

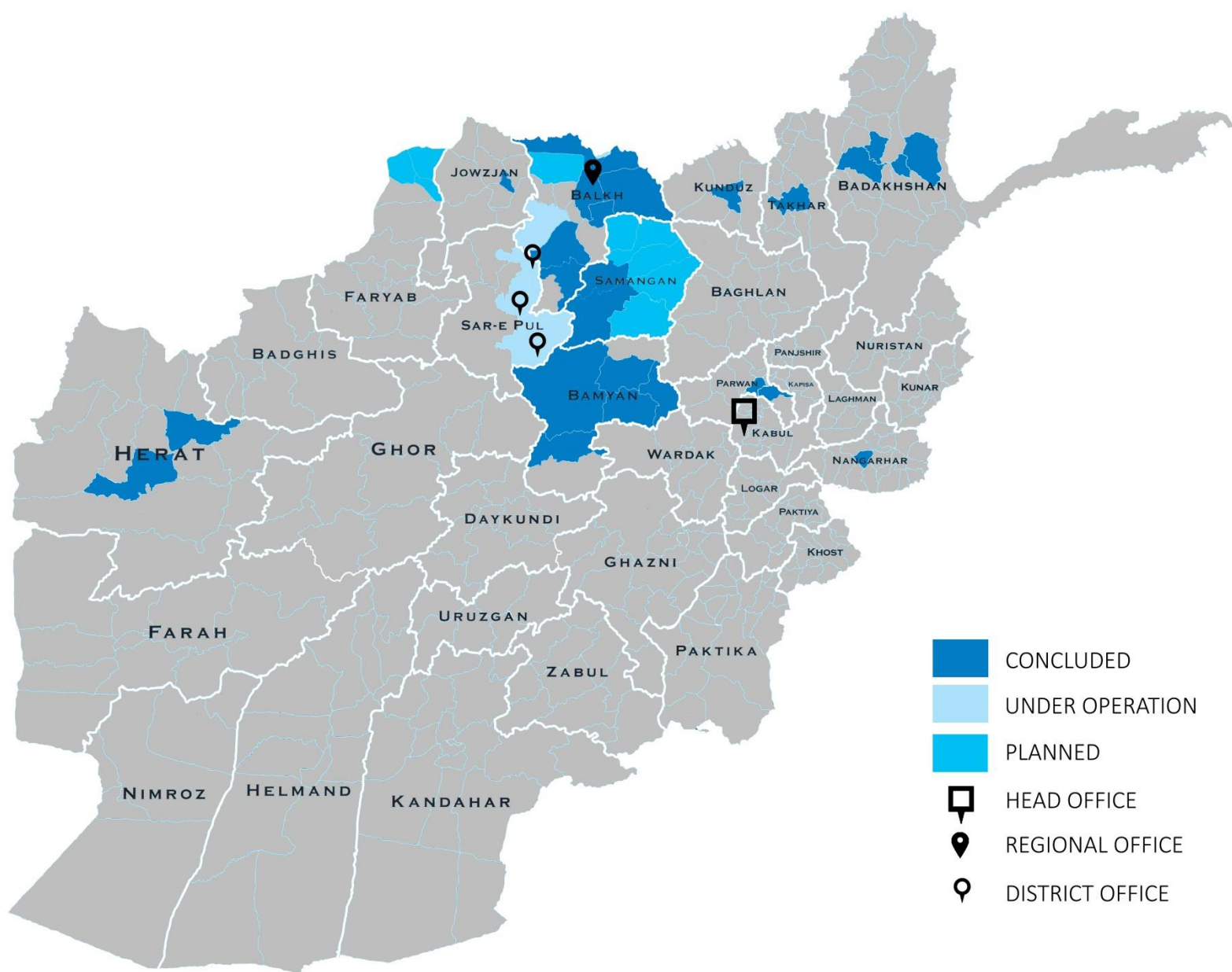
ANNUAL REPORT 2016



HAND IN HAND
AFGHANISTAN



HiH Af GEOGRAPHICAL COVERAGE



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CHAIRPERSON'S MESSAGE



Last year was an unfortunate one in the lives of millions of Afghans living in harsh conditions. According to the World Bank, the rate of poverty increased from

36% to 39%. Unemployment also increased.

This created many challenges for families living in villages where access to markets is limited, and where people already have difficulty producing goods in order to feed their families. Insecurity also displaced thousands of people from their villages and districts to neighboring and central provinces such as Kabul.

In such circumstances, the work of organizations such as Hand in Hand Afghanistan grows ever more important. Harder work and strong commitment were required for us to stay in those villages threatened by insurgents. Creativity was needed to ensure our work didn't stop, while also protecting our beneficiaries and staff. We relied more on local talent for training. At times we closed some of our offices and worked from a local leader's house or from the homes of our members, ordinary women, where the safety of those involved was not jeopardized.

Many other organizations in this situation closed their operations and left these districts. Not Hand in Hand.

Sections of the donor community remained committed to programs such as ours, where the beneficiaries end up standing on their own two feet to support their families and, at times, others in the community.

There were, however, other challenges affecting the decisions of donors, particularly in some European countries struggling with large numbers of asylum seekers. The politics of handling these refugees from Afghanistan, Syria and elsewhere remain uncertain in these countries, affecting the amounts of funds the Western world commits to Afghanistan. Although in the autumn conference of Brussels the donor community committed funds to the country, it remains to be seen how much will be disbursed to support the needy.

