



## Zardozi - Markets for Afghan Artisans



**2016 Annual Report**

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## Chairperson's Foreword



### Dominic d'Angelo

I am pleased to present the Annual Report for Zardozi – Markets for Afghan Artisans and summary audited financial statements for 2016.

2016 proved to be a year filled with challenges for Zardozi, including those arising from the kidnapping in April 2016 of the organisation's founder and Executive Director Dr Kerry Jane Wilson, and the subsequent detention of a number of Zardozi staff during the investigation of that crime. Happily, Dr Kerry Jane was released at the end of August 2016, although the detained members of staff were not released until the beginning of 2017.

During this period, the UK Government agreed to support Zardozi with funding to the end of 2016 channelled through the Aga Khan Foundation Afghanistan as part of the Supporting Women's Economic Empowerment Programme (SWEEP). Zardozi is grateful for this support from the UK Government and people, as the culmination of several years' support for women's economic empowerment.

At the same time, Zardozi received news that the Government of Canada, had agreed a four-year programme of funding for Zardozi under the name Economic and Social Empowerment for Afghan Women (ESEAW) commencing in early 2017. Additional funds will be sought during this period to supplement this support.

Wider initiatives to support women's economic empowerment, including the Afghan Government's National Priority Programme and the work of Harakat, funded by the UK and Sweden, will be explored during 2017.

During 2016, Board members, Mohammad Aqa and Abdul Sattar concluded their terms on the Board. Mohammad Aqa has been associated

with Zardozi since its foundation in 2005, and I would like to take this opportunity to thank both of them for their service and commitment to improving the lives of Afghan women. To replace them, we welcomed Ms Marnie Gustavson and Arifullah Azimi as members of the Board.

Throughout the year, the commitment and dedication of Zardozi and Nisfe Jahan staff was essential in enabling us to continue and expand our work, and the progress made and reported on in this document is tribute to the quality of work they have produced and the results achieved.

The challenges before us are significant: to ensure sufficient funds to deliver against targets by operating more cost-effectively than ever; to expand the numbers of women with whom we work and to extend the quality of training and services we provide; to support our clients to achieve sustainable and sufficient incomes to establish economically independent households; and to aid our clients to build their businesses, including through supporting connections with the formal economy.

We look forward to building on the successes of the past eleven years and on the vision of Dr Kerry Jane Wilson, without whose foresight, knowledge, personal commitment and determination, Zardozi and Nisfe Jahan would not exist.

As the driving force behind establishing Zardozi and developing its support model, Dr Kerry Jane can claim credit, with her Afghan colleagues, for having improved the lives and futures of thousands of women and their families. The Maiwand Medal presented to her by H.E. The President in September 2016 constitutes formal recognition of her services to the people of Afghanistan. However, it is Zardozi's life-changing work, in the face of urgent and continuing need, that is perhaps clearer evidence of what she has achieved.



Dominic d'Angelo  
Chair, Board of Directors

## Message from the Chair of Nisfe Jahan



### Salima

I am happy to take this opportunity to highlight the impact and success that Nisfe Jahan members have had over the past year. Although, because of the situation in Afghanistan, most Afghan women in rural and urban areas are not empowered, women who are members of Nisfe Jahan are becoming more powerful day by day and able to contribute to their family, local community and local economy. All this is thanks to the continuing empowerment activities Zardozi undertakes for Nisfe Jahan members. These activities include visioning, advocacy, networking and psychosocial training. In addition, Zardozi has supported expansion of the volunteer Kadar system and the establishment of three regional Nisfe Jahan offices in Mazar-e-Sharif, Kabul and Jalalabad.

As a result of these activities, Nisfe Jahan's achievements include successfully developing Kadar from among Nisfe Jahan members, expanding our Facebook presence, as well as working with women in such business sectors as beauty parlours, poultry, sheep rearing, supplying to retail shops, garment production, as well as establishing greenhouses and expanding food production. A notable Nisfe Jahan achievement has been the opening of a shop in Mazar-e-Sharif devoted to selling Nisfe Jahan members' products.

