

ANNUAL REPORT 2017



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Cover Photo:

Tailoring Vocational Skills Training Class | Mir Qasim Jan Village | Chimal District | Balkh Province

ABBREVIATIONS

ACBAR	AGENCY COORDINATING BODY FOR AFGHAN RELIEF
AREDP	AFGHANISTAN RURAL ENTERPRISE DEVELOPMENT PROGRAM
BDS	BUSINESS DEVELOPMENT SERVICES
CDC	COMMUNITY DEVELOPMENT COUNCIL
CIG	COMMON INTEREST GROUP
DDA	DISTRICT DEVELOPMENT ASSEMBLY
GIZ	GESELLSCHAFT FUR INTERNATIONAL ZUSAMMENARBEIT'S
HIH AF	HAND IN HAND AFGHANISTAN
HIHI	HAND IN HAND INTERNATIONAL
MAIL	MINISTRY OF AGRICULTURE, IRRIGATION AND LIVESTOCK
MOEC	MINISTRY OF ECONOMY
MRRD	MINISTRY OF RURAL REHABILITATION AND DEVELOPMENT
SHG	SELF-HELP GROUP

Mohammad Qasim | Sholgara District | Balkh Province



A MESSAGE FROM THE CHAIRPERSON

It has been another successful year of work and achievements at Hand in Hand Afghanistan. Faced by a range of challenges, we continued working in areas no other NGO could reach.

Those of you who follow the news will already be aware of the increased insecurity, social hardship, political challenges and regional uncertainty facing our country.

Afghanistan continues to be a safe haven for insurgents and, therefore, a difficult country in which to work. But it remains a land where hopes remain high, even when employment is low. For all the attention paid to Afghanistan's role in Europe's migration crisis, the vast majority of the population is still here, still trying hard to create an environment where our children can live and grow peacefully with adequate support and services.

Occupied by increasing insurgency, the government finds it difficult to deliver its services to all Afghans. This is where NGOs such as HiH can be beneficial. This organization alone creates 11,000 jobs each year. If every NGO in the country did the same, a

key challenge facing Afghanistan could be overcome, enabling the government to concentrate on implementing the right laws and policies.

We thank the donor community for continuing to support us, even when confronted by political challenges at home. The global need for financial assistance is growing. Fragile, in-conflict countries are still in need of aid. We understand this makes it hard for donors to set their priorities, and would like to thank all the donors, taxpayers and politicians who have decided to stick with us.

I also thank our other partners, the board and particularly our staff, who this year and in years past never hesitated to travel in danger zones when the situation required it. You continue to inspire us all.



Seema Ghani
Chair of the Board



Seema Ghani, far-right | Visiting Rural Entrepreneurs | Gosfandi District | Sarepul Province



HiH Af CEO Abdul Rahim Nasry, third from left, visiting Gosfandi district team | Gosfandi District office | Sarepul Province

A MESSAGE FROM THE CEO

Dear friends,

It gives me great pleasure to introduce HiH Af's annual report for 2017.

As in years past, we continued to work towards our mission of empowering poor and vulnerable communities to lift themselves up through sustainable livelihoods. Our emphasis remained on our theory of change, defined in our Strategic Plan: social mobilization, BDS training and capacity building, access to finance and resources, value addition, and market linkages.

We continued to provide best-quality interventions in line with our commitments to partner communities and donors, delivering the following four projects:

1. 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 DFID and HIHI.
2. Socio-Economic Empowerment of Women and Men in Chimtal District of Balkh Province, co-funded by CAFOD and HIHI.
3. Village Uplift Program (VUP), Faqir Abad, Mazar-e-Sharif.
4. Creating future economic prospects for reintegration of refugees and IDPs in Balkh province of Afghanistan through the layer poultry value chain, funded by Deutsche Gesellschaft für Internationale Zusammenarbeit's (GIZ)

During 2017, a total of 10,048 members – 74 percent of them female – were active under these projects, receiving training in group management, business development services, bookkeeping, life skills including literacy, demand-driven vocational skills, and market and value addition services.

A total of 4,580 micro-enterprises were established or enhanced, resulting in 4,948 sustainable jobs. In order to ensure their sustainability, HIH Af established 44 community-based and district-level associations in target communities.

I would like to thank my colleagues, who worked day and night in very harsh and insecure circumstances to provide services and training to our beneficiaries. I would also like to thank our Board of Directors for their professional guidance and support. Finally, I would like to acknowledge the support provided by all of our

stakeholders at the community, district, provincial and national levels. This is especially true of the Ministry of Economics (MoEc), Ministry of Labor, Social Affairs, Martyrs and Disabled (MOLSAMD), Ministry of Agriculture, Irrigation and Livestock (MAIL), Ministry of Rural Rehabilitation and Development (MRRD) and Ministry of Women's Affairs (MoWA) relevant departments.

We profoundly appreciate the strong commitment our partners and donors have given to our work, bringing smiles to the faces of our deprived beneficiaries. It is their support that makes our work possible.

