



Islamic Republic of Afghanistan
Ministry of Rural Rehabilitation & Development (MRRD)
Women Economic Empowerment Rural Development Program (WEERDP)
Returnees Enterprise Development (RED) Project



SECOND QUARTERLY REPORT

(April 1, 2019 to June 30, 2019)

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Project Brief

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|------------------------------|---|
| Project name | Returnees Enterprise Development Project |
| Project Objective(s)/ | To support economic growth particularly for returnees in carpet sector; create and facilitate sustainable employment opportunities and increase income through enterprise/entrepreneurship development. |
| Project Outcomes | Developed Enterprises for 1,801 Returnees through training and creating linkages with market in carpet sector. |
| Locations | Kabul 1000 beneficiaries), Kandahar (280), Nangarhar (1000), Laghman (370), Baghlan (500), Herat (720), Parwan (500) and Balkh (630) |
| Reporting period | April-June 2019 |

Executive Summary

Under direct management support of Women Economic Empowerment Rural Development Program (WEE-RDP) the RED Project has started in 2017 and anticipated to be continued for 5 years based on the budget availability from the Ministry of Finance (MoF) of Afghanistan. RED has been implementing in 8 provinces and cover 5,000 returnees (72% women).

During the second quarter, the team managed to conduct field visits and monitored project activities in the fields, prepared success stories, provided ED to **389** and ESS trainings to **651** beneficiaries, linked **773** beneficiaries with the market and produced almost **3,515.78** square meters of carpet and generated **6,129,177** AFN income during the reporting period. In total, the project generated **15,982,990** in eight provinces after the distribution of looms in August 2018.

RED project team managed to deliver **6,200** ESS in 8 covered provinces. In addition, the project team completed and prepared detail report of survey and identification of 300 returnees within the six districts of Kabul province and submitted to MRRD top management. Four exposure visit for the beneficiaries of Kabul, Baghlan, and Kandahar were conducted. In each exposure visit 20 beneficiaries (male & female) participated. In total, 80 beneficiaries participated in these exposure visits during the reporting period. Furthermore, 10 RED beneficiaries participated in exhibition organized by WEERDP/ACCI in Bagh-e-Chelsatoon of Kabul.

To in increase awareness and publicise the project in the country, sign boards were installed in each province in order to reflect project visibility and increase income of beneficiaries by linking them with private companies/ market. Finally, the project staff and its manager conducted missions to Laghman, Nangarhar, Kabul sites, Parwan, Baghlan and Balkh provinces to monitor project activities in the field as well as held meetings with community leaders, ACEG, ARCC and DoRR to resolve project challenges, checked files in field offices, visited fields to mobilize beneficiaries about carpet production and marketing.

Project Background

Afghanistan is one of the countries that have the huge number of refugees hosted worldwide. Based on the statistics presented in 1393 by the Ministry of Refugees and Repatriation (MoRR), more than six million of Afghan refugees live in 73 countries of the world. Some Afghan refugees return home in various ways annually, but some others migrate to other countries. MoRR states that one out of each 25 Afghans has spent sometimes out of the country as refugee. Based on the information of MoRR, out of each 100 Afghan refugees, 25 of them have returned home during the recent 14 years, mostly from Pakistan and Iran. Reports by UNHCR indicate that since 2002 to 2014 around 5.8 million Afghan refugees have returned home, which constitute almost 20 percent of the population of the country. Out of them 4.8 million Afghan refugees have come home under the voluntary return program, while more than one million others have returned out of the support program. Although the process of returning home has been slowed down compared to previous years, this process is continuing, especially from the neighbouring countries. According to UNHCR, the total number of registered Afghan refugees exceeds 6.7 million people.

The issue of migration and the needs in this area require fundamental and developmental measures, but the national and international aid institutions mostly render humanitarian and temporary assistances. A report by the IOM indicates that since the beginning of 2012 to 2014, this institution has rendered assistance for 30- 40 thousand Afghans who returned voluntarily from Iran and Pakistan through Islam Qala, Milak and Toorkham borders. The assistances rendered to Afghan returnees inside the counter is mainly by UNHCR and WFP.

To provide sustainable support to returnees through means of income generation, create employment and strengthen local economy, the Government of Afghanistan started Returnees Enterprises Development (RED) project to support carpet sector value chain through Women Economic Empowerment Rural Development Program (WEE-RDP) of Ministry of Rural Rehabilitation & Development. This project focuses to establish the business of 15,000 returned beneficiaries in carpet sector, and enable them to get livelihood opportunity in a sustainable manner. RED under WEE-RDP has adopted market demanded approach to support the targeted beneficiaries involved in carpet value chain, this includes; yarn production, thread spinning, dyeing, carpet design, carpet weaving, carpet cutting & washing, and marketing.



