

**AFGHAN SECURE  
FUTURES  
Final Project Report**

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**Prepared for**



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# AFGHAN SECURE FUTURES

## Final Report

### Table of Contents

<b>1.0</b>	<b>PROJECT DESCRIPTION.....</b>	<b>1</b>
1.1	Objectives/Goals .....	2
1.2	Approach .....	2
1.3	Operating Area .....	6
<b>2.0</b>	<b>KEY PROJECT ACTIVITIES .....</b>	<b>6</b>
2.1	Project Activities .....	6
2.2	Objectives and Accomplishments.....	8
2.3	Deliverables and Products.....	10
2.4	Local Partners .....	10
<b>3.0</b>	<b>SUCCESSES .....</b>	<b>11</b>
<b>4.0</b>	<b>CHALLENGES.....</b>	<b>13</b>
<b>5.0</b>	<b>KEY LEARNING .....</b>	<b>14</b>
<b>6.0</b>	<b>M&amp;E DESIGN AND IMPLEMENTATION .....</b>	<b>17</b>
6.1	M&E Approach.....	17
6.2	Methods and Tools for Data Gathering and Analysis.....	18
6.3	Shifts in ASF M&E .....	18
<b>7.0</b>	<b>QUESTIONS TO EXPLORE / CONSIDERATIONS FOR FUTURE PROJECTS</b>	<b>19</b>

### Appendices

Appendix 1: Overview of Contracts Awarded to Workshops

Appendix 2: ASF Research and Monitoring Activities

# AFGHAN SECURE FUTURES

## Final Report

### 1.0 PROJECT DESCRIPTION

In October 2007, USAID's Displaced Children and Orphans Fund (DCOF), in close collaboration with the USAID Microenterprise Development office, initiated the STRIVE (Supporting Transformation by Reducing Insecurity and Vulnerability with Economic Strengthening) Program. A 6.5-year, \$16 million effort, STRIVE uses market-led economic strengthening initiatives to benefit vulnerable youth and children. The program aims to fill current knowledge gaps about effective economic strengthening approaches and their impact on reducing the vulnerability of children and youth.

Managed by the FHI 360 in partnership with Action for Enterprise (AFE), ACDI/VOCA, CARE, Mennonite Economic Development Associates (MEDA), Save the Children, the IRIS Center and USAID, STRIVE implements field and research projects in Africa, Asia and South America. Each project is pursuing a unique economic strengthening approach ranging from savings-led finance to workforce development to value chain interventions. The project approaches were developed by implementing partners in conjunction with representatives of core partner institutions, donor representatives and other technical advisors with expertise in child well-being; economic strengthening, and monitoring, evaluation and impact assessment.

STRIVE is tracking and documenting the impacts of these diverse interventions on child-level indicators related to both economic (financial), and non-economic (health, education, nutrition, etc.) vulnerability factors. As a result, STRIVE aims to identify and demonstrate interventions that can sustainably increase household incomes and/or assets and document if and how these changes in household income affect the lives of children. The learning from STRIVE will add to the evidence base on the links between household income and child well-being, and the body of promising practices that inform donor and practitioner planning around introducing sustainable change into the lives of vulnerable families.

Although Afghanistan has seen gains in education, health care provision and economic growth in recent years, most of its people continue to struggle economically. Furthermore, the ongoing conflict, the legacy of the Taliban, and decades of war have left the country with a substantially under-educated and under-trained workforce. Apprenticeships are one of the most common approaches to vocational training in Afghanistan. While valuable for youth skill building, the quality of apprenticeships varies greatly, with some apprenticeships causing youth to forego their formal education or putting them at risk of physical injury, which increase their chances of becoming stuck in low-wage jobs over the long term. Between 2008 and 2011, FHI360 and MEDA collaborated on the Afghan Secure Futures (ASF) project with the objective of improving economic well-being of poor youth working as apprentices in micro and small enterprises. The target population was Afghan boys aged 12-18 in the capital city of Kabul. The project focused on boys working in informal workshops as apprentices, working full time and/or combining work and school.

## 1.1 Objectives/Goals

*Economic well-being of poor youth working as apprentices for MSEs is improved.* Using an indirect model, the program sought to pilot workshop growth as a model for improving young people's economic circumstances.

*Increase the number and diversity of contracts for micro and small enterprises (MSEs) working within the construction sector and employing youth apprentices.* By linking small businesses to larger market players, business associations and financial service providers, the project helps businesses to improve both the quality and quantity of their work. Increasing the revenue for the workshop owners also should increase the income of the apprentices working in the workshops.

*Increased income of participating apprentices and improved employability for apprentices.* Safe and responsible apprenticeships offer young Afghan workers the opportunity to learn technical, business and life skills within a workplace setting, gaining valuable hands-on experience. ASF also links apprentices who are no longer attending school to local organizations providing functional literacy and numeracy classes.

Together, these activities provide working youth, defined here as 12 to 18 year olds, with a richer apprenticeship experience and greater opportunities to learn valuable skill sets, thereby increasing their current income and future employability. ASF was designed to measure the impact on apprentices of improved working conditions, learning opportunities and increased capacity of workshops to attract contracts.

## 1.2 Approach

ASF promoted business development and market linkages in the construction industry, primarily in the carpentry and metal working sub-sectors. The project built workshop capacity in a range of areas and linked strong and strengthened workshops to higher-value markets. In addition to improving income for workshops and apprentices, the project facilitated improvements in the safety and well-being of youth working as apprentices in these businesses.

Based on market research conducted in the field in 2008,<sup>1</sup> the original ASF project objectives were to improve conditions for construction sector apprentices in Kabul by improving the safety of their workplaces, their access to education, and their opportunities to earn income and build skills. These project objectives did not change, but the project approach evolved in response to operational conditions on the ground. The original approach emphasized financial products and value chain linkages as the primary means for ASF to strengthen business prospects for micro and small enterprises. While direct services to apprentices, workplace safety training and business development services were also part of the original project plans on a small scale, they came to play a much more significant role in the project.