Hand in Hand Afghanistan remains committed, and will seek support from donors and partners in order to create jobs and enterprises and help families support themselves, in-country, without having to migrate elsewhere to a country or district where there is no guaranteed economic security.

We thank all our partners for their support in 2016 and congratulate them, as well as our staff, for a successful program and for overcoming the challenges we all faced.

Seema Ghani
Chair of the Board

CEO'S MESSAGE



The year 2016, like previous years, had its ups and downs. But despite challenges, particularly in terms of security, Hand in Hand Afghanistan

carried out its operations successfully. This would not have been possible without the support and co-operation of our members, their communities and especially our brave and committed employees. I would like to thank each and every one of them.

Last year, Hand in Hand Afghanistan successfully completed implementing the following projects, funded by European Union and Hand in Hand International.

1. Supporting Rural Entrepreneurship and Promoting Women's Socio-Economic Empowerment in Dare-i-Suf Bala and Dare-i-Suf Payan districts of Samangan Province.
2. Sustainable Livelihoods Program in Kishindeh and Shortepa districts of Balkh Province.

Additionally, the project "Reducing Poverty and Gender Inequality by Improving Household Income and Financial Resilience for Rural Women through Enterprise and Job Creation in Sancharak, Gosfandi and Balkhab districts of Sarepul province", co-funded by Department for International Development (DFID) and Hand in Hand International is being, continues to be implemented.

Our main achievements during the year 2016 can be summarized as follows.

A total of 18,934 members – 70% of them female – were active under above-mentioned projects, receiving capacity-building training in group management, entrepreneurship, bookkeeping, life skills (including literacy) and vocational skills (market demand, marketing and value addition).

A total of 12,033 micro-enterprises were established or enhanced, resulting in 11,740 sustainable jobs. In order to ensure the sustainability of micro-enterprises, 65 associations were established in targeted communities.

It is worth mentioning that, in late 2016, some of our projects were reviewed and evaluated by independent organizations such as Emerging Leaders Consulting Services and Green Growth Consulting Services. The feedback was outstanding, and reaffirmed our achievements. I hope we witness further success and achieve more in the coming year thanks to the tireless efforts of my dear colleagues and the support of communities and donors.

Last but not the least; I would like to thank sectorial departments in Kabul and the provinces, our donors and our partner organizations. We look forward to their continued support towards alleviating poverty, reducing gender inequality and creating of micro-enterprises.

Abdul Rahim Nasry
CEO



THE BOARD OF DIRECTORS

Hand in Hand Afghanistan's Board of Directors is our governing body, chaired by Ms. Seema Ghani, with a mission to guide and take strategic decisions for the organization's long-term future, oversee our financial affairs and hold our Chief Executive Officer (CEO) to account. The Board's composition covers essential skills and knowledge to complement that of our staff, and 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.

Seema Ghani - Chairperson



Ms. Ghani has been chairing Hand in Hand Afghanistan's Board of Directors (BD) since 2008. She obtained a Master of Science degree in International Business and another in Development Studies, both 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 the People's Movement against Corruption in Afghanistan.

Agnes Svensson - Board Member

Ms. Svensson have spent five-and-a-half years at Hand in Hand International, Agnes Svensson is interim Co-CEO with responsibility for operational management. After starting her career in ethical supply chain management, she shifted her focus to international development and joined UNDP (United Nations Development Program) in New York and Kinshasa, DRC, focusing on public-private sector partnerships. She holds an M.Sc. in Business and Development Studies from Copenhagen Business School and a B.Sc. in Business and Economics from the Stockholm School of Economics.

Waheed Saifi – Board Member

Mr. Saifi is the former Policy and Organizational Development Adviser to Minister of Labour, Social Affairs, Martyrs and Disabled. He has been a member of the Hand in Hand Afghanistan Board since 2010.

Mr. Saifi holds an MSc in Development Management from the London School of Economics. He has served in the government and international organizations with a successful track record of 13 years of experience, more than 10 of which have been spent in senior management and advisory positions.

Najibullah Samim - Board Member

Mr. Samim has been serving as Executive Director of the Afghanistan Microfinance Association (AMA) since April 2011. Previously, he worked as Managing Director of MADRAC. He has also served as Board member and Chairman of AMA for many years. He has 19 years of working experience in the field of development, 12 of which have been spent in microfinance.

Mr. Samim obtained his MBA from Preston University in 2002, and his B.Sc. in Civil Engineering in 1997. He has been a board member of the South Asian Micro-entrepreneurs Network (SAMN) since its inception in 2008, and is currently serving as its Vice Chairman.



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 the 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 Self-Help Groups (SHGs), provides support and training, and helps them access credit through savings, information, markets and opportunities.
Values	<p>We are pro-poor.</p> <p>We are inclusive, impartial and non-discriminatory.</p> <p>We work in partnership with others to achieve results.</p> <p>We respect fundamental human rights and listen to the people we work with.</p> <p>We value objectivity, integrity, professionalism and openness.</p> <p>We value transparency and accountability.</p> <p>We esteem entrepreneurship and innovation.</p> <p>We share all knowledge about the work we do.</p>
No. of Staff	178 as of December 2016
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	<ol style="list-style-type: none"> 1. Balkhab District Sarepul Province 2. Gosfandi District Sarepul Province 3. Sancharak District Sarepul Province 4. Kishindeh District Balkh Province 5. Shortepa District Balkh Province 6. Dare-i-Suf Bala and Payan Districts Samangan Province
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)

MICRO-ENTERPRISES IMPROVE LIVES

Ziagul, 42, lives with her husband in Taqchi, a village in Dara-i- Suf Bala District, Samangan province. Although her husband is responsible for the family's expenses, Ziagul knew his unstable job would not be adequate to have a better life. She couldn't afford to buy proper clothes and stationery for her two school-going children. As a responsible mother, Ziagul was also thinking about how to have savings for emergencies.