Activities & Achievements

During the second quarter, RED implemented the following activities and accomplished the below results.

| Project Activities | Status | Progress | Remarks |
|------------------------------|---|--------------------------------|--|
| | | | |
| <u>ESS Kits Distribution</u> | Plan was shared with Provincial teams to distribute ESS kits to selected RED Beneficiaries. | 50% | Contract of 6200 ESS kits has been signed. |
| <u>Capacity Building:</u> | The program was able to conduct EDT trainings to 389 beneficiaries. The program was able to conduct ESS trainings to 651 beneficiaries. | 42.92% 56.46% | 2,146 beneficiaries trained on EDT & 2,823 on ESS concepts. |
| <u>Market Linkages:</u> | The program was able to link 1,801 beneficiaries with the private sector from the start of the project. Out of which 773 have been linked during the reporting quarter. | 36.02% | 1,801 beneficiaries linked with private carpet production companies, wholesalers, traders etc. |
| <u>Exposure Visits:</u> | 4 exposure visits conducted from Kabul to Nangarhar and Balkh, from Baghlan and Kandahar to Kabul | 0% | |
| <u>Exhibitions:</u> | One national exhibition conducted in Kabul. RED beneficiaries also participated in exhibitions held in Nangarhar, Laghman and Herat. | 50% | |

Figure 2 Project Activities and Accomplishment

Linkages:

As a result of missions, field visits, exposure visits, provision of ESS and ED trainings and participation of beneficiaries in exhibitions, the project generated **6,129,177.954** amount of income in the targeted provinces during the second quarter. The following chart provides a comparison of income generated compared to the first quarter:

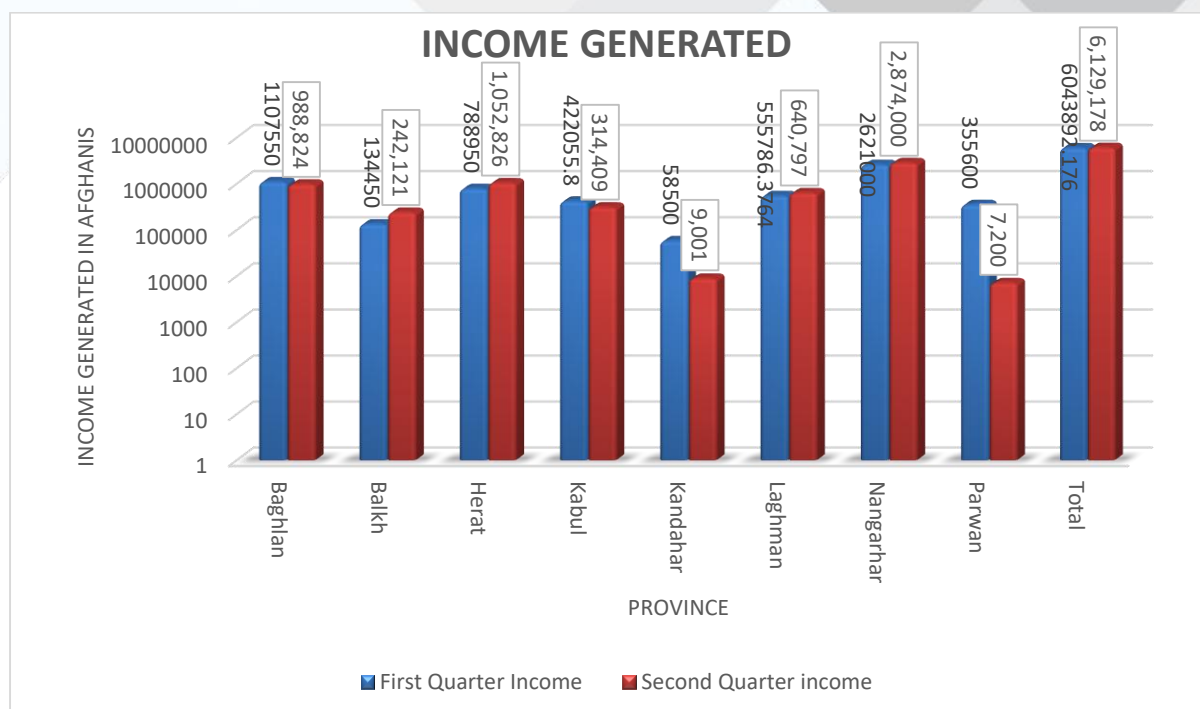


Figure 3: Income Generation of two quarters

Table 1: Square Meter of Capet Produced & Income Generated

| No | Province | M ² of carpet produced | Income generated | Total Beneficiaries | Linked Beneficiaries |
|----|-----------|-----------------------------------|------------------|---------------------|----------------------|
| 1 | Baghlan | 581 | 988,824 | 500 | 126 |
| 2 | Balk | 792.6 | 242,121 | 630 | 127 |
| 3 | Herat | 523 | 1,052,826 | 720 | 183 |
| 4 | Kabul | 195.9 | 314,409 | 1,000 | 53 |
| 5 | Kandahar | 55.48 | 9,001 | 280 | 3 |
| 6 | Laghman | 258.3 | 640,797 | 370 | 64 |
| 7 | Nangarhar | 880 | 2,874,000 | 1000 | 210 |
| 8 | Parwan | 229.5 | 7,200 | 500 | 9 |

As seen in table 1, during the reporting period the project produced **3815.78** square meter of carpet and generated minimum **7,200** amount and maximum **2,874,000** AFN income in each province. Beneficiaries have been connected with the private carpet companies/market, who weave carpet based on mutual agreement in regards to price negotiation per square meter carpet.

Table 2 Budget Expenditure

| Total budget | Spent | Balance | Percent | Remarks |
|--------------|------------|------------|---------|---------|
| 55,000,000 | 19,704,284 | 35,295,716 | 35.83% | |

SUCCESS STORY— RED Improved our Economic Status

Gul Mohammad resident of Baba Camp of Mihtarlam district of Laghman province is one of RED beneficiaries and is the only bread winner of 10 members of his family. He returned from Pakistan 4 years ago. In Pakistan he and his family members were busy with carpet weaving for almost 5 years. After returning to Afghanistan and settling in Laghman, he passed a difficult time because of having economic problems.



At the time when RED project was conducting survey, he was surveyed and was considered as beneficiary. He received loom and trainings from the RED project. Later on, he was linked with the private companies by the RED team in Laghman, which improved his income through weaving carpet.

Now he and his family members are happy being connected with private companies who provided map and raw material. He receives 2,000 to 3000 AFN per meter square carpet. Each month, he and his family are weaving about 6 square meter of carpet and earning 12,000 to 15,000 AFN per month. I am happy from the RED Team who have provided us the opportunity to improve our economic status. We are hopeful to return to good life.

M&E and MIS:

WEERDP M&E Unit from main and field offices conducted regular field visits to projects sites to 1) monitor the quality of ED and ESS training sessions, 2) avoid child labour in carpet weaving, 3) ensure availability and the functionality of looms by beneficiaries, 4) collect and provide valid and reliable data to WEEREDP MIS to be analysed.

The data presented in this report is generated through MIS entered by project staff in provinces and in Kabul. In addition, the Program Manager, Provincial and Regional Managers and the Operation Officers have also conducted missions to project sites in order to ensure project activities are in line with the plan. Prompt action was taken wherever issues have been identified.

Gender Mainstreaming:

WEERDP is the only program across the ministries, where gender has been mainstreamed in all aspects of its program design, implementation, monitoring & evaluation, reporting and closeout. The program has given more opportunities to women and even the percentage of the women participation crosses above **72.3%** of the whole project targets. The program has integrated holistically the concepts of women participation and women empowerment. The following chart shows the project beneficiaries by gender:

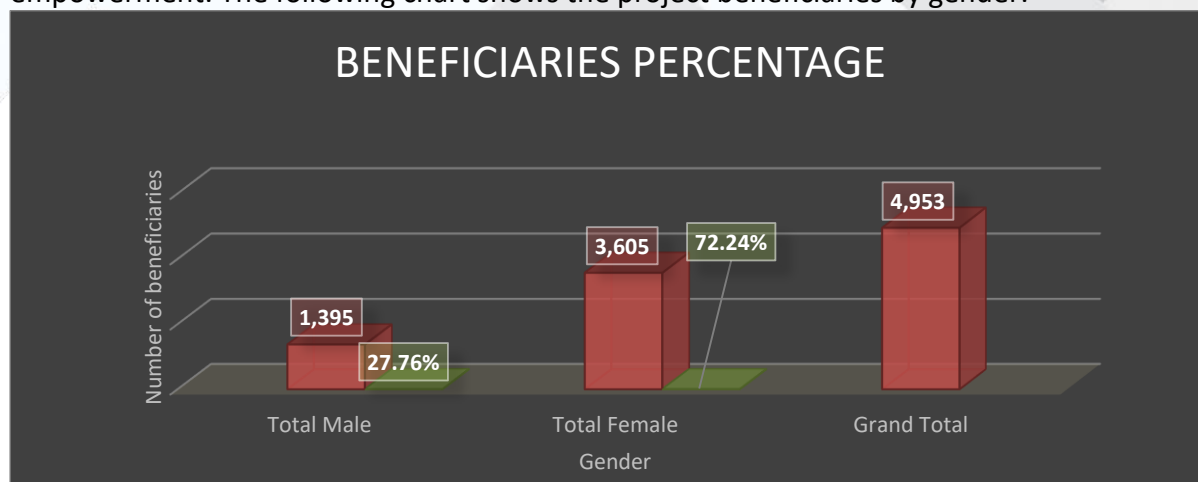


Figure 4: Project Beneficiaries Gender Disaggregation

Success story: Saving Money for My Son Wedding

I see the map of Afghanistan on a small carpet, a carpet which has been installed on the corridor wall, attracts everyone eyes. Here, in Baramoon village of Herat city, Ms. Maryam works with the creative artistic fingers on yarns. The yarns are woven and changed to rugs, which have beautiful flowers and colourful pictures. Maryam learned carpet weaving during her teenage in Gulran-Herat. She learned the skills in this technique and now weaves beautiful silky rugs. On one of her carpets, she made the image of Gawhar Shad Begum, who inspired everyone to admire her.



Maryam decided to return to her homeland after years in Iran to provide service to her people.

This artistic lady is the beneficiary of RED as she received a carpet weaving loom and raw materials from the project, which is constructive to support here and her family.

She said: "My husband is addicted. He ruined his life with his own hands. He is not at home now. I need to make carpets for provision of food for my family but I was unable to purchase loom. If we did not have RED

cooperation in such a situation, life would get more difficult for us. Maryam, moreover, is in pain but she is doing house chores and weaving carpets for the local private carpet companies. She said: "I weave one square meter of carpet from 2000 to 3500 AFN depending

on the map. I have a son and two daughters. I wish to send my children to school to be educated and am saving money for my big son wedding.

ESS and ED Trainings

ED and ESS trainings are/ were provided with an aim to transfer business knowledge to beneficiaries in order to consider safety measures during their work. Followings are the objectives of these trainings:

1. To enable participants on understanding of basic concepts of business (business definition, business types, business cycle, business gaps and business categories)
2. To make them know and identify personal entrepreneurial competencies
3. To get the idea on marketing 6 Ps (product, price, place, promotion, packing & packaging and person-entrepreneur).
4. To enable to development basic business plan.



The following table 2, shows a summary of overall ESS and ED trainings per province:

| Provinces | # of Planned beneficiaries | # of selected Beneficiaries | % of beneficiaries Trained on EDT | % of beneficiaries Trained on ESS |
|-----------|----------------------------|-----------------------------|-----------------------------------|-----------------------------------|
| Kabul | 1000 | 1000 | 39.9% | 43.9% |
| Laghman | 370 | 370 | 64.84% | 57.3% |
| Nangarhar | 1000 | 1000 | 17.6% | 47.3% |
| Parwan | 500 | 500 | 18.4% | 37.2% |
| Baghlan | 500 | 500 | 72% | 71% |
| Balkh | 630 | 630 | 38.57% | 67.62% |
| Kandahar | 280 | 280 | 68.93% | 59.64% |
| Herat | 720 | 720 | 61.53% | 78.47% |

Figure 5: Summary of ESS & ED Trainings

Success Story—Planning to Provide Employment at Home

Marzia is a resident of Baba Camp village of Mihtarlam district of Laghman province. She is 27 years old. She and her husband are bread winner of eight people of her family. Pakistan government has turned out her by force from Pakistan four years ago. She said “when we returned from Pakistan, we faced economic problems.”



She worked in carpet production sector more than 6 years in Pakistan and produced different quality and types of carpets.

She added, “When returned to our country, we had no work opportunity in Laghman province. My husband is working as daily wage worker in Mihtarlam city where his income in not enough for our daily expense.

With the assistance of RED project, I was surveyed and received carpet weaving loom and raw materials in 2018 and started carpet weaving in my own home. Later on, the

project staff linked me with private carpet company. I completed one Gaba carpet of 6 m² successful and earned **11,400 AFN**. It is sufficient to meet my family expenses and the basic needs. Thanking RED, I am planning to produce more carpet to receive more income through involvement of my family members who are unemployed so I can purchase raw material continuously.