Abdul Rahim Nasry
CEO

ABOUT HAND AFGHANISTAN

HiH Af is a non-governmental organization (NGO) registered with the Ministry of Economy government of Islamic Republic of Afghanistan (license #890) since December 2006. Our head office is in Kabul; our regional office, Mazar-e-Sharif. District offices are located in close proximity to the field – currently in the provinces of Balkh and Sarepul.

The purpose of HiH Af is to combat poverty and contribute to development in Afghanistan by empowering poor and marginalized people to support themselves through new and enhanced livelihoods. Women make up a significant part of its target groups, while men are also included in order to ensure inclusive development and facilitate its work with women, given Afghanistan's highly patriarchal society. Women are empowered through training, gaining new skills in entrepreneurship, access to productive assets and social support from other women in their Self-Help Groups, where training takes place. Women are further empowered in a range of issues that are discussed, such as health and hygiene, children's education and women's rights. Women's participation in SHGs helps redress gender balances at the family and community levels. Considering their dedicated family role, women's enhanced ability to manage livelihoods also benefits entire families, particularly children.

HiH Af maintains close contact with the Ministry of Labor, Social Affairs, Martyrs and Disabled (MoLSAMD), the Ministry of Rural Rehabilitation and Development (MRRD), the Ministry of Agriculture, Irrigation and Livestock (MAIL), the Ministry of Economy (MoEc) and other relevant government ministries. Local governmental departments, community leaders, Community Development Councils (CDCs) and District Development Assemblies (DDAs) are engaged for feedback and to spread awareness about HiH Af's programs before launching any new intervention, and remain engaged throughout the projects.

HiH Af is part of the global HiH network of independent organizations, working together towards a shared vision to eliminate poverty through job creation.

HiH Af is also a member of the Agency Coordination Body for Afghan Relief & Development (ACBAR) and the Afghanistan Microfinance Association (AMA).

VISION An Afghanistan free of poverty, where gender equality is its cornerstone.

MISSION To work for the economic and social empowerment of the poor by supporting the creation of enterprises and jobs, as well as the generation of higher incomes. Targeting poor and marginalized communities, with a particular focus on poor women, HiH Af empowers Self-Help Groups (SHGs), provides support and training, and helps members access credit through savings, information, markets and opportunities.

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.

GOVERNANCE HiH Af is committed to good governance and follows recommended best practices. The HiH Af Board of Directors is the governing body, 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.

SEEMA GHANI - THE CHAIRPERSON



Ms. Ghani has been chairing Hand in Hand Afghanistan's Board of Directors since 2008. She has an MSc in International Business and another in Development Studies, both from UK. She served 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. She is also the Founder of the People's Movement against Corruption in Afghanistan. She won Bond's Outstanding Individual Award 2017.

WAHEED SAIFI - BOARD MEMBER



Mr. Saifi is the former Policy and Organizational Development Adviser to the Minister of Labor, 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.

AGNES SVENSSON - BOARD MEMBER



Agnes Svensson is Head of Programmes at HiH Af partner organization HIHI. 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.

NAJIBULLAH SAMIMI - BOARD MEMBER



Mr. Samim has been serving as Executive Director of the Afghanistan's Microfinance Association 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. He has been serving as Vice Chairman of the SAMN.

JAMILA OMAR - BOARD MEMBER



Jamila Omar holds a degree in journalism from Kabul University. After working as a lecturer at the Journalism Faculty of Kabul University, she worked with several international human rights organizations based in Kabul between 2002 and 2009. Later, she was director of a human rights organization, before joining Afghan Parliament as a national gender adviser. She has experience in management, human rights advocacy, social research, public affairs, media management and communication.