When she discovered that Hand in Hand Afghanistan had started a project in her area, she joined a Self-Help-Group named Aftab Parast. She attended regular group meetings and received Group Management, Microfinance and Business Development Services (BDS) training. Since she was interested in poultry she also joined poultry vocational skills training, and upon completing

the program received an enterprise startup toolkit as a helping hand to establish her enterprise. She also took an internal loan of AFN 5,000 to buy chickens in order to produce more eggs.

Today, Ziagul makes around AFN 4,000 per month from selling eggs. A few months ago she didn't have any income.

"Now I can help my husband in daily expenses. I am taking care of my children's basic needs. And of course I have my own savings for emergencies. Now I understand that I can bring positive changes to my family and look after my kids," she says. She has already repaid the loan, and plans to expand her enterprise by taking another loan from the SHG.



Ziagul | Dare-i-Suf Bala District | Samangan Province

PROGRESS OVER TIME

2006 - 2009

1. HiH Af establishment, registration with the Ministry of Economy, and setup of a head office in Kabul, plus a regional office in Mazar-e-Sharif.
2. Implementation of pilot project "Mass Mobilization into 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- and Medium-Sized Enterprise Development (SMED) in Balkh province.

2010 - 2012

1. Continuation of the project "Mass Mobilization into Entrepreneurship" in Khulm and Nahr-i-Shahi districts.
2. Provision of training for AREDP staff.
3. Implementation of Horticulture and Livestock Project (HLP) in Khulm district.
4. Implementation of Sustainable Livelihood Program in Kaldar, Marmul and Sholgara districts of Balkh province.
5. Value Chain Improvement Project for Women Co-operatives in 7 provinces.
5. Implementation of Sanitation and Hygiene Awareness and Enterprise Development project in Kaldar and Sholgara districts.