Challenges & Lessons Learned

The below table summarises the key challenges RED project faced during the reporting period at internal and external level:

| Internal Challenge | Details |
|---|--|
| Budget | The project received budget in May 2019, which affected the project activities’ schedule. |
| Monitoring of Looms | RED has distributed 5,000 looms in 8 provinces. Monitoring the availability of these looms is hard because beneficiaries sell or move their looms when they are moving from one location to another. |
| External Challenge | Details |
| Insecurity in some of the project intervention areas | The security situation in all project targeted provinces is deteriorating. Provincial staffs are unable to conduct on time field visits. |
| Competition from other Asian carpet producers and exporters | India, Turkey, Iran and Pakistan produce carpets at lower costs as well as these countries have the ability to design, produce or sell abroad carpets supported by governments’ subsidies. |

| | |
|---|---|
| Lack of branding and market linkages: | According to Afghanistan SME Development Strategy, around 85 percent of Afghan carpets cut and wash, and whole selling is performed in Pakistan, (MoCI, 2009). To shift the value back to Afghanistan, recently with the support of carpet stakeholders, some cut and wash facilities have been established in provinces such as Balkh, Herat, Kabul and Nangarhar (MoCI, 2014). Compared to the total production of carpet the cut and wash facilities seem insufficient in particularly in provinces where carpet weaving recently started. |
| Lack of access to finance: | Like other sectors, access to finance is also one of the key challenges to the development of carpet sector because of the high interest rates and security requirements set by the majority of banks. |
| Low quality raw materials | Only 40 percent of domestic raw materials (e.g. wool) are used in carpet weaving. The remaining raw materials are imported from Pakistan and Iran and even available domestic wool is exported mainly to Pakistan for washing, spinning and dyeing. In Pakistan, the wool is mixed with low-quality materials and transferred back to Afghanistan. The lack of quality control, manufacturing thread/yarn business, dye, washing chemicals and dependency on neighboring countries has had an adverse impact on the production and quality of Afghan carpets. |
| Understanding about market | Lack of understanding about market demand as well as the provision of technical trainings made Afghan carpet weavers unable to compete in markets. Afghan carpets, which are produced in Afghanistan, or by Afghan refugees in Pakistan, are exported to international markets under Pakistani brand. |
| Importing machine made carpets from Turkey and Iran | Afghan carpets are expensive because raw material is imported from Pakistan and Iran. Consequently, ordinary Afghans prefer to buy Iranian and Turkish carpets, which are cheaper and more affordable. The imports of machine-made carpets have brought a decline in the sales of Afghan hand-made carpets in Afghanistan. |

Recommendation

1. The relevant entities should agree to provide the following facilities to carpet business men:
 - a. Establish carpet processing centers in the regions, so neighboring provinces could have access to cutting and washing, which would help in reducing the amount of exporting carpets to Pakistan for further processing.
 - b. Facilitate the provision of free visa facilities for business men while exporting carpets abroad for exhibitions with the condition that private carpet companies should link RED beneficiaries.
 - c. Arrange exhibitions at national and international level for Afghan carpet business men with the condition to encourage and agree with these business men to link RED beneficiaries and purchase the carpets made by those beneficiaries.

2. Encourage and allocate fund for the government ministries and departments at central and provincial level to use Afghan carpets within the government ministries and departments instead of imported carpets.

Future Plan:

The future plan includes but not limited to the followings:

1. Distribute ESS kits in the targeted provinces.
2. Conduct exposure visits among all target provinces
3. Kabul staffs conduct missions to target provinces to support provincial staffs and monitor project sites.
4. Promote project through local and national media and bill/sign boards in all target provinces.
5. Conduct EDT and ESS trainings for RED beneficiaries.
6. Plan and start technical trainings
7. Handing over looms to CDCs.
8. Continue and follow up market linkage and map provision with private carpet firms.
9. Continue M&E visits in the targeted provinces.
10. Enter data to MIS.
11. Follow up staff recruitment with HR.
12. Follow up budget expenditure with Finance Department.
13. Follow up daily administrative tasks.

Project Pictures



RED Program Manager meeting CDCs/Community Leaders in Parwan



Kandahar Beneficiaries on Exposure visit to Kabul



Kandahar Beneficiaries on Exposure visit to Kabul



Carpet produced in Laghman



Billboard installed in Polikhumri, Baghlan



Billboard installed in Jalalabad City, Nangarhar

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