Development Cooperation

Progress Report  Donor: SIDA  

(DCPR)

Country or Region: AFGHANISTAN

Title: Road to Jobs: Bringing decent work to rural households of Northern provinces of Afghanistan

P&B Outcome: 3

Report: Annual

For projects reporting on an annual basis, all sections must be completed and the report must cover the previous 12 months.

6-month

For projects reporting twice per year, all sections must be completed and the report must cover the previous 6 months.

Quarterly

For projects reporting on a quarterly basis, every second and fourth report (i.e. twice a year) should complete all sections. The other reports may leave out sections 3 and 4.


Related project(s): Road to Jobs Project: AFG/14/01/SID

Reporting Information

<table>
<thead>
<tr>
<th>Reporting period:</th>
<th>From January to December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Report prepared by:</td>
<td>Julius Mutio, 7 March 2017</td>
</tr>
<tr>
<td>Report reviewed by:</td>
<td>Eva Majurin, 3 April 2017</td>
</tr>
<tr>
<td>I have reviewed the classifications and agree they are a fair and accurate reflection of progress</td>
<td></td>
</tr>
<tr>
<td>Reviewer initials: EM</td>
<td></td>
</tr>
<tr>
<td>Report approved by:</td>
<td>Manzoor Khalilq, 3 April 2016</td>
</tr>
<tr>
<td>I have reviewed the classifications and agree they are a fair and accurate reflection of progress</td>
<td></td>
</tr>
<tr>
<td>Approver initials: MK</td>
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</tbody>
</table>

Instructions

This is the standard ILO format for extra-budgetary development cooperation progress reporting. Information submitted in DCPRs will be collected and used by the ILO to monitor progress towards results.

DCPRs must be submitted as per the schedule outlined in the Approval Minute.

Please note this is the format for interim reports only. Final progress reports must use a different template.

For guidance on completing the DCPR please visit: www.ilo.org/intranet/english/bureau/pardev/tcguides/templates.htm
EXECUTIVE SUMMARY

Introduction
The year 2016 marked the stepping up of efforts by R2J project to broker and structure market deals where inclusive business models could be innovated by market actors, facilitate implementation of pilot interventions and continue to build the capacity of staff, partners and other stakeholders to ensure the project goals are realised. Navigating around the daily challenges faced in a fragile economy has called for adaptive management strategies which are always needed in a market systems development project of this nature. Unlocking the vast potential in the agriculture based part of the economy does take effort, patience and considerable risk-taking and the act of taking risks in the economy of northern Afghanistan does not appeal to many potential investors.

The project invested considerable resources in capacity building of both internal staff, local consultants and partners in order to ensure that there is a common understanding of project philosophy, approach and objectives. The efforts have already begun to bear fruit because there is a considerable improvement in private sector companies’ attitude towards our approach to work. The team’s ability to broker and structure market deals using inclusive business models has also improved considerably. The turnaround time from opening up negotiations with partners and concluding a deal to begin implementation has reduced from about 5 months to about 6 weeks.

R2J project continues to work towards enhancing competitive rural and urban value chains connected by the road network through multi-faceted interventions that respond to the underlying constraints inhibiting pro-poor sector growth. Bold steps have been taken to give special attention to vulnerable and marginalized groups building on the gender strategy and taking advantage of the opportunities in the market place. Several entrepreneurship development training activities were held targeting women and consultative events to define proper responses which would resolve women’s challenges were held. A fund has actually been created to invest in women’s economic empowerment.

The implementation of PACA proposals identified and designed in 2015 has progressed considerably but it has been a process full of learning. What were deemed ‘quick wins’ did not prove so quick after, all. The Afghan socio-economic and political landscape did not make it easy for quick roll out. Firstly, partners did not engage as quickly as was anticipated. Private sector market actors proved to be more risk-averse than originally anticipated. The security situation did not help either. Interventions were very slow to implement but with adaptive management, things have begun to improve. Progress has become quicker with some interventions like conversion of chicken litter to organic fertilizer now ready for scale up. With all the investments in awareness and knowledge creation, the pay-off has begun to show.

Given the slower progress of the PACA proposals, R2J decided to carry out 1 market systems analysis (MSA) instead of 2. This would allow for the further implementation of PACA proposals and roll out of grape value chain interventions. The cotton MSA was carried out towards the end of the year and finalised for interventions to be implemented in 2017. Major strides have been made in implementation of the interventions in organic fertilizer, dairy development to support women farmers, chicken buy-back, improvement of para-vet services to reduce livestock mortality and most of the grapes value chain interventions.

1. Budget / Planning Information

<table>
<thead>
<tr>
<th>Project budget in USD:</th>
<th>7,641,365</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project duration in months:</td>
<td>36</td>
</tr>
<tr>
<td>Planned</td>
<td>Actual</td>
</tr>
<tr>
<td>Project start date:</td>
<td>Dec, 2014</td>
</tr>
<tr>
<td>Project end date:</td>
<td>Nov, 2017</td>
</tr>
</tbody>
</table>
The overall goal of the Road to Jobs project is **More and better jobs in selected Northern Provinces contribute to improved livelihoods and poverty reduction**.

The project aims at addressing the underlying causes of poor market systems performance in selected agricultural sub-sectors. The following was done to continue to work towards this goal.

- Implementation of the PACA proposals (quick wins) continued with greater momentum.
- Interventions for the grapes value chain were further fine-tuned and implementation was started.
- 1 market systems analysis (MSA) was carried out for the cotton value chain in Balkh and Samangan.
- The financial services mapping study was finalised and implementation of the planned intervention was started.
- The system for monitoring and results measurement was further refined with the completion of analysis of the financial services situation for the farmers and poor people in Balkh and Samangan provinces. Outcome 3 was revised accordingly and reflected in the log frame as well.
- Capacity building for both staff and partners was continued.

**Outcome 0: More and better jobs in selected Northern Provinces contribute to improved livelihoods and poverty reduction**

**Programme Management Unit**

The year 2016 saw the Gender and Livelihoods Officer immigrate to Canada with her family in October. The Programme assistant also resigned to re-join UNAMA (a sister UN programme). The programme assistant was replaced before year end. The gender and livelihood officer was identified but the recruitment process had not yet been completed by year end. A second driver joined the project in September 2016.

The 2 project vehicles were finally received after 9 months. Due to the continued security considerations for improved safety of both personnel and assets, the project eventually made arrangements to relocate to the UNAMA compound.

**ii) Programme oversight**

The project advisory committee (PAC) was formed and it held its inaugural meeting on 6th October 2016. Below is the list of organisations and their representatives who attended. PAC is chaired on a rotational basis by Government heads.

- Khwaja Qudratullah Sidiqi, Director, Ministry of Labor and Social Affairs Martyr and Disabled (MoLSAMD, Samangan
- Khadija Hasani, Director, Women Affairs Department of Samangan
- Mohammad Nadir, Employer, Women Affairs Department of Samangan
- Mohammad Asif, Director, Rural Rehabilitation and Development
- Engineer Folad, Manager, Rural Rehabilitation and Development of Balkh
- Mohammad Hassan Kamran, Director, Department of National Union of workers & Employees
- Engineer Shahizada, Director, Department of Commerce & Industries
- Kateb Shams, Director, Department of Agriculture of Balkh
- Nasir Qasimi, CEO, BCCI
- Nigeta Hamidy, Employer, BCCI
- Gulam Rabani Dastgeer, Manager, Economic Department of Balkh
- Qandi Gul, Manager, Women Traders of Balkh
- Ab. Rasul Yardam, LMI officer, DoLSAMD
- Hamayon Habib, Samangan Dail Director, DAIL
- Masuda Maolawi zada, Manager, Women Affairs Department of Balkh
Outcome 1: Collaboration and co-ordination among local stakeholders for local economic development is improved

Stakeholder consultations and working groups
The R2J Project continued to facilitate the convening of stakeholder working groups in order to ensure coordination, unity of purpose and focus on resolving pertinent issues of common interest among market actors in the different value chains.