Based on initial research, the project anticipated that international contractors and large firms would be the key source of contracts, and that interventions would take place largely at the s level, relying on larger firms to make the business case for workplace

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<sup>1</sup> The inception mission to Kabul took place in April 2008 and the team conducted field research that provided the basis of the original project proposal.

improvements and skill building to SMEs. Workplace improvements would be supported by the creation of a dual-purpose microfinance product that workshops could use to make capital and safety-enhancing investments in their businesses.

On the ground, however, project staff found that international contractors and larger firms were not reliable sources of subcontracts. Often larger firms were reluctant to subcontract outside their own networks; in addition, smaller workshops like those involved in ASF interventions were not able to produce outputs of high enough quality. As a result, the ASF team sought alternative contracting possibilities for these smaller workshops, while working with them to improve quality where possible. They further learned that market linkage opportunities on the business supplier side, such as raw materials and equipment, were lower than expected. ASF staff also learned that the major employers of apprentices were SMEs, rather than larger firms.

Due to the challenges present in the Afghan market, the project found it most productive to shift from a facilitative value chain approach to a more direct approach to business development that promoted capacity- and linkages-building for SMEs. One key factor in this shift was the discovery that a dual purpose loan, even when sharia-compliant, would not be as robust an incentive as was expected. Microfinance industry regulations in Afghanistan constrain Afghan MFIs to working with businesses that hold title to their premises. Few of the SMEs in the ASF target group held title to their premises, as the costs of formalization in Afghanistan are prohibitive for small workshops.

For these reasons, ASF began to work more directly with construction workshops to strengthen workshop owners' business skills. Trainings offered through business association partners such as the Afghan Builders' Association (ABA) and the Federation of Afghan Crafters and Traders (FACT) built workshop owners' capacity and provided a venue in which workshop owners could build horizontal and vertical linkages. ASF also offered direct assistance to workshops through staff visits. Noting that the business development services were helping workshop owners trust ASF as they saw improvements in their businesses, the Chief of Party (CoP) recommended that the project spend its first year focusing on building rapport with workshop owners through BDS provision before introducing more direct assistance to apprentices in the form of literacy classes.

When the project deemed that the time was right to implement literacy classes, which were conducted by local NGO ASCHIANA, ASF hired an educational coordinator to promote the classes to apprentices and to make the business case for allowing apprentice participation in the classes to workshop owners. The business case for apprentice participation was enhanced by the development of a contextual educational curriculum aimed at working children. The curriculum drew on workplace equipment and scenarios in creating examples to illustrate literacy lessons. ASF considers it a particular success that this curriculum, which is available in Dari and Pashtun, was approved by the Ministry of Education, and shared with the USAID Mission and 120 NGOs in Afghanistan. The education coordinator was also instrumental in creating an arrangement allowing the literacy classes to operate in schools and other government-owned buildings after business hours, which saved a substantial amount on facilities costs.

In its final year of operation, ASF implemented several product exhibitions for small workshops in Kabul, including two large events called Afghan Product Exhibitions, or

APEX. Project staff had long felt that linkages among different services in the construction value chain would be assisted by providing a space to bring together the various stakeholders in the project and value chains (from customers to service providers) in one place. As a result of the exhibitions, workshop owners opened bank accounts and secured contracts from other participants and from customers who attended the exhibition. The project aimed for sustainability by drawing in private sector sponsorship.

## 2.1.3 ASF Causal Model

### INPUTS

Partners (business associations and education NGOs) capacity enhanced. Appropriate loans with conditions made available. Loan officers trained to conduct workplace safety assessments. Supplementary training made available to youth MSEs linked into higher value markets

#### Indicators

Number of loan officers trained  
 Number of loans made available  
 Attendance at training  
 Number of linkages created between MSEs and larger firms  
 Number of MSE owners trained on contracting and specialized skills

#### Method For Capture

- Training records
- MFI records

### OUTPUTS

Increased availability of financial services for MSEs working in the construction sector. MSEs provide greater opportunities to learn valuable skill sets through an enhanced apprenticeship experience and a safer environment. Youth learn greater variety of skills at a higher quality. MSE workplace health and safety standards awareness and skills among MSE owners increases

#### Indicators

Number of linkages created  
 Number of MSE owners trained on contracting and specialized skills  
 Number of loans disbursed  
 Apprentice acquisition of skills  
 Perception by apprentices of safer work environment and wider variety of skills learned/utilized  
 Safety and hygiene of physical conditions of workplace for employees

#### Method For Capture

- MFI records
- Training course attendance sheets
- Training evaluations

### OUTCOMES

MSEs manage and execute a larger number and/or greater diversity of contracts.

Working conditions at MSEs improves.

Youth income and employment increases. Youth literacy and numeracy skills improve.

#### Indicators

MSE revenue  
 Volume of MSE business  
 Number of youth apprentices employed  
 Perception by apprentices of improved employability  
 Enhanced literary/numeracy skills.

#### Method For Capture

- Quantitative surveys of project clients
- Qualitative assessments through participatory interviewing
- impact stories
- client focus groups

### IMPACT

Economic well-being of poor youth working as apprentices for MSEs is improved

#### Indicators

Increased income of participating apprentices  
 Improved employability for apprentices  
 Quality of working life  
 Asset accumulation

#### Method For Capture

- Quantitative surveys of project clients
- Qualitative assessments through participatory interviewing
- impact stories

### 1.3 Operating Area

The project activities were implemented in the city of Kabul, Afghanistan from September 2008 to August 2011. Kabul was selected both for its high number of informal workshops and its high incidence of working youth. A study conducted by Jo Beall and Stefan Schutte of the Afghanistan Research and Evaluation Unit (AREU) discovered that 42% of all workers in Kabul were children aged 18 and under.<sup>2</sup> The project focused on the Afghan construction sector, both for its high short- and long-term potential for growth and because of the number of trades involved in the sector that traditionally employ a high number of youth apprentices. The choice to focus on young males in this project was based on the fact that Afghan boys enjoy fewer restrictions on their movement and a wider range of career choices than girls, while also receiving greater pressure from low income households to develop practical skills and contribute to family income.