HIH AF EXECUTIVE TEAM

4



AHMAD KAMRAN HEKMATI
PROGRAM MANAGER



ENG. BENEFSHA KAWA
SR. M&E OFFICER



MOHAMMAD KAZIM KHAKI
BRANCH OFFICES COORDINATOR



MAQSADULAH QARIZADA
MIS OFFICER



ABDUL RAHIM NASRY
CEO



SAMA SAHARI
CHIEF FINANCE OFFICER



AHMAD RUKAI AMIRY
SR. ADMIN OFFICER



JAN MOHAMMAD DOSTI
MEDIA & COMM. OFFICER



BENEFSHA HAIDARZADA
PROJECT ASSISTANT



MOHAMMAD RAFI AZIMI
DEPUTY PROGRAM MANAGER



HASIBULLAH SALIMI
SR. CAPACITY DEVELOPMENT OFFICER



KHORI GUL RONA
M&E OFFICER



MASOOD HAMDARD
FINANCE OFFICER

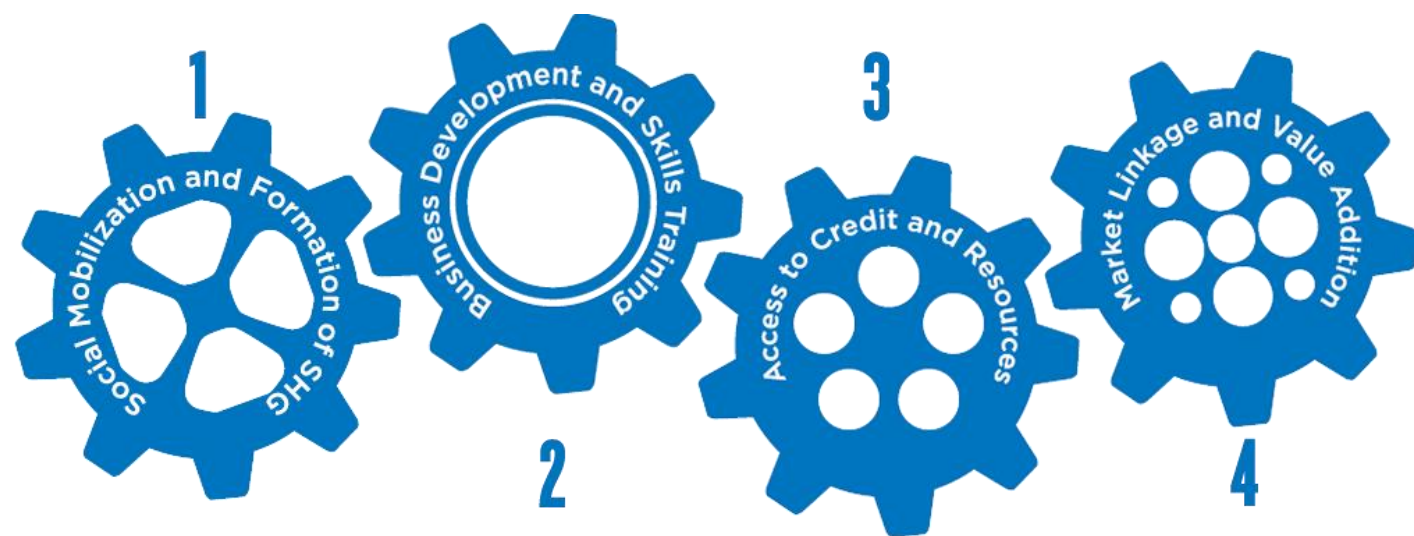


“After completing training I received chickens and feed to start my poultry farm. Now I am earning around AFN 4,200 (USD 62) a month and helping my family. I am planning to expand my enterprise next season to increase egg production because there is good market.”

Amina | Member of Rastagar SHG | Shaikhan Village | Gosfandi District | Sarepul Province

WOMEN AND COMMUNITY ENTERPRISES GO HAND IN HAND





APPROACH

HiH Af uses a four-step, integrated model used globally by the HiH network, and adapted for the local context. Self-Help

Group formation, empowerment and capacity building are fundamental to the model, which can be summarized as follows:

1. Social mobilization and formation of SHGs: Under this step, surveys are conducted to identify potential SHG members, separated by gender from similar socio-economic circumstances. The SHG approach is an empowerment tool that focuses on equipping individuals to improve the socio-economic conditions of their families and communities.
2. Business development and skills training: In this step, members receive training in a series of modules including group management, microfinance, business development services, vocational skills training and market linkages. This provides them with the skills and knowledge they need to identify opportunities and launch their own businesses.
3. Access to credit and resources: With their training complete, members are provided with Enterprise Start-up Toolkits to help them establish their micro-enterprises. Members are encouraged and trained to use internal loans from SHGs to meet their credit needs for running their businesses.
4. Market linkages and value addition: In this final step, associations are established to bring entrepreneurs working in the same sector under one roof, helping them work together to reduce cost and improve quality. Entrepreneurs are supported on establishing linkages with value chain actors and are supported with value addition on their products.



SHG Group Meeting | Sancharak District



Business Development Services Training | Chintal District



Microfinance | Chintal District



LSTE Training | Gosfandi District



Vocational Skills Training | Chintal District



Exposure Visit | Sholgara District



Enterprise Startup Kits Provision | Nahr e Shahi District

Poultry Training | Returnees | Balkh Province



2006 - 2009

1. HiH Af establishment and registration with the Ministry of Economy. Head office set up in Kabul. Regional office set up in Mazar-e-Sharif.
2. Implementation of pilot project .
3. Implementation of Horticulture and Livestock Project (HLP) in Balkh province.
4. Implementation of Facilitating Rural Enterprise Development project through capacity building of Self-Help Groups in Badakhshan province (FRED).
5. Implementation of Small- and Medium-Sized Enterprise Development (SMED) project in Balkh province.

2010 - 2012

1. Continuation of the Mass Mobilization into Entrepreneurship project 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 of Balkh province, funded by the World Bank through MAIL.
4. Implementation of the Sustainable Livelihood Program in Kaldar, Marmul and Sholgara districts of Balkh province.
5. Value Chain Improvement Project for Women Co-operatives in seven provinces.
5. Implementation of the Sanitation and Hygiene Awareness and Enterprise Development project in Kaldar and Sholgara districts of Balkh province.

