Integration of Returnees in the Afghan Labor Market



An Empirical Study
Altai Consulting - October 2006

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I. Introduction

Background

In the last 25 years, Afghanistan has experienced massive population displacement generated by the ex-Soviet Union invasion of Afghanistan in 1979, the civil war, and the *Taliban* regime. From 1979 to 1992, over six million people left the country. Afghanistan lost many of its professionals and skilled workers and had serious difficulties attracting them back despite the end of the Soviet occupation.

After the fall of the *Taliban* regime in November 2001, and with the newly established democratic regime, many refugees have returned to the main Afghan cities since early 2002. UNHCR has been the principal source of support for returning Afghans along with other organizations. Since 2002 some 4.5 million Afghans have repatriated (altogether about four million returned in four years).

There is a major interest, for the new Afghan Government as well as for the main organizations involved in the reintegration of returnees, to understand, after four years, how they have been able to reintegrate in the labor market.

Project

Altai Consulting was mandated by ILO and UNHCR to conduct research on the situation of Afghan returnees in order to assess the main patterns of integration in the Afghan labor market and the responses provided in 3 major cities of Afghanistan.

This study is an integral part of the overall ILO-UNHCR “Cooperation Toward Comprehensive Solutions for Afghan Displacement” project launched in May 2004. It will complement other ongoing work implemented by the ILO in Afghanistan to support sustainable employment opportunities and reconstruction of the infrastructure in this country.

The objectives of the study can be summarized into the following research questions:

- What are the demographic, social, and economic profiles of returned Afghan workers and their families?
- What is the nature of their labor market integration and the impact on the labor market ?
- What are the major problems encountered by returned Afghan workers in regards to labor market integration and livelihoods?
- What is the effectiveness of past and current government and other organisations’ support programmes ?
- What other policy options can be recommended in order to facilitate reintegration of the returnees in the Afghan labor market ?

The research was based on a set of purposively designed quantitative and qualitative tools:

- Household survey (600 households)
- Enterprises survey (100 enterprises)
- Case studies with returnees and enterprises (25)
- Focus group discussions (15)
- Interviews with key informants (15)

All tools were implemented in the cities of Kabul, Herat, and Jalalabad as well as their immediate rural surroundings.

Research Approach

Exceeding all expectations, 4.5 million returnees of all social categories have returned to Afghanistan in the last 4 years. Some are at the lowest levels of the social ladder and are still isolated in returnee settlements and not fully integrated into Afghan society. Often they have lost the fragile balance and economic situation that they had built in their country of exile. Others, on the other hand, have come back at the highest level of the Afghan society in both public and private sectors. Returning to Afghanistan in the current context has allowed them to gain tremendous power, influence the reconstruction process, and improve their financial situation. Many are in the middle, and their situations vary significantly.

In this research project, we decided to look at the broadest scenario in order to better analyze the different patterns of integration in the Afghan labor market and identify obstacles, risks, and opportunities for future policies.

Integrating returnees is part of the complex puzzle of the Afghan reconstruction. They have been identified in many programs as one of the priority target groups to be supported in the early stages of their return. Often labeled as vulnerable, several programs strive to assist these individuals ascend to higher quality of life and integration into their country of origin.

Through 2 surveys conducted among 100 enterprises and 600 households, we examine general trends in the returnee population and among enterprise managers. Specific profiles have also been highlighted through case studies and focus groups. This research had limitations in time and geography, therefore it cannot provide a comprehensive analysis of returnee integration at a national level. However, we identified key trends and patterns, as well as possible solutions through different programs and research already developed within the past 4 years.

II. The Reintegration of Afghan Returnees: Review of Existing Data and Key Issues Raised

1. Context

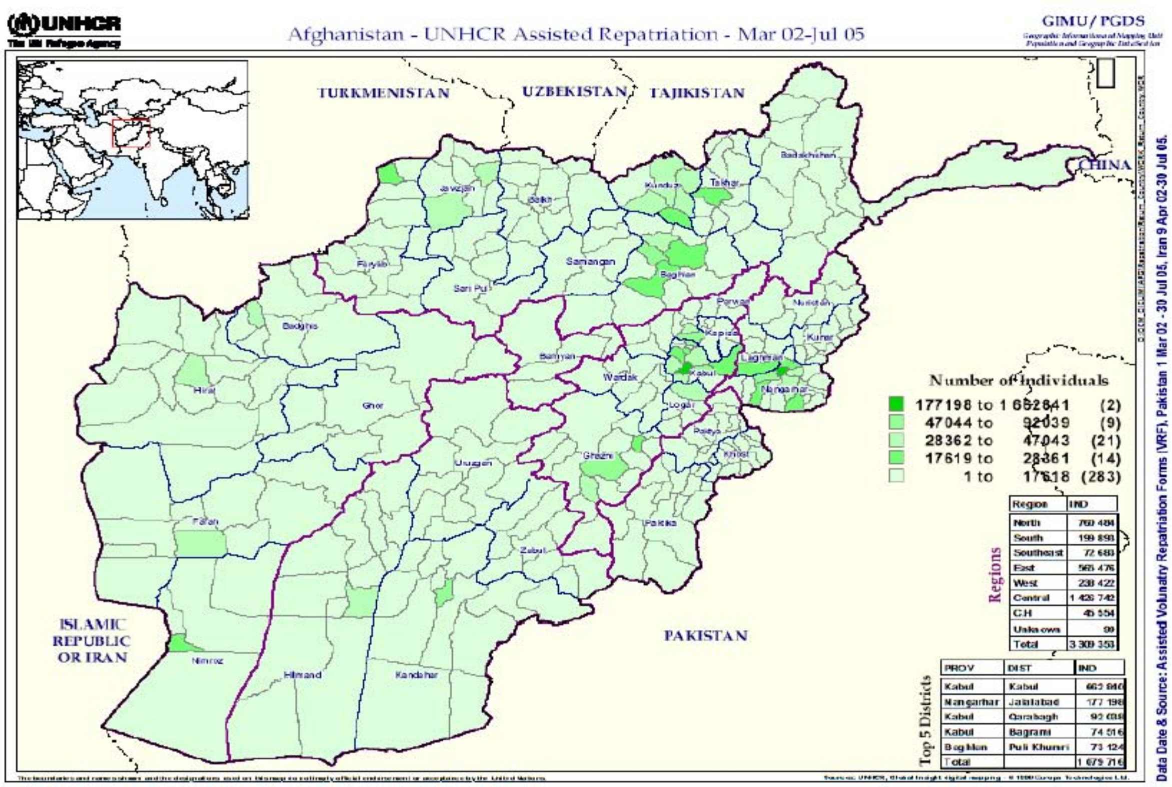
The returnee situation in Afghanistan is a highly complex matter. Combined with the realities of a post-conflict landscape (physical and intellectual infrastructure), gathering and assessing required a multi-dimensional aproach. Secondary research included gathering all existing data for foundation on tools development and methodology. In addition to building a base of returnee data, efforts to compile various information on the Afghan economy, labor market, and business climate were launched. This was particularly challenging due to the relatively underdeveloped state of economic and labor statistics collection. However, extrapolating and connecting several reports, databases, and papers (some referred below) we were able to capture an overview of the complex conditions of returnees, Afghanistan' s economy and labor market, and devise tools which could assess this overlap.

2. Existing Data

2.1 UNHCR Mission, Research, and Returnee Data

From March 2002 to September 2005, almost 4 million refugees returned to Afghanistan from Iran and Pakistan with the assistance of UNHCR. The majority of returns from Pakistan continue to be Kabul, Nangarhar, Baghlan and Kunduz and from Iran to Kabul, Hirat, Farah and Balkh.
(UNHCR Sept 2005 report)

Repatriation Mapped



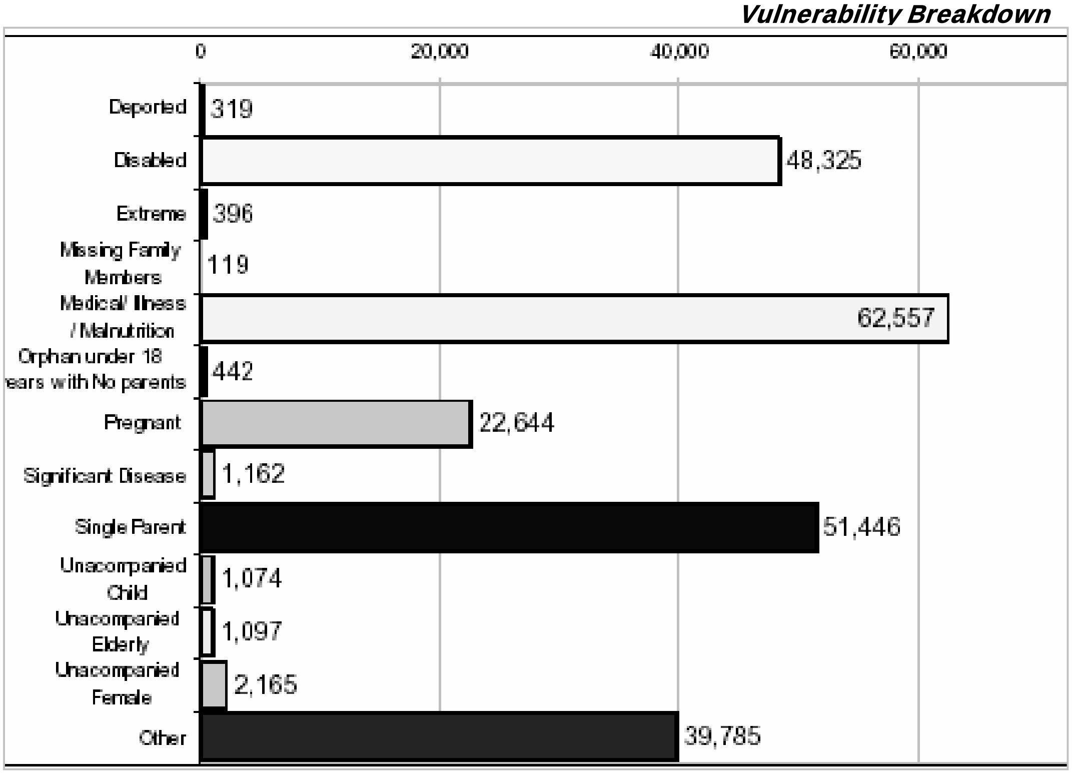
2.1.1 UNHCR Voluntary Repatriation

Baseline data collected with returnees entering Afghanistan:

The voluntary repatriation program that UNHCR started in Afghanistan in the spring of 2002 is the largest repatriation operation in which UNHCR has ever been involved. Secondary research included conducting interviews with various officers in Afghanistan and review of data. Key extracts from the UNHCR comprehensive database give us a picture of the situation of the returnees which came back through UNHCR Repatriation program **at the time of re-entering Afghanistan**. Although these data do not specifically reflect the current situation of returnees –after they reintegrated- they provide us with interesting baseline information:

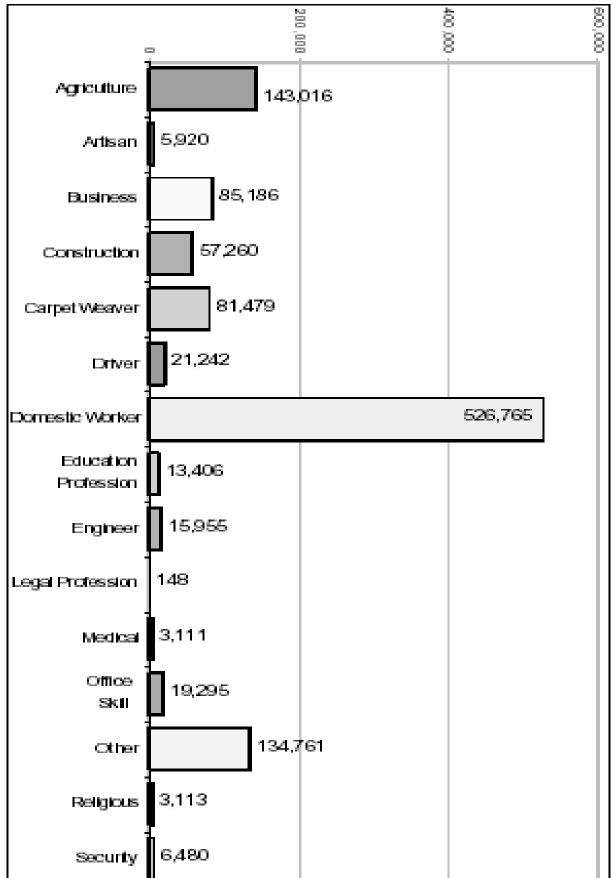
- 7% of returnees are defined as Vulnerable. Factors defining vulnerability:
  - *Deported*
  - *Disabled*
  - *Extreme*
  - *Missing Family Members*
  - *Medical/ Illness/ Malnutrition*
  - *Orphan <18 years w/o parents*
  - *Pregnant*
  - *Significant Disease*
  - *Single Parent*
  - *Unaccompanied Child*
  - *Unaccompanied Elderly*
  - *Unaccompanied Female*

Vulnerability Breakdown



- <u>66% of refugees reported unskilled professions.</u> Breakdowns included:
    - *Agriculture*
    - *Artisan*
    - *Business*
    - *Construction*
    - *Carpet Weaver*
    - *Driver*
    - *Domestic Worker*
    - *Education Profession*
    - *Engineer*
    - *Legal Profession*
    - *Medical*
    - *Office Skill*
    - *Other*
    - *Religious*
    - *Security*

Industry/Professional Breakdown



Data provided by UNHCR, Sept. 2005.

- Overall and monthly figures for Assisted <u>IDPs</u> returns showed heavy concentrations in the South (Kandahar, Paktia). This finding, although beyond the scope of this survey, pointed to another very large component of integration needing to be addressed.

- <u>Forced and Spontaneous Returns</u> from Pakistan and Iran showed the years of increase and allowed for alignment of questions and tools to correspond with the times and triggers.

2.1.2 UNHCR Monitoring Program: Key Findings

	PAK Spon	IRN Spon	TOTAL
2002	194,127	155,248	349,375
2003	45,125	119,604	164,729
2004	41,103	76,231	117,334
2005	3,426	102,531	105,957
2002-2004	**283,781**	**453,614**	**737,395**

	PAK Force	IRN Force	TOTAL
2002	4,680	42,360	47,040
2003	503	53,897	54,400
2004	52	73,161	73,213
2005	0	54,637	54,637
2002-2004	**5,235**	**224,055**	**229,290**

Data provided by UNHCR, Sept 2005.

UNHCR has established a country-wide monitoring system to analyze the dynamics of return to Afghanistan and to identify and address the obstacles to safe and dignified return and reintegration. The objective is to generate regular and well-documented information on the situation of returnees and other specific groups of concern to UNHCR. In order to get a better understanding of the situation of returnees in urban areas, UNHCR conducts returnee monitoring in the main cities of Afghanistan. During the period from September to December 2004, over 1,200 returnees were interviewed in Kabul, Mazar-e-Sharif, Herat, Jalalabad and Metharlam. This allowed UNHCR to obtain a significant sample profile of returnees in urban centers, with information on their sources of income and national human rights institution, in February 2005.

Key findings included:

70%	Returnees from Pakistan who chose to return to Afghanistan due to improvement of the security situation in Afghanistan and the wish to participate in the reconstruction of the country
8%	Returnees who reported security problems on the way
11%	Returnees who returned to urban areas rather than to their places of previous residence in rural areas
45%	Returnees in urban areas who rely on daily wages as a first source of income
24%	Average number of urban returnees who had their house destroyed
21%	Returnee women who were literate
28%	Returnee women who reported that their minor sons were working full time
71%	Returnee women who reported that their children were attending school
60%	UNHCR-assisted returnees in Afghanistan who were under the age of 18
20%	Returnees in urban areas reported insufficient living space because of expansion of families in exile
15%	Villages and city districts visited in which returnees reported incidents of illegal occupation of land and property within the last six months.

2.1.3 UNHCR Challenges to Return in 2004

Main highlights repatriation trends, asylum country conditions, and recommendations. Key extracts included:

- Highest importance attached to bringing durable peace, security, and the establishment of law and order to protect basic human rights.
- Return and reintegration should continue to be the primary focus of efforts by all concerned constituencies with an even greater emphasis placed on the strengthening of developmental approaches, programs, and resource mobilization with sharper geographical and sectoral assessments for interventions in key returnee destinations.
- Acknowledgement of the complex and long term nature of the return challenge, and the development of new approaches and arrangements required.
- The importance of identifying the extent and operation of transnational networks, and their contribution to livelihoods and household budgets, with a view to developing policy and appropriate institutional and technical support.

Returnees being processed in Kabul UNHCR encashment center to receive their assistance package upon arrival

2.2 Research and Information on Refugees Remaining in Iran and Pakistan

CENSUS OF AFGHANS IN PAKISTAN 2005

A working group comprising the Government of Pakistan (GoP), the Government of Afghanistan (GoA), and United Nations High Commission for Refugees (UNHCR), developed in mid-2004 a proposal for the census and registration of Afghans in Pakistan.