During 2016, Nisfe Jahan continued with social and legal training in the CBCs for clients and their families, including women's rights and violence prevention workshops, engaging with men and boys over gender equality, and working with Community Development Councils.

I would like to thank the Zardozi team for their continued support for Nisfe Jahan.

Sincerely,

A handwritten signature in blue ink, appearing to be the name 'Salima' with a stylized flourish above it.

Salima  
Chairperson, Nisfe Jahan

## Message from Zardozi's Founder and Executive Director (2005-2016)



**Kerry Jane Wilson**

It was with deep regret that I resigned as Zardozi Executive Director in September 2016 but unfortunately it was not possible for me to continue living in Afghanistan. I would now like to take this opportunity to express my gratitude to the Zardozi Board and Founder Member Hermione Youngs for their prompt action in my sudden absence from May to September last year. In particular, arranging an extension of funding averted a financial crisis. I am also deeply grateful to the staff of Zardozi who rallied round in my absence and kept things going with courage in distressing and confusing circumstances.

Last but not least I would like to thank Zardozi's thousands of client business women who demonstrated so much concern for me despite their own day to day struggles against almost overwhelming odds.

I look forward to continuing to be involved in Zardozi's development in the future as an advisor and friend. It was a privilege to be part of the evolution of Zardozi.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Kerry Jane Wilson', written on a light-colored background.

Kerry Jane Wilson

# Zardozi's Vision, Mission and Values

## Vision

Afghan women have rights and opportunities equal to Afghan men and are empowered to address their own needs

## Mission

To establish a network of sustainable community business support centres providing business support services to poor women and serving as centres for women's community organisation and protection of the rights of women and girls

## Values

### Respect

We respect and value each other and our clients

### Equality

We do not discriminate between ourselves and our clients and we work to ensure that clients do not discriminate between each other on the basis of income, social status or ethnicity

### Creativity

We embrace change and well managed risks in order to develop solutions that work for poor Afghan women

### Integrity

We follow the highest standards of personal honesty and behaviour, we never compromise our reputation and always act in the best interests of the women we work with

### Accountability

We take responsibility for using resources efficiently, achieving measurable results and being accountable to clients, partners, donors and Afghan women

## Highlights from 2016

### JANUARY

Zardozi joins the UK-funded Supporting Afghan Women's Economic Empowerment Programme (SWEEP) in collaboration with the Aga Khan Foundation, Afghanistan. The aim of the project is to build clusters of Community Business Centres (CBCs) able to manage their own revolving loan funds.

### FEBRUARY

Leaders of PEKKA, an Indonesia-based women's empowerment initiative, arrive in Kabul at the invitation of Zardozi. PEKKA visitors and Zardozi staff network with Afghan agencies involved in women's economic empowerment (WEE) and with Nisfe Jahan leaders and client volunteer leaders (*Kadar*). PEKKA makes a presentation to the Ministry of Women's Affairs (MOWA).

### MARCH

Zardozi staff pay a return visit to PEKKA, meeting PEKKA *Kadar* and staff and to learn about microfinance strategies. On their return planning starts over strategy development.

### APRIL

Future funding for SWEEP is proposed by the World Bank to be focussed on clusters in Jalalabad region. Senior managers start preparing the Jalalabad field team and clients for clustering.

The Executive Director is kidnapped on a visit to Jalalabad and seven members staff are detained by the National Directorate of Security (NDS). The Board takes over day to day management of Zardozi.

### MAY

The NDS closes Zardozi's Jalalabad office, with work continuing from the homes of senior female staff. Local response to the kidnapping reduces clients' attendance at CBCs.

DFID agrees in principle to fund Zardozi's work through SWEEP to the end of 2016, with arrangements finalised later in the year.

### JUNE

Zardozi staff work with NDS over the release of detained staff and the re-opening of a Jalalabad office in a new location.

### JULY

Zardozi restarts work from Jalalabad. All except two members of staff are released by NDS (with the two remaining members of staff released in January 2017).

### AUGUST

The Executive Director is released and leaves Afghanistan.

### SEPTEMBER

The Executive Director formally resigns and the Board begins the process of recruiting a successor (concluded in early 2017).