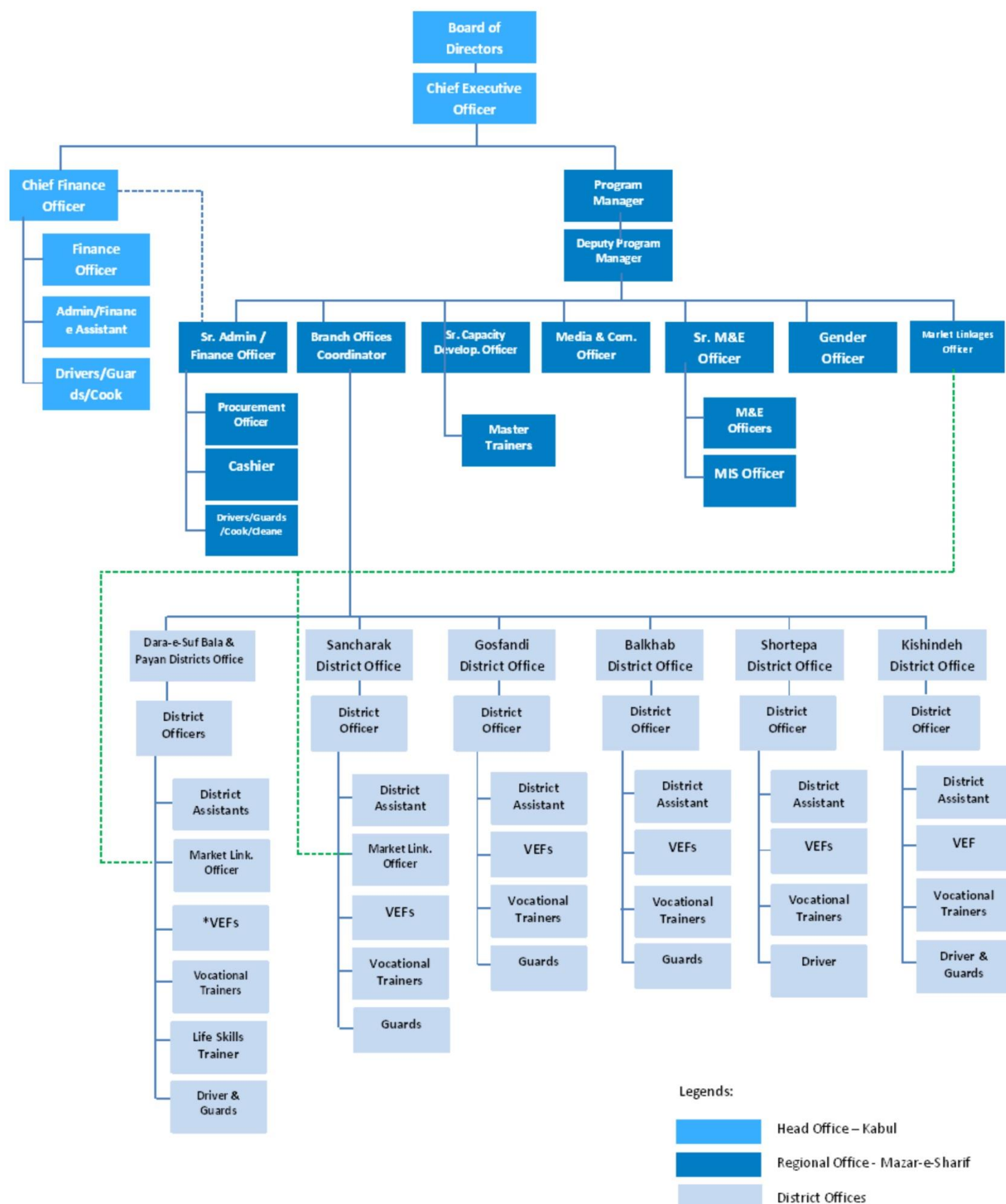
2013 - 2015

1. Implementation of "Supporting Rural Entrepreneurship and Promoting Women's Socio-economic Empowerment in Dara-i-Suf districts of Samangan Province".
2. Implementation of "Improving Lives through creation of Microenterprises and Jobs in Jawzjan
3. Piloting and implementation 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.
5. Training for SMEs in Bamyan Province.
6. Continuation of Sanitation and Hygiene Awareness and Enterprise Development project in Kaldar, Marmul and Sholgara districts.
7. Continuation of Value Chain Improvement Project for Women Co-operatives in 7 provinces.
8. Implementation of "Reducing Poverty and Gender Inequality" in Sarepul Province by improving household income and financial resilience for rural women through enterprise and job creation.

2016

1. Continuation of the 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. Implementation of the Sustainable Livelihood Program (SLP) in Shortepa and Kishindeh districts of Balkh province.
4. Results-oriented monitoring of our project in Dara i Suf Bala and Dara i Suf Payan districts, Samangan Province.
5. Midterm review of our project in Sarepul province.
6. End term evaluation of our project in Dara-i-Suf Bala and Dara-i-Suf Payan districts of Samangan province.

ORGANOGRAM



“With support of HiH Af, I Started my micro-enterprise with two boxes of honey bees, Now I have 10 boxes of bees. I collect around 12 KGs of honey from each box selling each KG to AFN 1,000”