After the Bonn Agreement in December 2001, UNHCR-facilitated voluntary repatriation commenced in the spring of the following year. From 2002 to September 2005 some 2.7 million Afghans have returned home from Pakistan. A census conducted by UNHCR and the government of Pakistan revealed that about 3 million Afghans currently live in Pakistan (UNHCR Update Sept 2005). Of these approximately 1.15 million (37.9%) Afghans are currently residing in villages, settlements and camps. Some key figures driving the approach to assessment included:

- *Pashtuns* form the overwhelming majority of Afghans in all areas of Pakistan with 81.5% of the total. The percentage of *Pashtuns* is now likely to be higher then it was at the start of repatriation in 2002, following the overthrow of the *Taliban* government in Kabul and return of minority groups, who flooded back into Afghanistan after the *Pashtun*-run *Taliban* regime was removed.
- Information collected through households reveals that 17.4% of Afghans intend to return to Afghanistan in 2005 while the majority (82.6%) do not intend to return.
- 78% of Afghans who intended to return to Afghanistan in 2005 are residing outside the refugee camps.
- Lack of shelter with 57.2% is cited as the most important reason for not intending to return to Afghanistan. A further 18.2% stated that there are a lack of livelihoods in Afghanistan, and 17.8% cited security problems.
- Source of livelihood, gathered on the basis of households, shows the overwhelming majority (55.0%) of the families report living off of daily wages. This may even understate the situation, because some of the 20.0% who reported being self-employed may include Afghans living off casual labor.

2.3 Other Research taken into account in the study design:

2.3.1 Afghanistan Research & Evaluation Unit (AREU), various.

Stressing the importance of networks through case studies and interviews. Leading to redefining or clarifying the various types of migrants and need to address their needs specifically.

- Case Study Series: RETURN TO AFGHANISTAN? A Study of Afghans Living in Tehran, June 2005.
- Case Study Series: RETURN TO AFGHANISTAN? A Study of Afghans Living in Zahedan, Islamic Republic of Iran, October 2005.
- Case Study Series: RETURN TO AFGHANISTAN? A Study of Afghans Living in Mashhad, Islamic Republic of Iran, October 2005.
- Case Study Series: AFGHANS IN KARACHI: Migration, Settlement and Social Networks, March 2005.
- Case Study Series: Transnational Networks and Migration from Hirat to Iran, January 2005.
- Case Study Series: Transnational Networks and Migration from Faryab to Iran, January 2005.
- Briefing Paper: Transnational Networks-Recognising a Regional Reality, April 2005.

2.3.2 Policy Report, International Peace Research, Oslo. June 2004.

This paper stresses the need to re-examine the current situation based on re-defining the typical refugee from migrant. Refugees and migrants have different needs and rights and a shift from refugee emergency to migration management is supported. The Afghan population in Iran consists of (1) Afghans registered and provided with refugee documentation by the Iranian authorities over the years estimated at just under 1 million, and (2) an unknown number of labor migrants. As refugees and migrants have different needs and rights, a differentiated solutions are called for.

2.3.3 Afghanistan Research & Evaluation Unit and the Ministry of Refugee Affairs: Conference on Afghan Population Movements, Kabul. April 2005.

Notes and discussions by leading figures about a comprehensive policy solution to Afghan
migration to neighboring countries. Thematic focus included Afghans in neighboring countries: issues, concerns and solutions. Main recommendations and take-aways emphasized the role of transnational networks.

III. The Socio-Economic Situation of Returnee Households in Herat, Kabul, and Jalalabad:

0. Sample: Approach and Limitations

600 households were interviewed across 3 provinces: 250 in Kabul, 175 in Herat, and 175 in Nangarhar. 65% of the interviews were conducted in urban areas, 35% in rural areas (15% in villages near the city and 20% in remote villages).

Relevance of the research areas:
Research areas were chosen taking into account the major flows of returnees recorded by UNHCR since 2002. 41% of assisted returnees from Iran have returned to Kabul and Herat Province, whereas 48% of assisted returns from Pakistan settled in Kabul and Nangarhar Province[1].
Altogether these 3 Provinces account for 47% of assisted returns to Afghanistan. Taking into account spontaneous (non-assisted) returns from Iran to Afghanistan, this proportion is even more significant and the 3 Provinces can be considered to account for more than half of the returnees from neighbouring countries.

Sampling Methodology
In order to include a representative sample of the various types of returnee households, a combination of selective and purposive sampling was created for the urban and rural areas, after discussions with key informants and experts in this field.

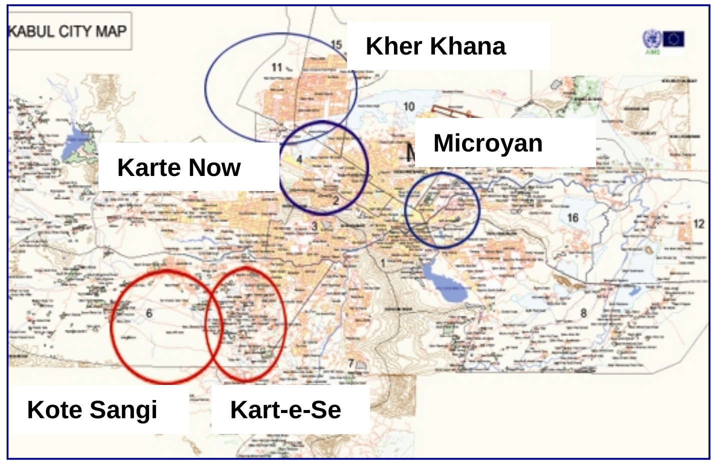
- First, in order to capture the spectrum of industries (controlled sample, detailed in the enterprise survey draft report) and position scale, some interviewees from the Enterprise Survey (conducted among 100 enterprises), employee, or employer, were asked for a follow-up Household Interview. These were designated as the "Enterprise Led Household Interviews", enterprises being used as an entry point in households. Altogether 100 household interviews were "enterprise led": 50 in Kabul, 25 in Herat, and 25 in Jalalabad. This allowed us to capture households with a variety of positions on the social ladder that would probably not have been covered by a random returnee household survey.

- Then, the remainder of the quota per city was sub-divided into urban and rural portions (nearby and remote villages) for a pure household sampling approach as discussed below, with a final target of 65% in urban areas, and 35% in rural areas, spread among 3 villages.

Urban Sampling Methodology
(pure household sampling)
In the urban core, known areas of returnee residents were identified. Then, high (red) to medium (blue) concentrations were marked for starting points. Once at the starting points within the "Returnee Zones," interviewers were asked to use the "snowball" approach, asking for another interviewees' name from the current interviewer. Set number of interviews were allocated to these areas in order to reduce the effect of homogeneity or bias in sampling.

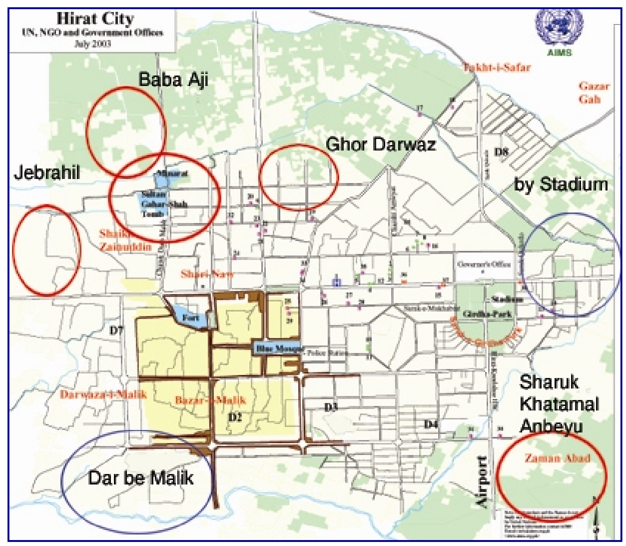
[1] UNHCR Data, April 2006.

The main pockets of returnee residences in **Kabul**, see *Kabul City Map*, include Kot-e-Sangi (high), Kart-e-Se (high), Microyan (medium), Kher Khana (medium), and Kart-e-Now (medium).



The main pockets of returnee residences in **Herat**, see *Herat City Map*, include Baba Aji (high), Sultan Gahar Tomb (high), Ghor Darwaz (high), Jebrahil (high), Shahruk Khatamal Anbeyu (high), the stadium area (medium), and Darbe Malik (medium).

The main pockets of returnee residences in **Jalalabad**, see *Jalalabad Map*, include Behsood (high), Ghaw Chek (high), Najmujahad (high), and the main city center with a medium concentration but vast spread of returnees.

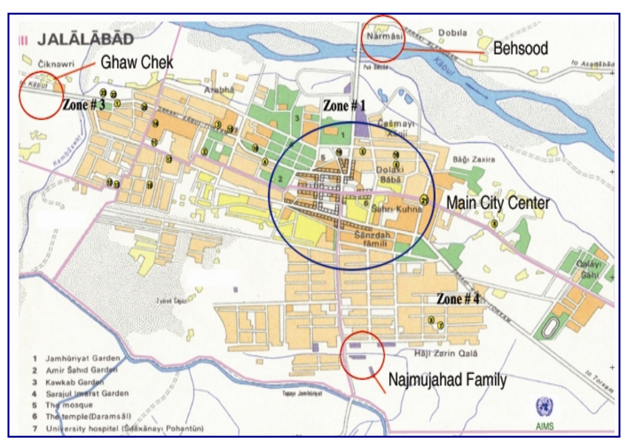


Rural Sampling Methodology

(pure household sampling)

Similar to the urban strategy, villages/rural areas with a high concentration of returnees surrounding the urban centers were identified. Because of the urban sprawl into nearby villages, remote villages were identified.

Following this approach, the sample can be considered as relatively representative of the general population of returnees in these areas. In addition, 4% of the interviews were conducted in returnee settlements and some extreme cases were certainly left aside, since pockets of extremely vulnerable returnees as well as cases of extremely successful returnees have not been specifically targeted (random selection). Despite efforts to target or include the range of returnees, limitations were acknowledged. Hence, special attention was given to the targets for the qualitative tools, i.e. case studies, focus group discussions, and key informant interviews.



1. Socio-Demographic Profile

1.1 General Profile

Age: Interviewees were 14 to 88 years old, with a median at 41 years old. 88% were male, 12% were female.

Ethnic background: 50% were Tajik, 32% Pashtu, 12% Hazara. Other ethnic groups are insignificant.

Household size: The mean number of people in the household is 6.9.

Home ownership: 41% own their house whereas 38% rent. 12% of interviewed households live in a relative's house. Of note, almost 4% of the interviewees live in a camp, 2% under a tent on a desert land, and 1% squat on abandoned land.

Homeless returnees living in a basic resettlement
in Khaikhana, Kabul City

1.2 Access to Basic Facilities

Electricity: **58% of interviewees confirm not having electricity**. These people are present in villages near the city (74% don't have electricity) and remote rural areas (92% don't have electricity). Urban areas seem to have some access to electricity at 56%.

Water: Access to water is better since **58% of the state water is accessible**. This is more likely in urban areas (75% access rate) than in villages near the city (37%) or remote places (28%).

In both cases, interviewees were not asked if water and electricity were provided by the city, and it should be kept in mind that in Afghanistan, including in cities, many households compensate for the lack of public facilities by having their own generator, water pump, and wheel.

Telephone: **32% of households have access to a telephone** which is in line with the penetration rate of the cell phones in Afghanistan. It is to be specified that although 1.2 million cell phones have been sold in Afghanistan over the last 4 years, few households currently have access to a landline. 44% of urban residents have telephones, whereas it is 14% in villages near the city and 9% in remote villages.

1.3 Current Financial Situation

Household expenditure: The mean expenditure for food is 6000 AFGs (120 USD) per month, whereas non-food expenditures are 3700 AFGs (75 USD) per month, for a **total budget of 200 USD** per month. Given that the average household is composed of 9 people (7 children and 2 parents), the monthly expenditures average at 23 USD per person.

Household income: The **mean income is 10600 AFGs (212 USD)** which is just above the mean monthly expenditure of around 200 USD, proving that returnees in the sample have very little savings. Still, responding to the question "do your costs exceed your total income?", only 35% of respondents answered yes, meaning that some among the poorest struggle and are not able to cover their expenses.

This is confirmed by the **distribution of revenue in the sample**:

- The top 10% of revenue makers (400 to 8000 USD per month) earn on average 920 USD per month and can save on average 405 USD per month.
- The other 90% earn less than 400 USD. Their average revenue is 130 USD vs. 150 USD of expenses.
- 35% of households earn less than 100 USD. 92% of them barely break even or do not cover their expenses.

This tends to be confirmed by the fact that a large number (43%) consider themselves poor or very poor. Those who have their expenses more or less equalling their revenue consider their financial status as 'average', which is a fair perception of reality, and they are a majority of the respondents.

What is the current financial status of your household ?	
Very wealthy	0%
Wealthy	5%
Average	53%
Poor	34%
Very poor	9%
N=137	100%

It is still to be noted that the average income of the surveyed sample is far higher than the national average occupational income which on the base of IRC 2003 Labor Market Survey[2] can be estimated at 76 USD /month in urban areas (91$ per household if we consider that 1,2 people per household work in the surveyed sample). Although average income has most certainly increased since 2003, income average figures show that returnees living in the urban areas of Kabul, Jalalabad, and Heart, which economic development has been rather dynamic, are in a better financial situation than average Afghans living in Afghan urban areas.

Working members / sources of income: **75% of the interviewed households have only one source of income,** which means that the breadwinner has a big responsibility to cover

[2] IRC 2003 Labor Market Survey : "A combination of the average business, family and farmers incomes, yields an occupational income of 3,256 Afghanis ($68 US) per month. In the major urban centers, there is an overall percentage increase in the average business income of 60%. However, the family earnings show only a 12% increase above the average."

the expenses for an average of nine people. In 18% of households, 2 people are working. In 4% of the cases, 3 people work.

Revenue distribution was taken into account to create some sub-categories of households in the sample in order to be able to conduct a number of cross-analyses based on income level. The following categories are proposed:

Revenue distribution	Revenue (Afs)	Revenue (USD)	% sample
Very low	0<=4,000	0 <= 80$	32%
Low	4,000<=7,500	80 <= 150$	27%
Average	7,500<=12,500	150 <= 250$	21%
High	12,500<=30,000	250 <= 600$	16%
Very high	30,000<=400,000	600 <= 8000$	4%

Debt situation: **58% had to borrow** an average of 80,000 AFGs (**1600 USD**). This was justified essentially by the necessity to offset very low incomes or to cover health costs for sick family members. Even though debt repayment has not started in almost 90% of cases, the same number of interviewees declared they will do their best to repay their debts completely.

Did you have to borrow some money while in exile?	
Yes	58%
No	42%

N=600

If yes, what are the reasons ?	
Income was too low	28%
Because a family member was sick	28%
Unemployment	24%
Cost of living was too high	24%
To rebuild our house	18%
To invest in a small business	12%
For a wedding	11%
For funerals	4%
To pay for education	2%

N=348

1.4 Education

The following **level of education** was recorded across all surveyed households:

Highest level of education of household members			
	Total	children < 16	adult
Illiterate	**42%**	34%	47%
Primary education	**26%**	50%	13%
Lower secondary education	**12%**	12%	13%
High school	**13%**	3%	18%
University degree	**4%**	0%	7%
English	**0%**	0%	0%
Computer	**0%**	0%	0%
Other	**1%**	1%	2%
N=3340	**100%**	100%	100%

Analysis of the education level shows among other findings that illiteracy in the surveyed households is higher among adults than among children. 70% of children between the ages of 6 and 16 go to school (65% of girls, 74% of boys), 29% of them are still illiterate –see working status of children hereafter-. Among adults, 47% are illiterate, and this crossed with age and gender shows that illiteracy is stronger among the over 40 age group (56,5%), and among women: 54% among adult women under 40, 78% over 40 years old.

This overall picture shows a **positive trend** since the **next generation will be far more educated than their parents**, this being true across genders. Illiteracy among women is expected to be divided by 2 from one generation to the next.

2. Before and After Exile: Evolution of Social Conditions

A set of questions was asked to the surveyed household in order to better understand their situation before exile and compare it to their current living conditions.

2.1 Provincial Mobility

81% of interviewed households were living in the same province as before exile (specific locations were not tested). Among the 19% who changed provinces, 8% were in a neighbouring province, and 11% relocated to another part of the country.

In Kabul Province, only 6% were originally living in another province, mostly in a neighbouring province (Wardak, Logar, Kapisa).

The mobility is stronger for people currently settled in Herat where 30% of interviewed returnees are originally from another province. A large portion of them are from Bamyan, Daikundi and Uruzgan (Daikundi and Uruzgan used to be a single province). Most of them are Hazara Shias who left for Iran, and so far have chosen to stay in Herat either for security reasons (Uruzgan has become a very insecure Province) or for the economic opportunities and better infrastructure available in Herat.

