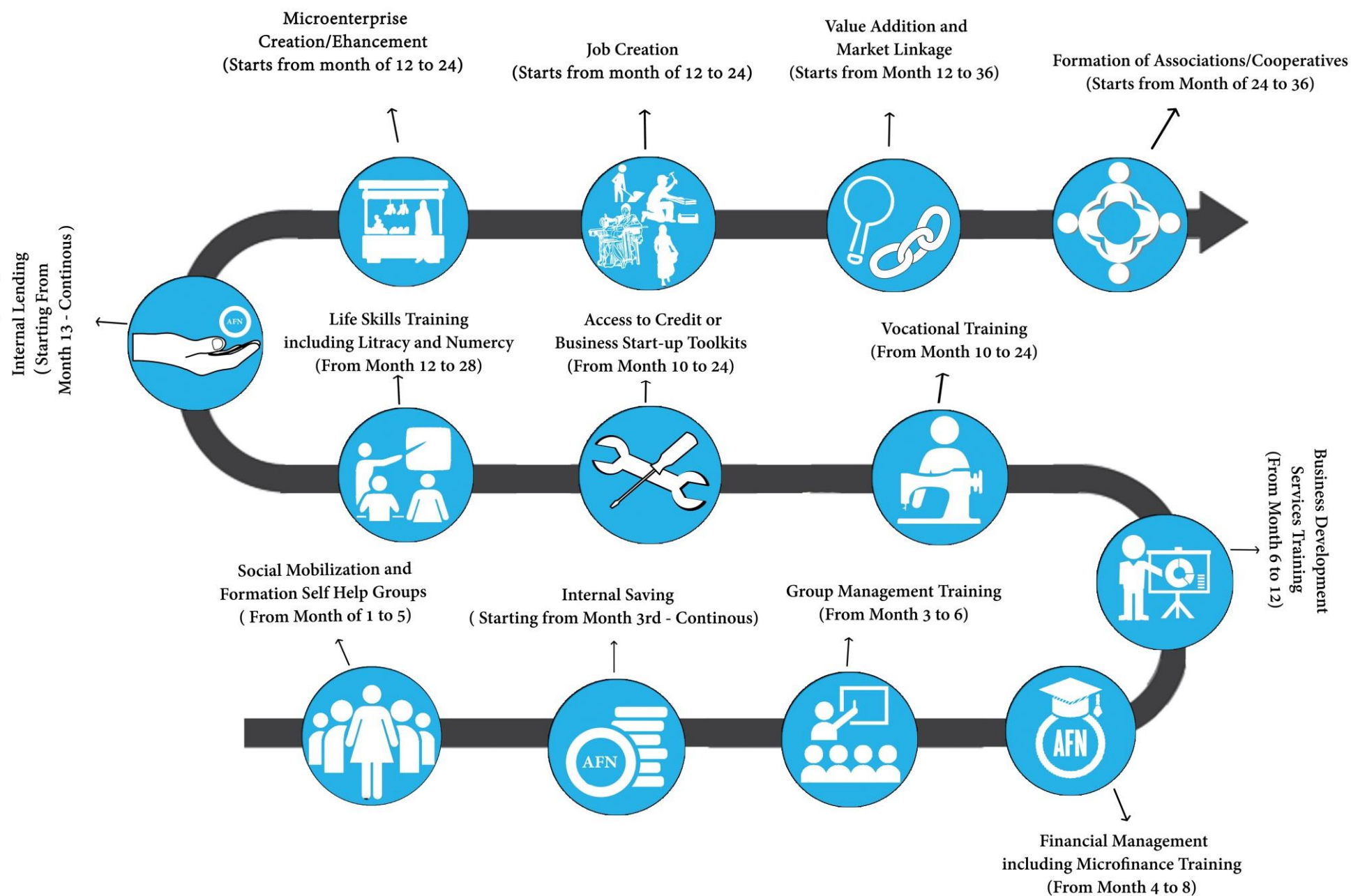
OUR APPROACH



Hand in Hand Afghanistan uses a four step integrated model that is best compatible to Afghan society and has been successfully implemented in other countries such as India, Eastern Africa and Southern Africa. Self-help Group, empowerment and capacity building are fundamental to the rationale, integrated design, implementation and sustainability of HiH Af's model. HiH Af supports creating micro-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. HiH Af model supports beneficiaries by providing trainings on business, vocational skills, savings and market linkages to 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, HiH Af contributes directly to improving women's economic independence and social standing as household income contributors, leaders and community decision-maker.