- Cotton oil processors came together to work on a cotton oil standard with the technical help of the Afghanistan National Standards Authority (ANSA).
- The Samangan Livestock Committee was formed among livestock farmers, DAIL and para-vets to work on solutions to the challenges faced by stakeholders. It continued to search for lasting solutions to the problems until it was finally agreed that para-vets needed improved knowledge to diagnose livestock diseases and administer the right medicines in order to reduce the mortality of animals.
- BCCI continued to be the main focal point for most of the private sector engagement efforts. It was through BCCI that a number of private sector partners were identified, mobilised and engaged.
- Stakeholder consultations were also undertaken during the cotton MSA. A pre-analysis workshop to identify, sensitise and engage with actors and other important players in the cotton value chain was held. It helped to identify many respondents and collaborators during the MSA exercise and some of these are highly likely to become implementing partners when the interventions are eventually rolled out. Another workshop is planned for stakeholders to validate the findings and recommendations of the MSA when the exercise is completed.
- R2J project’s local economic development coordinators attend the monthly provincial development committee meetings to give updates on what the project is doing and to learn what others are doing.

The 3 value chains will be supported and working groups will form around sectors of interest to take the way forward. It is the role of R2J to support the development of these working groups so that there is local ownership of the local economic development work. The project will contribute to the achievement of AFG128: Enhanced Conducive Environment for Developing Micro- and Small Enterprises through enhancement of competitiveness of selected agriculture value chains, protection and upgrading of urban work and small enterprises, and improved financial management of households, which together bring higher returns to rural households. The project will contribute to the following National Priority Programmes (NPPs) and the Women Economic Empowerment (WEE) led by MoLSAMD.

- Skills Development and Labour (under the Human Resources Development cluster)
- Trade Facilitation and SME (under the Private Sector Development cluster)
- Comprehensive Agriculture (under the Agriculture and Rural Development cluster)

The project will also contribute to the new UNDAF (2014-2018), particularly to its Pillar One “Inclusive, more equitable and sustainable economic growth with reduced dependency on the illicit economy”. The project interventions will contribute to the realization of productive and decent work. The latter is recognized as a core element of the millennium development goal (MDG) 1, “Eradicate extreme poverty and hunger,” which has incorporated “full and productive employment and decent work for all” as an indicator.

Implementation of PACA Proposals from 6 agricultural sub-sectors
Considerable progress was made in the implementation of pilots in the following interventions
• Conversion of chicken litter to organic fertilizer.
• Dairy development to benefit women farmers.
• Chicken buy-back scheme to support poultry farmers.
• Improving farmer access to good quality livestock medicines.
• Improving the quality of exported almonds.

A few interventions had to be dropped because of slow progress due to the lack of willingness of relevant stakeholders such as:

• Stakeholders and market actors were not engaging fully as in the case of the development of a cotton oil standard. ANSA as the authority institution got to a stage where they simply stopped supporting the process of developing the standard and it became impossible to continue. It is in R2J’s plan to revisit this through the cotton value chain development interventions in 2017.
• The proposal to build shelters and water reservoirs for sheep and goats in Samangan province was eventually dropped because no entity or individual was willing to invest or share the risk of undertaking the work. Further consultations revealed that livestock farmers needed effective veterinary services and medicines more than water and shelter.
• The intervention for ‘controlling leaf curling disease’ in almonds was collapsed and merged with the intervention to improve quality of almonds for exports.
• The intervention to adopt appropriate storage practices for onions is still under investigation due to unwilling partner interested in investing and sharing the risk.

**Grape value chain.**

The grapes MSA revealed that raisins exported by Mazar-I-Sharif based exporters are not originally from grapes grown in Balkh and Samangan provinces because these two provinces do not grow the varieties which are suitable for making raisins. This led to the dropping of raisins from the interventions meant to help address issues identified in the study.

• Further work was commissioned to study the export market for grapes and explore as well as recommend opportunities for Afghan grapes.
• Hamid Sadaat Mineral Water Company agreed to invest in developing an affordable grape juice from grapes and R2J project partnered with them.

Some issues to address productivity were tackled in interventions which were designed. These are:

• The use of the media to disseminate agriculture extension information. Radio Azad partnered with R2J to employ a business model to broadcast information to farmers for free while raising revenue from advertisers to cover the costs of providing the information for free.
• The use of mobile phones to disseminate agriculture information to farmers for free while partnering with a local mobile network operator to apply a business model which made it sustainable.
• Developing capacity within DAIL and private sector actors to provide extension services to farmers. This pilot seeks to explore sustainable strategies with willing private sector actors in the value chain so that the companies can provide extension services while trading with the farmers.
• Improving farmers’ access to affordable, cleaner and more efficient technology for pumping water for irrigating grapes. A number of business models are being piloted with different market actors so that farmers are able to purchase solar-driven water pumps to replace diesel-powered ones.
• Exploration of market-driven solutions to the need for trellising to help farmers increase productivity.

**Outcome 2: The position of poor and disadvantaged groups within selected sub-sectors is improved**

The position of poor and disadvantaged groups within selected sub-sectors is improved. The R2J project undertook a number of initiatives to address this issue.

• Training for entrepreneurship development was held to benefit women and men. This was meant to build business skills for starting and improving existing businesses and that capacity is now within the community and certified trainers will continue to provide this service to those in need.

• More were funds are required within R2J project to support brilliant business projects emerging from the “start and Improve Your Business” process. Another entrepreneurship development, Gender and Enterprise Together Ahead (GET Ahead) programme targeting women only has now been planned for 2017. This will help in the empowerment of women to hold out on their own in the market place.

• Under the Dairy development intervention, 1500 women in Dawlatabad were targeted with training and linked to Pakiza Dairy in Mazar city. This created the much-needed market for fresh milk which these farmers were failing to get previously.

• The training of 18 para-vets from Samangan province helped to ensure that more than 5,000 farmers have access to better veterinary services and medicines to reduce livestock losses.

• The quality improvement programme for almonds meant for export will help farmers who have been struggling to meet international standards for almond export to begin to sell their nuts for higher prices and increase their incomes.

• Chicken litter has been a source of air and ground water pollution. The intervention which converts chicken litter to fertilizer helps the environment and creates jobs at the same time. Poor farmers are able to make an income from the chicken waste which they used to struggle to throw away.

• Poultry rearing has been deemed an expensive undertaking for poor people but the introduction of the buy-back system for chickens by Balkh Poultry Company (BPC) ensures all inputs, technical know-how and extension support are available to farmers on credit and that they make payments when they finally sell their chickens back to BPC.

• The introduction of a new radio programme tackling agriculture issues on Radio Azad helps to make information available to farmers who would otherwise never have access to it. This helps the poor farmer improve their knowledge and increase their productivity by applying the information made available. These are weekly live broadcasts with three repeats.

• The mobile phone based extension information to be made available through Roshan will also make agriculture information available to farmers and other poor people who need information the most but are least able to afford it.

• All interventions in the grape value chain are centred on the poor getting jobs, improving existing jobs, increasing poor farmers’ incomes and creating better market opportunities.