23% of interviewees currently in Nangarhar were initially from another province. Most of them were from the neighbouring provinces of Kunar and Laghman.

This shows relative mobility in the destination of return, mostly to be associated with a desire for better job opportunities, but sometimes also due to real security constraints.

Home ownership: **49% of interviewees** were owners of their houses before exile (vs 41% today), whereas 25% rented a house, and 25% lived in their relatives' house. The evolution is in favour of house rental (38% today), since some have lost their own houses, and there is less house-sharing with other family members than before exile.

2.2 Evolution of Financial Status and Living Conditions

What was the financial status of your household before exile?	
Very wealthy	1%
Wealthy	11%
Average	58%
Poor	27%
Very poor	3%
N=137	100%

Returnees perceive their financial situation as **wealthier before exile than after**. Nevertheless it is to be pointed out that the financial situation before exile for most interviewed households was not extremely good: 58% were average, 30% were poor or very poor. Compared with today's perception of their social status there is **a general drop of 6% in each category of wealth**: Wealthy are 5% (vs. 11% before exile), Average are 53% (vs. 58% before exile), Poor are 34% (vs. 27% before), and the Very Poor are 9% (vs. 3% before).

As their return is recent and the country is still in a reconstruction phase, this statement is understandable. Whether returnees went to Pakistan or to Iran does not impact their current financial status which is perceived as average.

Compared to the period before the exile, do you consider your family living condition is:	
Much better	1%
Better	31%
Same	36%
Worse	29%
Much worse	3%
N=137	100%

When asked to compare their current living conditions with the period before exile, opinions are extremely balanced between positive and negative, with **36% reporting their situation as being the same.**

3. Situation in Exile

3.1 Conditions of Exile

Country of exile: 63% of returnees went to Pakistan, whereas 36.8% went to Iran. The remaining 0.2% (i.e. 1 person) chose Tajikistan as their first country of exile.

Main cities of exile: Peshawar (33%) and Islamabad (5%) for Pakistan, Teheran (21%) and Meshad (5%) for Iran. 1% lived in Dushanbe, Tajikistan.

Type of settlement: **60% of interviewees lived in a city during exile**, 28% in camps, 10% in villages.

Dates of exile: the median departure date was between 1990 and 1991, meaning that half of the interviewees left during the Soviet occupation (the number of those having left before 1979 is insignificant) and the other during the civil war (30%) or the Taliban regime (25%). The median return date was between 2003 and 2004, proving that the returnee flows remained intense from the end of the 2001 until today. **On average, households spent 10 years in exile**.

Decision-making: In 73% of the cases, the **head of household made the decision to leave** Afghanistan. In the remaining cases, the household decided together. The country of exile was essentially selected because it was the easiest to access. Social networks and job opportunities in the selected country and city were also driving forces. In almost 90% of the cases when the head of household decided to leave Afghanistan, he was the one who made the decision to return home.

Financial status during exile is perceived as poor to average (26% 'poor', 65% 'average') during exile by interviewees. When asked **how the current living conditions of their family compares to exile**, 29% consider it is better and 36% the same. Still, living conditions have deteriorated for 35% of households since they returned.

Reasons for return: The main driver is the fact that returnees have been separated from their roots for such a long time that they now feel the need to come back closer to them (70% of answers). A small but significant number of returnees mention that they were forced out of their country of exile (Iran or Pakistan).

Selecting the Location of Return:

Why did you select the current city / village for return ?	
Have a house here	52%
Have some relatives here	47%
Can offer a better education to children here	23%
Can get a job easily here	20%
There is a camp we can stay in	3%
We were given some land	1%
N=600, Multiple answers	

For a majority of returnees, the choice of area for resettlement was based on the presence of their own house or some relatives. Other drivers like the possibility of a better education for children or better job opportunities are also significant, which tends to explain the fact that return was massive in the major urban centres.

For 98% of the interviewees, the current location is their original location of return. They have not lived in any other location since they have come back.

4. Impact of Exile and Perception of Return

4.1 Impact of Exile

In terms of personal, economic, and social assets, **exile brought gains and losses to most households**: Exile not only brought new skills (for 46% of respondents) as well as education, friends and connections, but opened refugees to new ideas and cultural diversity. However, a majority deplore the loss of their peaceful living (59%), as well as to a lesser extent their social relations in Afghanistan, their house or land, some family, some money, and part of their social prestige.

Impact of exile

What did you gain during exile?	
New skills	46%
Education	23%
New friends and connections	20%
New ideas or outlook	19%
Cultural diversity	12%
Money	11%
Other	
Daily working opportunities	6%
Nothing	15%
N=600, Multiple answers	

What did you lose during exile?	
Peaceful living	59%
Social relations	32%
House or land	31%
Family	15%
Money	12%
Social prestige	12%
We lost touch with Afghanistan	12%
Others	
Education	1%
Nothing	3%
N=600, Multiple answers	

4.2 Assessment of Current Situation

Compared to Afghans who did not leave Afghanistan such as your neighbours and friends, is your household's status better, the same or worse?

	Much better	Better	Same	Worse	Much worse
Economic situation	1%	21%	24%	48%	5%
Social status	5%	43%	31%	20%	1%
Educational or skills level	7%	47%	31%	12%	3%
Outlook for the future	17%	63%	11%	9%	0%

In line with other indicators, a majority of surveyed households evaluate their situation as economically worse than other Afghans in their neighbourhood who stayed (53%), but they feel they have a better social status (48%), education, or skills level (54%) and strongly feel they have a better outlook for the future (80%).

It is also to be pointed out that **89% of interviewees have a better or much better outlook for Afghanistan's future** since they arrived. There appears to be a positive trend, in which most returnees know that they have a rather good social status, as well as a good potential in the Afghan economy, although their current situation is still difficult. They have strong hopes for a better future.

5. Integration in the Afghan Labor Market

5.1 Current Working Status Across Returnee Households

An average 1.5 people per household are declared to be working, although only 1.2 receive a salary. This confirms figures given above which showed 75% of households had only one source of income.

Working status of household members:				
	Total	**Count**	children < 16	adult
Employer	**1%**	**39**	0%	2%
Employee	**15%**	**394**	1%	21%
Own account worker (self-employed)	**11%**	**286**	2%	15%
Unpaid family worker	**7%**	**187**	9%	6%
Too young or too old to work	**9%**	**241**	20%	3%
Student	**29%**	**783**	56%	16%
Housewife	**25%**	**675**	8%	33%
Disabled	**0,6%**	**16**	0%	1%
Jobless	**1,2%**	**31**	0%	1%
Other	**2%**	**53**	2%	4%
N= 2705	**100%**	**2705**	100%	101%

Among the 719 working and paid members of the 600 surveyed households, a large portion of them (45%) are either employers or self-employed, which reveals a real entrepreneurial trend among the surveyed returnees.

Children working: Data collected across 600 households also reveals clear trends on child labor: 12% of children under 16 work, mainly as **unpaid family workers (9%)**, which is a very common and accepted form of child labor in Afghanistan. Unpaid family workers can be boys and girls equally, whereas **employed or self-employed children are mainly boys, 5% of them working** either for an enterprise or by themselves, generally as street vendors or shoe cleaners.

As expected, the average income is far lower for children working (3300 AFG, or 66 USD) than among adults (9445 AFG, or 190 USD).

Women working: Cross-gender analysis shows that **only 10% of adult women work**, a quarter of this group being unpaid workers. Most other adult women are housewives (72%), except for a small portion who are students (14%).

In terms of revenue, however, it is interesting to notice that the 66 women working and being paid have an average revenue of 8700 AFG (174 USD), which is not much lower than the average revenue of men in the sample (9300 AFG, or 186 USD). This tends to show that few women work but that their status in the labor market has been relatively well promoted.

5.2 Return and Integration in the Afghan Labor Market:

Finding a job: **80% of interviewees mention they had difficulties finding a job**, stating that it took them on average one to six months to find it. **36% of interviewed workers found a job in less than a month**, 12% in the second month, 9% in the third one. Altogether **90% of workers in the surveyed households found a job in less than 6 months**. Only 7% needed a year to do so.

How difficult was it to find a job back from exile ?		Level of income				
	Total	Very Low	Low	Average	High	Very High
Very easy	**2%**	1%	2%	1%	4%	14%
Easy	**15%**	7%	13%	15%	28%	48%
Normal	**2%**	0%	1%	4%	5%	0%
Difficult	**59%**	59%	64%	66%	51%	29%
Very difficult	**21%**	33%	20%	14%	11%	10%
	100%	100%	100%	100%	100%	100%

There is a clear correlation between the difficulty to reintegrate and the household level of income, since 92% of very low income households found it difficult or very difficult to find a job, vs. only 39% for very high income. 62% of the very high income households found it easy or very easy to find a job vs. only 8% in the very low income category.

Training: 10% of interviewees attended training programs, mostly in English and computer skills. Even though the figures are relatively low, returnees believe it is more of the government's responsibility than NGOs to provide such training.

Networks: Since minimal assistance was available from the government and NGOs, returnees mainly used their personal networks of friends and relatives, as well as professional networks in their field, to integrate in the Afghan labor market. 10% were able to find a job through former employers.

Which was the most important network to find a job?	
Relatives	48%
Ethnic / religious network	7%
Connections made in exile	1%
Professional network	30%
Others	
No network	13%
My husband (for women)	1%
N=600	100%

Networks and ethnic background: Tajiks count more on their professional networks, Pashtuns on their relatives, and Hazaras on their ethnic/religious networks (12% vs. 7% on average). In Nangarhar, returnees (being mainly Pashtun) state that their relatives constitute their most important network (56% there, but only 44% in Kabul). Given that Kabul is the economic capital of the country, professional networks are perceived as equally as important as relatives.

Networks generally helped to **get information about jobs** (46%), or **to get a job** directly (45%).

5.3 Unemployment

Declarations about unemployment revealed some contradictions. When asked about their working status, only 31 people among household members (1.2% of all members, hence 4.3% of the paid working members) are declared as unemployed. However when specifically asked about unemployment across all family members ("If unemployed, why? For how long?") a total of 90 people (11% of the paid working force) were identified as unemployed. We tend to consider this figure to be more reliable. Still, this declared rate of unemployment is far lower than the national average of 32% given by IRC in the 2003 Labor Market Survey .

The average duration of unemployment is **9 months**, although 60% have not been employed for more than 3 months. The main reasons given for unemployment are a **lack of skills** and **social connections** as well as limited **job opportunities**.

5.4 Main Sectors and Occupations

Sector classification of returnee workers / household survey				
ISIC V.4 Simplified classification	**Total**	Av. Income USD	Men	Women
A. Agriculture, forestry and fishing	2%	91	2%	
B. Mining and quarrying	0,3%	350	0%	
C. Manufacturing	13%	125	13%	5%
D. Electricity, gas, air conditioning	1%	194	1%	
E. Water supply; sewerage, waste management	0%	100	0%	
F. Construction	25%	139	26%	12%
G. Wholesale and shops (retail)	20%	287	21%	10%
H. Transportation and storage	7%	145	8%	2%
I. Hotels, chaikhanas & restaurants	2%	187	1%	5%
J. Information and communication	1%	430	1%	
K. Financial and insurance (including banks)	0%	113	0%	
M. Professional & technical activities	1%	100	0%	2%
N. Administrative and support services	0%	120	0%	
0. Public administration and defense	9%	137	9%	10%
P. Education	7%	79	3%	43%
Q. Human health and social work	2%	155	2%	2%
R. Arts, entertainment and recreation	0%	140	0%	
S. Other service activities	2%	176	2%	2%
U. NGO/International Organizations	5%	371	4%	7%
Non specified	5%	215	5%	
N=660		180	N=602	N=58

Three sectors dominate the employment of surveyed returnee households: A quarter of the workers are involved in **construction**, 20% are involved in **shopkeeping and wholesale**, and 13% are in **manufacturing**. The public administration, education, transportation / storage, and NGO sectors are also represented. Overall, returnees are working in a wide variety of sectors.

The average income varies significantly across sectors—from 79 USD in education (P) (where teachers and professors receive low standard salaries from the Ministry of Education), to IT and Communication / Media (J) and NGOs (U), where workers tend to benefit from international standards. Many Afghan media are still funded by the international community, and salaries are relatively high in this sector.

Female returnee workers are concentrated in 4 main sectors: Education represents 43% of job opportunities for women in the surveyed sample, while 32% of women work in the construction, wholesale and shopkeeping, and public administration sectors. Women also comprise a considerable number of employees at NGOs, where an increasing number of positions have been offered through programs with a gender focus in the last 4 years.

Group classification of returnee workers / household survey				
ISCO 88 Classification	Total	Av. Income USD	Men	Women
0. Armed forces	**2%**	112	2,2%	0
1. Legislators, senior officials and managers	**7%**	720	7,0%	1,7%
2. Professionals	**10%**	121	6,0%	50,0%
3. Technician	**6%**	169	5,6%	6,9%
4. Office & customer service clerks	**6%**	217	5,8%	8,6%
5. Shops & market sales workers	**17%**	150	17,4%	10,3%
6. Skilled workers (agriculture)	**1%**	90	1,0%	0,0%
7. Craft & related trade workers	**12%**	166	12,3%	12,1%
8. Plant & machine operators	**6%**	129	6,0%	1,7%
9. Labour workers / elementary occupation	**34%**	122	36,7%	8,6%
N=660	100%	**180**	100%	100%

The job classifications of returnee workers listed above show a domination of **basic occupations / casual labor**, involving more than a third of the household workers. Most of them are involved in construction and manufacturing. In line with the ISIC breakdown (see the above table), **shop and market sales workers (5)** comprise the second group. Together with **craft and related trade workers (7),** it regroups a large number of self-employed workers.

10% of men and a high **50% of women are professionals** (2), mainly involved in **education and public services** (see sector classification above). It is to be noted that women are involved in a wide spectrum of functions, from managers to labor workers.

The income scale reveals very low average revenues for skilled workers in category 6 (agriculture). Interestingly, 4 groups (0, 2, 8, and 9) present a relative homogeneity in terms of monthly income (from 112 to 129 USD) while also containing groups of workers with very different levels of skills and education. A good illustration of this paradox are the low standard salaries applied in the education sector, which barely compare with salaries of labor workers involved in the booming construction sector.

6. Support Programs: Needs and Reality

6.1 Expectations

Returnees came back with high expectations in terms of support programs such as basic needs support, financial support, and employment placement. Both the Afghan government and international agencies were expected to deliver this support.

Expectations on support programs

In returning to Afghanistan what assistance did you expect…

--> From the Afghan Government	
Basic needs support (water, food, shelter)	79%
Financial support	50%
Advice & councelling	1%
Employment placement	47%
Security & freedom	3%
Education for our children	1%
N=600, Multiple answers	

--> From International Agencies	
Basic needs support (water, food, shelter)	68%
Financial support	58%
Advice & councelling	1%
Employment placement	40%
Rebuilding Afghanistan	2%
Nothing	2%
N=600, Multiple answers	

Specifically asked **how they expected to find a job**, returnees counted more on support from the **government (for 80% of them)** than on international agencies (33%). Only 2.5% were counting on networks from exile, while others (28%) thinking from the beginning that they would find a job by themselves.

Most of the interviewees thought that their living conditions would be better upon return than they actually are: 68% thought they would be better; 27% believed that they would be far better.

6.2 Received support:

Did you receive some support in returning ?	
Yes	76%
No	24%
If yes, from who ?	
UNHCR	85%
Government:	13%
IOM	1%
Other NGO	1%
If yes, what type of support ?	
Basic needs	19%
Financial	78%
Advice	3%
Job placement	3%

76% declare having received assistance during their return process. Out of that category, **84% received help from UNHCR**, with support primarily consisting of financial help (around 80-100 USD), wheat, and a tent. In comparison, only 12% received help from the **Afghan government**, which consisted of financial support approximating 80 USD. IOM or other organizations were rarely mentioned; support received by IOM was financial (70 to 100 USD), transportation, or housing construction.

These programs were perceived by 89% of the beneficiaries as being insufficient in the provision of support. For 72% of the interviewees, basic needs were not sufficiently covered. Financial support (for 67%) and job placement (for 51%) were also deemed to be inadequate. The priority for returnees is now to rebuild their financial situation (78%) after having often lost their house or land, and to improve the education of their children (12%).

7. Women and Integration

-see also working profiles of women in *Section 6: Integration in the Labor Market*-

7.1 Evolution of Women's Status

What type of changes happened for the women in your family when they returned ?					
	Improved greatly	Improved some	Stayed same	Got worse	Complete breakdown
Economic or financial situation	1%	12%	61%	23%	3%
Social or cultural situation	3%	42%	46%	9%	1%
Working environment	3%	31%	52%	13%	1%
Living environment	5%	49%	41%	5%	0%
Outlook for the future	15%	55%	25%	5%	0%
Total (average)	**5%**	**38%**	**45%**	**11%**	**1%**

The evolution of women's status within returnee households is perceived as being relatively positive. 43% see improvements, 45% consider it has remained the same, and only a few of the interviewees consider women's status within the returnee household to have declined (an average of 12% on selected criteria). Although the economic situation has not improved much (it has mostly stayed the same when they returned, sometimes it has declined -26%-), social conditions and the living environment have improved or stayed the same, and the outlook for the future is optimistic (it has improved for 55% and improved greatly for 15% of interviewees).