In addition, the security situation outside Kabul was volatile and uncertain.

## 2.0 KEY PROJECT ACTIVITIES

### 2.1 Project Activities

ASF's activities supported workshops to create market linkages, connected apprentices to supplemental education, built the capacity of partners, provided referrals to financial services and developed knowledge management products. In total, ASF's activities reached 363 workshops and 1080 apprentices, with one in three accessing multiple services from the project.

#### ***Support to Market Linkages for Workshops***

- Developed a four-part **training course on effective business practices** with modules on marketing, product costing, financial records and customer service that was co-delivered to approximately 170 workshop owners by project staff and employees of local business associations. These business associations now have the capacity to continue to deliver training to support workshops and small enterprises.
- ASF staff **offered training, financial services support and business development services** to workshops. Business development services, or BDS, include training courses organized for groups of workshop owners on a range of topics, such as basic bookkeeping, how to market products to new client groups and how to determine the optimum price for a product, taking into consideration labor costs, raw materials and interest on the loan taken, if applicable. In addition, ASF staff visited workshops regularly and provided one-on-one coaching on product quality improvement. Most of the workshops targeted by ASF were informal and had never received training on such topics.

*"After the business training, he started giving receipts to his customers. They understand that he believes in his products. If something goes wrong, they can come back to him and he will fix it. This gives customers confidence."*

***ASF business trainer,  
Describing Habibullah,  
Workshop owner***

<sup>2</sup> Beall and Schutte, Urban Livelihoods in Afghanistan, AREU, 2006, p. 39-40

- **Facilitated product exhibitions** to link workshops to new clients and markets. Three exhibitions were held, attended by over 10,000 people. In surveys conducted after the exhibitions, numerous workshop owners self-reported a high degree of satisfaction with business contacts made through the events. Due to the relatively short time period of the project and the fact that exhibitions were held in the final 12 to 18 months of the project, there was no possibility of verifying these estimates made by attendees.
- **Provided business counseling to workshop owners** to improve workplace safety. Workshop owners and apprentices separately reported dramatic improvements in workplace environmental and safety standards over the life of the project.

### ***Supplementary Education Classes for Apprentices***

- Designed a set of **literacy and numeracy learning materials tailored specifically to the working context of young workers**. The syllabus was **approved by the Afghan Ministry of Education** and was distributed to 120 organizations working with economically active youth in Afghanistan.
- **Supplementary literacy and numeracy classes** run by ASF's local education partner, Aschiana, operated in 7 literacy centers, providing non-formal education to 220 apprentices. Apprentices report a **high level of satisfaction with the supplementary classes**, which they describe as supporting them to further their career ambitions.

### ***Partnering for Capacity Building***

- **Built the capacity of government ministries**, including the National Skills Development Program, to deliver business development training and workplace safety support.
- **Supported business associations** ABA (Afghan Builders Association) and FACT (Federation of Afghan Commercial Traders) in providing business development services, workplace safety and event planning. ABA led the planning for two large-scale product exhibitions in 2010 and 2011.

### ***Financial Services***

- Supported Ariana Financial Services (AFS) in designing a sharia-compliant **loan product for construction industry workshops**. Please see section 2.4, below, for more information on the loan product development process.
- Conducted **awareness-raising campaign** among business owners to provide information on financial services available to them through MFIs and banks.

### ***Knowledge Management and Outreach***

- Produced a short **documentary film** that provides an overview of project activities in the context of economic conditions in Kabul. The film is aimed at donors and practitioners seeking an introduction to economic development programming in Afghanistan. Due to security concerns, the documentary is approved for viewing by non-Afghan audiences only.

- Created a **set of learning documents** that will be released in cooperation with other STRIVE project partners. ASF's documents will focus on strengthening apprenticeships and the effectiveness of indirect economic programming on vulnerable youth.

## 2.2 Objectives and Accomplishments

ASF's progress towards achieving its three objectives is described below.

### ***Increased income of participating apprentices and improved employability for apprentices***

During ASF's final assessment, surveyed workshop owners reported that they had both hired more apprentices and increased the pay of the apprentices in their employ.

Surveys with apprentices confirmed the general trend in apprentices' wages. Apprentices reported rising income, from an average of USD9 per month at baseline, to USD20 per month at final assessment and in qualitative statements affirmed that the increase was due, in part, to programming interventions. It is likely that causation is a mix of factors, including the natural life cycle of a business and increasing wages to represent compensation for increasing skill sets. Confirmation of exact increases in wages proved difficult as workshop owners are believed to have understated income in order to mitigate income tax rates.

Though in the survey the owners credited program activity – namely, linkages with new markets and increasing the skill level of apprentices – for this increase, it is likely that causation is a mixture of both program activity and the natural lifecycle of a business. The workshops that ASF supported secured contracts worth an estimated USD\$2,292,220 over the life of the project. Please see Appendix 1 for more detail on these contracts.

### ***Improved quality of working life and safety conditions***

The project used a direct programming approach to improve working conditions at the workshop level, with project staff providing one-on-one counseling and coaching to both workshops and apprentices to encourage proper workplace hygiene and safety. This

#### **Supplementary Literacy Classes**

The ASF program supported a literacy class in the Koti Songi area of Kabul.



Twenty six students – ranging in ages from 12 to 15 – attended classes three times a week. For the vast majority of the students, this was the first formal learning experience of their lives. All participants work as apprentices in either the metal or carpentry sectors. Many stated that opening their own workshop was their long-term goal and developing basic literacy skills would be a critical factor in their success.