• Work in the cotton value chain will also tackle gender disparities in wages for the same work and a whole host of other decent work issues. R2J project will create a platform for our tripartite constituents to address all decent work deficits existing in this value chain.
Outcome 3: Access to and utilization of financial services by the farmers and disadvantaged groups improved.

The study was concluded and finalised in 2016.

Under this outcome, R2J project intends to address a widespread lack of access to finance among the stakeholders in agricultural value chains, notably the poor and low-income farming households at the bottom of the pyramid. The study identified a reasonably high level of interest (demand) for financial services among rural/farming households, agribusinesses, and related urban SMEs, but a low level of usage of (formal and semi-formal) financial services providers (FSPs) in favour of family and friends as lenders, informal, home-based savings in cash, and a general lack of knowledge about/access to insurance services. However, two-thirds of urban and one third of rural households use primarily informal money transfer services.

27 FSPs have been identified in the project area. All the major banks and MFIs recognize the potential of serving the agricultural sector, but only three have expressed an interest in working with the R2J project to assess the opportunities of engaging more effectively with agricultural value chain financing by adjustment existing products and terms, and/or developing new more suitable products. OXUS Bank has submitted a concept note for such a collaboration to R2J, after receiving board approval to consider working in the agriculture sector. The other 2 are FMFB and Bakhtar Bank. FINCA have recently begun to engage more.

The key constraints to increased access to finance were identified as related to Access (distance to financial service providers (FSP), mismatch between demand and available products, terms and conditions), and Awareness (a low level of financial literacy and a corresponding low availability of non-financial services, such as household budgeting, access to markets/pricing, agricultural and livestock extension services, etc.). In short, the core underlying factor limiting access to finance for households in the project area appears to be a very large Information gap affecting both demand and supply: Lack of awareness, information and knowledge about FSPs, products, terms and conditions limit the contact to and usage of FSPs by the potential customers, and a similar gap in the knowledge of FSPs about the economic strategies and financial preferences of the potential new customers, combined with historical failures in serving rural households, has resulted in a very high level of perceived risk in this client segment.

In order to increase access to finance by farming households and other poor and low-income people in the project area as a contribution to their more effective participation in various agricultural value chains, there is thus a need for innovative partnerships in inclusive business models which embrace innovation, adapted approaches, product offerings, terms and conditions to better suit rural customers.
### 2.2 Issues and actions the report

Examine the main challenges facing the timely delivery of outputs and achievement of immediate objectives. Please explain delays duration and the reasons why.

These can be issues that have already been encountered or are foreseen.

<table>
<thead>
<tr>
<th><strong>Staff turn-over faced during the year</strong></th>
<th><strong>Procurement of vehicles took longer than normal</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Two key project staff resigned and left. The programme assistant and gender and livelihoods officer both left the project after so much investment in coaching and mentoring. The workload had to be shared among the remaining staff because the recruitment of replacements took time. This also slows down the pace of implementation because new people take time to build relationships with partners and to get accustomed to the new work load.</td>
<td>Due to the unforeseen delay in delivery, the project was unable to acquire project vehicles on time. However, things improved in the second half of the year after the delivery of the vehicles. This resulted in the process of putting various Programme systems in place taking longer than earlier planned.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Protracted re-negotiation of the LTA contract</strong></th>
<th><strong>Unabated security situation</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>R2J hires consultants through CTG, a private technical services provider. The long-term technical contract was up for renewal at the beginning of the year but there were delays which lasted almost seven months of renegotiations due to a few unreasonable demands/clauses of the service provider. In this period it meant the project could not recruit consultants to support the project. This delayed some of the interventions which required specialist input. Some of the activities whose timelines were affected negatively include the SiYB entrepreneurship programme, the Get Ahead women’s entrepreneurship development programme, the mobile phones based extension programme and Financial services programme. The schedules and timelines had to keep changing in anticipation of the signing of the LTA contract and in so doing, the consultants’ availability was also affected. When the contract was finally signed the consultants were no longer available. This meant that the identification of consultants had to start all over again and it is a very challenging task to find highly qualified experts willing to come and work in Afghanistan.</td>
<td>In a fragile economy affected by insurgency, business confidence is usually low. People profit through cutting corners and unfair practices. Investors are averse to taking huge business risks. This is not conducive for job creation although opportunities for job creation are abound. The search for reliable and strong partners is another bottleneck. The security situation continued to render the economy fragile. Movement is limited which slows progress and restricts monitoring to safe areas. In our kind of work it is important to continuously have interface with partners especially during periods of implementation.</td>
</tr>
</tbody>
</table>
Examine to which extent expenditure is in line with budget forecasts. Please explain any over or underspend and the reasons why.

<table>
<thead>
<tr>
<th>Year 2016</th>
<th>Expenditure Category</th>
<th>Budget</th>
<th>Actual</th>
<th>Balance</th>
<th>Remarks</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Project Personnel</td>
<td>704,900</td>
<td>839,759</td>
<td>-134,859</td>
<td>Renewal and extensions of staff contracts attracted unforeseen increments in dues and benefits to staff because of UN-wide increases. Additionally, project assistant joined towards the end of 2016.</td>
</tr>
<tr>
<td></td>
<td>International consultants</td>
<td>80,000</td>
<td>-5,500</td>
<td>74,500</td>
<td>There was long delay in signing of the LTA and this meant that consultants could not be engaged in the absence of LTA.</td>
</tr>
<tr>
<td></td>
<td>Subcontracts/implementation</td>
<td>400,000</td>
<td>359,758</td>
<td>40,242</td>
<td>This activity was covered fully from the budget line as envisaged</td>
</tr>
<tr>
<td></td>
<td>Seminars and training activities</td>
<td>100,000</td>
<td>61,385</td>
<td>38,615</td>
<td>This activity was covered fully from the budget line as envisaged</td>
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<tr>
<td></td>
<td>Travel project staff, other</td>
<td>145,500</td>
<td>22,453</td>
<td>123,047</td>
<td>This activity was covered fully from the budget line as envisaged. Some planned staff development events did not take place</td>
</tr>
<tr>
<td></td>
<td>Communications</td>
<td>17,000</td>
<td>3,415</td>
<td>13,585</td>
<td>This activity was covered fully from the budget line as envisaged</td>
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<tr>
<td></td>
<td>Furniture and Equipment</td>
<td>579,150</td>
<td>287,409</td>
<td>309,741</td>
<td>Huge savings were made through purchase of readily available motor vehicles from UNOPS locally</td>
</tr>
<tr>
<td></td>
<td>Project Support Costs</td>
<td>411,066</td>
<td>203,915</td>
<td>207,151</td>
<td>This activity was covered fully from the budget line as envisaged</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td>2,455,616</td>
<td>1,783,594</td>
<td>672,002</td>
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</table>
Staff turn-over faced during the year

R2J project had to take mitigation measures in order to avoid stalling implementation of project activities. The gender and livelihoods officer’s workload was split between the MSDO and the MRM officer and the CTA had to get involved in helping implement some of the activities like the SIYB programme.

Procurement of vehicles took longer than normal

The project continued to rent vehicles from WFP and UNDP (UN sister agencies) but scheduling and availability was always a nagging issue.

Protracted re-negotiation of the LTA contract

ILO continued to allow its backstopping country team and the head office team to engage with the contractor to get the contract signed in order to facilitate implementation of activities. R2J project also identified a highly qualified translator in-country to help with the modules. This reduced the time needed for the SIYB consultant who was eventually hired.