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 Bamyān Province.
6. Continuation of Sanitation and Hygiene Awareness and Enterprise Development project in Kaldar, Marmul and Sholgara districts.
7. Implementation of the Sustainable Livelihood Program (SLP) in Shortepa and Kishindeh districts of Balkh province.
8. Continuation of Value Chain Improvement Project for Women Co-operatives in seven provinces.
9. Implementation of Reducing Poverty and Gender Inequality in Sarepul Province.

2016 - 2017

1. Continuation of the Reducing Poverty and Gender Inequality project in Gosfandi, Sancharak and Balkhab districts, Sarepul Province of Afghanistan by Improving Household Income and Financial Resilience for Rural Women through Enterprise and Job Creation.
2. Continuation of the Supporting Rural Entrepreneurship and Promoting Women's Socio-Economic Empowerment project 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. Implementation of Village Uplift Program in Faqir Abad Village of Mazar-e-Sharif, Balkh province.
5. Implementation of the Socio Economic Empowerment of Women and Men project in Chimtal district of Balkh province.
6. Implementation of the Creating Future Economic Prospects for Reintegration of Refugees and IDPs through the Layers Poultry Value Chain in Nahr i Shahi and Sholgara districts of Balkh province.
7. Implementation of the Food Insecurity and Malnutrition Household Perception Survey in 12 provinces of Afghanistan.
8. Execution of the Food Insecurity and Malnutrition Consultation Workshops in four provinces of Afghanistan.

CURRENT PROJECTS

Hand in Hand Afghanistan aims to empower women, giving them the self-confidence, skills and training they need to work their way out of poverty by creating sustainable, income-earning businesses. We help by providing grant-based assets and linking them to existing microfinance institutions (MFIs), advice on improving productivity and adding value to their products, and help identifying market opportunities and linking them to local markets. Our support, advice and training are ongoing.

In 2017 HiH Af launched three new projects in Balkh province and continued implementing the Reducing Poverty and Gender Inequality by Improving Household Income and Financial Resilience for Rural Women through Enterprise and Job Creation in Sarepul Province project.

1. 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 implemented in Balkhab, Gosfandi and Sancharak districts of Sarepul province, and co-funded by the UK Department for International Development (DFID) and Hand in Hand International.

2. SOCIO-ECONOMIC EMPOWERMENT OF WOMEN AND MEN PROJECT IN CHINTAL DISTRICT OF BALKH PROVINCE

The goal of this project is to economically empower and strengthen the socio-economic rights of poor rural people, with a particular focus on women. The project targets 600 people (70 percent female) for training in entrepreneurship and business skills, as well as support in micro-enterprise development and market linkages. This project is implemented in Chintal district of Balkh province and funded by CAFOD and Hand in Hand international.

3. VILLAGE UPLIFT PROGRAM IN FAQIR ABAD VILLAGE OF MAZAR-E-SHARIF, BALKH PROVINCE

The objective of this project is to economically empower and strengthen the socio-economic rights of poor rural women in Faqir Abad village of Mazar-e-Sharif, Balkh province. The project targets 110 women for training in entrepreneurship and business skills, as well as support in micro-enterprise development and market linkages. This project is funded by Hand in Hand international.

4. CREATING FUTURE ECONOMIC PROSPECTS FOR REINTEGRATION OF REFUGEES AND IDPS

This project aims to improve skills and capacity of 500 returnees and internally displaced persons to creating 500 sustainable poultry enterprises in Afghanistan's layer poultry value chain. The project targets 70 percent female participation, and is implemented in Mahajir Qeshlaq Village of Sholgara district, Bala-e-Shahrak Hamdard and Shahrak Qaleen Bafa of Nahr-i-Shahi district of Balkh province. This project is funded by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the German government's development agency.

5. FOOD INSECURITY AND MALNUTRITION HOUSEHOLD PERCEPTION SURVEY IN 12 PROVINCES OF AFGHANISTAN

The project was funded by World Food Program (WFP) and implemented in 12 provinces of Afghanistan.

6. EXECUTION OF FOOD INSECURITY AND MALNUTRITION CONSULTATION WORKSHOPS IN 4 PROVINCES OF AFGHANISTAN

The project was funded by World Food Program (WFP) and implemented in four provinces of Afghanistan.

PROJECT ACTIVITIES IN PICTURE

Self-Help Group Meeting



Group Discussion During Training



Business Development Services Training Class



Tailoring Vocational Skills Training

Enterprise Startup Kits Provision





HAND IN HAND AFGHANISTAN

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, information, markets and opportunities.

The Model:

The Hand in Hand approach sees job creation as a highly effective development tool, where micro-entrepreneurs are key drivers for economic growth and poverty reduction.