7.2 Integration in the Labor Market

The working environment, in particular, has improved for 34% and remained the same for a majority.

How difficult do women from your household assess their getting employment at the same level as before or during exile?					
Income level	Very easy	Easy	Same	Difficult	Very difficult
Average	**5%**	**25%**	**41%**	**22%**	**7%**
Very low	4%	17%	32%	37%	10%
Low	4%	24%	45%	19%	8%
Average	6%	28%	51%	15%	1%
High	8%	40%	42%	8%	4%
Very high	8%	38%	54%	0%	0%

Integration in the job market is assessed as "difficult" for an average 29% of households, and "easy" or "very easy" for women in 30% of households, while 41% consider the situation to be the same as before return.
Not surprisingly, it is considered easy to find jobs for women of households with the highest income levels (47%), whereas it was difficult or very difficult for households with the lowest incomes.

On the other hand, **these answers are extremely relative**, since the analysis of the employment status of women in the surveyed households (see section 5.1 / Working status of household members) shows that only **10% of women over the age of 16 work**, and a quarter of this small number work as unpaid family workers.

7.3 Needed Programs

To get employed what are the specific elements that female returnees need?	
Skills training	51%
Vocational training	51%
Employment assistance programs	20%
Financial assistance in starting business	20%
Computer courses	18%
English classes	16%
Information on jobs	13%
Cultural or traditional changes	3%
Other females and support network	4%

According to 51% of the respondents, female returnees place the highest priority on **skills and vocational training** in order to be integrated in the Afghan labor market. **Employment and financial assistance programs** are also highly valued and reflect the significant interest among female returnees in entrepreneurial opportunities. Computer courses and English classes are less of a priority but are still in demand.

Rahila, a woman returnee from Iran, is running a home-based school at the foot of Hindokush Mountains, in Salang Area

8. Migrants

Limitations: **Only 4.6% of surveyed households (25 cases) have migrants in their family** who returned back to the country of exile. Despite the limited number of cases, we tried to gain some insight into these migrants' profiles and behaviour.

8.1 Migrant Profile

Migrants come from households with all types of income, including 5 from a household with high income. They are aged from 16 to 50 years old. Median age is 31. Among the 25 identified cases, 20 are men, and 5 women.

14 of them (56%) have no education and are illiterate. Others are literate, and their education ranges from primary to high school.

In only 3 cases is the father the migrant. In other cases, they are the sons or daughters of the heads of household.

Among the 25 identified cases of migrants, 22 are in **Iran** which is the most popular destination. 3 are in Russia, Uzbekistan, and India.

Reasons for leaving: 18 left to find jobs, but 5 left to find a better quality of life. Individual cases mentioned social pressures and getting an education as reasons for leaving. Migrants are said to stay in their country of exile for the same reasons.

They have been in exile for 1 to 30 years; therefore, there seem to be "long-term" migrants.

8.2 Migrant Behavior Patterns

Contrary to expectations, the **migrant does not send back money in 76% of the cases** and is not considered to be the main breadwinner (72% of cases). In the limited cases where the migrant sends money, the amount ranges from 30 USD per week to 500 USD every few months. In 2 cases this constitutes the total income of the family.

There is no real pattern of migration in terms of the duration of stay as migrants can remain permanently in their country of exile or return every few times a year at equal rates. When asked about this situation, most household interviewees respond that they would like the person to come back and settle in Afghanistan.

IV. Afghan Enterprises and Returnees

1. Sample: Approach and Limitations

100 enterprises representing various sectors and sizes (public and private as well as NGOs) were selected in Kabul (50), Nangarhar (25), and Herat (25). A quarter of the enterprises were selected in rural areas. The enterprise sampling followed a purposive approach. The 2 criteria for selection were as follows:
1. Cover the largest range of sectors and sizes. To meet this goal, a list of targeted types of enterprises (e.g. a bakery in Herat, a brick kiln factory in Kabul, etc.) was given to the interviewers.
2. Two-thirds of the enterprises selected should be headed by returnees, in order to be able to analyse their profiles and expectations.

The objective of the sampling was to screen a wide range of enterprises and look at their general situation, employment, market approach, needs, and opportunities, as well as to analyse the profiles and situations of returnees, including the heads of enterprises and employees across all sectors.

In each enterprise, the director/manager was interviewed (in 69% of cases he was a returnee), as well as 1 or 2 employee returnees. Altogether, 100 heads of enterprises and 137 employees were interviewed.

Due to the limitations of the survey (restricted to 100 enterprises in 3 cities), it is not possible to draw any conclusions about a specific sector. On the contrary, the survey demonstrates a number of trends on Afghan enterprises, and provides an interesting outlook on returnee integration patterns.

Iodized salt processing factory in Kabul City

2. Focus on Enterprises: Profiles, Constraints, and Opportunities

2.1 Size

Surveyed enterprises range from 1 to 5000 employees with a mean of 109 employees, the mean being highly increased by the presence of 3 very large enterprises of 720 (a national bank), 1800 (the national agency for electricity), and 5000 employees (a national NGO). The mean is only 34 employees if we exclude these 3 large enterprises.

- Small (under 10 employees): 47 enterprises, with an average of 4.5 employees
- Medium (11 to 50 employees): 30 enterprises, with an average of 24 employees
- Large (over 50 employees): 23 enterprises, with an average of 433 employees

2.2 Establishment and Status

Establishment: 70% of the surveyed enterprises were created after the fall of the Taliban. The average start-up date is 1375 (1996) with the oldest being a sub-office of the Ministry of Education (1304). Among the most recently created, all type of enterprises (large, medium, and small) are represented.

Continuity
71% of enterprises have had continuous activity since their creation, whereas 29% experienced some interruption in their activity. This was mainly due to the Soviet invasion, civil war, and the Taliban for enterprises created before 2002, and to economic difficulties for the ones created after the fall of the Taliban.

Registration

Is your enterprise registered ?	**All**	Small	Medium	Large
Total number of enterprises	**100**	47	30	23
No	**12%**	21%	3%	4%
With the municipality	**21%**	36%	13%	0%
With AISA	**24%**	4%	53%	26%
With Ministry of Commerce	**6%**	9%	7%	0%
With an other Ministry	**37%**	30%	23%	70%

Although **a large proportion of surveyed enterprises reported that they are registered (88%)**, types of registration vary significantly across categories. Only half (51%) of surveyed enterprises are registered with “official” registration services: the municipality, AISA, and the Ministry of Commerce (which used to be the official organism delivering business registration, before AISA was created in 2003).

Small enterprises, many of which are informal, have the largest proportion of non-registered enterprises (21%). More than larger-sized businesses, they tend to register with the municipality or the Ministry of Commerce, while a large portion of medium and large enterprises registered with AISA, an organisation created to facilitate business registration and foreign investment.

Still, across all categories, **more than a third of the surveyed enterprises state that they are registered with the ministry on which they depend** (Culture & Information, Transportation, Public Health, Mines & Industry, etc.). This is the case in particular for large enterprises (some of them being public enterprises, but many others being private businesses registered with a ministry).

These results show that the current state of various enterprises registering at different ministries results from a lack of clarity on the part of the private sector over government regulations concerning registration. This may be (or is) due to the relatively recent move by the government to standardize enterprise registration.

2.3 Investment and Ownership

Starting business: Average investment (USD)		
Per category of enterprises		
Small	Medium	Large
11500	170000	443000

N=80

Initial investment varies considerably across categories of enterprises, from an average of 11 500 USD among small enterprises to an average of 443 000 USD for large enterprises. The largest investors have been pointed out in each category:
- Small enterprise: 50 000 USD for a textile wholesaler in Kabul (5 employees) and 250 000 USD for a wholesaler of agriculture machinery, whereas if we exclude the 5 largest investors, other small enterprises have an average of 2 800 USD in investment.
- Medium enterprise: 1 million USD for a rickshaw & car manufacturer in Jalalabad (30 employees).
- Large enterprise: 5 million USD for a Super Cola drinking beverage company in Kabul (99 employees).

Origin of the Investment

- For 64% of the surveyed enterprises, the owner has directly invested in the firm. Of these enterprises, an average 81% of the capital was provided by the owner.

- For 28% of enterprises, family and friends in Afghanistan provided support with funding. In these cases, they represent 61% of the initial investment.

- For 5% of enterprises, Family and friends living overseas were involved in the investment. Of these enterprises, they represent an average 40% of the funding.

- In 3% of the cases, money was borrowed in the money market (lenders or hawala) but only for small amounts (300 to 1000 USD).

- In 1 case, a bank loan was the source of investment in the firm.

- In 1 case, a loan was granted by an NGO.

Ownership

In a majority of cases, the activity was started by the current owner (52%) or his family (15%), while 30% of respondents could not identify the business founder.

Only one surveyed enterprise has a foreign investor (40% of share, for an agricultural machinery company in Herat). **8 are public enterprises**, while **most of them (91%) are owned by private Afghan shareholders**.

68% of surveyed firms have only one location for the enterprise. Among enterprises with additional locations, some have their headquarters at another address or in another Afghan city (11%). A few of them have other office locations in Pakistan (for 2 of them), Tajikistan (for 1 firm), and in other Afghan cities (for 10 of them). **10 enterprises had sales points in other Afghan cities**, while only **2 had sales points in other countries** (1 in China, 1 in Pakistan).

2.4 Classifications

The classification of enterprises shows a spread across 18 sectors of the ISIC V.4 classification of enterprises. The dominant sectors are **manufacturing** (42%), **wholesale / shops** (9%), **IT & communication / media** (9%), and **agriculture** (6%).

The manufacturing sector covers many types of manufacturing and all categories of enterprises: food products, beverages, textiles, leather, printing, chemical and pharmaceuticals, rugs / carpets, rubber and plastics, metal products, motor vehicles, transport equipment, furniture, and others.

Sector classification of the 100 surveyed enterprises (ISIC V4)	
A. Agriculture, forestry and fishing	6%
C. Manufacturing	42%
D. Electricity, gas, air conditioning	1%
F. Construction	7%
G. Wholesale and shops (retail)	9%
H. Transportation and storage	1%
I. Hotels, chaikhanas & restaurants	3%
J. Information and communication	9%
K. Financial and insurance (including banks)	2%
L. Real estate activities	1%
M. Professional & technical activities	3%
N. Administrative and support services	1%
0. Public administration and defense	1%
P. Education	3%
Q. Human health and social work	2%
R. Arts, entertainment and recreation	3%
S. Other service activities	5%
U. NGO/International Organizations	3%

N=100. *Note: 2 enterprises were in more than 1 sector*

2.5 Clients, Market, and Revenue

64% of surveyed enterprises have a single activity. Only 58% of those interviewed provided the amount of their sales. This is mainly due to 2 obstacles in enterprise surveys that have already been pointed out in other private sector assessments: first, many small businesses do not keep a clear record of their sales, and tend to work on the basis of short-term cash flows with no real knowledge of their sales figures; second, and more often the case, enterprises, including medium and large ones, have become cautious due to the new regulations on business taxes, and refuse to disclose their revenues.

The highest declared monthly sales were 560,000 USD for a construction / electricity company based in Kabul. The mean monthly revenue is 21,310 USD per month among the 57 enterprises willing to indicate their sales. The average profit amounts to 5491 USD per month, or an average of 25% profit.

Client Structure

Quite logically, small enterprises tend to have customers in their immediate vicinity, whereas medium and large enterprises have wider access to Afghan enterprises and foreigners as clients. It is important to note that foreign firms and foreigners in Afghanistan are significant clients across all categories of surveyed enterprises, without being predominant in any case.

Proximity of the clients				
What % of your clients are:	**Total**	**Small**	**Medium**	**Large**
Individuals from the neighborhood	9%	14%	8%	0
Individuals from the city / village	35%	46%	31%	18%
Shops (retailers)	14%	14%	16%	13%
Other Afghan Enterprises	10%	5%	18%	12%
Foreign firms and indiv. In Afghanistan	11%	7%	12%	16%
Foreign firms and indiv. outside Afghanistan	3%	0,4%	4%	6%
N=81, multiple responses.				

Competition

Responding to the question "Who are your competitors?", 67% of surveyed heads of enterprises not so surprisingly answered that their competitors are "other enterprises of the same sector", with 3% specifying "in the neighbourhood". A small number (5%) consider that competition comes from other countries, either from foreign companies in Afghanistan or from imports from neighbouring countries. 21% of surveyed heads of enterprises do not believe they have competitors. Among these, half are large companies.

What is your advantage on your competitors ?				
		Category of enterprise		
	Total	**Small**	**Medium**	**Large**
Lower prices	2,6%	0,0%	4,5%	6,7%
Better quality of products&service	**52,6%**	**43,6%**	**63,6%**	**60,0%**
Better reputation	7,9%	12,8%	0,0%	6,7%
Better network	5,3%	2,6%	9,1%	6,7%
Better location	6,6%	10,3%	4,5%	0,0%
Been here longer	5,3%	7,7%	4,5%	0,0%
Other	19,7%	23,1%	13,6%	20,0%
	100,0%	100,0%	100,0%	100,0%

The main advantage over competitors in a majority of cases is a **better quality of products and services**. Price advantage is rarely considered, whereas reputation, network, and location all play a significant role. Among **other** advantages we find isolated answers like "we provide jobs to women", or "we deliver on time", or "Afghan-foreign collaboration". 17% reported that they don't have a particular advantage.

83% of enterprise heads reported that they do not have any handicap compared to their competitors. Of the ones who have some difficulties in competition, 4% think their competitors have better networks, 6% believe that competitors have better investments, and only 2% think they have lower prices.

Evolution and Perspectives

What is the evolution of your activity in the last 6 months ?				
		Category of enterprise		
	Total	**Small**	**Medium**	**Large**
Increased	59%	57%	60%	61%
Decreased	17%	15%	23%	13%
Remained the same	24%	28%	17%	26%

The evolution of activity is generally positive across all sectors, even extremely positive in large enterprises where nearly two-thirds of interviewees consider their activity to have increased in the last 6 months. Only 17% of interviewed enterprises report that their activity has decreased in the last 6 months. Although our sample is limited, these figures give a very encouraging picture about the health of enterprises across all sizes and sectors.

How would you asses your sector's recent evolution ?				
		Category of enterprise		
	Total	**Small**	**Medium**	**Large**
It is booming	47%	35%	57%	61%
It is increasing	18%	20%	17%	17%
It is stable	18%	26%	7%	17%
It is slowing down	16%	20%	20%	4%
It is disappearing	0	0	0	0

Trends in growth of activity are confirmed through the question above, focusing on the enterprises' sectors. The assessment by heads of enterprises of their sectors is generally extremely positive, with close to half of surveyed enterprises describing their sectors as booming. This rate is extremely high for large enterprises, in which case 61% of respondents stated that their sectors are booming. Only a small portion of interviewees believe that their activity is slowing down (16% on average).

2.6 Interaction with Internationals

There are existing interactions between surveyed enterprises and international organisations or individuals living in the country: 42% of surveyed heads of enterprises regularly or sometimes interact with international organizations or individuals living in Afghanistan, for various reasons:
- 5% have received a loan from an NGO;
- 7% do some business with an NGO;
- 15% have internationals as clients.

A majority (58%) of the surveyed heads of enterprises still state that they do not have any contact with internationals. When it comes to their activities, few of the surveyed enterprises consider that their activity is linked to the presence of internationals in Afghanistan, although as shown above, internationals are part of their client structure.

Among the 3 following statements, which one applies to your activity?				
		Category of enterprise		
	Total	**Small**	**Medium**	**Large**
It has always existed in Afghanistan	67%	80%	52%	61%
It has recently started because of the new needs of Afghans	31%	18%	48%	35%
It has recently started because of international presence	2%	2%	0%	4%

A majority of them state that their activity has always existed, although a significant portion of the medium and large surveyed enterprises think that their activity is connected to new needs of the Afghans, stating that Afghan enterprises have adapted to the new markets.

When asked what they will do **if international aid money stops flowing to Afghanistan**, a clear **90% of respondents reported they will continue the same activity**, and only 4% fear losing their jobs (most probably the ones working in the NGO sector), while 1 isolated interviewee explained he would go back to his country of exile. Without minimizing the importance of the current international support brought to Afghanistan, this shows a certain independence by most Afghan enterprises towards international actors.