R2J project also continued to work with partners in Afghanistan on other related activities waiting for the consultants to come on board. For example, for the SIYB programme, R2J project and our USAID-funded partner project, RADP-N worked hard to identify and recruit candidates to be trained. They were screened and shortlisted. This is usually done by the consultant. Because the CTA is an expert on this he was able to help recruit trainers by guiding the local teams. For the mobile phone extension programme, R2J project had to allow prospective partners, HNI and Roshan to negotiate their own commercial agreement in good faith and agree before making any commitment.

Unabated security situation

R2J continued to call on the PACA facilitators to help with privately reaching partners in other hard-to-reach areas. At some point it was debated whether ILO would accept responsibility in the event something happened to these volunteers while doing ILO work. A new strategy was then implemented to deal with that kind of risk. R2J recruited 2 outstanding local business development services (BDS) companies (Tolo-e-Balkh and Tanin) to help with outreach and research. The R2J team works closely with them and they free to recruit PACA facilitators onto their teams to do their work. This helped ease up some of the field based work. R2J project has invested heavily in coaching and mentoring these teams to be able to deliver what is expected. Training has been provided to them as well.
Briefly explain any reformulations of project immediate objectives or outputs, and their corresponding indicators and targets.

The third outcome of the project which had been left unchanged because of the pending financial services mapping exercise was re-defined in 2016. This has been done so that the final design of the project reflects the vision for market system change that the programme seeks to achieve in the light of the research findings. Indicated are the reformulated Outcomes and Outputs.

**Outcome 1: Collaboration and co-ordination among local stakeholders for local economic development is improved**
- **Output 1.1** Regular collaboration mechanisms established for dialogue among local economic development stakeholders
- **Output 1.2** Knowledge creation on the use of VCD and LED tools for job creation in post-conflict environments enhanced

**Outcome 2: The position of poor and disadvantaged groups within selected sub-sectors is improved**
- **Output 2.1** The underlying constraints inhibiting the performance of key sub-sectors for competitiveness and inclusive growth are addressed

**Outcome 3: Access to and utilization of financial services by the farmers and disadvantaged groups improved**
- **Output 3.1** Number of households now accessing financial services
- **Output 3.2** Number of households who have utilized financial services

Under this outcome 3, R2J project intends to address a widespread lack of access to finance among the stakeholders in agricultural value chains, notably the poor and low-income farming households at the bottom of the pyramid because this what came out of the study and the consultative engagements with stakeholders. Key constraints to increased access to finance were identified as related to **Access** (distance to financial service providers (FSP), mismatch between demand and available products, terms and conditions), and **Awareness** (a low level of financial literacy and a corresponding low availability of non-financial services, such as household budgeting, access to markets/pricing, agricultural and livestock extension services, etc.). In short, the core underlying factor limiting access to finance for households in the project area appears to be a very large **Information gap** affecting both demand and supply: Lack of awareness, information and knowledge about FSPs, products, terms and conditions limit the contact to and usage of FSPs by the potential customers, and a similar gap in the knowledge of FSPs about the economic strategies and financial preferences of the potential new customers, combined with historical failures in serving rural households, has resulted in a very high level of perceived risk in this client segment.

R2J project is now working with FSPs to design interventions which address the above issues.
Please describe whether within the reporting period any **efficiency gains** have been realized.

This can be achieved through:
- Learning, improved or shared knowledge;
- Partnerships with key stakeholders;
- Sequencing of activities;
- Cost savings;
- Economies of scale\(^1\) or scope\(^b\) by combining activities within a project, or between projects;
- Other (please explain).

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1. **Training on Value Chain Development**

   The project continued to train the PACA facilitators from the local community to help with implementation of planned activities. A team from ILO’s International Training centre (ITC) in Turin came to Afghanistan to train the R2J team and PACA facilitators and our partners on Value Chain Development: Moving from analysis to action. There were 18 people trained. This was meant to make our partners understand R2J project’s approach to work in order to make it easier to collaborate and achieve our mutual goals.

   Three R2J project staff successfully completed a 9-month online course on Enterprise Development through Value Chains and Business Service Markets. Two more staff attended a course on Private Sector Development in Fragile Markets. These courses meant to set the context right and offered opportunities for learning from other similar settings.

   One representative from the employers’ confederation was sent to Turin for further training on value chain development. This is meant to continue to build capacity locally so that partners are able to support R2J project effectively.

2. **Training on setting up and managing of the DCED Standard and Value chain development training**

   As a new monitoring and results measurement tool, the DCED standard needs well trained staff to set it up and use it properly to support efficient project management. R2J project invited two DCED experts from ILO HQ in Geneva to come to Afghanistan and train up all project staff on how the DCED standard works. This would help ease up the MRM’s work and improve staff working as well because each intervention manager would then be able to systematically execute and follow up their own work guided by the standard.

3. **BEAM Conference on Market Systems Development in Zambia**

   One project staff member attended the BEAM conference in Zambia in May 2016. This is a community of practice using the market systems development approach to making markets work for the poor. The project experiences can be shared on this platform and valuable feedback may be forthcoming with further participation. There were opportunities to learn from different experts and programmes from all over the globe. It was easier after the conference to make bolder decisions to engage with private sector partners and invest in promising innovations.

4. **MSA hands-on training of R2J project staff and BDS companies**

   The cotton value chain MSA was facilitated by an experienced consultant from Sierra Leone but the process was used as an opportunity to train up the R2J team and the local supporting consulting teams from Tolo-e-Balkh and Tannin. There were 20 participants who included 14 from the two BDS companies. The MSA was conducted together with the 2 BDS companies all the way to the validation workshop. This was meant to continue to build local capacity for the future work. The MSA was a great success because the supporting teams were more knowledgeable and confident. The next MSA will definitely see reduced external consultancy input because a cadre of local consultants is beginning to emerge.

5. **ILO Green Jobs Conference in South Africa**

   The Chief Technical Advisor attended the green jobs conference in South Africa. This helps to consider cleaner energy options for our interventions in Afghanistan.

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\(^1\) Declining unit costs as scale increases  \(^b\) Functions serving more than one activity
6. Publication of the Road to Jobs (R2J) project Newsflash
R2J project continues to produce the monthly Newsflash. This is meant to keep stakeholders informed of the progress as well as share learning with partners. This was initiated in August 2015.

7. Partnerships with key stakeholders
A number of key partnerships have now been agreed with key stakeholders and negotiations are still underway with more.
- The partnership with BCCI has continued to blossom. They have helped host several stakeholder engagement events which include the breakfast meeting with all media houses in the province to discuss and agree how to objectively cover project activities,
- the seminar on Seminar on Job Creation: Opportunities for Inclusive Business Partnerships in Balkh and Samangan
- the first cotton MSA consultative workshop
- R2J project has now partnered with
  - Hamid Sadat Mineral Water Company (grape juice),
  - Drukshan poultry company (chick litter)
  - Balkh Poultry Company (chicken buy-back),
  - Azad Radio (media extension services),
  - HNI and Roshan (mobile phone based extension services),
  - ADF and the Feroz Nakchir grapes growers union (solar water pumps for irrigation),
  - Afghanistan Almond Industry Development Organisation (AAIDO) – Quality improvement programme for almonds to facilitate exports.
  - ANDHO (capacity building of DAIL and private sector actors to provide extension to farmers on grapes).
  - Pakiza Dairy company (create a market for women dairy farmers).
  - Afghanistan Veterinary Association (AVA) – develop capacity of 18 para-vets to support farmers in Samangan with vet services and medicines.
- Work with the sheep and goats development committee was stepped up and continued consultations eventually yielded the current intervention which seeks to increase access of farmers to veterinary services and effective medicines to reduce livestock mortality.
- A partnership was agreed with RADP-N, a USAID-funded value chain development initiative managed by Development. This partnership seeks to achieve collaborative economic empowerment of women through SIYB programme. A training of trainers was held and 13 (8 women and 5 men) trainers were trained. They in turn have trained 515 entrepreneurs. This is meant to facilitate the effective participation of women in the local economy.
- R2J project established a good working relationship with the microfinance umbrella body MISFA and several consultative meetings were held in 2016 which culminated in the engagement with CEOs of individual FSPs to explore possibilities for partnering to address the issues which came out of the financial services mapping exercise. This has seen FMFB, Bakhtar bank and OXUS bank come forward to express strong interest to partner in reaching the agriculture value chains with financial services.
A lot was learnt which has helped shape up the rolling out of the R2J project to date. One of the major learning points was how many value chains could be tackled at a time to achieve meaningful impact. The experience by other practitioners helped to keep the choice of value chains to a manageable minimum of 3 with continuous review.