The Model provides support for a comprehensive approach to job creation, incorporating the following four key elements:

REDUCING POVERTY THROUGH JOB CREATION

کاهش فقر
از طریق
ایجاد شغل

Linking entrepreneurs to markets

Access to credit

Business Training

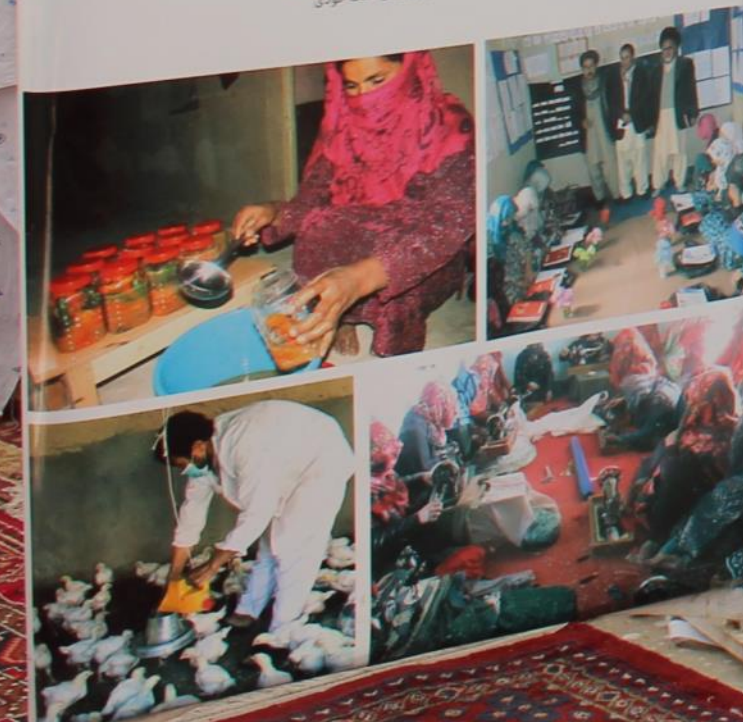
Social Mobilization

تسهیل به منابع مالی و قرضه

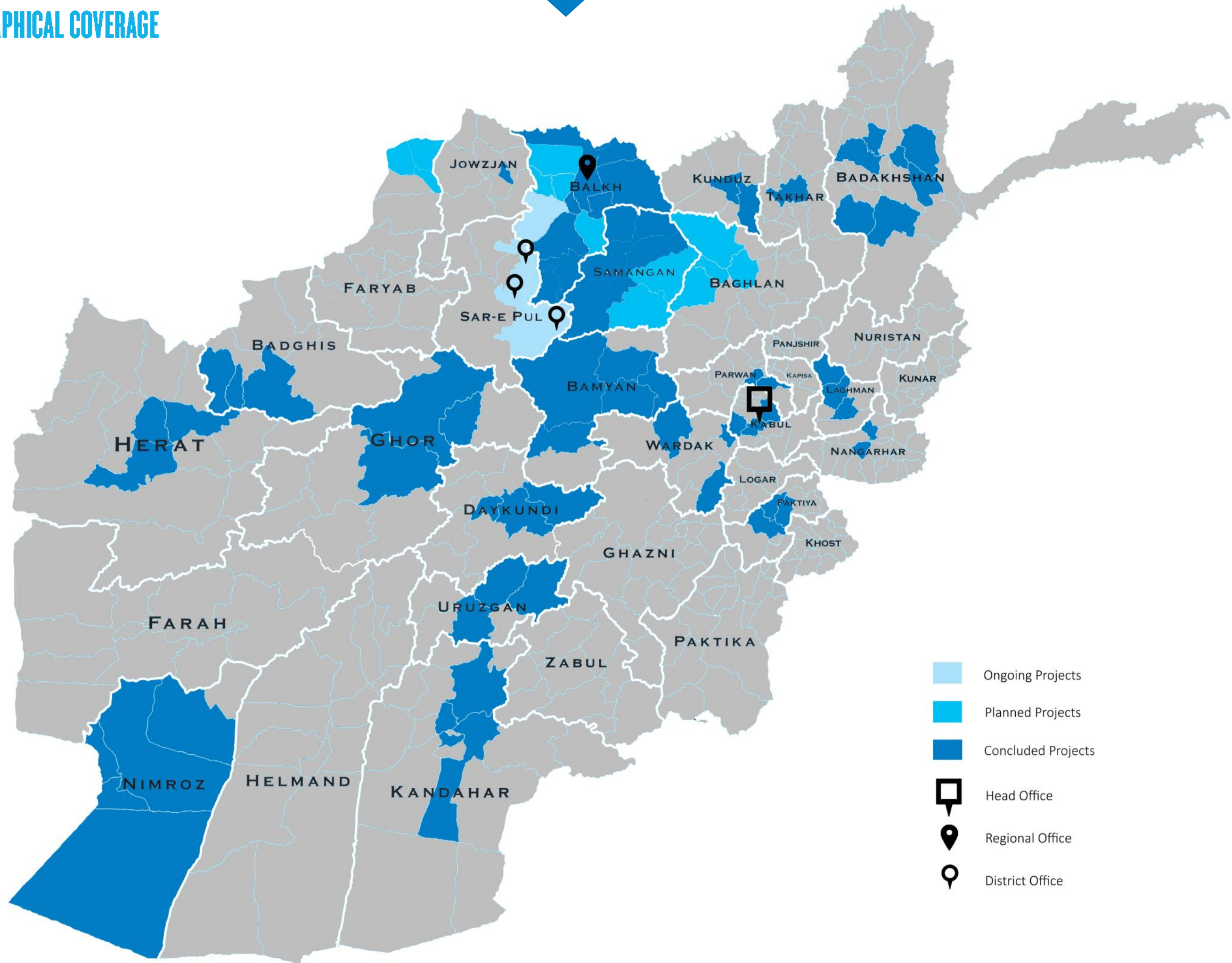
برنامه های آموزشی مانند

مهارت های تجارت، مهارت های زندگی، مهارت های حرفه ای

راه اندازی گروه های کمک خودی



GEOGRAPHICAL COVERAGE



PROSPECTIVE

HiH Af looks forward to reaching even more poor and marginalized people, helping them to improve their living conditions through the creation of jobs and enterprises. We are generating evidence on project outcomes and impacts, establishing ourselves as Afghanistan's leader in livelihoods programs. We will also lobby for our cause with governmental organizations and donor communities.

Wherever we work, our goal is to reach more people. We plan to reach an additional 10,500 beneficiaries by 2018. Our planned expansion is based on our technical and managerial capacities, and the availability of donors' funding.

HiH Af has developed a robust monitoring and

evaluation framework to understand and demonstrate progress, and to ensure transparency and accountability to donors and partners. That system is regularly updated to include measurement elements tailored to specific projects and donors. These measurements include household and enterprise income; Organization for Economic Cooperation and Development (OECD) evaluation criteria; Household Food Insecurity Access Scale (HFIAS) criteria; and indicators for women's socio-economic empowerment.

HiH Af is well on its way to being recognized as the country's leader in designing and implementing livelihoods programs. Since 2013, we have grown from 63 to 178 staff members while successfully implementing projects funded by globally renowned donors such as the EU, DFID, Sida, USAID, GIZ, WFP and

World Bank.

Although a number of NGOs and MFIs operate in Afghanistan, HiH Af is the only organization that provides an integrated solution to income generation, even among the most vulnerable individuals. Organizations providing business development services are few and far between, unable to reach large parts of the primarily rural population. HiH Af's empowering, self-help approach effectively meets this gap. Our support is targeted and adapted to help individuals build the required confidence and skillset to start a business and enmesh themselves within strong social support structures. Grant-based toolkits and market linkages help ensure their enterprises are sustained and outlive our support.