### OCTOBER

Following from a proposal submitted in 2015, Global Affairs Canada indicates initial agreement to fund Zardozi's work between 2017 and 2021, including an expansion into a fifth province from 2018.

### NOVEMBER

Zardozi staff begin working with Global Affairs Canada to finalise the new funding offer from early 2017. Zardozi also begins working with Women for Women International (W4WI) on a one-year pilot project in Nangarhar and Kapisa.

### DECEMBER

Zardozi appoints external auditors to prepare its 2016 accounts and agrees the appointment of new internal auditors. The Board agree to bring the Kabul main office and Kabul Regional Office together on a single site, and to relocate the Jalalabad temporary office to a longer-term site from 2017.

## Targeting poor women with limited or no formal education

### Enabling women to generate their own income through micro-business

Our programme is specifically designed to meet the needs of poor women who never had the chance of access to or completing education and who come from vulnerable households where either there is no other breadwinner or where an additional income enables the children to be educated and the family to eat more regularly.

Zardozi's regular surveys of its clients indicate that two-thirds of women trained by Zardozi in skills and business continue their business over the long term.

Total of women trained by Zardozi since 2011	4,699
Clients still working	3,098
Moved out of Zardozi coverage areas	1,307
Dropped out of the programme	294
Number of female employees of working women	805

### 2016 Highlights

- 608 women given training to enhance their production skills
- 590 women completing business training

**We will continue to work to empower women to lift themselves out of poverty and develop a strong voice in society**



*Raising poultry is a simple and low risk way for women to earn their own income*



## Expanding business opportunities for women

### Addressing skills-based challenges faced by women in tailoring

All community-based female tailors are in competition with male tailors, who unlike female tailors who work from home, tend to be based in the local bazaar where the profits are higher. Female tailors also fare poorly against the men because of the gap in tailoring skills. Men learn tailoring through informal apprenticeships in workshops where they receive training over many years from older skilled tailors. Women learn from their mothers who are already poorly skilled compared to male tailors. As a result, although women tailors charge less than men, their poor skills mean that they are generally given only the cheaper garments to tailor and more profitable tasks involving higher value fabrics are given to male tailors.

Zardozi solves this problem by providing female tailors with a drop-in support centre where local women trained in cutting and pattern making, cut fabrics for female tailors for a small fee. As a result of the improvement this brings in the quality of their work, female tailors start receiving higher value garments to tailor and their income improves significantly.

### Lowering gender barriers in the informal market

Afghanistan has a flourishing trade in cheap men's *shalwar kamiz* produced in small workshops across several major cities. The trade depends on informal credit relationships between stakeholders - fabric wholesalers for example, provide fabric on credit to middlemen who manage production. These middlemen in turn provide the finished product to retailers and petty traders on credit. The fabric wholesalers have their own downstream links to cotton factories in Pakistan which allows them to purchase reject cotton fabric at favourable prices. The resulting product is cheap and has a huge, rural market. When women try to enter this market, the fact that they are not known personally to any fabric wholesalers means that the dealers will not give them credit. The women therefore have to purchase small quantities of fabric up front from retailers rather than wholesalers which effectively prices their product out of the market.

To support women to enter this *shalwar* market therefore requires appropriate financial services and trade guarantees, which Zardozi provides.

While many of Zardozi's clients continue to work in tailoring, our clients now include women-run businesses in:

- Beauty services
- Livestock and poultry
- Garments production
- Embroidery
- Food processing
- Production of jewellery and bags
- Retail
- Shoe repair
- Mobile phone charging and accessories
- Wool spinning and knitting
- Vegetable and seed production

### 2016 Highlights

- **380 women were involved in setting up 39 self-run business information and advice exchange groups**
- **590 women who completed business and skills training were successfully linked to at least one market of their choice**



*Two years ago, Nasima opened a small shop in her community. She has been so successful that she has now relocated her shop to a busier market*

*"Before I started earning income, myself and my husband didn't trust and believe in my abilities. I didn't have self-confidence ... but since I have started to work my husband now trusts in my abilities. With the help of Zardozi, I have self-confidence and I believe that if I try, I can do anything I want"*

## Nisfe Jahan: A women's grassroots support organisation

The UN still ranks Afghanistan 159 out of 188 countries for gender equality. There is much still to be done and the role of civil society organisations is vital in promoting the rights of women and girls. Nisfe Jahan is a fledgling organisation established by Zardozi and aiming for a high profile in the women's economic empowerment and rights sectors in Afghanistan.