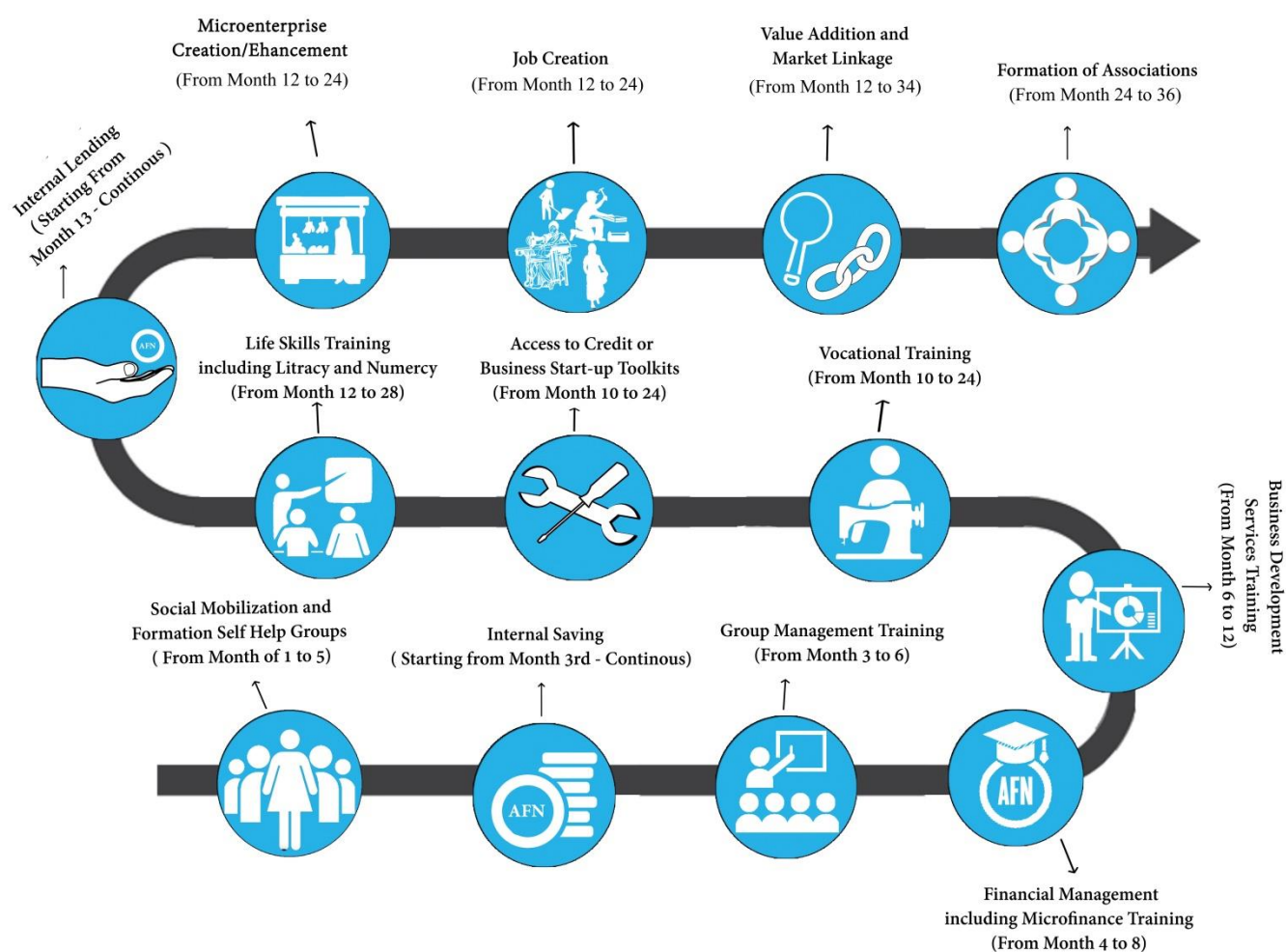


APPROACH AND ROADMAP

Hand in Hand Afghanistan uses a four-step integrated model that is best compatible to Afghan society and has been successfully implemented in other PLACES such as India and Eastern Africa. Self-help Group formation, 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 the individual, household and community levels, which in turn contributes to economic growth at the 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's model supports beneficiaries by providing training in business development services, vocational skills, savings and market linkages to capacitate individuals with relevant knowledge and skills to identify and use resources within their communities, and 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-makers.

HiH Af's roadmap further explains our four-step job creation model.



THE FIRST FEMALE-OWNED SHOP IN AQKOBURK VILLAGE

Arezo Khal, 55, is a widow living in Aqkobruk village of Kishindeh district. She has two sons and one daughter, all of them are married. Her sons migrated to Iran in search of job, leaving their family behind. “We were in serious financial problems,” she says. “If I could find wage work somewhere in the village we would have food at night. Otherwise, I and my grandchildren would starve”. Arezo has seven grandchildren from her two married sons. Her daughters-in-law were also laborers.

“After joining Hand in Hand I learnt how to start and run a business. I established the first woman shop in my village. I collect clothes from female tailors who are beneficiaries of HiH Af and sell them in my shop. I secured a loan from the SHG savings to establish the shop and after paying back the first loan I have taken another loan to buy grocery items that women need from a market. My shop is next to the village clinic where women usually

come for medical checkups and can shop from me *too*,” she says. “Women are more comfortable to buy from a lady rather than shopping from men.

“Now I have a shop and earn around AFN 5,500 per month, which helps me cover my basic needs and also I can buy stationery for my grandchildren. Most of my customers are female, while some men and children also come to shop from me. With support and guidance of HiH Af, I don’t have to wake up every day in search of a job to earn for living.”

One of Arezo’s daughters-in-law looks after the children at home, while the other meets female tailors to collect clothes and pays their money on regular basis now. Thanking Hand in Hand Afghanistan for the Livelihood Program, Arezo says, “I am proud to be the first woman shopkeeper serving women in my village and earning for my livelihood.”



Arezo Khal | Kishindeh District | Balkh Province

PROJECTS AND ACHIEVEMENTS

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:

The overall purpose of the project is to raise incomes by creating and enhancing micro-enterprises and jobs for 13,300 rural beneficiaries in Sarepul Province, Afghanistan, and to demonstrate improved financial resilience through raised household savings and strengthening women's place in society. The project is funded by the UK Department for International Development (DFID) & HiH International.

So far, a total of 10,199 members (7,279 of them female) have been mobilized into 604 Self-Help Groups (426 female). An additional 7,524 micro-enterprises (5,599 female) have been established, while 904 micro-enterprises (694 female) have been enhanced. The project has resulted in the creation of 10,281 jobs (7,601 female).

At the same time, SHG members have saved AFN 17,647,744 (12,860,375 female), and AFN 9,619,231 (7,366,081 female) has been internally lent to members.



Tailoring Vocational Training | Gosfandi District | Sarepul Province



Embroidery Vocational Training | Dara-i-Suf Bala District | Sarepul Province

PROJECTS AND ACHIEVEMENTS

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 project is to economically empower and strengthen the socio-economic rights of poor rural people in Afghanistan, with a particular focus on women. The project targeted total of 5,400 beneficiaries (70% female) in the rural villages of Dara-i-Suf Bala and Payan districts, aiming to create 8,100 jobs. This project is funded by the European Union and Hand in Hand International.

Under this project HiH Af mobilized 5,707 members (72% female) into 360 Self-Help Groups (258 female) – 307 members above target. The project resulted in 8,538 jobs (6,518 female) through the establishment of 6,087 (4,530 female) and enhancement of 554 (474 female) micro-enterprises. The SHG members under this project have saved AFN 14,703,960, while AFN 10,949,850 has been disbursed as internal loans to the SHG members.

PROJECTS AND ACHIEVEMENTS

SUSTAINABLE LIVELIHOOD PROGRAM IN KISHINDEH AND SHORTEPA DISTRICTS OF BALKH:

The aim of this project is to improve the livelihoods of the targeted groups through the implementation of HiH Af's enterprise development and job creation model in Shortepa and Kishindeh districts of Balkh province. The project empowered 3,364 members (70% female), resulting in the creation of 4,504 jobs (70% female).

The project resulted in the creation and enhancement of 662 microenterprises, as well

as the formation of 200 Self-Help Groups. All members received training on Group Management, Microfinance and Business Development Services.