HiH Af has extensive expertise in fighting poverty with jobs. This expertise has come in part from the wide range of technical support provided by the Hand in Hand global network, all working towards the same goal. We have also gained extensive experience on the ground, implementing our own livelihoods projects at the grassroots level.

Over the years, we have been exposed to a wide range of communities' needs and challenges, learning first-hand that eliminating poverty in a particular community requires collaboration from a wide range of stakeholders. To achieve this, we co-ordinate meetings, workshops, forums and seminars. We also advocate for the role of jobs in promoting development and gender equality.

Stakeholders | Co-ordination Meeting | HiH Af Regional Office | Mazar e Sharif



MEET RAHIMA, THE YOUNG ENTREPRENEUR

Rahima is 19 years old and lives in Kelkaba, a village in Balkhab district, Sarepul province. Her father is a farmer and her mother is a housewife. She has two elder brothers, all living under the same roof.

Getting by on a farmer's income was tough. "My brothers and I were going to school and we could never ask our father for stationery and books, because we knew he couldn't afford it," says Rahima. "We were facing serious financial problems. My brother wanted

to leave school to do some work and help the family but since it was his last year of high school, we encouraged him to continue."

Rahima joined Etifaq SHG two years ago and attended regular group meetings. The group's only high school student, she was elected its bookkeeper. She received training in group management, bookkeeping, microfinance and business development. "After I completed the business training, I was encouraged to have a business and generate income. At first it seemed difficult - even impossible - but my HiH Af

enterprise facilitator motivated me to believe in myself. I chose beekeeping because I know there's a market for honey, and it doesn't require much time or space."

Rahima received beekeeping vocational skills training from HiH Af. When the training was done, she received one box of honey bees in order to establish her micro-enterprise.

Fast-forward to today and Rahima owns three boxes of bees. She has produced 15 kgs of honey and sold 12 kgs, earning AFN 12,000 (US \$175). "We had never

bought honey at home because we could never afford it, but this season we've used three kgs. My family is so happy and my father is so proud."