2.7 Perspectives

69% of respondents plan to expand their activities in the near future. Expansion options were listed as follows:

If you plan to expand your activity, how will you expand it ?				
		Category of enterprise		
	Total	**Small**	**Medium**	**Large**
Opening a new shop	32%	50%	17%	28%
Buying new equipment	40%	33%	44%	44%
Advertising for new clients	11%	4%	13%	17%
Moving in a better place	17%	13%	26%	11%
N=65	100%	100%	100%	100%

Buying new equipment is the first priority among enterprises that plan to expand in the near future, followed by opening a new shop. It is to be noted that **a majority (50%) of small business owners plan to open a new shop**, while large businesses prefer to invest in new equipment. Advertising is mentioned by medium and large enterprises, but barely by small enterprises. **Moving to a better location**, although it is not a priority, receives significant interest, particularly for medium size enterprises. This can be compared with other private sector assessments done in Afghanistan, which found that many business owners were expressing their interest in moving to an industrial zone with better access to facilities (water, electricity, logistics) or to market places.

The outlook on recruitment is positive in the surveyed sample, since 64% of enterprises plan to recruit more workers. This perspective is even stronger with **medium and large** enterprises, of which an average **76% plan to recruit** in the near future.

Despite this optimism, only 41% of surveyed enterprises were able to give more details about their recruitment plans in terms of profiles to be recruited. Among these 41 enterprises giving details on their future recruitment, most are planning to recruit full-time skilled workers (30 of 41 firms), professionals (13 of 41 firms), and managers (11 of 41 firms).

If you plan to recuit more staff, how many will you recruit and for what type of job							
	Managers	Professionals	Skilled W Full-time	Skilled W Casual	Unskilled Full-time	Unskilled Casual	Other
% of enterprises recruiting	11%	13%	30%	7%	7%	3%	4%
How many (average) ?	2	17*	24	4	23	3	2

*Note: The data on numbers of employees to be recruited in each category should be taken very cautiously, since a very limited number of enterprises were able to answer this question, and some extreme cases can easily distort the average. As an example for full-time skilled and unskilled workers, a large metal manufacturing company is planning to hire 220 skilled workers and 80 unskilled workers. This greatly increases the average for this category.

What are your main reasons not to recruit ?	
	Total
Not interested	7,9%
Too much competition	2,6%
Not enough clients	2,6%
I don't know how to expand	34,2%
I don't know if there is some market potential	7,9%
Not enough funds to expand	42,1%
Government/municipality prevent expansion	2,6%
N=38	100,0%

As the above table illustrates, obstacles to recruitment include an absence of funding as well as limited know-how by some heads of firms on how to expand their enterprises. Many of them are currently limited in their business development skills and require training in management, business development, and marketing. *–On this theme, see also section 2.5 Major obstacles to activity, and Heads of enterprise / 3.6 Support programs-*

2.8 Labor Force and Working Conditions

Current Employment Structure

Enterprises Employment structure

	Average
Total-Nb. of employees	109
Total-Nb.of men employees	86
Total-Nb. of women employees	23
% Paid workers	99%
Status: Permanent	58%
Status: Temporary	42%
Nationality: % Afghans	0,97
Number of hours worked / week	46,5
N=100	

Answers on the employment structure of the surveyed enterprises were limited, due to the lack of precision of most managers on the details of their staff in terms of specific positions, levels of education & related salaries. This lack of precision is in line with a general absence of formalisation of employment records in most Afghan enterprises. It was noticed in other surveys conducted by Altai Consulting with Afghan enterprises that an extensive time (half a day to one day) and interaction with several managers was needed to collect employment information in detail, which was not possible due to the limitations of this study.

However, the key aspects of employment structure could be reported, bringing interesting averages across the sample. **Women are reported to be 21% of employees** (this high score is mainly due to the high rate of women employees in several large enterprises, such as one major surveyed Afghan NGO).

Nearly all employees are **paid (99%),** which is not completely in line with the high prevalence of un-paid family workers in households –see 5.1 Household survey , 7% are unpaid family workers. This can be explained by the fact that most managers prefere to avoid declaring unpaid workers, or sometimes consider their symbolic wages as a form of payment.

Most employees are **Afghans (97%)**, with a high rate of temporary workers (42%). Enterprises employees work in average 46,5 hours per week, which is close to 8 hours per day / 6 days per week, the Afghan standard working hours.

Corporate Recruitment

Afghan enterprises tend to recruit informally through personal networks of employers and employees. **44% of respondents ask friends and family** members if they are available or if they know of others who are. Business networks in Afghanistan are also an interesting source (27%), whereas all other options seem to be secondary. New workers apply regularly (14%), and employee networks are also used (14%). Only 6% of surveyed enterprises use job announcements.

How do you hire workers ?		
Through friends&family		**45%**
Through business network in Afghanistan		**27%**
New workers apply regularly		16%
We ask employees to bring friends		14%
Placing job announcements		6%
Through business network abroad		
	Pakistan	4%
	Turkey	1%
On market places		4%
Through Provincial network		0%
Through religious network		0%
Through returnees network		0%
Through other networks*		1%

* 1 isolated case mentioned the Ministry of Information & Culture

Redundancies

Redundancy is not really formalized in the surveyed enterprises. Only 56% of interviewees need to let go of workers upon occasion.

- Economic reasons: 40% of interviewees did not have any answer to the question "What is the process in your enterprise in case of redundancy for economic reasons?". In 19% of the cases, employees are asked to leave without any compensation, in 18% of the cases employees are warned a month before termination, or they are notified a week before termination of employment (15%).

- In case of a major mistake made by the employee, he/she is asked to leave with no compensation in 84% of the cases.

- When the skills of the employee(s) do not match requirements, employees are asked to leave with no compensation in 48% of the cases or are warned a week before ending work (14%) or a month before (6%). In 5% of the cases he/she will be given a second chance through another job or further training on the job.

2.9 Major Obstacles to Activity

Among the following which are the major obstacles to your activity ? (Categories breakdown)

	No access to finance	No access to electricity	No access to water	No access to telecom.	No access to land	Corruption	No access to transportation	Business licensing	Skills / education of workers	Customs&Trade	Labor regulations	Average
Small Ent.	2,84	2,11	1,73	1,25	1,30	1,58	1,22	1,25	0,89	0,54	0,32	1,37
Medium Ent.	2,64	2,43	1,75	1,82	1,73	1,63	1,00	0,96	0,84	0,85	0,57	1,47
Large Ent.	2,75	2,19	1,90	2,05	1,70	0,84	1,48	0,81	0,74	0,67	0,43	1,41
All enterprises	2,76	2,22	1,78	1,60	1,52	1,44	1,21	1,07	0,84	0,66	0,42	1,41
N	91	94	94	93	100	89	94	92	80	89	93	

Scores: 0=No obstacle, 1= Minor obstacle, 2= Moderate obstacle, 3=Major obstacle, 4=Very severe obstacle

Obstacles to activity have been evaluated through a scoring system, from 0 (no obstacle) to 4 (very severe obstacle). Answers are quite consistent across all categories of enterprises:

Access to financing is pointed out as the greatest obstacle by a large majority of enterprises. This obstacle receives an average score of 2.76 and is considered to be the biggest impediment to their activity and growth for 42% of enterprises (45% of small enterprises).

Access to facilities is the second major obstacle to enterprise activity. Access to electricity is the most critical issue, far more than water or telecommunications. It was viewed by respondents as being the biggest obstacle to activity and growth for 23% of enterprises in average, up to 35% for large enterprises. At this stage in the development of the country, it is important to remember that few Afghan cities benefit from a 24 hour supply of electricity.

Cross analysis per category of enterprise shows a certain consistency across different sizes of enterprises, and it is interesting to notice that small enterprises do not on average have more difficulties than larger ones. Medium size enterprises seem to be having the most difficulties.

Cross analysis per province, on the contrary, shows much local specificity:

Among the following which are the major obstacles to your activity ? (Provinces breakdown)

Province	No access to finance	No access to electricity	No access to water	No access to telecom.	No access to land	Corruption	No access to transportation	Business licensing	Skills / education of workers	Customs&Trade	Labor regulations	Average
Kabul	2,29	2,34	1,60	1,28	1,34	0,74	1,19	0,26	0,62	0,30	0,07	1,09266
Herat	2,76	1,20	1,24	1,84	0,76	0,96	0,80	0,40	0,67	1,41	0,84	1,17037
Nangarhar	3,76	3,14	2,77	2,00	2,64	3,74	1,73	3,62	2,44	0,70	0,68	2,47458
All provinces	2,76	2,22	1,78	1,60	1,52	1,44	1,21	1,07	0,84	0,66	0,42	1,41
N	91	94	94	93	100	89	94	92	80	89	93	

Scores: 0=No obstacle, 1= Minor obstacle, 2= Moderate obstacle, 3=Major obstacle, 4=Very severe obstacle

- *Nangarhar* is overall a province where enterprises meet significantly more difficulties than other provinces (average 2.47).

- *Access to finance* is an issue in all provinces but is a very high obstacle for firms in Nangarhar.

- *Access to electricity*. There are strong variations between Nangarhar, where it is a major issue, and Herat, where the power grid is reliable (see explanation above).

- *Corruption* is not pointed out as being a major issue in Kabul and Herat, whereas it is a major obstacle in Nangarhar, together with business licensing and access to land. Qualitative analysis conducted by Altai Consulting in this province at the end of 2004 showed the extent to which these issues are interrelated since many business owners have to pay bribes when they want to register or buy land.

3. Heads of Enterprises

3.1 Socio-Demographic Profile:

In 69% of the surveyed enterprises, the head of enterprise is a returnee (see purposive sampling in section V.1). Ages of the interviewees range from 19 to 70 years old with a median at 36 years old. 96% were male, 4% female.

In terms of **ethnic background**, 41% of interviewees are Tajik, 37% Pashtun, 13% Hazara. Other ethnic groups are insignificant.

Education
Education levels are on average much higher than the household sample. 26% of interviewees have a university degree, 33% a high school education, 17% lower education, 24% primary school, 11% no education.

Languages
Dari is spoken by 99% of interviewees, Pashto by 74%, English by 31%. This rate is much higher than for employees as well as for the average of households. Dari is read and written by 85%, Pashto by 64%, English by 35%.

Exposure to other countries: All returnee heads of enterprises had obviously traveled to other countries, but that was also the case for 87% of the non-returnees who have traveled to other countries such as Pakistan, Iran and India, and to USA / Canada, China, or the Emirates.

The following sections 3.2 to 3.6 focus on returnee heads of enterprises.

3.2 Before and After Exile: Evolution of Social Conditions

55% of returnees worked before exile; the majority of those who had not worked before exile were too young at that time.

Half of them (55%) changed fields between the period before exile and now.

Professional evolution (before/after): 41% of respondents have a better or far better salary now than they had **before exile**, whereas 18% have the same. 48% have greater responsibilities, 42% receive better or far better respect, 41% have better or far better working conditions and as few as 34% believe work stability is better or far better.

Overall, 53% of the respondents who worked before exile believe their current situation is better or far better than before exile.

3.3 Situation in Exile

Place and Duration

Exile country: 67% were in exile in Pakistan, and only 29% in Iran.

Duration of exile: Range is from 1 to 29 years, with a median at 11 years.

Median leave date is 1369 (1990), which means that almost 50% left during the Soviet occupation (the number of refugees having left Afghanistan before 1979 is insignificant), and the other half during the civil war and Taliban regime. 45% of returnees came back in 1381 (2002), 40% came back between 1382 and 1383 (2003 and 2004).

Education Received

Almost half of returnee heads of enterprises received an education during exile (46%), with half of them receiving it in Pakistan (slightly lower than the amount of people living in exile in Pakistan), with others going to Iran or Europe (10% of them, a high number given that none of them chose a European country for exile. England, Norway and Germany are the three countries mentioned).

Education received: 30% received primary or lower secondary education, 25% went to high school, 19% to college/university (a relatively high number), and the remaining completed foreign language or computer courses.

Specific skills: 71% affirm having received specific skills during exile, including craft and related trade skills.

Work in Exile

89% of returnees worked during exile. Of those who didn't work, most justify it by saying they were students. The lack of skills to work is only mentioned in one case.

Field of activity: 36% of returnee heads of enterprises worked in the same field during exile as they do now, while 64% of them were working in a different sector. The respondents' choice of sectors for employment during exile were extremely pragmatic and are detailed as follows:

Sector of activity during exile:	
A. Agriculture	3%
C. Manufacturing	14%
F. Construction	16%
G. Wholesale, trade, shops	41%
I. Hotels	3%
J. Information & telecommunications	8%
K. Finance & insurance	3%
L. Real estate activities	3%
P. Education	8%
U. NGO / International organizations	3%
N=37	100%

3.4 Impact of Exile and Perception of Return

How can you compare your situation today with your situation in exile?							
	+	Far better	Better	Same	Less Good	Far less good	-
Your salary	46%	8%	38%	10%	33%	10%	43%
Your responsibility at work	59%	10%	49%	26%	13%	2%	15%
The respect you get at work	74%	23%	51%	15%	10%	2%	12%
The working place and conditions	47%	7%	40%	15%	26%	13%	39%
The stability of work	54%	18%	36%	21%	20%	5%	25%
Overall your professional situation	**62%**	8%	54%	7%	30%	2%	**32%**

In general, respondents have experienced positive professional development from exile to return. On all indicators proposed (salary, responsibility, respect, working conditions, and stability of work), positive opinions are stronger than negative ones.

46% of returnee heads of enterprise have a **better salary now than during exile**. The difference in standard of living between Afghanistan and the countries of exile (Pakistan/Iran), however, needs to be taken into account in the analysis. In terms of responsibilities, **59% believe they now have better or far better responsibilities** (85% if we include 'same'). **74% state they receive better respect**, which is understandable given that they are now in their 'home country' and no longer suffer from discrimination. Concerning working conditions, the numbers are less explicit as only 45% declare that their conditions have improved ('better' and 'far better'). Work stability has also improved for 54% of respondents.

Overall, respondents seem to be quite **optimistic about their situation**, as 54% believe it is better than in exile, and 8% believe it is far better. Only 32% believe it is worse.

Exile as an Advantage or a Disadvantage in the Labor Market

In line with general positive feedback on their return, 83% of returnee heads of enterprises believe **exile gave them an advantage** in their work over the Afghans who stayed. The main advantages include better education, learning to work in another country, learning English and computers, and also bringing back money to invest.

If exile gave you an advantage for your present life, in what way?	
I received a better education	39%
I have learned to work in other countries	21%
I have learned english	21%
I have learned to use a computer	14%
I have earned some money that I can invest	14%
It gave me some job opportunities	11%
I have learned other languages	7%
I can more easily do business with internationals	7%
I can more easily export products	5%
It gave me professional experience	5%
I have developped some network in other countries	4%

N=57 - Multiple answers authorized

Those who believe exile put them at a disadvantage (only 9%) mention that they lost their land or house and a lot of money during that period.

3.5 Integration in the Afghan Labor Market

45% of returnee heads of enterprise declare having had some or much difficulty in finding a job. 23% did not have any difficulties. To explain why they selected the current business, interviewees mainly mention that their skills are adapted to the field (53%), or that they work in the family business (18%).

Why did you select the current activity ?	
My skills correspond to this activity	53%
It was a family business	17%
There is a high demand for the product / service	9%
There is a prevalence of this activity in this city	5%
It is easier than other businesses	3%
I was supported / trained by an organization	3%
I have no other choice	7%
There is a good salary / revenue	2%

N=81

Despite having difficulty in finding their current jobs, **89% of respondents consider their current positions to be their preferred choice**. Among those who are not fully satisfied, 2% would have preferred to be hired by another company but did not get an offer and 7% would have liked to start another business but did not have the necessary funding or access to clients.

Role of networks to reintegrate: Personal networks were used to create a new enterprise or find a position by 37% of respondents (13% through family, 14% through friends). Networks from professionals of the same sector were mentioned only by 5% of respondents. Still, 32% of returnee heads of enterprise stated that they did not have any particular connections. Returnee networks are perceived as an advantage in creating a business by 40% of respondents, while 60% do not believe it helps.

Urbanization Pattern

50% of interviewed returnee heads of enterprises were living in rural areas before exile. Of this group, fewer than half returned to their home village. Most returnees who did not return to their former homes listed the destruction of their houses, the lack of job opportunities in rural areas, and the expectation for a higher quality of life in cities as their reasons for not returning.

3.6 Support Programs in Exile and Today

Support Received upon Return

Among the interviewed returnee heads of enterprises, **45% benefited from a UNHCR return support program**. Others did not receive any support for return. One came back from Germany on his own. This limited access to return programs can be explained by the fact that heads of enterprises have overall a better social condition than the majority of returnees, and some of them were able to come back on their own without going through any type of return program.

Support to Create Their Own Enterprise

Only 7% of interviewee heads of enterprises (7 individuals) received some business funding to create their own activity. The sources of funding were the following:

From which organization did you receive business funding ?	
	Nb of cases
Relief international	2
IOM	1
The UN	1
An international organization	2
A friend	1
Total (out of 100 heads of enterprise)	7

Access to business development services is extremely limited (see also 2. Focus on Enterprises / major obstacles to activity, in the same report). Access to city electricity is limited to 59% of respondants –and often insufficient since not available all day long-, city water is available for 50%. 20%of interviewed heads of enterprises have had access to banks, but other services micro-credit loans, insurances, training are rarely available in the surveyed sample of enterprises. None of the interviewees had had access to employment service centers, which shows the limitation of this service, at the time being, among Afghan enterprises.