OUR ROADMAP



STRATEGIC PRIORTIES AND CROSS-CUTTING ISSUES

In 2016 and subsequent years, HiH Af looks forward to reaching more poor and marginalized people and help them to improve their living conditions through creation of jobs and enterprises. The organization is also generating evidences on projects' outcomes and impacts through using its theory of change and unique implementation model. HiH Af should be recognized as the organization with sound expertise and experiences on implementation of income generation activities, enterprise and job creating in the country. The organization will also lobby for fighting poverty through job creation with governmental organization and donor communities.

Wherever we work, our goal is to reach more people. We plan to reach additional 54,000 beneficiaries by 2020 in Afghanistan; our focus is to drive expansion and extending geographical locations. Our priority is a need based approach and we will look for opportunities to partner with organizations to fill gaps and synergize our efforts. The expansion to reach more people is also linked to availability of resources, funding and more importantly the security.

HiH Af regularly generates evidences of changes in the socio-economic conditions of beneficiaries. These evidences are created through the baseline, midterm and end term evaluations and regular monitoring of the projects. The evaluations' findings, recommendations and lessons learnt are thoroughly reviewed and considered for the improvement activities.

With the ratification of the UN Sustainable Development Goals (SDGs) in 2015, jobs and entrepreneurship are finally in the front and center in the international development agenda. HiH Af, as a long-established actor in the field, having the comprehensive implementation model is recognized as the organization with sound expertise and experience in enterprise development and job creation in the informal sector at the grassroots level in the country.

HiH Af uses lesson learned, knowledge of past experience, knowledge of partners, success stories in similar situations in other countries and community engagement to drive change and advocate for role of jobs for development and gender equality.



Wool Spinning Women | Dara I Suf District | Samangan Province

IT IS NEVER LATE TO LEARN

"It is a great experience and I am happy because now I know how to run a business. Of course it helps my family in various ways" said Ghulam Ali.

Raising a big family is never easy, especially when having 10 children. Sixty-four years old Ghulam Ali lives together with his wife and children in Dar-i-Suf Bala district of Samangan province. He had a small poultry farm at his house backyard and was selling chicken meat to his neighbors, while his business was not properly running well and he had no idea why he was facing losses sometimes. He was exhausted of what enterprise he was doing and planning to quit his business. All these changed when he had met his friend Safiullah, the 48 years old farmer and a member of Shahin Self Help Group (SHG).

Safiullah introduced him to the activities of Hand in Hand Afghanistan in his village and convinced Ghulam Ali to join in their group.

He has joined the SHG since April 2015 where he regularly has participated in BDS, vocational skills and also literacy trainings. "One day, I told Safiullah that now I know why I was in loss in my business because I had no idea how to run a micro-enterprise properly" Said Ghulam Ali. Now everything is improved".

He received an internal loan of 20,000 AFN and expanded his business using the skills he learned from the trainings. He was surprised with the result: his monthly income increased from 4,000 AFN to an average of 9,000 recently.

Ghulam Ali | Poultry Entrepreneur | Dar-i-Suf Bala District | Samangan Province



OUR ACHEIVEMENTS



+13,976

36,347

Members Mobilized
(64 % Female)



+935

2,251

SHGs/ CIGs Created
(63% Female)



+14,077

36,448

Members Trained in
Group Management
(64 % Female)



+17,170

35,494

Members Trained in
Microfinance
(66% Female)



+2,628

20,207

Members Trained in BDS
(63% Female)



+6,344

13,261

Members Trained in
Vocational Trainings
(51% Female)



+2,017

2,447

Members Trained in
Life Skills
(70% Female)



+7,900

9,414

Members Received
Enterprise Startup Kits
(76 % Female)



+24,452,082 AFN

49,409,736 AFN

Internally Saved by SHG
Members
(63% Female)



+8,728,934 AFN

25,327,634 AFN

Internally Lent by SHG
Members
(60% Female)



+8779

14,706

Micro-Enterprises
Created/ Enhanced
(67% Female)



+11,103

19,657

Jobs Created
(68% Female)

HOW ADELA BEATS POVERTY

"It is really a gift, few months ago I didn't know how to help my family but now I can help them and also have some savings for myself. Beside I plan to continue my education because now there is no economic challenge I face with." said Adela.

Adela, 20 years old girl who lives with her family in Tangi Yaqoob village of Dara-i-Suf Payan district of Samangan province. She comes from a poor family, her parents are old and her only brother is a farmer with unstable monthly income. The instability of income generation activities within her family was a huge problem for Adela and this also caused her to not continue her education after 9th grade. She was always in pursue of finding a way to give a helping hand for her family until she was introduced to HiH Af in Dara-i-Suf Payan and planned to enroll in a Self Help Group two years ago.