She has also used her colony to produce three additional bee boxes, selling each for AFN 3,000 (US \$45). "This year I completed high school and I already have a business. I have my own savings, and I'm helping my brother continue his education," she says. "I have always wanted to become a teacher. Now that I have a business I am confident I will achieve all my goals."

Rahima | Etifaq SHG | Kelkaba Village | Balkhab District | Sarepul Province





Gulbuddin | Atifaq SHG | Taziyan Village | Gosfandi District | Sarepul Province

MEET GULBUDDIN, THE CARPENTER WHO DREAMS BIG

Gulbuddin is 33 years old, married and has two kids. He lives in Taziyan, a village in Gosfandi district, Sarepul province.

"When I was a kid I never had the opportunity to go to school because of war and conflict. I didn't have any skills, either," he says. "My father was a farmer and after he passed away, I became responsible not only

for my own family but for my mother and sister. I used to do tough and heavy tasks as a wage worker. My mother was sick. We were all struggling."

Gulbuddin joined Atifaq Self-Help Group, attended regular meetings, and received training in group management, bookkeeping, microfinance and business development. "I was very interested in the project because I wanted to learn a skill. I joined the

carpentry vocational skills training and received a start-up toolkit when I finished," he says.

With his toolkit in hand, Gulbuddin established his carpentry enterprise in the center of the district. "I borrowed AFN 3,000 (US \$45) from my SHG and bought some raw materials. Now I produce different types of doors, windows and other home accessories for my customers, who mainly come from here and the surrounding villages."

With his loan already repaid, Gulbuddin brings in about AFN 7,000 (US \$100) a month. "I have savings for emergencies and I am optimistic about my future," he says. "I dream bigger, and it doesn't seem impossible for me to have a bigger business soon."

To help him expand, Gulbuddin plans to hire an apprentice in the coming months.

SHAH BIBI: THE BREADWINNER OF THE FAMILY

Shah Bibi is 48 years old and has four children. She lives in Khorasan, a village in Gosfandi district, Sarepul province.

"My husband used to be a wage worker. Eight years ago he left home one day and never came back. We have searched a lot, but we couldn't find him," she says.

With her husband gone, it was up to Shah Bibi to provide for her family. Her total lack of education

wasn't helping. "There was no school in our village for girls in the past, so I never had the chance to go," she says. "I didn't have any skills, either, so I was in trouble when it came time to earn for my family. I was always dependent on neighbors and relatives to donate something, and took work wherever I could find it: doing laundry, cleaning, washing dishes."

Shah Bibi joined an HiH Af SHG, attended regular meetings, and received training in group management, bookkeeping, microfinance and business development, vocational skills, and life skills for

entrepreneurs.

"I'd always wanted to work and take care of my children, so I chose to learn embroidery and, after completing the training, received a start-up toolkit. I chose embroidery because there is good demand, both in winter and summer," she says.

Today, Shah Bibi embroiders clothing for women, children and men. "I am working from home so I can take care of my children. Customers come to me, and I earn around AFN 5,000 (US \$70 a month). I am no longer dependent on neighbors' or relatives'

donations. And I even have savings for emergencies."

Since receiving life skills training for entrepreneurs, Shah Bibi finds she is able to help her children with their homework, something that makes her "very happy".

She adds: "Now I am confident that my future will be brighter, and my kids will have my support to study and make a better future for themselves. I will soon expand my business by selling embroidery materials."



Shah Bibi | Gosfandi District | Sarepul Province



CUMULATIVE RESULTS AS OF DECEMBER 2017

15



37,741
Members mobilized
(64% female)



2,323
SHGs created
(63% female)



37,241
Members trained in
group management
(64% female)



36,125
Members trained
in microfinance
(65% female)



30,948
Members trained in BDS
(67% female)



26,124
Members trained in
vocational trainings
(59% female)



5,928
Members trained
in life skills
(73% female)



22,726
Members received
enterprise start-up kits
(78% female)



AFN 78,281,302
Internally saved by
SHG members
(68% female)



AFN 56,330,579
Internally lent by
SHG members
(69% female)



31,319
Micro-enterprises
created/enhanced
(72% female)



36,345
Jobs created
(72% female)





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

Grant Thornton 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, 2017, 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, 2017, 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 Afghanistan

Chartered Accountants

Engagement Partner: Saqib Rehman Qureshi

Kabul, Afghanistan

Date: 05-Mar-2018

HAND IN HAND - AFGHANISTAN STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2017

	Notes	2017	2016
		AFN	
ASSETS			
Current assets			
Prepaid rent		154,686	53,678
Loans and advances	4	174,282	1,042,236
Cash and cash equivalent	5	21,610,253	12,772,960
Total assets		21,939,221	13,868,874
LIABILITIES AND GENERAL FUND			
Current liabilities			
Employment benefit payable	6	9,158,515	7,554,409
Security deposit payable	7	40,000	100,000
Accrued and other liabilities		244,020	233,870
		9,442,535	7,888,279
General fund			
Accumulated fund		12,496,686	5,980,595
Total liabilities and general fund		21,939,221	13,868,874