8. Publication of the Road to Jobs (R2J) project Newsflash
R2J project has started monthly publication of a Newsflash. This is meant to keep stakeholders informed of the progress as well as share learning with partners. This was initiated in August 2015.

9. Partnerships with key stakeholders
A number key partnerships have now been agreed with key stakeholders and negotiations are still underway with more.
- The Balkh Chamber of Commerce and Industry (BCCI) has proved to be a willing partner in a number of initiatives involving its members. They have been heavily involved in helping organize all 30 cotton oil processing firms in Balkh province in order to address the issue of low quality cotton oil currently being produced in Afghanistan. With BCCI’s support, a plan on how to address the issue of low quality oil and improve the competitiveness of the product in the marketplace has been agreed and all 30 firms have participated fully in the development of strategies to address this challenge.
- R2J project has now partnered with Drukhshan Poultry Company to process chicken litter into fertilizer and negotiations are also underway with the same company to start an outgrower scheme for the production of broiler chickens with 150 women farmers in Balkh district.
- A sheep and goats development committee has been set up in Samangan to spearhead the development of strategies to combat high mortality rates of animals due to winter cold, lack of water in summer and low access to high quality veterinary medicines. The committee is now working with R2J project to ensure that such challenges are reduced so that farmers can increase their incomes from sheep and goats.
- Negotiations are under way with RADP-N, a USAID-funded value chain development initiative managed by Development. A partnership to economic empowerment of women through SIYB programme is underway with USAID project. Alternatives Inc (DAI). The partnership is meant to explore joint efforts in making value chains for grapes and almonds more efficient and profitable for farmers and other participating firms.
- R2J project is also exploring partnership with UNOPS in the north. The collaboration will centred on commercialization of agricultural activities especially those that help increase women’s participation in economic activities.
- Discussions are also under way with stakeholders in the dairy sector to firm up a partnership with CARD-F, a major funding player in the dairy sector. The partnership will help CARD-F channel funds into areas which will help address market system challenges.
The project held a review meeting with Sida on 5th July 2016 with the following deliberations:

1. **Project progress update**
   - ILO-R2J CTA provided Swedish Embassy with the project update that indicated that ILO R2J project was now in full swing at implementation following the Inception phase that entailed Market system Analysis (MSA-value chains assessment approach), Participatory Appraisal for competitive Advantage (PACA methodology), Rapid Market Assessment (RMA) that allowed the project to identify local economic development opportunities leading to selected value chains and identification of long term interventions as well as pilot interventions (‘quick wins’) for implementation.

   Additionally, ILOR2J project plans to carry out the following key activities:
   - Conduct the second Value chain’s Market Systems Analysis on “Cotton sector”-starting mid-July 2016
   - R2J to revise the 2016 budget/work plans in August and share the revised budget.
   - Formation of Project Advisory Committee and holding the first meeting in August 2016 (Swedish Embassy rep to be a member)
   - Register for DCED and conducting an (pre)audit according to the DCED standard for results measurement
   - Conduct an independent mid-term project evaluation in January 2017. Draft TOR to be shared by the project as soon as it is drafted.

2. **Feedback from Swedish Embassy**
   - Following the submission of the 1st Technical Progress report and the 2nd Certified Financial Statement to Swedish Embassy, the following feedback was provided:
     i) That in future reports, more narrative content pertaining to the value chains development being carried out by the project should be included. Additionally, project will provide a more elaborated reporting on women economic empowerment (what the project does, how, what works and what doesn’t). This would assist the reader of the report to have a clear understanding of the real progress being made at implementation level. R2J CTA explained that the technical report format is provided by ILO HQ but could be reviewed with a view to accommodate the required details.

     **Action point:** Swedish Embassy will send a request to ILO/HQ suggesting what additional details/info could be included in future reports.

     ii) That ILO R2J project should be able to provide a rough estimate of the costs in implementation of each value chain, starting with Grape and Raising which the project is already implementing. This will provide both parties with an indicator of ‘value for money’ in a way.

     **Action point:** ILO-R2J project to provide an estimate in costs for implementing the Grape and raining value chain for discussion during the next project review meeting.
### 3. Other issues discussed and agreed.

#### i) ILO-R2J project will keep Swedish Embassy update through other formal meeting opportunities as well as through sharing of documents and other pieces of information deemed useful.

**Action point:** ILO to share the following reports with the Embassy: Gender Report, Child Labour Report, Financial Services Assessment report.

#### ii) It was discussed and agreed that whenever possible, Swedish Embassy will explore possibilities to pay visits to the project office in Mazar-i-Sharif in order to familiarize with the activities and events taking place on the ground. This will provide the Embassy with opportunities to receive first hand insights regarding project implementation and progress.

#### iii) It was discussed and agreed that the next meeting will take place in Kabul in around January/February 2017. This meeting will review the following:

- Project update
- 2\(^{nd}\) Technical Progress Report
- Annual work plans for 2017
- Budget review for 2017
- Possibly, draft of independent mid-term evaluation report (the plan is to conduct the evaluation by January 2017). Draft TOR to be shared by the project as soon as it is drafted.

#### iii) That future work plans for review to presentation Swedish Embassy should lead with value chains interventions and related activities then followed with the pilot interventions/‘quick wins’ activities. This will provide an opportunity for the project to present core activities linked to value chains that will create real impact regarding job creation and reduction of poverty in the project’s targeted areas.

**Action point:** ILO-R2J project to prepare the work plans for 2017 in conformity to this and present to Swedish Embassy before the next project review meeting.

#### iv) That ILO-R2J project should present a consistent view between the financial report analysis and breakdown (budget) in the report versus the certified financial statement. There is need to ensure that there is clarity between what is budgeted and what is spend in both cases.