Members regularly attend group meetings and, as of December 2016, AFN 4,654,045 has been saved internally. At the same time, ANF 3,447,840 has been disbursed as internal loans to establish or enhance members' micro-enterprises.



On the Job Training | Beekeeping | Kishindeh District | Balkh Province



INCREASE IN HARVEST PUTS SMILE ON HUSSAIN'S FACE

Mohammad Hussain, 35, is a farmer living in Hosh Village of Balkhab district in Sarepul province. He has three sons and lives in a joint dwelling with his parents, two brothers, one sister and a sister-in-law. Mohammad Hussain joined Kelkaba SHG in June 2015 when Hand in Hand Afghanistan started mobilization in his village. To date, he has contributed AFN 1,500 in the form of savings to the SHG. He has been supported in various ways, such as training and the provision of toolkits.

Before HiH Af's intervention, Mohammad Hussain was not able to afford all of his family's expenses and was always under financial pressure, especially during the winter season. After joining HiH he received training on business development and market

linkages, as well as vocational skills training on agriculture farming. He learned about improved seeds and cultivation techniques, and received improved seeds from HiH Af as part of his enterprise startup toolkit.

During harvest, Hussain was stunned to see a 540 kilogram increase in his yield, which had previously totaled 336 kilograms. He is now happy and says, "Hand in Hand Afghanistan taught me how to be a successful farmer."

Mohammad Hussain is planning to lease some land and use improved seeds for cultivation in upcoming seasons, and more people are interested to buy improved seeds from him and promote this in the district.

LIFE SKILLS TRAINING FOR ENTREPRENEURS (LSTE)

A six-month training curriculum has been designed for Life Skills Training. During this program, participants learn basic reading, writing and numerical skills, and also increase their awareness on many topics such as enterprise development, human rights, hygiene and health, the environment, knowing oneself, and knowing one's country and culture.

Based on their interest and literacy levels, active SHG members are selected for this training. Others are flagged up during the

collection of baseline data, when screening is done to identify illiterate members and determine if they are interested to take the Literacy and Life Skills classes.

All enrolled members receive required material and stationery, including textbooks, handbags, notebooks, pencils, erasers and rulers.

Last year, a total of 5,830 SHG members (73% female) graduated from LSTE classes.



LSTE Class | Gosfandi District | Sarepul Province

BUSINESS DEVELOPMENT SERVICES TRAINING

HiH Af conducts Business Development Services (BDS) training for all SHG members. The training consists of eight sessions, as follows:

- Unlocking of entrepreneurial individual strength
- Basics of enterprise
- Selection of sample enterprise
- Basics of marketing
- Demand and supply management
- Market survey
- Seasonal calendar
- Financial statement

Training is conducted using flipcharts and display cards. HiH Af also prints the complete set of business development training slides on large plastic sheets, which are used by trainers to show group members pictures, diagrams and charts for better learning.

Last year, HiH Af conducted BDS training for 10,139 SHG members (65% female). Those members who miss a session are trained, either individually or in small groups, to make sure that all members receive the entire package.



BDS Training | Shortepa District | Balkh Province

VOCATIONAL SKILLS TRAINING

Once members complete their core training modules, those in need of skills development are identified and trained on relevant vocations. Members, often coming from different SHGs, are organized into specific groups led by vocational skills trainers, many from within their local communities. HiH Af has developed vocational skills training manuals for each type of training, which contain both theoretical (in-class) and practical (on-the-job) sessions.

Vocational skills training can be provided in poultry, agriculture, livestock rearing, tailoring, beekeeping, silk worming, wool spinning, horticulture, carpentry, bakery, repair services and handicrafts.

HiH Af provided training on these skills to a total of 9,708 members (60% female) during 2016.

After members complete vocational skills training, mentoring and handholding meetings will continue in order to ensure sustainable business have been established within village. During mentoring classes, master trainers and vocational trainers provide guidance to help rural members overcome challenges.



Beekeeping | Vocational Skills Training | Dara-i-Suf Payan District Samangan Province

ACCESS TO CREDIT AND RESOURCES

All HiH Af SHG members are trained on the importance of savings, basic finance and cash management skills, and how to better manage existing resources. Starting from the day their groups are formed, members of each SHG attend bi-weekly group meetings and save a fixed amount of money.

During 2016, SHG members saved AFN 17,207,229 (67% female). On average, each member saves AFN 1,200 a year. A total of AFN 18,939,876 (65% female) has been lent to members from group savings.

By the end of the year, AFN 10,660,137 was repaid to the groups. The process of lending and repayment continues during our programs, and indeed among members who have graduated from our programs.

Members of SHGs are provided enterprise startup toolkits to help them establish their micro-enterprises. These kits are provided either during or after vocational skills training depending on the skills they learn. Once members receive their enterprise startup kits, regular mentoring support is provided to ensure their businesses run smoothly.





SHG Members | National Exhibition | Mazar e Sharif

MARKET LINKAGE AND VALUE ADDITION

We understand the importance of linking entrepreneurs to markets in order to ensure the sustainability of their businesses, and have therefore developed a full market linkage and value addition package to our training modules, itself divided into four sub-modules: market linkage, price fluctuation, marketing mix and the 7 Ps, and value addition. Modules are adapted to location and season.

To date, HiH Af has trained 15,753 SHG members including (11,711 female members) in market linkage and value addition.