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

S. Ghani
Chairperson

Country Director

HAND IN HAND - AFGHANISTAN STATEMENT OF INCOME AND EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 2017

	Notes	2017	2016
		AFN	
Income			
Gross income	8	101,854,396	121,059,563
Other Income / (loss)	9	719,275	(2,060,994)
Total income		102,573,671	118,998,569
Expenditure			
Employee compensation	10	50,070,331	65,783,923
Project expenses	11	30,200,539	50,084,721
Professional charges		3,172,271	233,870
Bad debt expenditure	4.1	823,452	379,447
Financial charges	12	242,943	303,471
Administrative expenses	13	11,548,044	13,660,289
Total expenditure		96,057,580	130,445,221
Surplus / (Deficit) for the year		6,516,091	(11,447,152)

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

S. Ghani
Chairperson

Country Director

HAND IN HAND - AFGHANISTAN STATEMENT OF CHANGES IN GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2017

	Accumulated fund
	AFN
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
2017	
Balance as at 01 January 2017	5,980,595
Surplus for the year	6,516,091
Balance as at 31 December 2017	12,496,686

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

S. Ghani
Chairperson

Country Director

HAND IN HAND - AFGHANISTAN STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2017

	Notes	2017	2016
		AFN	
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus / (Deficit) for the year		6,516,091	(11,447,152)
Employee benefit - Provision for the year		3,579,529	4,441,631
Provision for bad debt	4.1	823,452	379,447
		10,919,072	(6,626,074)
Decrease / (Increase) in current assets:			
Prepaid rent		(101,008)	(13,678)
Loans and advances		44,502	240,547
		(56,506)	226,869
(Decrease) / Increase in current liabilities:			
Accrued and other liabilities		10,150	(5,425)
Security payable		(60,000)	100,000
		(49,850)	94,575
Employee benefit paid		(1,975,423)	(1,543,242)
Net cash generated from / (used in) operating activities	A	8,837,293	(7,847,872)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loan from HIH International		-	(7,583,039)
Net cash used in financing activities	B	-	(7,583,039)
Net increase / (decrease) in cash and cash equivalent	A+B	8,837,293	(15,430,911)
Cash and cash equivalents at the beginning of the year		12,772,960	28,203,871
Cash and cash equivalents at the end of the year		21,610,253	12,772,960

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

S. Ghani
Chairperson

Country Director

1 USD is equal to AFN 70

AWARDS AND TESTIMONIAL



“At Hand in Hand we believe in helping people to help themselves,” said Seema, accepting her award. “There’s a new generation of young thinkers [with the power to change Afghanistan] but they can’t do it without you.” She added.

Seema was recognized first and foremost for her work with Hand in Hand, but her contribution to the sector does not stop there. After fleeing Afghanistan’s 20-year civil war in the 1990s, Seema settled in London and established a career working with some of the City’s biggest Fortune 500 companies. She returned to Afghanistan just weeks after the fall of the Taliban to help the country rebuild, and went on to co-found the

People’s Anti-Corruption Movement and Afghan Women Charter, as well help Hand in Hand Afghanistan create some 31,000 businesses and 36,000 jobs – and counting – as the organization’s Chair.

Hand in Hand Afghanistan Chair Seema Ghani is the winner of Bond’s Outstanding Individual Award.

The award, which celebrates “exceptional people who have made a lasting contribution to the sector”, was presented last night at the Bond Conference International Development Awards ceremony in London, the biggest event of its kind in Europe. It was the Outstanding Individual Award’s first year, and the Bond Awards’ fourth.



Sarepul Provincial Council praises and appreciates Hand in Hand Afghanistan’s performance in successful implementation of the project named “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”, being implemented in Gosfandi, Sancharak and Balkhab districts of Sarepul province and co-funded by Hand in Hand International and Department For International Development (DFID). The project targets 9,500 households.



Products of HiH Af’s Members from Sarepul Province

PARTNERS AND SUPPORTERS

	HiH Af engages at the 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.
	Permanent partner, fundraiser and sponsor for cost-sharing programs, having sponsored all projects.
	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.
	Supports the "Socio-Economic Empowerment of Women and Men in Chimtal District of Balkh Province" project.
	Funded the "Food Insecurity and Malnutrition Household Perception Survey" in 12 provinces and "Consultation Workshops" in provinces of Afghanistan.
	Funded the "Creating Future Prospect for Reintegration of Returnees and IDPs in Balkh Province Through the Layer Poultry Value Chain" project.
 EUROPEAN UNION	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 "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.
	Supported the "Value Chain Improvement Project for Seven Women Cooperatives" project.
	Funded the "Sanitation and Hygiene Awareness and Enterprise Development" project.
	Supported the "Sustainable Livelihood Program in Kaldar, Sholgara and Marmul districts of Balkh Province" project.
	Permanent partner and fundraiser.



Ghulam Nabi | Saye SHG | Balkhab District | Sarepul Province



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