Do you have access to the following services (BDS) ?	
	Yes
City electricity	59%
City water	50%
Bank	21%
Micro-credit	6%
Insurances	5%
Training	8%
Employent placement agencies	0%
Nothing	22%

N=88

Support Required

92% of interviewees affirm requiring support today to develop their activity: In line with the main difficulties expressed for their enterprises, they primarily expect support in the form of access to **banking services & loans** (73%). To a lesser degree they also express the need for management training (15%) (e.g., business development, finance, and marketing).

What kind of support would you mostly need to develop your activity ?	
	%
Access to credit banking	73%
Training for you (manager)	15%
Access to industrial park / marketplace	5%
Training for your team	4%
Better access to government services	2%
Others : "grants"	1%

N=85

When asked to prioritize specific training needed to develop their activities, vocational training is the dominant answer (30%), but a significant percentage of surveyed heads of enterprises also expressed the need for technical management training—general management, business development, and training in finance and marketing are highly expected. Surprisingly, English and computer courses come at the end of the list, probably due to the recent development of numerous English and computer centers in the main Afghan cities that make these courses available to a larger public.

What kind of training would be the most useful to develop your activity ?	
	%
Vocational training	30%
Training in management	15%
Training in business development	15%
Training in finance	15%
Training in marketing	12%
English courses	2%
Computer courses	1%
Others *	5%
Nothing	0%

** 1% proposes modern construction workshop, 4% ask for loans.*

3.7 Focus: Opinions on Returnees Creating Enterprises

In this section, the non-returnee heads of enterprises were asked several questions about their opinions on returnees creating some activity in their sector. It is to be noted that only 31 interviewees were concerned about this section, so it is not statistically significant. It can nevertheless be used to identify main trends.

Returnees Establishing Businesses in the Same Sector

39% of interviewees have seen returnees creating some enterprises in their sector. In terms of an ability to start businesses, 20% state they are stronger than non-returnees, while 35% believe there is no difference and 45% state they are weaker.

→ Those who perceive returnees as ‘weaker’ justify it by mentioning that they lived in bad conditions in exile, that they don’t know Afghanistan well enough, and that they don’t have any professional network.

→ Those who perceive returnees as ‘stronger’ believe they received a better education and brought back specific and adapted skills to the Afghan labor market.

3.8 Focus: Perception of Returnee Employees by All Heads of Enterprises:

Professional Skills

51% of interviewed heads of enterprises consider **that returnees have better skills** than Afghans who stayed. Among the advantages pointed out, the main ones are:

- broader professional experience (18%)
- better understanding of the job function (13%)
- better skills (11%)
- they can speak English (5%)

18% of interviewees reported that returnees have similar skills while 31% think they possess fewer skills than the Afghans who stayed. The main handicaps pointed out for returnees in general are:

- the loss of their property (20%)
- the lack of opportunities to work in exile (21%)
- the loss of money (9%)
- their limited knowledge of Afghanistan and sometimes unadapted ideas (9%)

Future Recruitment

47% of heads of enterprises are willing to **recruit more returnees in the future**, twice more than the ones who state they will not continue to recruit returnees. Skilled workers (47%) and professionals (28%) are the ones who are most likely to be recruited.

On the other hand, only 52% of interviewees are willing to recruit returnees rather than non-returnees (48% state the opposite), **therefore it seems that, on a professional level, there is no real discrimination in favor or against returnees.**

Key Economic Sectors of Integration

When asked about the chance for returnees to reintegrate in the Afghan labor market, returnee heads of enterprises mention several sectors in which returnees have some advantage:

In which economic sectors in which you consider returnees have an advantage?		
C. Manufacturing	**24%**	**17**
C13. Textiles & carpets	*6%*	*4*
C16. Wood & products of wood	*6%*	*4*
C32. Others	*13%*	*9*
F. Construction	**31%**	**22**
G. Wholesale & retail	**19%**	**13**
J. Information & communication	7%	5
M. Professional, scientific and technical	4%	3
N. Administrative & support service	1%	1
P. Education	6%	4
S. Other services	1%	1
U. NGO/ International organizations	3%	2

N=70

In terms of barriers to re-enter the workforce/market, Public Administration (O) and Wholesale / Trade and Retail were pointed out as difficult sectors for returnees to be integrated.

Migratory Patterns

When asked if some of their employees decided to go back to their country of exile, **only 16%** of them answered positively. Skills of the known migrant employees cover a wide range of professional groups:
- Engineer, journalist (Category 2, Professionals)
- Technician (Category 3)
- Shopkeepers, cooks (Category 5)
- Craft workers (carpet weavers, shoemaker, Category 7)
- Labor workers in building and manufacturing (Category 9)

Among the reasons given for going back into exile are 'better salary abroad' (38%) or 'better working conditions' (24%), as well as anecdotally "better social conditions", and "family is still abroad". Iran and Pakistan were the only countries mentioned as the countries to which they had returned.

A significant portion of returnees are involved in wholesale and retail. Here, small grocery shop in Kabul Bazar

4. Enterprise Employees

4.1 Socio-Demographic Profile

Profile

Of the 100 Afghan enterprises surveyed, 137 returnee employees were interviewed (see 1. Enterprise sampling section, above).

Altogether 87 employees were interviewed in Kabul (63%), 27 in Herat (20%), and 23 in Nangarhar (17%). 115 were interviewed in cities (84%) and 22 in rural areas (16%).

It is interesting to note that of this sample, only 55% were living in a city before exile, while 83% live in a city today, which confirms that **there is a trend towards urbanization for returnees**.

Interviewees are 16 to 62 years old, with a **mean age of 31 years old**. 121 are male, 16 are female.

In terms of ethnic background, **47% are Tajik, 23% Hazara, and 21% Pashtun**. Others groups are insignificant.

93% can speak Dari, 54% Pashto, 13% Urdu, 3% Hazarigi and 14% say they speak English. **30% are illiterate**, but reading and writing rates are far above national estimates:

- Dari is read by 64% of the sample and written by almost 60%.
- Pashto read by 43%, written by 34%.
- English read by 16% and written by 15%.
- No other language reaches more than 5%.

In terms of education, 48% have 'very low education' (none, vocational training, or primary education), and only **11% have a university degree**.

There is a natural and logical variation in education and literacy compared to heads of enterprises. Still, the average surveyed employees are above the national level of education and literacy.

4.2 Before and After Exile: Evolution of Working Conditions

Prior to Exile

48% of interviewed employees had worked before exile. The ones who did not work at that time were generally too young to do so, or still studying (82%). 46% of the ones who were working before exile were in the same fields as they are in today.

How can you compare your situation today with your situation before exile?							
	+	Far better	Better	Same	Worse	Far worse	-
Your salary	26%	3%	24%	14%	51%	9%	60%
Your responsibility at work	36%	5%	31%	38%	22%	4%	26%
The respect you get at work	59%	12%	48%	23%	16%	3%	18%
The working place and conditions	46%	7%	39%	20%	32%	2%	34%
The stability of work	43%	4%	39%	33%	23%	2%	25%
Overall your professional situation	**54%**	6%	48%	12%	33%	2%	34%

N=122

In general, respondents find that their professional lives have improved in comparison to their situation prior to exile.
52% consider it to be better or far better, 10% the same, while 35% consider their situation today to be worse than it was before exile. This positive development is confirmed across various proposed indicators:

- *Salary* is the same or better for 60% of interviewees.
- *Responsibilities* are the same or better for 77%, which is also due to the fact that they are older and more experienced than before exile.
- *Respect* at work is better for 51% of interviewees, the same for 29% of them.
- *Working conditions* are better for 38%, the same for another 38%.
- *Work stability* is better for 35% of interviewees, the same for 40%.

4.3 Situation in Exile

Exile country: 46% went to Iran, 52% went to Pakistan, only 1 went to Turkey and 1 to Uzbekistan. No countries outside Asia are represented in the sample.

Time spent in exile: 2 to 15 year range, median is 9 years.

Leave & return dates: 1372 (1993) is the median (in the middle of the civil war). 5% left before the Soviet invasion, 31% left during the Soviet occupation, 30% during the civil war, and 35% during the Taliban regime. 97% came back after 2001. Only 3% came back during the civil war or Taliban regime.

Education: **33% of the interviewed employees and 46% of the heads of enterprises received education in exile.** Half of the people who received an education were in Pakistan, and the other half were in Iran. High school and university degrees represent 50% of the education received.

What kind of education did you receive during exile	
	%
Primary education	22%
Lower secondary education	40%
High school	13%
University degree	9%
Foreign languages	9%
Vocational training	5%

N=45

Although only one-third of the interviewed employees received their education during exile, many (67%) were able to learn specific skills, from management to craft and trade-related work.

What specific skills did you learn during exile?	
(ISCO 88 classification)	%
1. Management of small enterprise	2%
2. Professional (engineer, doctor, teacher)	9%
3. Technician (physical science & engineering)	4%
5. Service worker	5%
6. Skilled worker in agriculture & fishery	5%
7. Craft & related trade worker, of which:	51%
71. Mines & building worker	*9%*
72. Metal, machinery & related trade worker	*7%*
74. Other craft & related trade worker	*19%*
8. Plant & machine operator	12%
9 Elementary occupation in consruction, manufacturing	11%
N=92	100,00%

89% of the interviewees worked during exile. The ones who did not work were either too young at that time (7%) or had other family members working. Among the ones who worked, only 33% were in the same field as they are today: this shows how flexible returning workers had to be in their job search during or after their period of exile with regards to their field of activity.

4.4 Impact of Exile and Perception of Return

Was it advantageous or disadvantageous for workers to return from exile and re-enter the Afghan labor market? Answers to this question are mixed but positive overall, since **53%** believe exile gave them an **advantage** (compared to 83% for heads of enterprises), while 35% believe it put them at a disadvantage.

Those who believe exile put them at a disadvantage mention that they lost their money or their property (65%), could not get an education (10%), no longer had a professional network (6%), or do not have the requisite skills to work in Afghanistan (6%).

Respondents who asserted that returning from **exile was an advantage** mentioned several reasons: "new skills learned" was the primary answer given, far in front of "better education" which was the leading advantage for enterprise heads. Learning English and working in another environment were also significant assets.

If exile gave you an advantage for your present life, in what way?	
I learned new skills	54%
I received a better education	12%
I have learned english	11%
I have learned to work in other countries	10%
I have earned some money that I can invest	4%
I have learned to use a computer	3%
I can more easily do business with internationals	1%
I can more easily export products	1%
Other	3%

N=73

Although they had difficulties finding a job, all in all returnee employees consider that their overall **professional situation is better than during exile (54% better or far better),** where only 34% have a negative perception (33% worse, only 2% far worse). The balance is therefore positive in terms of integration. The issue of respect in particular is a considerable improvement, since 59% of interviewed returnees believe that they gained some respect at work upon their return. The main negative point is that **salaries are considered to be lower** than in exile by 60% of the respondents, whereas only 26% think they are better or far better.

4.5 Integration into the Labor Market

50% of the interviewees stated that they had **"many difficulties" in finding a job**, while 27% had "some difficulties" when they first returned to the Afghan labor market. This is to be **compared with returnee heads of enterprises**, being generally one step higher in the skills and education ladder, among which only 45% had some difficulty in finding a job.

Current occupation

Breakdown of employment categories	
1. Managers	5%
2. Professionals	12%
3. Technicians	2%
4. Office clerks	10%
5. Service & shop workers	5%
6. Skilled workers	5%
7. Craft & trade workers	17%
8. Plant & machine operators	7%
9. Labor workers	35%

For 77% of respondents, their current occupation is the first job they found on arrival. As mentioned above, 77% of the interviewees had some difficulty finding their first job.

Why did you select the current activity ?	
My skills correspond to this activity	56%
I had no other choice, I needed to work	15%
It is a family business	9%
There is a prevalence of this activity in the city	7%
It was easier than other activities	6%
It is an interesting job	3%
There is a high demand for this services & products	2%
I was supported by an NGO	1%

N=137

Although many of the interviewees had no choice but to work straight away, their current jobs are generally their **first choice (73%)**. Of the ones who had the option to be more selective, 40% would have liked to have been hired by another enterprise but could not because there was no job offer, or they did not have the network, and 51% would have liked to create their own business, but mainly did not do it due to the lack of funds.

Networks

For over half of the respondents, networks consisting of family or friends assisted them in their integration into the labor market (more than professional networks, which were used by only 11% of respondents).

Did you get help from a network to find your job ?	
No particular connexion / network	41%
Friends network	32%
Family network	16%
Professional network	11%
Ethnical network	2%

N=137

Perceptions of Returnees' Situation

On a professional level, returnees in general are perceived by a majority of interviewees (52%) as having an advantage over Afghans who stayed, while only 32% felt it to be a disadvantage, which is in line with the perception interviewees have of their own situation.

On an overall level (be it social, professional, or personal), interviewees consider **30% of returnees to be in a better situation**, while 22% believe they are in a similar situation as before exile. **48% are worse off than before**. This signifies that although they came back with some skills and the potential to take advantage of the job market, many returnees have lost far more than a job, and their general situation remains precarious.

Exile countries are a key driver in granting a better situation to returnees. While Europe and Canada are seen as a booster for integration by 79% of interviewees, Iran and Pakistan are seen as countries of exile that maintain or worsen the returnees' status.

Among the following countries, from which would you say that returnees have:			
	A better situation than before exile	The same situation as before exile	A worse situation as before exile
Iran	7%	23%	**60%**
Pakistan	3%	44%	**28%**
Tajikistan	1%	7%	1%
Turkey	1%	1%	1%
India	0%	1%	1%
European countries	**37%**	0%	0%
USA / Canada	**41%**	0%	0%

Overall, US/Canada and EU countries are perceived as socio-economic boosters, whereas exile in Pakistan was slightly detrimental and exile in Iran more of a burden than an asset.

Dominant Sectors of Employment for Returnees

What are, in your opinion, the main types of job that returnees have a chance to find today ?	
ISCO 88 Classification, Group % and *main sub-groups mentioned*	
2. Professionals	**2%**
Engineers, teachers, writers	
3. Technician	**8%**
Administration & computer	
4. Office & customer service clerks	**8%**
Miscellaneous	
5. Shops & market sales workers	**2%**
Cooks and shop keepers	
6. Skilled workers	**2%**
Crop & animal producers	
7. Craft & related trade workers	**24%**
In construction, metal, weavers, tailors, shoe makers	
8. Plant & machine operators	**9%**
In metal, mines, rubber & plastic, and as drivers	
9. Labour workers / elementary occupation	**45%**
In construction (25%), manufacturing, street vendors	
Multiple answers possible, N=185	100%

Perceptions of opportunities for returnees show that returnee employees tend to see themselves in general as being quite low on the job classification scale (78% in Categories 7, 8, and 9). Dominant jobs are as labor workers in construction and manufacturing, as well as in specific craft-related or technical jobs like metalworkers, weavers, tailors, shoe makers, or drivers. Access to higher categories is viewed as being more limited, since only 11% of answers cover Categories 1, 2, and 3. Respondents do not consider positions like managers to be accessible by them.

These figures also tell us a lot about **perceptions returnee employees have of their status**. Most of them come back from Iran and Pakistan, and have an average to low position on the social ladder. Therefore, they do not really consider high level functions as accessible, and do not take into account the most successful of the returnees—often coming back from western countries—as being part of the "returnee" category. This rather negative perception of the concept of "returnee" (often seen as low on the social ladder) is to be pointed out for future programs and public information campaigns.

4.6 Support Programs

Received Programs

46% of the surveyed employees declare that they have received some support during the return process. This is for most of them a basic support package. Only 10% benefited from training programs:

- 3% received English & computer courses
- 3% (4 interviewees) received specific training in management, banking, tuition, and journalism.
- Others reported that they received some sort of training, including mine awareness training, which was generally given during the integration process at UNHCR camps.

Only 8 of the 137 interviewees received training that helped them in their professional integration.

Expected Programs

What kind of program could help you improve your professional situation today?				
	Much needed	Needed	Not needed	Don't know
Access to finance to create my own business	75%	15%	7%	4%
Access to finance for personal needs	37%	49%	10%	5%
Vocational training	34%	34%	21%	11%
Employment service	32%	19%	33%	16%
Training in English	18%	27%	37%	18%
Training in computer use	16%	27%	38%	19%
Training in management	10%	24%	39%	27%

N=137

As is the case for returnee heads of enterprises, access to financing for business or personal needs remains the most important issue. It is interesting to see that 89% of returnees currently employed in an enterprise would create their own businesses if they could gain access to funding. There seems to be a real aspiration for entrepreneurship in the selected sample.

Vocational training is also extremely popular (needed by 68% of interviewees), while more than half of the returnee employees would also need employment service.

Computer and English courses as well as training in management don't seem to be that significant to get a job since 37 to 39% of interviewees perceive them as unnecessary for the labor market. This is also due to the fact that a large portion of the interviewees are in more basic jobs (69% in the categories 5 to 9 of ISCO 88 classification), where these "sophisticated" skills are not seen as a priority in the current Afghan context.