Additionally, in August 2016 HiH Af conducted a one-day market linkage workshop for Balkh and Samangan association members, in which

private sector actors were invited to meet with association members and discuss market linkage. As result, 60 MoUs were signed and 5,518 members were linked to markets through their associations or individually. Kishindeh district's association linked through this workshop and is now selling around 2,000 kilograms of chicken meat every two months.

Also, HiH Af has supported a member in establishing a permanent store in Mazar-i-Sharif city to showcase the products of entrepreneurs and increase sales. Members from all projects now send their products to be sold in this shop, having been linked through their village enterprise facilitators and market linkage officers, who help them in selling their products.

ENTREPRENEURS ASSOCIATIONS

Hand in Hand Afghanistan establishes associations in order to bring Self-Help Group members together and ensure the sustainability of their businesses.

Associations are very efficient in helping rural entrepreneurs come together to work as a team. It also helps them reduce costs and delays while improving the quality of their products by sharing knowledge and lessons learnt.

During 2016 HiH Af supported the formation of 49 associations, including two district-level associations in Dara-i-Suf Bala and Dara-i-Suf Payan districts of Samangan province under the “supporting rural entrepreneurship and promoting women’s socio-economic

empowerment” project, co-funded by EU and HiH Int.

And additional 46 associations have been established under the “Sustainable Livelihood Program” funded by HiH Int, including two district-level associations in the Kishindeh and Shortepa districts of Balkh province.

The district-level associations have been registered with the Ministry of Justice in order to allow them function as registered and recognized entities.

These associations, both at the village and district levels, tie members and their microenterprises together and ensure their sustainability after our projects conclude.



Association Formation | Members Casting their votes

CUMULATIVE RESULTS AS OF DECEMBER 2016

**36,507**Members Mobilized
(64% Female)**2,252**SHGS/CIGs Created
(63% Female)**36,507**Members Trained in
Group Management
(63% Female)**35,525**Members Trained in
Microfinance
(65% Female)**30,346****+10,139**Members Trained in BDS
(67% Female)**22,969****+9,708**Members Trained in
Vocational Trainings
(57% Female)**5,830****+3,383**Members Trained
in Life Skills
(73% Female)**19,310****+9,896**Members to Receive
Enterprise Startup Kits
(79% Female)**66,616,965 AFN****+17,207,229 AFN**Saved Internally by
SHG Members
(67% Female)**44,267,510 AFN****+18,939,876 AFN**Lent Internally by
SHG Members
(67% Female)**26,739****+12,033**Micro-Enterprises
Created/Enhanced
(71% Female)**31,397****+11,740**Jobs Created
(71% Female)

Figures in black and blue indicate cumulative results and achievements during 2016 respectively

Exchange Rate: 1 USD = 66.82 AFN



Life Skills Training for Entrepreneurs | Gosfandi District | Sarepul Province

LEARNING OVER TIME

FEMALE MOBILIZATION:

In light of women's urgent lack of socio-economic rights, limited engagement in income-earning activities and dependence on male breadwinners, HiH Af emphasizes the importance of engaging women in our programs. The share of female members in our programs has continually risen, from 39% at HiH Af's inception to 70% today. To effectively reach out to women, HiH Af discovered the importance of firstly mobilizing and gaining approval from male relatives, and subsequently engaging with women. Further, a balance between female and male outreach is necessary to preserve community support.

EARLY ASSOCIATIONS:

HiH Af's program in Samangan province was evaluated by the European Union. The review praised our impact on women in particular. Still, there was room for improvement. Members undergoing training in tailoring and carpentry required "at least two to three months" of extra modules said the report, a move that would "require freeing up of additional resources". Furthermore, women in particular needed more help instituting precise recordkeeping practices at the Self-Help Group level due to comparatively low literacy rates.

Maybe most important, however, was a recommendation to encourage members to form co-operatives to gain market share and negotiate better deals much earlier in the program, the better to ensure their sustainability at project-end. As a consequence, associations are now being formed at the outset of Hand in Hand Afghanistan's projects countrywide.

INTRODUCING ENTERPRISE STARTUP-KIT:

Hand in Hand Afghanistan's approach to microfinance has been reconsidered, not least because lending money requires staff to travel with cash between the district offices and project areas, increasing the threat of armed robbery and kidnappings. That's one reason why HiH Af introduced enterprise start-up toolkits on a grant basis to spur enterprise growth. This has proven to be an efficient way to enhance enterprises and a safer option for both staff and members. The combination of vocational training and matching enterprise startup kits have enabled members to participate in economic activities in the absence of credit.

LOCAL RECRUITMENT:

District-based staff is recruited locally (District Officers, District Office Assistants and Village Enterprise Facilitators (VEFs). This reduces their cost and time of travel, and helps ensure that local staff members have an intimate understanding of the contexts in which they work, ranging from socio-economic conditions to culture and security aspects. By hiring and capacitating local staff, HiH Af is also able to establish and retain local capacities and competencies.

MONITORING & EVALUATION DEPARTMENT ENHANCED:

To improve our monitoring and facilitate further data collection, tracking and analysis, HiH Af (in close collaboration with HiH International) has developed a robust online Management Information System. The system tracks each member's socio-economic data, training, savings and loan details. This has transformed manual monitoring to an integrated and real-time MIS with full representation of all project data.