**Action point:** ILO R2J project to ensure that this consistency and clarity is provided for in the next reporting.
## 3. Summary Outputs

<table>
<thead>
<tr>
<th>Output</th>
<th>Percent complete</th>
<th>Output status</th>
<th>Output summary (1000 characters maximum)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Immediate Objective 1: <strong>Collaboration and co-ordination among local stakeholders for local economic development is improved</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1 Regular collaboration mechanisms established for dialogue among local economic development stakeholders</td>
<td>80%</td>
<td>On schedule</td>
<td>Seven workshops were held with stakeholders to determine the way forward for sheep and goats, the development of para-vet services, horticulture (onions), almonds, women’s empowerment and the cotton value chain. From the dialogues emerged the following initiatives.</td>
</tr>
<tr>
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<tr>
<td></td>
<td></td>
<td></td>
<td>• Dairy development to benefit women farmers. The UHT facility did not happen quickly enough so R2J, through continued consultations finally partnered with Pakiza dairy to work 1500 women dairy farmers.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Chicken buy-back scheme to support poultry farmers. For a long time dialogue did not yield any interested partners but the search for a partner finally ended when Balkh Poultry company agreed to invest USD 58,000 in a pilot out grower scheme.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Improving farmer access to good quality livestock medicines. All actors expected R2J project to give them money to implement projects but with continued discussions, para-vets eventually agreed that they needed more in-depth knowledge of diseases and treatment. After the training was done, their reach improved and their effectiveness has begun to improve.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Sheep and Goats: Provision of shelter and water to reduce mortality of animals in winter and summer. Continued discussions and consultations among stakeholders finally concluded that it was not shelters or drinking water that farmers needed for their livestock. What farmers needed was to have livestock mortality reduced. Disease, diagnosis and treatment were not adequately being addressed. The intervention was dropped and more emphasis shifted to improving para-vet services.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• BCCI championed the need for improvement of the quality of cotton oil through development of a local standard, consumer awareness to public health issues around cotton oil and upgrading of machinery by companies to meet the cotton oil standard. This was being handled by 3 different working groups, but all three merged to pursue their objectives.</td>
</tr>
</tbody>
</table>

2 Based on the Implementation Plan
under one roof. ANSA was engaged and the standard was now in the process of being developed but the intervention had to be dropped because ANSA reached a stage where they no longer provided the required support for the standard to be developed.

- The working on horticulture has stalled. There does not seem to be a viable inclusive business model they can agree on. Options are still being pursued.
- For almonds, the discussions have now spawned off an intervention which combines quality improvement and pest and disease control. AAIDO has been contracted to spearhead the intervention to enable farmers, middlemen and exporters to work together to improve their own incomes.
- A workshop was also held in partnership with the department for women’s affairs to determine what economic activities were interested in which could be economically viable. The dialogue has continued and now 3 distinct interventions (soap making, agro-processing and handicrafts) are being worked on to benefit 500 women.
- A pre-MSA workshop for the cotton value chain was held to create awareness among stakeholders about R2J project’s interest, to identify market actors in the cotton value chain and prepare for the MSA which was then held later. This dialogue is being maintained so that stakeholders can still come together to validate the findings of the MSA and participate in implementing interventions.
Four working groups out of the five formed are still working on the implementation of PACA proposals.

<table>
<thead>
<tr>
<th>Immediate Objective 2: The position of poor and disadvantaged groups within selected sub-sectors is improved</th>
</tr>
</thead>
</table>
| 2.1 The underlying constraints inhibiting the performance of key sub-sectors for competitiveness and inclusive growth are addressed. | 70% | On schedule | Grape Value Chain. Implementation of interventions to address  
1. The need for good agriculture practices (GAP). These include AZAD Radio information programme, Roshan-HNI mobile phone extension information, DAIL and private sector extension services. All 3 interventions are now at various stages of implementation.  
2. Productivity improvement. Trellising and use of Solar water pumps are interventions currently being rolled out.  
3. The need for better paying markets and general improved access to markets. A new grape juice product has been designed, an export market study has just been finalised and a horticultural produce chilling plant has just been identified and engaged. | 10% | On schedule |
| | 30% | On schedule | Cotton Value chain  
The cotton MSA has been completed. Interventions will be designed and implemented in 2017. | |
| | 80% | On schedule | Inputs supply chain  
Planned for 3rd quarter of 2017. | |
| | 80% | On schedule | Dairy development to support women farmers | |
| | 50% | delayed | Para-vets improving services to livestock farmers | |
| | 50% | delayed | Improving almonds marketing and productivity | |
| | 75% | on schedule | Chicken buy-back | |
| | | | Chicken litter converted to organic fertilizer | |
### Immediate Objective 3: Access to and utilization of financial services by the farmers and disadvantaged groups improved

<table>
<thead>
<tr>
<th>Output Description</th>
<th>Percentage</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of households now accessing financial services</td>
<td>30%</td>
<td>delayed</td>
<td>25 farmers getting a USD112,500 loan to buy solar water pumps to irrigate grapes. Another 200 scheduled to get loans from FINCA to buy solar pumps.</td>
</tr>
<tr>
<td>Number of households who have utilized financial services</td>
<td>0%</td>
<td>delayed</td>
<td>60 farmers (20 women and 40 men) getting broiler inputs on loan (USD 58,000) to raise chickens on a commercial basis.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>R2J project currently recruiting a financial services expert to work with FSPs to produce viable inclusive financing models to support farmers.</td>
</tr>
</tbody>
</table>

**OUTPUT CLASSIFICATION**

- **Highly satisfactory**: Implementation of almost all (>80%) outputs is on schedule as envisaged in the implementation plan and the majority (60-80%) of indicator milestones have been met.
- **Satisfactory**: Implementation of the majority (60-80%) of outputs is on schedule as envisaged in the implementation schedule as envisaged in the implementation plan and the majority (60-80%) of indicator milestones have been met.
- **Unsatisfactory**: Some (40-60%) outputs are being implemented schedule as envisaged in the implementation plan and/or only some (40-60%) indicator milestones have been met.
- **Very unsatisfactory**: Few (<40%) outputs are being implemented on schedule as envisaged in the implementation plan and/or on only a few (<40%) indicator milestones have been met.

---

3 This is a self-assessment
Briefly explain the major factors taken into account to justify the output classification and provide any other comments (2000 characters maximum):

1. Regular collaboration mechanisms established for dialogue among local economic development stakeholders. Significant progress has been made in building up capacity among local partners to collaborate along value chains. This is helping make information more available and helping increase investor confidence. There is increasing evidence of sub-contracts as in the case of Radio Azad sub-contracting another radio station in Samangan, consultant companies hired to BDS companies provide services, the BCCI convening seminars to share information with member companies and all the other workshops convened to consult stakeholders on the way forward and in search of solutions to challenges in the value chains.

2. The underlying constraints inhibiting the performance of key sub-sectors for competitiveness and inclusive growth are addressed: There has been significant progress within selected value chains in addressing constraints. Work is now underway in interventions to address all prioritised constraints in the dairy, livestock, almonds, poultry and grapes. A cotton MSA has just been completed and in 2017 interventions will be designed to address identified constraints. The organic fertilizer, dairy development, para-vets services improvement, DAIL extensions services development, Radio services for extension information are all interventions which have significantly advanced to the extent that scale up will now be possible. The score of 70% is justified.