In a focus group led by MEDA M & E staff, the apprentices in the literacy programs spoke of how positive the experience of being in a classroom has been for them. By realizing that they can attend such classes, and learn to read and write, they realize they can overcome a significant barrier in their lives.

In one-on-one interviews, the apprentices revealed that the money they make is a significant portion of their household income. Most live in households of 6 or more, with only one or two people earning an income.

approach, while resource-intensive, appears to have accomplished its primary goal. In subsequent follow-up surveys, both workshop owners and apprentices reported a marked decrease in workplace accidents. At baseline, 28% of workshops reported accidents in their workshop in the previous year. At program final review, just 4% reported injuries and upon questioning, attributed such reduction to the program interventions. However, it should be noted that some of the data collected was not as clearly delineated as would have been preferable: in some instances, respondents were referring to incidents over duration of the project, in others to instances occurring over the previous year.

### **Learning opportunities for apprentices**

The project opened and operated seven literacy centers providing supplementary education for 220 apprentices. The literacy syllabus materials were printed and 2500 copies were disseminated to government bodies, local and international NGOs in Afghanistan. Materials produced subsequently were approved by the Afghanistan Ministry of Education. This approval accredits the materials and would allow them to be used in the public school system. Accreditation occurred in the final month of the project, so the Ministry's plans for further use are unknown.

During final project assessment, workshop owners scored the impact of the literacy center efforts on their businesses as "high." Qualitative interviews with workshop owners revealed clearly visible changes in apprentice abilities: during phone interviews, 81% of workshop owners reported observing increased competence among apprentices who attended the classes. As literacy and numeracy skills of apprentices improved, workshop owners were able to transfer tasks, such as recording measurements and taking orders, over to the apprentices. They further indicated support for allowing apprentices to continue such training as they witnessed the benefits. In a non-representative sample, apprentices expressed the opinion that attending the classes provided them with increased ability to secure other employment (95%); led to promotions, increased responsibility or increased autonomy within

#### **Client Story: Khaleel (Kabul Décor)**

Khaleel is the owner of a carpentry workshop called Kabul Décor. He started his career as an apprentice, learning the carpentry trade in Iran, Tajikistan and Pakistan where he was a refugee. He did not take any formal courses in carpentry but learned through hands-on experience.



When he returned to Afghanistan in 2000, he started a small business with four workers. After his association with ASF, he has increased the apprentices to 12. He has attended all of the business development training provided by ASF and in addition, he participated in the product exhibition organized by ASF in October 2010 where he made many valuable business contacts.

He attributes his success mostly to the capacity building training organized by ASF through local partners ABA and FACT. Through the training, he learned to analyze the structure of his business and decided to recruit an operations manager to free him for business development. He also learned about good customer relations and now works with potential customers to create new and interesting designs.

the workshop (91%); and resulted in improved self-confidence (97%).<sup>3</sup>

The ASF team operated the literacy centers to provide direct services to apprentices but also to gather evidence on the positive impacts of improved literacy on workshop business and employability for apprentices. The demonstration effect of the centers may yet result in external funding for ongoing operation, though nothing has materialized to date.

## 2.3 Deliverables and Products

- The ASF team is in the process of finalizing three learning products:
  - Assessing the Effectiveness of Supplementary Literacy Training
  - Assessing the Effectiveness of Indirectly Targeting Vulnerable Children
  - Key Lessons in Using Apprenticeships as a Model for Reaching and Benefiting Vulnerable Children

Upon approval by FHI360 and USAID, they will be disseminated through workshops, presentations and seminars, as appropriate.

- A paper based on the apprenticeship learning product was included in the conference proceedings journal of the International Technology, Education and Development event held in March 2012 in Spain.
- Ministry of Education-approved curriculum: The syllabus for working children and youth was finalized in September 2011, approved by the Ministry of Education and 2500 copies were printed in Dari and Pashtun. Copies were distributed to Ministry officials, libraries and local and international NGOs.
- A short video was prepared of the ASF project that describes the project's objectives, the Afghan context and preliminary results. The video illustrates several of ASF's economic development activities, focusing on the business development activities with workshops and the product exhibitions held in 2010 and 2011. The video has been approved by USAID for non-Afghan audiences only, for security reasons.

## 2.4 Local Partners

The Afghan Builders Association (ABA) conducted training for workshop owners with ASF support. ABA was a lead organizer for APEX 2010 and was involved in APEX 2011.

Aschiana provided supplementary education to the apprentices through seven literacy centers. They advocated to the government about the importance of providing literacy training to apprentices and secured after-hours space in government schools to conduct the literacy classes. They collaborated in the development and publication of the contextual education curriculum for children and youth working in the construction industry, and are now responsible for curriculum distribution. Aschiana is currently seeking further donor support for the literacy classes, which concluded on August 31, 2011.

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<sup>3</sup> As outlined in section 1.1.2, Approach, the literacy classes began late in year 2 of the project in order to maximize workshop owner buy in. As a result there was insufficient time to measure beyond self-reported assessments.

Federation of Afghan Commercial Traders (FACT) conducted BDS training for workshop owners with ASF support and took a leading role in organizing APEX 2011.

National Skills Development Program (NSDP) conducted training for workshop owners, MFIs and other partners on workplace safety. They worked with ASF to produce training materials and will continue to offer such training events as it is part of their mandate.

Ariana Financial Services (AFS), a local microfinance provider, worked with the ASF team to develop a sharia-compliant loan product specifically for workshop owners. As part of the loan process, AFS purchased equipment and raw materials and transferred them to their clients. The cashless transaction reduces the risk to the client, an essential component of sharia-compliant financial services. In addition, the MFI buys materials in bulk, as they are purchasing on behalf of multiple clients, and can secure a lower price for the clients. This value-add is also an important element of sharia law. The marketing plan for the loan product included participation of local imams, who spoke to groups of workshop owners and endorsed the loan. The MOU between AFS and ASF ended in September 2010, but the loan product continues to be available to clients meeting its eligibility requirements. AFS recently merged with other MFIs in Afghanistan to create a new entity, Mutahid.