She registered in Aftab-e-Omid SHG where she has regularly participated in different trainings. She has got some basic tailoring skills, so attended its vocational skills training on tailoring to further improve her skills then has started up a tailoring micro-business. She has also received a sewing machine. Beside regularly attending to the trainings and learning savings and microfinance, she began receiving offers for sewing clothes from her close relatives and some neighbors as she has been showing creativity and attracting skills that she learned during trainings. Now she has become a famous tailor in her village.

Now Adela earns around AFN 4,000 per month and she hopes to increase her income by expanding her micro-business and receive tailoring offers from her nearby villages.



Adela | Tailor | Aftab-e-Omid SHG | Tangi Yaqoob Village | Dara I Suf Payan District | Samangan Province

FINANCIAL STATEMENT



Grant Thornton Afghanistan

House # 611, Street # 12
Quail e Fatehullah, Kabul
Afghanistan

T +93 202 202 475
M +93 789 314 616

www.gt-pak.com

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 December 31, 2015, and the statement of income and expenditures, statement of changes in general 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 controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 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 give true and fair view of the financial position of Hand in Hand - Afghanistan as at December 31, 2015 and of its financial performance and its cash flows for the year then ended in accordance with the policies as stated in Note 3 to the financial statements.

Kabul

Date: April 10, 2016

Grant Thornton Afgh.
Grant Thornton Afghanistan
Chartered Accountants



HAND IN HAND - AFGHANISTAN STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2015

	Notes	2015 AFN	2014 AFN
ASSETS			
Current assets			
Prepaid rent		40,000	-
Loans and advances	4	1,662,230	4,687,021
Cash and cash equivalent	5	28,203,871	13,863,955
Total assets		29,906,101	18,550,976
GENERAL FUND AND LIABILITIES			
Non-Current liabilities			
Loan from HIH International	6	6,837,000	5,700,000
Interest payable		746,039	427,500
		7,583,039	6,127,500
Current liabilities			
Severance payable	7	4,656,020	2,745,982
Audit fee payable		239,295	313,500
		4,895,315	3,059,482
General fund			
Accumulated fund		17,427,747	9,363,994
Total funds and liabilities		29,906,101	18,550,976

The annexed notes from 1 to 15 form an integral part of these financial statements.

GTA

S. Chami

Chairperson

[Signature]


Country Director


FINANCIAL STATEMENT

HAND IN HAND - AFGHANISTAN STATEMENT OF INCOME AND EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 2015

	Notes	2015 AFN	2014 AFN
Income			
Grant income	8	117,987,886	78,147,008
Other income / (loss)	9	1,963,275	(352,411)
Total income		119,951,161	77,794,597
Expenditures			
Employee compensation	10	59,523,613	42,983,499
Project expenses	11	36,453,268	14,639,553
Bad debts		923,900	-
Financial charges	12	450,705	470,010
Administrative expenses	13	14,535,922	18,340,828
Total expenditures		111,887,408	76,433,890
Surplus for the year		8,063,753	1,360,707

The annexed notes from 1 to 15 form an integral part of these financial statements.


Chairperson


Country Director

HAND IN HAND - AFGHANISTAN STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2015

		2015 AFN	2014 AFN
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		8,063,753	1,360,706
Severance to staff		1,960,267	2,745,986
Bad debt expense		923,900	-
		10,947,920	4,106,692
Decrease / (Increase) in current assets:			
Short term prepayments		(40,000)	224,400
Loans and advances		2,100,891	5,734,718
		2,060,891	5,959,118
(Decrease) / Increase in current liabilities:			
Audit fee payable		(74,205)	145,200
Severance paid		12,934,606	10,211,010
		(50,229)	-
Net cash generated from operating activities	A	12,884,377	10,211,010
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in loan from HIH International		1,137,000	90,000
Increase in interest		318,539	175,050
Net cash generated from financing activities	B	1,455,539	265,050
Net increase in cash and cash equivalent at the end of the year	A+B	14,339,916	10,476,060
Cash and cash equivalents at the beginning of the year		13,863,955	3,387,895
Cash and cash equivalents at the end of the year		28,203,871	13,863,955

The annexed notes from 1 to 15 form an integral part of these financial statements.


Chairperson


Country Director





CONTACT US

HiH Af Head Office:

House P-860, Street 10, Taimani, Kabul Afghanistan

Tel: +93 202 230 791

Mob: +93 780 059 891

Regional Office:

Guzar Marmul, Behind Sultan Razia High School, Mazar-e-Sharif,
Afghanistan

Tel: +93 799 108 196

Mob: +93 795 225 141

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