Women must join Nisfe Jahan before starting business and skills training. Depending on their level of interest, women also receive training in leadership and in civil society.

Lack of confidence and lack of female role models is such a key issue with women that Nisfe Jahan regularly celebrates successful female micro entrepreneurs. Invited guests include their own families, other families who are reluctant to allow women to leave the house and other women lacking the confidence to expand their business.

Nisfe Jahan members in Mazar have their own office where women flock to access business services 5 days a week, attend meetings or simply drop in on their way to and from the city markets

*"She [the successful woman being celebrated] is not more educated or cleverer than me. She is just like me and if she can do it, I can also do it"*

### 2016 Highlights

- **544 women trained in leadership and civil society**
- **37 Nisfe Jahan office bearers trained in office and financial management**
- **43 celebrations of successful women held**
- **544 new members joining Nisfe Jahan**

## Community Business Centres

Women who join Zardozi's programme have often been isolated all their lives and are fearful of operating in male, public space. Community Business Centres (CBCs) are key to enabling poor and uneducated women to succeed in their micro-business by providing them a safe environment in which to learn how to run a business and how to operate in male-dominated public spaces.



Female-only CBCs, with an average membership of 28, allow women to support each other as well as accessing technical support, advice, market information, loans and ideas for new or expanded businesses.

Many women have never visited a major market. It takes a guided tour by Zardozi staff and then plenty of local interaction in the CBC before they feel confident of their ability to operate outside their home.

Meetings at CBCs are held for one half day each week and are located within walking distance for each registered Nisfe Jahan member

Women use CBCs for accessing:

- Technical skills support (e.g., tailoring, poultry rearing, food production, etc.)
- Loans and savings services
- Business advice on a range of business issues
- Building local mutual support networks in business

To attend a CBC, women must:

- Register with Nisfe Jahan
- Pay fees for services used
- Have taken business and skills training appropriate for their business

*"Since I started work, I don't request permission from anyone when I want to go outside the house and I can go whenever I want and they [my family] don't say anything. Most of the time, I got to the [Nisfe Jahan] office or to the homes of my producers without asking permission."*

## 2016 Highlights

- **18 new CBCs established, bringing the total to 110**
- **44% of registered Nisfe Jahan members visit their CBC each month**
- **81 women trained to become tailoring Service Providers, providing skill-based services to CBCs for a fee, and replacing Zardozi salaried staff**
- **28 CBCs motivated by community members to provide CBC premises rent-free**

## Microfinance: Helping 4,000 women lift their families out of poverty

Zardozi's Sharia compliant loans to poor women enable them to start up or expand their micro-business. In the Afghan informal market, male business owners give and receive credit through reciprocal arrangements with suppliers and buyers. Because women are excluded from these networks, providing them with credit enables them to more successfully compete with men.



### 2016 Highlights

In the second half of 2016, there was a moratorium on issuing new loans in advance of securing medium-term donor funding. The loan service was restarted before the end of the year.

- **AT the end of 2016, 27% of clients had taken out loans and were making repayments**
- **244 clients joined Rotating Savings & Credit Associations (ROSCA), bringing the percentage of clients engaged in ROSCA savings to 29%**
- **80 clients were introduced to banks to open savings accounts, bringing the percentage of women with bank accounts to 13%**

Gul Jan was married very young to a much older man. Now her husband is elderly and sick and cannot work and her sons have their own families to support and cannot help her. Gul Jan tried several times to start a micro-business but each time she failed because of lack of capital and know how. When she met Zardozi staff she took the business training and then negotiated a loan and started fattening young sheep for the Eid market. She got training in livestock management and is now planning to expand her business

*'Before joining the programme, I did not understand how to run a business and how to use scarce resources.'*