#### **Ariana Financial Services Loan Client**

Ajmal (below, left) owns a carpentry workshop in Kabul which employs 15 apprentices. He received training from ASF partners and staff and received a loan from microfinance institution Ariana Financial Services.



### **3.0 SUCCESSES**

Significant numbers of workshop owners have benefited from ASF interventions during the life of the project, resulting in improved and more varied business opportunities and a wider range of contracts. Some of the primary successes include:

- ASF reached 363 workshops and 1080 apprentices. One in three accessed multiple services from the project.
- Workshops receiving training, financial services support and business development services from ASF secured contracts worth an estimated USD\$2,292,220 over the life of the project. Please see Appendix 1 for more detail on these contracts. ASF's role in supporting workshop owners to secure contracts included: providing training; facilitating contacts between workshops and contractors; and connecting workshop owners to each other, facilitating the process of subcontracting, or joint bids by multiple workshops. Please see section 2.1 for more information on business development services provided to workshops during the ASF project.
- ASF supported the Exhibition Organizing Committee, led by ABA and FACT, in holding two large scale product exhibitions: APEX 2010 and APEX 2011. These

events represented a range of successes for the ASF workshops and partners: significant contracting opportunities were secured by participating workshop owners. In addition, partners such as ABA and FACT have improved capacity to hold such events in future, contributing to a more open business environment. Sponsorship from numerous private companies was secured, setting a positive example for future events.

- Capacity building for workshop owners led to increased ability to produce, market and price higher quality products. Formal capacity building events were assessed through self-reported pre and post knowledge level assessment, with an observed general trend of an increase in knowledge expressed as pre and post-test assessments.
- In addition, the ASF team observed that bringing together workshop owners created unforeseen opportunities for collaboration among enterprises: many partnerships were formed, allowing smaller workshops to bid together on larger contracts. As a group, they were frequently more competitive than as individual workshops.
- ASF was able to get the contextual educational syllabus approved by the Ministry of Education. It was printed and 2500 copies were disseminated to local and international NGOs working with vulnerable youth.
- Twelve workshop owners received loans to purchase equipment and raw materials. In addition, information about a variety of available financial was disseminated to workshop owners during BDS training workshops, supporting their ability to make informed financial choices in future.
- Approximately 220 apprentices attended regular literacy and numeracy classes conducted in seven locations close to their workshops. For many of the 220 participants, these classes were the only classroom education the apprentices had ever received. These basic literacy skills gave the apprentices skills that were immediately valuable in the workplace; in addition, the apprentices saw

### A Safe Haven



Not surprisingly in a country dominated by three decades of war, Afghan households are often riven with conflict, substance abuse and domestic violence. Project and partner staff, including Aschiana founder Engineer Yousef, whose organization ran the classes, stated that for many of the young apprentices attending the classes, the few hours a week they were able to spend in the classroom were a welcome respite from the upheaval of their home life.



literacy as necessary for them to be able to open their own workshops at some point in the future.

#### **4.0 CHALLENGES**

The ASF project faced a series of challenges during its implementation. Some of the primary challenges include:

##### **Security Situation**

Over the course of the project, the internal security situation in and around Kabul deteriorated considerably. Through 2010 and 2011, suicide bombings and armed attacks increased substantially, with at least 100 people killed in Kabul bombings, most civilian victims of random violence.

Programming in a volatile environment requires flexibility in both approach and operations. The security situation necessitated a scale-back in programming activity and reach, as well as substantive changes to the data collection processes in place.

##### **Resistance to Programming by Workshop Owners**

Workshop owners were initially reluctant to engage with ASF. Program staff had to conduct one-on-one sessions to build trust, focusing on business-oriented topics before offering programming to apprentices. Literacy classes for apprentices were initially met with a degree of resistance, as owners feared that such external activities would detract from apprentices' availability for work. ASF hired of an education coordinator to visit workshops, discuss the benefits of the program and to help in apprentice scheduling to ensure that classes would be held outside of working hours.

##### **Low Acceptance of Sharia Loans**

Adoption of loans by workshop owners was quite low: just 12 loans in total were disbursed to ASF clients. Though the loans were sharia compliant, other restrictions – including requirements from the MFIs for documentation of land holdings and a mistrust of credit generally – made the acquisition of loans untenable for some owners. The workshops that did successfully access loans had title deeds to their property and were therefore part of the formal economy and generally larger. The loan product continues to be offered by Mutahid, the organization created when MFI Ariana Financial Services merged with other institutions in 2011. No figures are available on uptake by non-ASF workshops. Please see Section 2.4, Partners, for more information on the loan product development process.

To address this challenge, ASF sought other ways to incentivize behavior and activities leading to project goals, namely increased diversity and number of contracts for workshops and improved working conditions and learning opportunities for youth apprentices. This resulted in the project's shift in approach, moving from emphasizing access to financial services and vertical market linkages (connecting small workshops to larger ones for subcontracts); in response to operational realities, ASF began working more directly with workshops, strengthening their business and technical capacity. (Please see section 1.1.2 Approach for more detail on this shift.)

##### **Market Distortion caused by Widespread Donor Funding**

International donors are spending significant sums on development activities in Afghanistan, often in ways that do not contribute to sustainable market development.

This shaped the incentives and behaviors of the value chain actors that ASF sought to influence. Partner business membership organizations, for example, had less incentive to develop sustainable models for training provision or to risk their own funds on holding an exhibition. Business owners were similarly hesitant to pay their own money to attend training or events such as product exhibitions, and in fact often expected to be paid for their attendance.