3. Number of households now accessing financial services: This has now gathered momentum and is now on course for full achievement. FSPs have now engaged meaningfully around designing financial service tailored to value chain activities so it is only a matter of time before value chain actors are able to access financial services which suit them. The rating of 30% suits the current situation.
### 4. Summary Immediate Objectives

#### IMMEDIATE OBJECTIVE ACHIEVEMENT

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Baseline</th>
<th>Indicator Milestone (compare planned against actual)</th>
<th>Target (end-of-project total)</th>
<th>Immediate Objective summary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Immediate Objective 1:</strong> Collaboration and co-ordination among local stakeholders for local economic development is improved</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of local economic development initiatives resulting from dialogue among stakeholders</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>1. No grape juice production in Mazar</td>
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<tr>
<td>2. Aid projects established about 15 Solar pumps to grape farmers in the target areas, and majority of the farmers use generators for grape orchard irrigation</td>
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<tr>
<td>3. Received technical assistance and some training from Development organizations</td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>A. Grapes and raisin sector:</strong></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>1. Grape Juice processing:</strong> Hamid Sadat Water Production Company supported by R2J and processed grape juice in Mazar. They have purchased about 80 tons of grapes from 40 farmers and produced locally made grape juice.</td>
<td></td>
<td></td>
<td>1. Purchasing 79 tons of grapes from farmers and trained 60 farmers in post-harvest handling.</td>
<td></td>
</tr>
<tr>
<td><strong>2. Improved irrigation systems-solar pumping:</strong> Agriculture Development Fund (ADF) approved loans to 25 grape farmers in Feroz Nakhchir district and will install the solar pumps soon. VISTA solar company has been identified to provide solar systems. FINCA will provide loans to 200 grape farmers in Dawlat Abad and Feroz Nakhshir districts.</td>
<td></td>
<td></td>
<td>2. 200 solar pumps technology installed for 200 grape farmers.</td>
<td></td>
</tr>
<tr>
<td><strong>3. Extension services on GAP for grape farmers:</strong> 30 extension workers (including 8 input suppliers) trained in pre and post-harvest handling for grapes. They are extension workers from DAIL, input suppliers and farmer association/cooperatives. 100 grape farmers trained in pre-post harvesting issues.</td>
<td></td>
<td></td>
<td>3. Trained all 5,000 farmers on GAP through 10 extension workers from DAIL.</td>
<td></td>
</tr>
</tbody>
</table>

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*Based on the M&E plan*
<table>
<thead>
<tr>
<th></th>
<th>4. Broadcasting of GAP information to grape farmers are so limited.</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.</td>
<td>55% farmers partially (except FN district, 100%) have installed trellising system. Which is 92% local wooden made 8% improved concrete one.</td>
</tr>
<tr>
<td>6.</td>
<td>18% farmer sell fresh milk in the markets</td>
</tr>
</tbody>
</table>

**4. Extension services on GAP to grape farmers through media house:** about 1,100 grape farmers received text messages on GAP, and more than 5,000 farmers heard live GAP information through live discussions on grape farming issues in Balkh and Samangan provinces.

**5. Improved trellising systems:** Assessment conducted. Partners are still to be identified.

<table>
<thead>
<tr>
<th></th>
<th>4. 5,000 farmers received GAP information related to grape farming issues.</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.</td>
<td>500 farmers installed improved trellising system for their grape orchards.</td>
</tr>
</tbody>
</table>

**B. PACA interventions:**

**6. Dairy:** Pakiza Dairy Company with support of R2J established 2 Milk Collection Centres and are functioning. 1,500 women farmers (milk producers) trained in animal husbandry and livestock management.

**6. Establishing 2 milk collection centres and trained 2,250 cow farmers (milk producers) in Dawlat Abad district. 2,000 kg fresh milk collected by the company.**
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>7.</td>
<td>More than one million tons of chicken litters produce in a year, but any recycling and compost making.</td>
</tr>
<tr>
<td></td>
<td><strong>Conversion of chicken litter to fertilizer:</strong> 12 Poultry farmers (enterprises) trained by Drukhshan Poultry Company. Drukhshan purchased 20 MT raw chicken litter from 4 poultry farmers and produced about 15 tons of chicken litter compost and recently started organic fertilizer production and selling to the markets.</td>
</tr>
<tr>
<td>8.</td>
<td>Chicken buy back system is not existed in Mazar</td>
</tr>
<tr>
<td></td>
<td><strong>Chicken buy back:</strong> 60 out growers (20 women and 40 men) signed contracts with Balkh Poultry Production Company in chicken buyback scheme.</td>
</tr>
<tr>
<td>9.</td>
<td>24 para-vets function in Samangan province, but they covered only 33% (426 villages) from the total villages in the province.</td>
</tr>
<tr>
<td></td>
<td><strong>Expand Para-vet services:</strong> 24 Para-vets (incl. 6 officials from DAIL) Technically supported and functional in 7 districts in Samangan.</td>
</tr>
<tr>
<td>7.</td>
<td>10 poultry enterprises trained in compost making. 600 commercial farms supplying litter to Drukhshan and producing 200 tons of organic fertilizers in a year.</td>
</tr>
<tr>
<td>8.</td>
<td>100 Poultry Small holders (out growers with company)</td>
</tr>
<tr>
<td>9.</td>
<td>24 Para-vets fully supported and functional. Will provide vet services to all 1266 villages in the province.</td>
</tr>
</tbody>
</table>
Immediate Objective 2: The position of poor and disadvantaged groups within selected sub-sectors is improved

<table>
<thead>
<tr>
<th>Number of farmers accessing new/improved goods, services or market-selling opportunities (male/female)</th>
<th>0</th>
<th>Services:</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1. 160 grape farmers trained on pre-post-harvesting and marketing issues</td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>2. 60 farmers awaiting loans (USD112 000) from ADF</td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>3. 1,500 women farmers trained on animal husbandry and dairy cow management.</td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>4. 1,100 farmers receiving extension messages on GAP through Radio.</td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>5. 60 out growers receiving training on poultry management.</td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>6. 24 paravets trained on diagnosis and treatment of major livestock diseases in Samangan.</td>
<td></td>
</tr>
</tbody>
</table>

Access to markets:

1. 40 farmers sold 79MT grapes to Hamid Sadaat company for grape juice processing
2. 1,500 women milk producers linked with market and selling 2,000kg of fresh milk per day.
3. 4 poultry farmers sold 20 MT chicken litter to Drukshan company for producing organic fertilizers
4. 60 chicken out growers linked in buy back marketing system with Balkh Poultry Company.

| 13,850 households/farmers (6,400 grape farmers) + 7,650 PACA households (2,250 dairy+200 almond+5,000 sheep and goats), and 1,057 individuals (660 buy back, 220 women and 440 men) + 17 chicken litter+180 SIYB+200 GET Ahead. | most milestones on track |
5. With enhanced technical capacity 18 para-vets have widened their reach and improved their service to farmers is Samangan.

| Number of workers reporting greater access to job improvement opportunities (male/female) | 0 |
| 1. 268 workers/employees had access to job opportunities (4 employees in Radio Azad, 11 in dairy training and milk collection, 23 workers in grape juice processing, 13 workers in chicken litter compost, 1 in Roshan, 1 in HNI, 9 SIYB private trainers, 18 para-vets, and 150 women milk producers, and 38 local consultants worked in the assessments and studies. The 18 para-vets and 150 women milk producers are considered as improved jobs. Out of the 268 workers, 89 are men and 179 women. |
| 1. 500 workers worked in grape and PACA interventions |

**Immediate Objective 3: Access to and utilization of financial services by the farmers and disadvantaged groups improved**

| Number of households now accessing financial services | 0 |
| 25 farmers under Feroz Nakchir grape growers union getting a loan of USD112 000 for solar water pumps. |
| 60 farmers (20 female, 40 male) getting USD58 000 inputs on loan to raise broilers. |
| Number of households now accessing financial services |
**IMMEDIATE OBJECTIVE ACHIEVEMENT CLASSIFICATION**

<table>
<thead>
<tr>
<th>Highly probable</th>
<th>Probable</th>
<th>Low probability</th>
<th>Improbable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Almost all (&gt;80%) reporting period milestones have been met. Based on the indicators, it is highly probable all immediate objectives will be achieved by the end of the project.</td>
<td>The majority (60-80%) of reporting period milestones have been met. Based on the indicators, it is probable the majority of immediate objectives will be achieved.</td>
<td>Some (40-60%) reporting period milestones have been met. Progress is being made on the immediate objectives but based on the indicators only some immediate objectives will be achieved.</td>
<td>Few (&lt;40%) reporting period milestones have been met. Limited progress is being made on the immediate objectives and based on the indicators only a few immediate objectives will be achieved.</td>
</tr>
</tbody>
</table>

Briefly explain the major factors taken into account to justify the immediate objective classification and provide any other comments (2000 characters maximum):

The year 2016 has been a good year for stakeholder engagement to implement interventions which will bring the desired results. The process is somehow dependent on how well market actors respond to the available incentives in the marketplace. The experience has been that most capable potential partners are very risk averse given the fragility of the economy and the political situation. This has almost always led to the delayed implementation of planned interventions. For example it took 9 months to get Roshan to commit resources to the HNI mobile extension services deal. It has taken 11 months for Balkh Poultry company to commit to a pilot out grower scheme for broilers. Drukhshan poultry company has taken more than 14 months before committing resources to finalise the pilot organic fertilizer intervention.