"I worked as wage labor and could hardly find job 10 days of the month. After joining Sahel SHG and attending regular training, now I have my own tailoring enterprise and I am earning around AFN 7,000 a month"



FINANCIAL STATEMENTS



Grant Thornton

An instinct for growth™

Independent auditors' report to the Board of Directors of Hand in Hand Afghanistan

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Opinion

We have audited the financial statements of Hand in Hand Afghanistan, which comprise the statement of financial position as at December 31, 2016, and the statement of income and expenditure, statement of changes in general fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the Organization's financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with General Accepted Accounting Principles (GAAP).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Afghanistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Grant Thornton Afgh.

Grant Thornton Afghanistan
Chartered Accountants

Date: *April 05, 2017*

FINANCIAL STATEMENTS

Exchange Rate 1 USD = 66.82 AFN

HAND IN HAND - AFGHANISTAN
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

	Notes	2016 AFN	2015 AFN
ASSETS			
Current assets			
Prepaid rent		53,678	40,000
Loans and advances	4	1,042,236	1,662,230
Cash and cash equivalent	5	12,772,960	28,203,871
Total assets		13,868,874	29,906,101
LIABILITIES AND GENERAL FUND			
Non Current liabilities			
Loan from HIH International		-	7,583,039
		-	7,583,039
Current liabilities			
Employment benefit payable	6	7,554,409	4,656,020
Security deposit payable	7	100,000	-
Accrued and other liabilities		233,870	239,295
		7,888,279	4,895,315
General fund			
Accumulated fund		5,980,595	17,427,747
Total liabilities and general fund		13,868,874	29,906,101

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

S. Ghann
Chairperson

Country Director

HAND IN HAND - AFGHANISTAN
STATEMENT OF INCOME AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Notes	2016 AFN	2015 AFN
Income			
Grant income	8	121,059,563	117,987,886
Other (loss) / income	9	(2,060,994)	1,963,275
Total income		118,998,569	119,951,161
Expenditure			
Employee compensation	10	65,783,923	59,523,613
Project expenses	11	50,084,721	36,453,268
Provision for bad debts	4.1	379,447	923,900
Financial charges	12	303,471	450,705
Administrative expenses	13	13,894,159	14,535,922
Total expenditure		130,445,721	111,887,408
(Deficit) / Surplus for the year		(11,447,152)	8,063,753

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

S. Ghann
Chairperson

Country Director

HAND IN HAND - AFGHANISTAN
STATEMENT OF CHANGES IN GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Accumulated fund AFN
2015	
Balance as at 01 January 2015	9,363,994
Surplus for the year	8,063,753
Balance as at 31 December 2015	17,427,747
2016	
Balance as at 01 January 2016	17,427,747
Deficit for the year	(11,447,152)
Balance as at 31 December 2016	5,980,595

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

S. Ghann
Chairperson

Country Director

HAND IN HAND - AFGHANISTAN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 AFN	2015 AFN
CASH FLOWS FROM OPERATING ACTIVITIES		
(Deficit) / Surplus for the year	(11,447,152)	8,063,753
Employee benefit - Provision for the year	4,441,631	1,960,267
Provision for bad debt	379,447	923,900
	(6,626,074)	10,947,920
Decrease / (Increase) in current assets:		
Prepaid rent	(13,678)	(40,000)
Loans and advances	240,547	2,100,891
	226,869	2,060,891
(Decrease) / Increase in current liabilities:		
Accrued and other liabilities	(5,425)	(74,205)
Security payable	100,000	-
	94,575	(74,205)
Employee benefit paid	(1,543,242)	(50,229)
Net cash used up/generated from operating activities	A (7,847,872)	12,884,377
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loan from HIH International	(7,583,039)	1,137,000
Increase in interest	-	318,539
Net cash used in/generated from financing activities	B (7,583,039)	1,455,539
Net increase in cash and cash equivalent	A+B (15,430,911)	14,339,916
Cash and cash equivalents at the beginning of the year	28,203,871	13,863,955
Cash and cash equivalents at the end of the year	12,772,960	28,203,871

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

S. Ghann
Chairperson

Country Director

OUR PARTNERS AND SUPPORTERS



Permanent partner, fundraiser and sponsor for cost-sharing programs, having sponsored all projects.



Permanent partner and fundraiser.



Main supporter of our "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" project in the Gosfandi, Sancharak and Balkhab districts of Sarepul province.



Main supporter of the "Supporting Rural Entrepreneurship and Promoting Women's Socio-economic Empowerment in Dara-i-Suf Bala and Dara-i-Suf Payan districts of Samangan province" project.



Funded the "Sanitation and Hygiene Awareness and Enterprise Development" project.



Supported the "Value Chain Improvement Project for Seven Women Cooperatives".



Supported the "Sustainable Livelihood Program in Kaldar, Sholgara and Marmul districts of Balkh" project.



Funded the "Mass Mobilization into Entrepreneurship", "Small & Medium Sized Enterprise Development", "Training for AREDP Staff", "and Business Development Training for SMEs in Bamyan Province" and "Piloting and Implementation of the Concept of One District One Product" projects through AREDP/MRRD and funded "Horticulture and Livestock Project" through MAIL.



HiH Af engages at district, provincial and central government levels, including with sectorial departments, throughout our projects. Quarterly stakeholder meetings are held at the district level for every project in order to engage CDCs, DDAs, community councils, community elders and other district level authorities.



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