This experience suggests future projects should assess the donor environment during the project design process. Where multiple donors are supporting a financial institution, business or association, coordination and harmonization of subsidies is critical. Projects should establish clear expectations with partners up-front on respective risk sharing and financial commitments with contributing partners from the start. Where donor funding makes the establishment of sustainable support markets an impossibility, projects should consider what other approaches to service provision are more feasible, such as supporting embedded services by other actors within the value chain.<sup>4</sup>

### **Staff Turnover**

ASF faced difficulties maintaining staff towards the end of the project. Many project staff sought alternative positions before project closure, a typical issue in Afghanistan where a significant portion of the workforce depends on the non-profit sector for employment.

Though this is largely inevitable, the impact was minimized through creative use of financial and non-financial incentives for project staff. Retention bonuses were given at the end of the project to staff who had fulfilled their contracts. In addition, more prestigious job titles were given to deserving key staff members to reflect increased knowledge and experience. This made their subsequent job search easier and often resulted in increased loyalty.

## **5.0 KEY LEARNING**

The ASF project generated several lessons that may be relevant to project designers interested in leveraging informal apprenticeship systems to improve the economic situation of vulnerable youth.

**Apprenticeships can be an effective pathway to employment, particularly for more vulnerable youth:** in Afghanistan apprenticeships are more accessible to disadvantaged youth, more market relevant and generally more sustainable than other educational options. The forthcoming learning product on this subject will address a knowledge gap, as there is little documentation currently available on this subject.

**The construction sector offers strong opportunities to support the development of vulnerable youth, particularly in a post-conflict context.** Many construction subsectors are labor-intensive, with a range of skill levels that enable entry by vulnerable youth. In post-conflict countries the construction sector is particularly likely to experience

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<sup>4</sup> Embedded services are those that are provided as part of a larger transaction. For example, in the construction industry, larger construction firms with more solid links to the market could provide business development services through their subcontracting relationships, training smaller firms on how to adhere to contracts or maintain quality control.

above-average investment. In Afghanistan, reconstruction efforts brought significant capital into the country as vital infrastructure was repaired or constructed.

**Careful selection of subsectors can maximize project impact and leverage in working with apprentices.** The various construction subsectors in Afghanistan vary widely in their growth and employment opportunities. Concentrating on a few high-potential subsectors allowed ASF staff to specialize, increase potential outreach and create greater impact.<sup>5</sup>

**Workshop performance and growth was variable but correlated with certain characteristics: workshop size and owner's educational level and entrepreneurialism.** While ASF worked with a wide variety of MSEs in the targeted construction sub-sector, ranging from 1 to 85 employees, 90% of the workshops targeted had fewer than ten employees. These enterprises varied significantly in their capacity, experience, quality of production, and the education level of their owners. These factors had a direct impact on the growth potential of the workshops. ASF found that only a small number of workshops were able to significantly grow their businesses, and consequently accounted for the vast majority of the new apprenticeship opportunities that were created. These workshops tended to be mid-sized, already producing products of better quality and owned by individuals with greater business savvy. Consequently they were better able to leverage ASF's interventions to expand their businesses. Supporting these workshops offered a much greater return on investment for the project in terms of generating employment opportunities and increasing income for vulnerable youth than working with the more challenged MSEs.<sup>6</sup>

**Social influences shape apprentices' pathways to employment.** With minimal education and a feeling of responsibility for generating a significant portion of their family's overall income, apprentices from more vulnerable families often experienced increased family pressure to remain with the same workshop owner regardless of poor working conditions or low wages. In addition, the ASF team observed that more vulnerable apprentices often obtained their positions through family connections, and were hence less mobile as they felt a familial loyalty to the owners.

**Incentives to hire apprentices varied significantly across the construction industry.** Larger firms often use formal systems to attract employees, while micro and small enterprises with smaller networks rely on the financial advantages and ease of hiring apprentices. This has significant implications for workforce development

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<sup>5</sup> The construction sector was selected during the inception mission in 2008. The following year, subsector analyses identified key subsectors based on prevalence of youth apprentices, workshop size, growth prospects and ASF's ability to add value, such as through provision of financial services or business development services.

<sup>6</sup> This is consistent with MEDA's experience on other economic development programs that work with entrepreneurial clients. Value chain programs in both Afghanistan and Pakistan managed by MEDA revealed that clients with entrepreneurial traits sustained considerably more impact as a result of their involvement, and often migrated into roles as consolidators and sales people for other beneficiaries. The income disparity can be significant. On one project, MEDA determined that beneficiaries with strong entrepreneurial ability who adopted roles as sales agents reaped an income increase of over 1300%, while the beneficiaries who did not possess these traits, while still making significant progress, saw considerably less increase. However, MEDA's assessment revealed that the gains experienced by the clients were contingent in part on the contributions of the more entrepreneurial beneficiaries and their ability to secure business, make connections and drive business. Results described here were recorded in MEDA's Through the Garden Gate project, a CIDA-funded initiative implemented from 2007 to 2010.

programming in Afghanistan: MSEs are more receptive to accepting apprentices than larger firms and should therefore be the focus of future programming in this area. More broadly, this finding points to the critical need to understand the distribution of apprentices across firms and the (dis-)incentives to hiring them during the project design phase.

**Workplace safety can be positively influenced by leveraging economic incentives.** The specific incentives may vary, depending on the context: for example, ASF found that business development services for workshops were the most effective avenue for promoting occupational safety and health for youth apprentices.<sup>7</sup>

The ASF project also yielded several lessons on augmenting apprentices' learning opportunities.

**Use multiple strategies to augment apprentice learning opportunities.** Apprenticeships often do not transmit the most up-to-date technical skills or basic skills (e.g. literacy, numeracy), requiring additional approaches to fill these gaps.

**Supplemental classes can attract more vulnerable youth:** in Afghanistan, most young people prefer to attend the government school system, rather than non-formal classes. However, school hours of operation and the associated costs present barriers for many disadvantaged youth.