## Promoting Gender Issues and Women's Rights

### Most Nisfe Jahan members receive training in gender, in rights and in advocacy

Zardozi Gender and Rights training results in women who are more likely to:

- Integrate a rights framework into their self-concept
- Critically examine their own lives
- Recognize and develop desires for more rights and freedoms
- Better assess their personal and professional development needs
- Speak up on women's rights issues among families and neighbours
- Resolve to speak up on women's rights issues in future
- Believe that it is up to women to initiate change on rights issues within their families
- Want their sons to be role models in their respect for women's rights
- View their daughters as change agents, especially through education
- Understand how the hostile social environment holds women back

As a result of training received:

- **50% of women made resolutions to stand up for women's rights**
- **60% of women want their sons to be role models for how to respect women's rights**
- **88% of women want their daughters to complete their education**

### 2016 Highlights

- **339 women trained in gender and rights**
- **298 women trained in vision and advocacy**

"I am now able to speak up about my rights in the family but before [rights training], I apologised to my husband even when I didn't make mistakes."

## Zardozi Governance and Management

### Board of Directors

The Board of Directors, whose members during 2016 are listed on subsequent pages, met four times during 2016, one of those meetings as an emergency meeting in response to the kidnapping of the Executive Director.

The Board is broadly responsible for providing strategic oversight of Zardozi and its work, and for ensuring that work is undertaken consistent with legal obligations and with donor requirements. The Board took an active management role in Zardozi during the latter half of 2016, but transferred that role to the incoming Executive Director in early 2017.

### Administration

Zardozi's Administration staff aim to ensure smooth governance and successful implementation of Zardozi's programme, providing support in such areas as travel and logistics, asset management, purchasing, visa management and compliance with Afghan Government regulations.

During 2016 Zardozi's Administration Manual was updated. The team had to deal with the closure and relocation of the Jalalabad office, and at the end of the year to secure and plan for the relocation of the Jalalabad office, and the merging of the Kabul Main Office and Kabul Regional Office on one site.

The department also manages a fleet of 27 contracted cars and drivers, one Zardozi-owned vehicle, and building security requirements.

For field operations, local staff use low-profile contracted vehicles and drivers, and ensure that all operations are accepted and hosted by local communities. Staff are made aware of changing local situations with mobile phone communications between staff in the field and the Regional Office maintained at all times. Zardozi's membership of the INSO security system allows for security alerts to be issued to all staff in all regions on a continuous basis.

### IT and Communications

During 2016, Zardozi issued 3 Newsletters, produced on a consultancy basis. The purpose of the Newsletters is to promote information and understanding about Zardozi and its programme to Government, civil society and international colleagues.

During the year Zardozi's IT policy document was agreed, and new Internet security protocols and better protection of regular back-up systems were introduced. The Finance Department were supported with faster and more secure connectivity, and an office-wide system was established for solving IT problems online.

### Human Resources

HR is responsible for the smooth operation and functioning of Zardozi's recruitment, appointment, staff appraisal and management systems, as well as for supporting staff with training where identified as needed and agreed.

During 2016, in response to Afghan Government requirements, all staff were transferred onto the National Technical Assistance Salary Scale, and detailed work was carried out provide information about the impact of recruitment and staff costs in relation to Zardozi's current and proposed budget.

### Monitoring and Evaluation

The two-member M&E team supports decision-making at policy and operational levels helping programme management to understand whether activities are being carried out as planned and the extent to which they are achieving expected outcomes. We adjust data collection methods as new

activities and outcomes are established and agreed, and carry out research to strengthen Zardozi's understanding of programme results.

During 2016, both M&E staff were replaced when existing staff resigned to pursue further studies overseas.

### **Finance and Accounting**

Zardozi's finance staff are responsible for ensuring that funds are spent in an accountable and responsible manner, consistent with Zardozi's operational and programme needs. The team produces monthly and quarterly reports on all aspects of Zardozi's financial operations both for use by senior management and the Board, and for reference by donors and the Afghan Government.