When asked to choose among the options proposed above "**What is most important for you**", 50% report **business funding** and 23% **employment service** as their top priority.

Program providers: The government (51%) and NGOs (31%) are perceived as legitimate providers of such programs. The government is identified as the legitimate provider of employment service and vocational training, whereas NGOs should provide English and computer courses. Only 10% of respondents view their employer as a legitimate supporter of programs for returnees. Similarly, only 7% of respondents believe that private agencies are responsible for such programs. Notably, **one-third of the interviewees would be willing to pay** for some form of training.

4.7 Focus: Visions of the Future and Migratory Patterns

Afghan returnees seem to be very optimistic for their country's economy: **75% believe it will improve** and only 11% think it will worsen.

This optimism is confirmed by returnees' strong preference for staying in Afghanistan (76%) if given the choice between working here for the rest of their lives or going abroad.

Have you already thought about going back to your country of exile ?						
Level of education X returning back to exile	+	Often	Sometimes	Not really	Not at all	-
No education	20%	3%	17%	17%	64%	81%
Vocational training	0%	0%	0%	0%	100%	100%
Primary education	31%	17%	14%	28%	41%	69%
Lower secondary education	28%	4%	24%	36%	36%	72%
High school	31%	3%	28%	31%	38%	69%
University degree	33%	7%	27%	27%	40%	67%
Average	**28%**	7%	20%	26%	46%	**72%**

N=137

Going back to the country of exile is often considered by a sizeable minority (28%). Cross analysis with education level shows a slight difference between non-educated and educated people. Returnees with no education or only vocational training are the most likely to stay whereas more educated returnees may be tempted to return to their exile country.

The reasons for staying are clear for most interviewees: 70% of interviewees insist that "Afghanistan is my country". As most of them have spent a very long time abroad (the mean length of exile is 9 years), their desire to remain close to their roots is understandable. 25% point out that their house is in Afghanistan.

The main reason for leaving is a *safer and easier* life abroad for 24% of the respondents.

For the few who consider leaving, the preferred destinations are Iran (29%), European countries (26%) and Russia (26%), as well as USA / Canada (10%). No clear reason justifies these choices, however 'easier access to jobs', 'better salaries' and 'better quality of life' seem to be leading factors.

Overall is the current situation in Afghanistan…?	
Far better than you were expecting	6%
Better than you were expecting	29%
Same as you had expected	32%
Not as good as expected	32%
Far worse than expected	2%
N=137	100%

Overall, expectations of return have been pretty much fulfilled since 35% find the situation better or far better than expected and 32% think it is as they had expected.

Despite the constraints of exile and return, 36% believe their economic situation is better than their parents, 39% find it to be similar, and only 25% think it is worse. This tends to show that in a large majority of families, exile did not create an economic breakdown and on the contrary allowed some of them to go up the social ladder.

How do you compare your economic situation to the one of your parents?	
Far better	2%
Better	34%
Same	39%
Worse	17%
Far worse	8%
N=109	100%

V. Existing Support Programs and Key Lessons after Four Years

A number of return and reintegration programs were developed in the last four years to encourage the return of Afghan refugees from neighboring countries, but also from Europe and other parts of the world. These programs address, in their conception, several types of returnees, from the most vulnerable to the most qualified.

A brief analysis of the key integration programs is provided hereafter, in order to better understand how they complement each other in the integration chain and to discover what lessons can be taken from all of them. The following analysis is based on interviews with the managers of these different programs, as well as on field research and case studies.

1. Return from Neighboring Countries

1.1 UNHCR Repatriation Program

In terms of the number of beneficiaries involved, the most important assistance program developed in Afghanistan is the UNHCR Repatriation Program, which was also in the last four years the largest repatriation project ever implemented in the world. It targets predominantly returnees from Iran and Pakistan and assisted 4 million people in returning from exile. This program mainly consists of arranging the transportation from neighboring countries to Afghanistan and in the allocation of a basic support package, including blankets, tents, food, water and fuel.

This program, as well as other "pure return programs" involving the MoRR and IOM will not be detailed in the present study since they are not, by nature, labor market integration programs. Instead, we will focus on programs that include an integration component: some combining return and reintegration, some focusing only on returnees' reintegration, some being general integration programs, with others addressing vulnerable target groups (such as women or the disabled) or former combatants.

1.2 Integration Components

UNHCR's main focus since the beginning of 2002 has been the repatriation of Afghans from Neighbouring countries, mobilizing massive resources (over 350 million USD from 2002 to 2005). However, in order to support the most vulnerable returnees in their reintegration, the organization has developed complementary programs such as Shelter & Water management, as well as Cash for Work projects (CFW), Income Generating Activities (IGA), and Vocational Skills Training (VT). These programs were developped in collaboration with the MRRD and a number of local and international Implementing Partners (NGOs). Vocational Training program represented 6,5% of UNHCR total budget from 2002 to 2005 (23 million USD).

As an example, in 2004, 53 Cash For Work projects and 39 Income Generations or Vocational Training projects were implemented through partner NGOs around Afghanistan. Most projects focused on small-scale animal husbandry projects, carpet weaving, craft making, carpentry, and community market-oriented agriculture. For these projects, UNHCR focuses on rural areas where job opportunities are scarce and on the most vulnerable members of the communities.

Beneficiaries' profiles are recorded at their entrance in Afghanistan in the UNHCR Assistance Centers, through a key document, the VRF (Voluntary Repatriation Form) which allows the UNHCR to qualify the most vulnerable among returnees at their entry on the Afghan territory.

However the identification of target groups for support programs is mainly done once the returnees are settled in their final location, by local offices of UNHCR and MoRR. In that sense, registration in UNHCR Assistance Centers cannot be considered as an entry point for support programs, as it is the case for some return & reintegration programs developped by other organizations (e.g. ILO). On the contrary, Assistance Centers are a place for returnees to get informed on available programs such as Employment Services Centers.

UNHCR is also involved in the coordinated efforts on Employment Services Centers, together with ILO, MoRR and MoLSA (see specific section below).

Rahima, a female head of household, weaving carpet to support her five-member family in Kabul

1.3 Integration of IDPs

Specific projects for the integration of IDPs (Internally Displaced People) were developed by IOM in coordination with MoRR, UNHCR, FAO, and WFP.

IOM's IDP Voluntary Return Program combines 2 main components:

- operations, including the logistics of return in addition to a basic support program
- an integration component

In most cases, IDP groups are identified by the MoRR and their cases transmitted to IOM, which looks for opportunities of return. This includes meeting the local authorities of the targeted return village to confirm the acceptance of returnees, and to ensure that returnees will not face a protection issue.

Once settled in their village, the IDP returnees benefit from a reintegration package including basic goods and agricultural material to be able to restart a basic agricultural activity. Specific reintegration programs are then proposed to returnees, targeting, as is the case for UNHCR programs, the most vulnerable returning to rural areas. These projects include:

- Income generation projects
- Livestock projects
- Community rehabilitation projects
- Shelter and irrigation projects

- "Cash for Work" projects
- Literacy training courses
- Vocational training

Although most of these projects target IDP returnees, they also benefit the rest of the community (e.g., through infrastructure projects). It is to be mentioned that in some villages, non-returnees complain against favoritism toward returnees, and in some instances other vulnerable groups that already live in the village do not receive any assistance. To address this issue, implementation agencies are trying more and more to include the most vulnerable among the beneficiaries of initially IDP-focused programs. At this stage, IDP programs do not have specific linkages with other organizations involved in labor market integration.

2. Return and Reintegration of Returnees from Western Countries:

Several types of return and reintegration programs for returnees living in non-neighboring countries were developed by IOM within the last three years. These programs, targeting smaller numbers of beneficiaries, have the advantage of guaranteeing continuity between return and reintegration. They target different groups and can be classified as follows:

- Afghans living illegally in Europe (AVR)
- Other refugees living in Europe willing to settle in Afghanistan (AVR)
- Qualified Afghans living in Europe willing to come back temporarily or permanently (RQA).

2.1 Assistance for Voluntary Return (AVR)

Assistance for Voluntary Return programs have been developed by IOM in more than 100 countries in the world. In Afghanistan, the AVR / RANA program started in August 2003, with funding from the European Commission to facilitate the return of Afghan refugees living in European countries. A similar program was developed for returnees from Australia and New Zealand. The AVR program targets priority refugees who have not been granted residence permits in their countries of exile and are willing to take their chance and come back to Afghanistan in decent condition, with return tickets and assistance packages.

The RANA program was developed in coordination with IOM in Kabul and IOM offices in Europe, and in interaction with organizations such as the Danish Refugee Council and a number of asylum centers in the U.K.

All voluntary returnees were eligible for this program, and more than 3000 have been repatriated so far. Once they are registered with an IOM office in the EC, returnees benefit from return plane tickets to Kabul and some immediate assistance on arrival, including legal documents, short-term housing, and medical support.

To support their reintegration, the beneficiaries meet a reintegration counselor on arrival in one of the IOM *Employment Assistance Center*, which helps them choose an orientation in order to reintegrate themselves in the labor market. Regarding the profile of the returnee, three main options are proposed:

- Integrate a 3-month training program (customized vocational trainings)
- Get a referral and access to job offers
- Enter Small business start-up program (returnees create their own activities)

The start-up program has been the most popular thus far, with 700 beneficiaries receiving individual grants of up to 1800 USD (never hard cash but funding that is generally used to buy equipment or create the business structure).

A returnee beneficiary of the IOM – AVR program has created his own business: Renting equipment for private wedding parties in Kabul

The organization, also involved in the reintegration of former combatants (ANBP), has developed a common "reintegration structure" for the two target groups. However, as both programs are linked to separate funding, the former combatants benefit from a slightly different approach. They are given the following options:

- Vocational training
- On the job training
- Small business start-up program, with a grant of up to 700 USD.

The 700 USD limit for grants allocated to former combatants rarely allows entrepreneurs to buy sufficient equipment to start a workshop or an arts and crafts activity, and most of them are limited to shops and small trading businesses unless they can access micro-credit. This opportunity is highly encouraged by IOM, and a complementary micro-credit program has been created in Herat to help entrepreneurs access substantial loans.

Both programs have assisted nearly 2,000 people in starting their own businesses.
-see also section *5. Feedback and expressed needs* below-

Finally, it is to be noted that IOM provides support to deported Afghans arriving at Kabul Airport by giving them the opportunity to be involved in the reintegration program.

For returnees who do not benefit from these specific programs, IOM developed a major database of job announcements, often sent by international organizations or new institutions (for example, the hospital for mothers and children in Carte Se, Kabul). Returnees who do not qualify for any of the programs or who arrive directly at the IOM Kabul office can still benefit from job announcements and referrals.

IOM's total case load: altogether 20,000 former combatants and 4,000 returnees have benefited from IOM integration programs within the past three years.

2.2 Return of Qualified Afghans

RQA (Return of Qualified Afghans) are not "return" programs. They are based on identified opportunities in private and public organizations in Afghanistan and aim at building some capacity within Afghan enterprises. However, they allowed a number of Afghan returnees from several foreign countries to participate in the program and reintegrate in the Afghan labor market in order to rebuild their lives in Afghanistan.

Several RQA programs were developed by IOM in coordination with different donors:

- EU's RQA was funded by the European Commission and allowed the placement of 150 qualified Afghans in various enterprises and institutions.
- The Global RQA is open to qualified Afghans from all countries.
- The Justice RQA, which is funded by the Italian government, aims at building some capacity in the Afghan justice system.
- RQA NC (the Return of Qualified Afghans from Neighboring Countries) is funded by the Danish Government. This program started more recently and aims to bring back into the Afghan labor market qualified Afghans from Iran and Pakistan.

In all cases, each returnee identified by IOM offices in the country of exile is offered at least one position with an Afghan enterprise. Once the position is accepted by both employer and employee, they receive a plane ticket, an installation package (grant), and a salary that is supported by the program in order to offer attractive salaries that Afghan enterprises would not necessarily be able to afford. A self-employed component allows returnee entrepreneurs to start their own activities. Once their business plans are accepted, they receive grants which are used to buy equipment or create the business structure (up to 5,000 USD in the case of the EU RQA).

In terms of trends, it has been observed that qualified returnees from European Countries tend to go back home after a contractual period of work in Afghanistan, whereas a majority of returnees from Iran and Pakistan opted to stay. Several social factors can explain this phenomenon, which will be further explored in section xx of this research.

Rebuilding an Elite

Former Minister of Planning, as well the current Deputy Minister of Justice, 6 advisors to the President, and the current Spokesman for President Karzai. Of the beneficiaries of RQA programs, some have been able to reach the highest positions in Afghan enterprises and the Afghan government. Such programs contribute to the reconstruction of an Afghan "elite" which is necessary to the sustainable development of the country. In that sense, the RQA program can be compared to other recruitment services, such as **ARTF Expatriates Services** (funded by the World Bank) or **UNDP's Tokten program**, which aims to bring back qualified Afghans of the Diaspora. These programs are not by nature return programs, but similar to RQA programs they are an opportunity for Afghans living overseas to come back and participate in the general effort of capacity building.

3. Other Integration Programs

Aside from the returnee-focused programs, a number of other integration programs were developed in the last four years by several ministries and international organizations to support the integration of vulnerable target groups, including returnees.

3.1 Employment Service Centers (ESC)

The Employment Service Centers project was initiated in August 2004 by ILO and MoLSA, and implemented by the German NGO AGEF (Association of Experts in the Field of Migration and Development). The project aims at providing information to job seekers about training opportunities and job placement, and to connect those seeking self-employment opportunites with micro-finance and business development services.

The first Employment Service Center (ESC) was created in 2004 in the center of Kabul (Flower Street), and since then, other ESCs have opened their doors in Jalalabad, Kunduz, Herat, Mazar, Jawzjan, Puli Khumri, Gardez, Kandahar, and recently Ghazni.

The project also aims at developing capacity at the Ministry of Labor and Social Affairs and connecting ESC initiatives with other ministries. A pilot ESC has been created within the MoRR, and some collaboration has started with the Ministry of Women's Affairs and the Ministry of Martyrs and the Disabled.

Although ESCs are not by essence dedicated to returnees, some information is disseminated by MoRR and UNHCR to Afghans entering the country about their existence, and many of them have benefited from this service.

Close to 16,000 people visited ESCs in 2005, among which 1,200 were returnees or IDPs, proving that Afghan returnee workers were ready to look at new ways of finding positions in the labor market. More than 5,000 job announcements were made in ESC by NGOs, public services, and private companies, although the distribution is still extremely unbalanced in favor of NGOs and public services. Only 15 to 20% of these job offers have been filled, since profiles of job seekers do not always correspond to the offers. It is to be mentioned that few private companies are culturally used to using these types of services, and the firms which have the potential to offer job opportunities to the less educated have not been reached or convinced so far.

Although ESCs target all types of job seekers, a majority of their clients are educated Afghans. This is in line with the core of the job offers, which are catered towards educated workers who are able to take positions in NGOs and the public administration sector. In this sense, ESC tends to benefit the average-to-high categories of Afghan workers. By nature, they intend to provide job seekers with a qualitative and individualized service that cannot be developed immediately on a large scale. However, the reputation of the project is growing, and we foresee that several types of ESCs (addressing different categories of workers) will probably be needed in the coming years to be able to satiate an increasing demand from all segments of the labor market. –see Recommendations section-

In the same market, very few initiatives exist. *ACBAR*, an NGO coordinating services for Afghan and international NGOs, is known to be a place where positions offered by NGOs are placed on several boards. *Placement Consulting*, a private agency focusing more on expatriate positions, was created in 2004 in Kabul.

3.2 Returnee Components of the General Programs

Most large-scale development programs such as NSP or NEEP also take into account the status of returnees, although none of them focuses on them specifically. In this case, returnees are considered at the same level as other priority groups such as women, disabled people, the youth, or former combatants.

This is the case for the National Skills Development Program (NSDP) currently developed by MoLSA and ILO, which aims at building capacity with MoLSA and coordinating several initiatives:

- SYB: Start your business
- EYB: Expand your business
- KYB: Know your business
- Community based training programs
- Assessment of the Afghan labor market (rapid assessment & long-term data collection)

In general, a large number of programs have been created to foster employment in Afghanistan, which indirectly and without discrimination can benefit returnees.

Other examples of non-discriminatory programs in which returnee are highly involved were identified locally:

In Jalalabad, where *DAI* (Development Alternatives, Inc.) is implementing Afghan Immediate Needs Program (AINP) and Alternative Livelihood Project (ALP) funded by USAID, generating more than 2,5 millions man-day in Nangarhar to compensate the ban on poppy cultivation. Although the program does not focus on returnees, they constitute a high percentage of the beneficiaries (30 to 40%).