**When using indirect economic programming for youth will require gaining acceptance from the appropriate "gatekeepers."** ASF reached apprentices primarily in their places of employment, and therefore it was important to establish trust with workshop owners. Initially, the workshop owners were skeptical about interventions to support the apprentices, such as supplementary education, worrying that productivity would suffer as they were absent from the workshop for periods of time. However, the project was able to create positive relationships with workshop owners through business development services, improving their receptivity to apprentice-oriented services.

**Supplemental education classes need to be sold to business owners in terms of their commercial benefits.** Owners are often skeptical of the financial implications, doubting the potential advantages of having a more highly trained workforce.

**Preliminary evidence suggests positive outcomes for both apprentices and business owners.** Apprentices confirm that the classes have supported their economic goals, while workshop owners stated that they were more mobile, able to leave the

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<sup>7</sup> By contrast, MEDA's PPIC Work project in Egypt successfully leveraged access to loans as a strong incentive for workshop owners to make safety improvements in their workshops. The ASF team initially hoped to use comparable financial services as the incentive to improve workshop safety conditions, but found that lending requirements in Afghanistan excluded most of the target workshops. In the final survey, a significant number of apprentices reported feeling safer at work. These results are comparable with an independent evaluation conducted on PPIC Work's Egyptian workshops, where 96% were found to have improved workplace safety in response to MFI training and support. The Canadian International Development Agency (CIDA) contracted an independent evaluator to conduct a mid-project review of MEDA's PPIC Work project in 2008. The review found that 24 of 25 workshops (or 96%) which were randomly selected from the project's clientele had made improvements in working conditions. While the specific incentives leveraged under ASF differed from those used in MEDA's Egypt project, both projects were able to positively impact on occupational safety for young workers.

workshop under apprentice supervision for several hours at a time and network to generate business.

**Sustainability is a challenge when reaching very disadvantaged youth.** The outreach of the formal education system is limited by financial, security and other factors. At the same time, disadvantaged youth lack the financial capacity to support a user fee model.

Conducting rigorous monitoring in a setting characterized by insecurity requires constant reassessment and a degree of flexibility. The following are observations on how context can influence M&E practices:

**Beneficiaries and clients in a conflict or post-conflict setting may have experienced violence,** been forcibly displaced, had relatives and friends harmed, or had their social and/or cultural identities shattered. Widespread trauma impacts interactions between clients and the evaluator team: such interactions must be managed with the outmost of care and sensitivity. The value and use of information must be judged against the potentially harmful effects of reliving traumatic experiences to evaluators. The ASF team found that many of the apprentices who had moved to Kabul recently had been displaced as a result of conflict, usually involving the death or serious injury of a family member. Apprentices often became very emotional while discussing such events during key informant interviews. This sometimes required deviating from interview protocol.

**Data security is paramount,** particularly in situations where vulnerable groups (such as minorities or women) may be targeted.

**Data collection is exacerbated by weakened infrastructure** (road and communications) and insecurity of travel to (and for) project clients, which substantially increase the costs of M&E. ASF found that when conditions became particularly precarious it was advisable to use remote tools to collect data, such as phone interviews.

**The need for flexibility is also heightened due to issues of mobility.** Heightened security frequently restricts the mobility of the aid organization. In addition, security issues cause movement of affected populations as they migrate to avoid danger.

**The effective and ethical selection of control groups, already a complicated issue in stable environments, intensifies in conflict situations.**

**Attribution becomes challenging,** as there is an increased presence of humanitarian NGOs, often providing inputs, finance and other products and services for free.

## **6.0 M&E DESIGN AND IMPLEMENTATION**

### **6.1 M&E Approach**

The ASF M&E system was developed based on a causal model that responded to the dynamic nature of markets and market development activities, addressed the challenges of gathering accurate data in Afghanistan, allowed meaningful information to be collected on the well-being of youth, and provided information for knowledge management and dissemination. Progress at

each level of the results framework was tracked through output, outcome, and impact indicators that fed information back to ASF managers for use in adjusting ongoing activities and strategies to maximize the impact. Taking into account the challenges of gathering data in Afghanistan, the M&E staff underwent extensive training and data was validated across a variety of sources to ensure accuracy.

ASF used a mixed methods approach to program assessment, employing a range of quantified and qualitative measures to guide program activity and provide data for evaluation.

## **6.2 Methods and Tools for Data Gathering and Analysis**

The M&E system gathered data on indicators through methods at multiple levels, as described below:

*1<sup>st</sup> Level: Monthly and quarterly tracking reports.* Completed by three local technical staff (M&E specialist, Finance Specialist, and Training Specialist), in conjunction with the Chief of Party and headquarters staff, the reports contained quantitative information on financial services, market development and working condition activities. This information was supplemented with observations about the interactions between workshop owners, financial service providers, training organizations and business associations, as well as youth themselves.

*2<sup>nd</sup> Level: Supervisory site visits.* The MEDA M&E Director assessed and supplemented tracking reports through site visits. Client visits were conducted to verify monthly tracking report information and to record additional observations about program implementation and client, partner and stakeholder reactions to activities.

*3<sup>rd</sup> Level: Quarterly and annual reports.* The field staff summarized project implementation, including observed challenges and opportunities, on a quarterly basis. They also submitted annual performance reports that include indicator information on longer-term capacity building, graduation, and value chain participation results. MEDA home office staff used this information to monitor performance and help the field to adjust interventions.

*4<sup>th</sup> Level: Program evaluations.* Outcome and impact indicators were collected through surveys of workshop owners and apprentices on an annual basis. The surveys were conducted by a enumerators hired on a temporary basis and recorded changes in revenue, business relations, skills and workplace safety for workshops and changes in salary, skill level, relative perceptions of worth and standing in the family for youth apprentices. The survey information was supplemented with focus group exercises.

For more information on sample sizes, methodology and reach, please see Appendix 2.