Finding like-minded partners is also another challenge. Roll out and scale up may not be as spontaneous as we would like it to be because the market actors and investors are just too cautious. The presence of grant money which is supply-driven is also a big factor. Potential partners will first exhaust possibilities for grants before they can decide to commit their own resources. Sometimes partners half-heartedly commit with the expectation that R2J project will give them money at some point during the course of the implementation of the pilot.

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5 This is a self-assessment
## 5. Risks and Assumptions

### RISK TRACKING

<table>
<thead>
<tr>
<th>Key Assumptions</th>
<th>Risk level</th>
<th>Current Risk and any mitigation measures (1000 characters maximum)</th>
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</thead>
</table>
| The momentum of working together along the three pillars continues beyond the project period | Yellow (medium risk)            | • Identify clear champions among the local stakeholders who could maintain the momentum beyond the project period.  
• Make sure that the several cycles of successful implementation of action plans reinforce the momentum during the project period.  
• Build realistic incentives for market system actors into the interventions. |
|                                                                                   | Yellow (medium risk)            |                                                                 |
| The expansion capacity of lead firms is sufficient to accommodate a good number of target population | Yellow (medium risk)            | • Parallel to supporting the expansion of the lead firm capacity, the project will actively promote replication by others. |
| The successful value chain business models are replicated by others             | Green (low risk)                | • The project will work where the initial success of the private sector lead firms is observed.  
• Profitability of the business models is clearly documented.  
• Dissemination through media is emphasized.                                    |
| Sharia-compliant financial products are becoming available in Afghanistan      | Green (low risk)                | • Work closely with the program which has pioneered the Sharia compliant products.  
• Work closely with the apex and industry association of microfinance in Afghanistan to address the challenge sector-wide. |
| Co-financing/investment opportunities exist in the target districts             | Green (low risk)                | • The project can always put its resources when the resources are not available elsewhere.  
• The project should always look for low cost solutions.                         |
| Lead firms are interested and willing to collaborate                           | Yellow (medium risk)            | Sector selection and prioritization should continue to have lead firms’ propensity to collaborate as the selection criteria. |

* Based on Risk Register
The inception phase brings together local stakeholders and leads to the formation of a forum as the platform for project activities.

- BCCI, farmer organisations and government departments are key to sustaining momentum.

Competent international consultants are available on mission when needed on each topic of technical inputs.

- Sector specific collaborative platforms will help to keep market actors and players coordinated and engaged.
- Develop a shortlist of consultants on the same topic to secure backups.
- Begin inquiring concerned consultants early.
- Prepare alternative means of support through enhanced use of videoconferencing/webinar/Skype.

Target population are available for planned training/capacity building.

- Plan training at time and places easily accessible by the target population in both rural and urban settings.
- Strategy has worked well and will continue to be used.

6. Performance issues

*Check key reasons for shortfalls in Output Delivery, Output Quality and Immediate Objective Achievement:*

- Implementing partner (constituents or private performance)
- Difficulties in inter-agency coordination
- Lack of constituent or implementing partner commitment/ownership
- ILO policy changes
- Budget processing (revision/disbursement etc.) delays
- Community/political opposition
- Other - please specify:

- ILO (Office and staff) performance entities
- Inadequate cost estimates
- Inadequate project design
- Counterpart funding shortfall
- Unexpected change in external environment
- HR difficulties (recruitment, contracts)
## 7. Lessons learned

*Describe any lessons, positive and negative, that have been learned during project implementation. Organise the lessons using the headings below.*

### Context and implementing environment

- Security is likely to be a persistent concern throughout the project, and will, in practice, slow down implementation.
- The project needs to gain a deeper understanding of what makes the private sector, including farmers, “tick” in the target areas. Why market players act as they do, what their incentives are, is not always clear and needs longer-term engagement to understand.
- Research and analysis suffered from a lack of quantitative, up-to-date data. The project will have to do more primary research itself than is usual, not only for the analysis of market systems and in preparation for the design of interventions, but also to measure and monitor progress.

These factors affect the potential for achieving systemic change. Most importantly, perhaps, the willingness to invest is weak due to the security situation. This will limit the scope for effective partnerships, and will require the project to invest more itself than would be expected in other contexts. However, the project has already identified potential partners in several market systems, with incentives and capacity to improve their roles, which is a reason for optimism.

### Project strategy and design

The private sector development donor assistance landscape in the two target provinces and the North more generally is crowded, largely with programmes that use approaches more focused on direct assistance to target groups and enterprises than R2J. This has several important implications:

- The project will have to remain in close contact and coordinate with all relevant projects in order to achieve some overall coherence in the approach to the selected sectors.
- The approach followed by most other projects creates expectations among market players and target beneficiaries that run counter to R2J’s facilitation strategy. Partners and beneficiaries will expect “tangible” support rather than facilitation. It will take time, effort, and some initial concrete successes to have them accept that R2J is different but effective in its own right.
- Market systems have been distorted by direct donor assistance, which reduces the feasibility of achieving systemic change which depends on market players rather than projects providing services.
- Other projects also provide opportunities to be explored and exploited: for collaboration, co-funding, leveraging funds. The project has to be open to these opportunities, which are also beneficial to the other projects since they have not always identified good opportunities to invest in.
Advocacy, Communications and Capacity building

- Advocacy for the ‘light touch’ facilitative approach needs to be undertaken strategically among private sector companies, donors and government authorities so that this approach can be given a chance.
- The project will have to extensively communicate to stakeholders about our approach, progress and impact so that more and more stakeholders can begin to understand the sustainability of the approach. Knowledge sharing and learning events will help to build the profile of the project further.
- It is also important to invest more in building the capacity of partners R2J project is working with so that there is a growing cadre of stakeholders to step up and ‘champion’ the approach in the course of the implementation of the project. This will enhance the achievement of intended results.

Implementation and Institutional Arrangements

- The “quick wins” the PACA process was expected to identify have taken a longer time and more effort to achieve than usual elsewhere. The socio-economic and political environment in Afghanistan is a major determining factor.
- The PACAs also found that more systemic issues limited the scope for quick wins and that these needed to be addressed first. It did not want to support “quick fixes” that would prove to be unsustainable.
- Finally, the overall situation in the target provinces, with regard to security, access to markets, infrastructure, capacity of market players, and market players’ expectations is not conducive to quick wins.
8. ANNEXES

Include any other documentation or information that may contribute to a better understanding of project progress.

1. Additional notes
2. Intervention profiles
3. Financial Statement (certified)
4. Copies of Newsflash-2016 Key events