### **Audit**

Zardozi regularly audits all accounting and financial processes in its Main Office and in regional offices, including asset management and purchasing processes. During 2016, Zardozi's Pakistan-based internal auditor decided to discontinue his work, and pending the recruitment of a new internal auditor, Zardozi's Finance staff visited regional offices to ensure the continuance of strong internal control systems. Their work was validated by the newly appointed Internal Auditor, Rifaqat Babar & Co., in 2017.

Zardozi's external audit report for 2016 was completed in early 2017 by Rifaqat Babar & Co., who subsequently withdrew as external auditors to avoid a conflict of interest with their new role as internal auditors. A replacement audit firm will be recruited during 2017.



## Board of Directors 2016



**Mohammad Aqa**

*Chairperson (to April 2016)*

Assistant Representative, FAO Kabul and associated with Zardozi since its inception in 2005



**Marnie Gustavson**

Executive Director of PARSA. Marnie and PARSA have restarted the Scout movement in Afghanistan and support orphanages and women's economic empowerment



**Dominic d'Angelo**

*Chairperson (from April 2016)*

Independent consultant working mainly for various Afghan Ministries in Kabul.



**Mary Larkin**

Independent consultant based out of Sydney. Mary specialises in maternal and child health projects all over the world.



**Arifullah Azimi**

Managing Director, AREA Afghanistan, a local NGO working on community development and infrastructure



**Abdul Sattar**

Programme Officer, European Commission Directorates General for Humanitarian Aid and Civil Protection Office (ECHO), Kabul. Worked seven years with DACAAR and NSP on livelihoods programme implementation

## Financial Information

### Funds received (USD)

	2016	2015	2014
DFID and Oxfam Novib	0	0	1,238,146
DFID	1,270,935	1,719,996	0
Private donation	4,707	0	0
<b>Total</b>	<b>1,275,643</b>	<b>1,719,996</b>	<b>1,238,146</b>

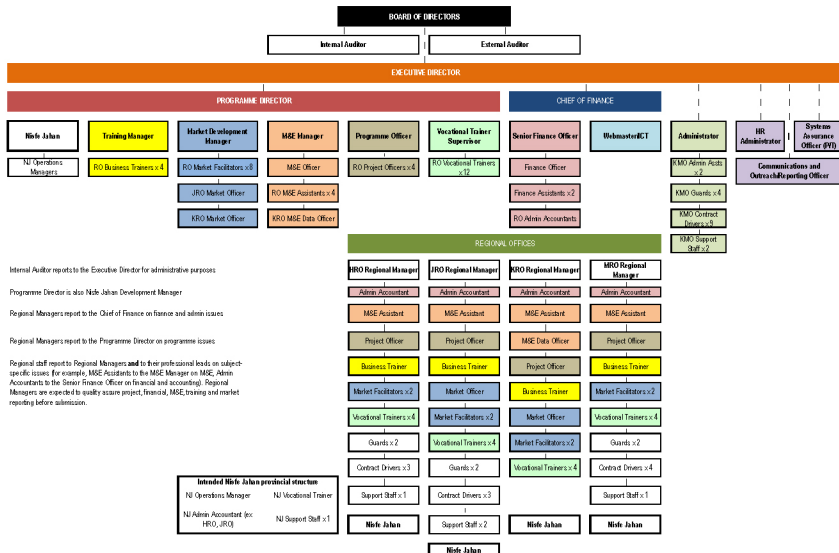
### Expenditure (USD)

Expenditure	2016	2015	2014
Service provision	242,402	300,520	234,646
Strengthening Nisfe Jahan	92,332	115,238	95,475
Market facilitation	259,068	403,078	216,430
Programme management	334,334	365,478	321,720
Monitoring & evaluation	65,707	98,948	31,606
Public Information Unit	21,867	13,185	0
Main office costs	211,166	274,230	213,321
Overhead costs	37,396	125,713	107,507
Assets	11,371	23,606	17,441
	<b>1,275,643</b>	<b>1,719,996</b>	<b>1,238,146</b>

## Donors and Partners

During 2016, Zardozi received funds from the Department of International Development via the Aga Khan Foundation, with whom Zardozi worked implementing SWEEP. Zardozi also initiated a pilot project working with Women for Women International in Nangarhar and Kapisa.







**ZARDOZI - MARKETS FOR**

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