## **6.3 Shifts in ASF M&E**

The main M&E shifts were in response to challenges due to security concerns. The security situation in Afghanistan deteriorated over the course of the project and intended M&E activity needed to be scaled back.

## 7.0 QUESTIONS TO EXPLORE / CONSIDERATIONS FOR FUTURE PROJECTS

The ASF project's experience suggests the following recommendations for other projects seeking to leverage informal apprenticeship systems:

- During project design, assess the existence and performance of informal and formal apprenticeship systems, particularly in high-potential subsectors. If they exist, weigh the strengths and weaknesses of apprenticeships as an entry point to reaching vulnerable youth relative to other options.
- Assess the comparative participation in apprenticeship systems of vulnerable and non-vulnerable youth and their comparative capabilities and needs.
- Identify and target the subsectors with the greatest potential for growth. In post-conflict contexts, the construction sector should be given special consideration given its labor-intensive nature and the existence of entry-level positions with minimal skill requirements that provide a pathway into the sector for vulnerable youth.
- Select employers that are more likely to upgrade workshops and create benefits for apprentices. These will often not be the very smallest firms with minimal productivity levels and little likelihood of expansion. Slightly larger firms are often better prepared to engage in upgrading and generate additional employment. In some contexts, such firms do not hire apprentices, creating a challenge for projects wanting to reach vulnerable youth through apprenticeships. Encouraging linkages or subcontracting between more dynamic firms and smaller firms that employ apprentices is one model for overcoming this barrier. A second is to reduce the perceived risks or costs for larger firms of hiring apprentices, thus bringing apprentices into more dynamic firms.
- Analyze the social factors that shape apprentice pathways to employment, as these may shape an apprentice's labor mobility and ability to pursue new opportunities.
- Understand the incentives and disincentives to hiring apprentices among different sizes of firms within a subsector. Determine if apprentices are able to meet all of their learning needs through the apprenticeship system. Often apprenticeships do not provide access to the latest technical skills and to basic skills (e.g. literacy, numeracy).
- Identify opportunities to complement or improve the existing system to address significant gaps.
- Assess the potential outreach of each learning strategy.

The ASF project's experience suggests the following recommendations for projects seeking to support learning among youth:

- Assess the ability of vulnerable youth to access existing educational opportunities and the barriers they may face.
- Look for potential sensitivity when seeking to impact younger apprentices directly and seek to first build trust with employers.
- Identify and emphasize 'win-win' aspects of supplementation education for apprentices to build a shared vision of mutual gain.
- Document and disseminate benefits resulting from supplementary education to build support.
- Look for ways to link to the public sector and other long-term bodies to increase the likelihood of sustainable access to supplementary education. ASF's experience demonstrated the difficulty of creating sustainable educational systems for basic skills in the absence of a strong state.

### Appendix 1: Overview of Contracts Awarded to Workshops

The following table details an estimate of the amounts and types of contracts awarded to workshops during the ASF project period. Numerous factors complicate the collection of financial data: the workshops are informal and keep no financial records. As a result, all figures are projections and are self-reported. In addition, workshop owners are reluctant to report income that may result in them being taxed or fined. The following figures, therefore, are only estimates.

Quarter	Date	No of Workshops Winning Contracts	Source of Contract				Total Value of Contracts in USD	Average Amount Awarded per Workshop
			Private	Army Corps	UN	Governments		
9	July-August 2011	13	6	1	0	6	804 600	61 892
8	April-June 2011	8	3	2	2	1	275 200	34 400
7	Jan-Mar 2011	7	2	1	2	2	315 000	45 000
6	Oct-Dec 2010	12	7	1	1	3	306 150	25 512
5	July-Sep 2010	14	8	1	1	4	474 500	33 892
4	April-June 2010	7	6	1	1	2	312 000	44 571
3	Jan-March 2010	7	4	0	3	0	267 100	38 175
2	Oct-Dec 2009	5	2	0	0	3	150 000	30 000
1	July-Sep 2009	3	2	0	0	1	84 350	28 116

## Appendix 2: ASF Research and Monitoring Activities

The following is a list of the research and monitoring activities conducted by ASF over the course of the project.

Activity	Purpose	Dates Undertaken	Sector	Level Of Effort (Days)	Sample Size - Workshop Owners	Sample Size - Apprentices	Report Date
1. Sub-Sector survey	Research to determine subsectors for project to work in	6 March – 27 April, 2009	Brick	53	75	1417	5 May, 2009
2. Sub-Sector survey	Research to determine subsectors for project to work in	24 Feb – 23 June, 2009	Carpentry	120	250	422	30 June, 2009
3. Sub-Sector Survey	Research to determine subsectors for project to work in	21 Feb -16 March, 2009	Metal	24	276	651	23 March, 2009
4. Sub-Sector Survey	Research to determine subsectors for project to work in	21-26 April, 2009	Mosaic	6	35	42	1 May, 2009
5. Sub-Sector survey	Research to determine subsectors for project to work in	21-26 May, 2009	Plumbing	6	80	107	1 June, 2009
6. Sub-Sector Survey	Research to determine subsectors for project to work in	9 Feb – 12 March, 2009	Carpet	32	11	60	16 March, 2009
7. Baseline survey	To set a baseline from which to measure change over time, and to inform programming decisions in planning phase	29 Dec, 2009 - 2 April, 2010	Metal and carpentry	95	363	1080	3 May 2010

8. Follow-up survey	Determine change over time at particular point in project	17 May, 2010 – 1 June, 2010	Metal and carpentry	16	40	68	6 June, 2010
9. Field survey	Determine change over time at particular point in project	19 – 31 May, 2011	Metal and carpentry	9	60	115	12 July, 2011
10. Workshop owner phone survey (apprentices were not included as most have no access to telephones)	Determine change over time at particular point in project	12 - 29 June, 2011	Metal and carpentry	14	310	0	12 July, 2011