In Herat, the *Department of Woman's Affairs* has organized its services to take into account women returnee's specific needs in terms of training and awareness, as well as women's rights at work. Herat *Employment Service Center*, which was meeting a real success at the time of research after only 20 days of activity (1100 job seekers and 150 job annoucements registered), specified that 40% of registered job-seekers were returnees. For *Finca*, a micro-credit organisation, returnees tend to have a better access than average applicants to micro-credit programs. A Finca program manager observed that in general returnees have a better knowledge of loan mechanisms through their experiences in exile and have a better understanding of reimbursment timelines. "They have so far showed better performance in paying back and progressing towards a higher level of loans".

4. Overall Positioning of Major Returnee Labor-Integration Programs

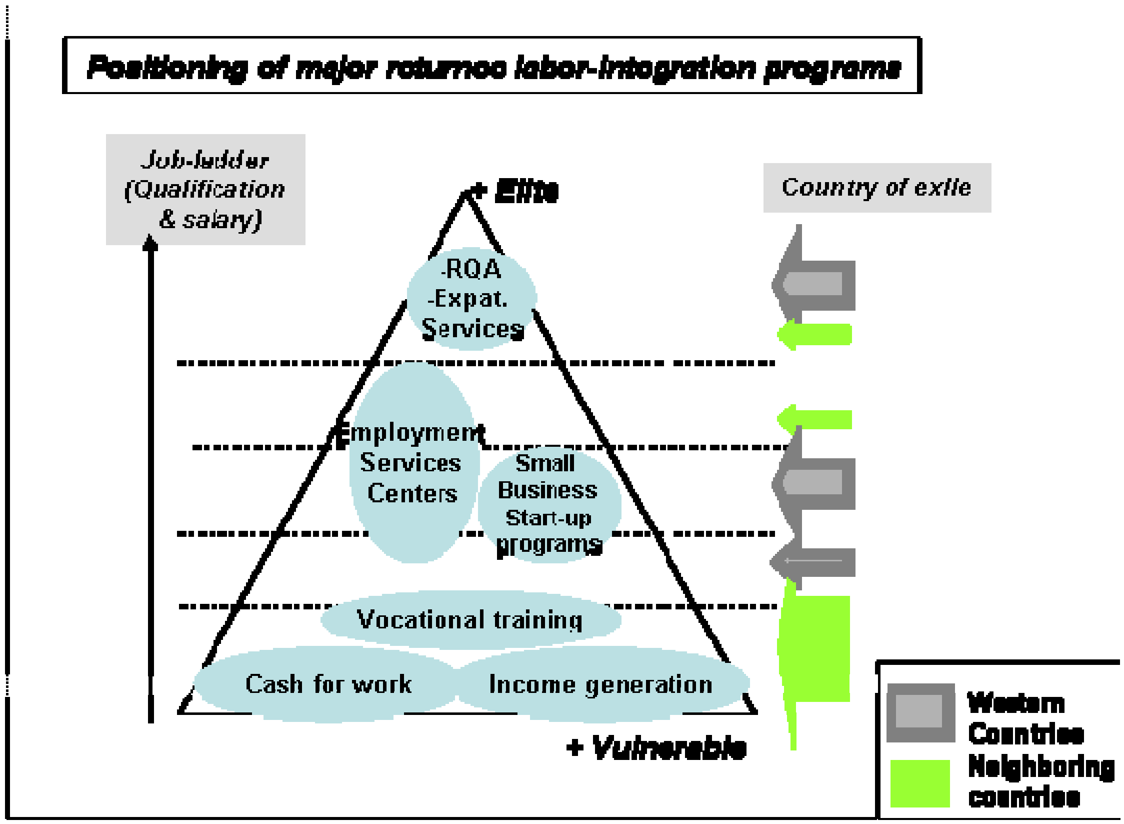
The different programs presented above tend to address returnees at different levels of the social / education ladder. Regarding their country of origin, and in general regarding their **entry-point in Afghanistan**, returnees have more or less access to different programs, which can be summarized as follows:

Vocational training, "cash for work," and income generation programs target the most vulnerable with a priority given to those residing in rural areas. Most of the beneficiaries of these programs come from Iran and Pakistan through UNHCR repatriation programs. The same population does not have a direct access to programs such as ESC and small business start-up programs, although in theory they would be allowed to apply.

Small business start-up programs are mainly open to returnees coming back from the EC and other western countries through IOM's AVR program.

Employment Service Centers tend to cover higher positions on the job ladder, since most of the job offers available require a medium-to-high level of qualification, and individualized services cannot address a large number of beneficiaries. They do not give advantage to any particular country of exile since they are not connected to any entry point.

RQA and Expatriate Services programs address the most qualified, who are even offered positions prior to return. They were initially designed for returnees from Western countries. More recently, RQA NC opened this opportunity to returnees from Iran and Pakistan.



5. Feedback and Expressed Needs

As it was detailed in household survey report (section III), 76% of surveyed household have received some support in returning, but very few are beneficiaries of "reintegration" programs. Among the one who received some support 85% benefited from the Repatriation Package from UNHCR, while 13% received a government subsidy (MoRR). Only 1% declared having received support from IOM.

Only 3% of interviewed households have been helped through job placement services, while 47% were expecting such a support in returning to Afghanistan.

The received support generally does not match expectations of the families, and is considered as insufficient by 89% of surveyed househould who insist on the needs for more financial support (67%) and job placement (51%).

It is interesting however to notice **that beneficiaries from UNHCR Repatriation Program are spread across all income groups**: As an example 74% of the "high income" households (250$ to 600$/month) have come back through UNHCR Repatriation program; 45% of returnee heads of enterprise have also benefited from this program. This tends to show that this program has been able to involve returnees of all categories across the social ladder, meaning also that the definition of "vulnerable" does not appliy to all returnees coming back on the road from neighboring countries. It also shows that returnees coming back through a similar "entry-point" have managed their integration in very different ways. These integration patterns and their determinants are further explained in the section VII of the report.

Among surveyed heads of enterprises, only 7% have received some funding to create their activity. Organisations mentioned in these rare cases are Relief International, IOM and the UN.

Small Business Start-ups

To get a better idea of the implementation of support to small business start-up programs, some beneficiaries of IOM project were interviewed in Kabul. Although an in-depth evaluation of this program was not possible for this research project, the following observations were done:

Observed cases:

- A carpenter
- A shop renting equipment (plates, glasses, chairs) for weddings and ceremonies
- An auto repair shop

In all 3 cases, the returnees had been for several years in Europe, going from camp to camp, sometimes in jail, and had failed in getting permanent residence permit. All of them had been accepted in IOM Small Business Start-up programs, and had submitted their idea in an interview. For the 3 studied cases, the integration process was ongoing. Overall, the support offered by IOM was judged to be positive by the beneficiaries, although all considered the grant to be too limited to buy sufficient equipment. Subsequently, the beneficiaries had to find additional funding for resources on their own. However, within the context of entrepreneurship, where too much assistance can discourage efforts, this program offers a practical solution.

Vocational Training / Income Generation Programs

In Herat and in Jalalabad, some groups of women beneficiaries from Income Generation programs were met. In both cases there was a strong will from the women to get out of their situation, and in that sense, vocational training programs had been the opportunity for them acquire skils and gain some autonomy. Unfortunately, none of the programs had been successful in offering them sustainable jobs. In Herat, out of 20 beneficiaries of a sewing training, only 2 had been able to find some work in this field. In Jalalabad, all women women graduate in a returnee camp were complaining about their isolation and the cultural constraints they were suffering from. None of them had been able to go outside the camp to find a job, and only some were getting a meager income from the confection of clothes for women of the camp.

Business Development Services and Needs for Entrepreneurs

As it was detailed in the Enterprise Survey analysis, access to business development services appears extremely limited among returnees heads of enterprises. Only 2% of them declare having access to a bank, 4% to micro-credit, 1% to some training. Among expressed needs, banking services and loans are a priority for 73% of interviewees. Training is requested by 15% of managers. Among the required training programs, vocational training remains the most popular, ahead of management training, business development, finance and marketing.

Benficiary of the IOM / AVR Business Start-up program
running a carpentery workshop in the suburbs of Kabul City.
A 1800 USD grant allowed him to buy a part of the equipment
needed to start this activity, and to recruit other workers

6. Limitations of Integration Programs

Across observation in the field and discussions with program managers, several remarks can be made about support programs:

- Coordination among the different organizations that address returnee integration in the labor market is generally considered to be insufficient. This was the case when different government ministries started duplicating Employment Service Centers, therefore minimizing economies of scale.

- **Profiling and databases:** A better profiling of returnees on arrival (ideally in Assistance Centers) and a sharing of databases among the different partners involved could improve planning of integration programs, and even be used to channel some beneficiaries to some specific programs at their entry in Afghanistan.

- Linking training programs with social reality and market needs: One of the weak points observed in training programs is the absence of the integration of market needs and social realities.

> - **Relevance:** In some cases, training comes as the only option for semi-skilled workers who have not found a direct job. Returnees may attend programs solely to obtain the grants even if the program is not always relevant to their level of skills.
>
> - **Lack of demand on the job market:** Many programs offer vocational training that do not take into account the real needs of the job market, and do not include any criteria of employment creation in their evaluation component.
>
> - **Rapid evolution of the market:** In some other cases, vocational training programs were designed to address a specific market segment that more or less disappears before the end of training due to an increased competition of imported products. This was specifically pointed out by the NGO AREA in Heart, trying to assess systematically market needs before starting a vocational program, but facing a market that changes rapidly.
>
> - **Social limitations:** women are sometimes trained to acquire skills that they are not able to use due to their isolation and to the resistance of their family to work outside the home.

- An individualized, qualitative approach is generally recommended, although it involves massive resources. It is particularly adapted to self-employment support programs which require a better follow-up, from the initial business plan to the business development phase.

- **Grant amounts** should be relatively significant and flexible to allow entrepreneurs to create a diversity of businesses, some requiring higher structural costs than others. As an example, the limitation of grant amounts to 700$ for former combattants insertion programs (IOM / ANBP) mainly led to the creation of basic trading activities and retail shops which require a smaller investment.

- Entry point: Some successful programs have been made available to returnees coming back through specific entry points but do not cover others (e.g., small business start-up programs are only available for EC returnees), although their needs are the same. In that sense there is an advantage given to returnees from certain countries of exile.

- **Limitations to "Employment Service Centers":** Although they have become extremely popular, ESC started to run into some limitations, in particular with regard to the Afghan private sector. At this stage, many Afghan managers still prefer to rely on their social network to recruit, since they are considered to be a better source of reliability. Hence, many managers are reluctant to publish job offers through a standardized system.

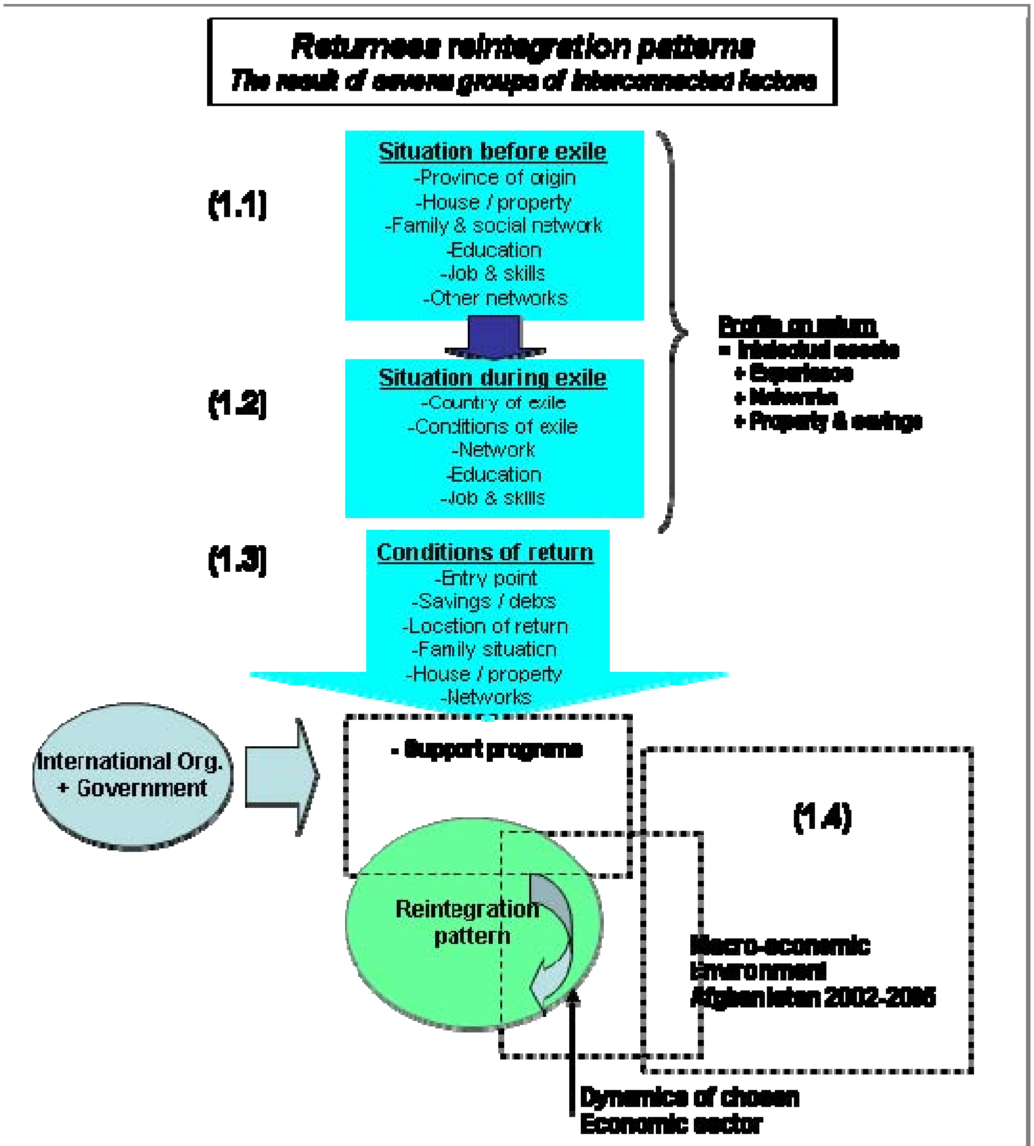
Specific recommendations on support programs, taking into account existing programs and integration patterns, are provided in section VIII of this report.

VI. Reintegration Patterns

Based on the analysis of case studies and focus groups, as well as on the key findings of surveys conducted among households and enterprises, some trends in terms of reintegration, a set of key drivers and barriers to integration, as well as several reintegration profiles (sub-groups) were identified. They are detailed hereafter.

1. Drivers and Barriers to Integration

Integration patterns are a complex combination of several factors represented below:



Following this diagram, it is evident that the reintegration pattern of a returnee will not only depend on his personal assets (education, skills, savings) before and during exile but also on his network before, during, and after exile, and on the conditions of his return. Purely external factors such as the dynamic of the chosen (or non-chosen) sector of activity as well as the general macro-economic environment in Afghanistan also contribute to the position a returnee will assume on the social ladder.

Entry points play a significant role in the integration process. However, the combination of these different factors is complex and can lead to very different integration patterns despite similar starting points.

The following are the main identified drivers and barriers in each of the different phases preceding integration in the labor market as well as an insight into economic sector dynamics.

1.1 Situation Before Exile

a) Province of origin: Many returnees initially coming from remote or insecure provinces have been observed **resettling in different provinces, generally close to an urban center**, upon return. Since many have experienced the advantages of urban centers in countries of exile, they tend to think their places of origin are no longer appropriate areas in which to resettle due to uncertain security conditions but, more often than not, because of the lack of infrastructure and educational opportunities for their children. In addition, these returnees believe that there will be **more job opportunities in an urban area**.

In this relocation and urbanization process, they abandon key assets: their initial social network, and sometimes their land or houses. As we will see further down in the analysis, this provides an explanation for their current difficulties, including isolation from their communities, struggle to find work, or residence in a camp.

This trend is particularly clear for returnees in Herat, where 30% of the surveyed households are initially from another province, mainly in the central highlands (Bamyan, Daikundi, Ghor, Uruzgan). Among these "relocated" returnees, 75% (40 of 175 households surveyed in Herat) have a low or very low level of income.

House and property: Returnees who owned land or houses and were able to get them back when returning from exile have an advantage on return. In all cases, this means having a place to stay, reconnecting easily with former networks, saving on high rental costs, and at times even renting to others in order to increase the household income. There were also some cases where a piece of land owned by the family was bonded to obtain necessary capital to begin a small business. On the contrary, returnees who returned without any place to stay had to resort to living in camps frequently and experienced social distress.

Family and social network: Returnees who have been able to maintain strong personal networks or have family in the location of return generally have, at minimum, a place to stay. This is key for those with the lowest social conditions: two-thirds of surveyed households who live at the homes of their relatives have a low or very low salary. When this option is not available, the only possibility is to settle in a poor neighborhood or a camp.

Initial work: Returnees working in sectors in which they can easily reintegrate have an advantage, since this is often where they first seek employment. 10% of the workers of surveyed households have returned to see their former employer and were hired.

Initial education and social status: Both are tightly correlated with social networks. Those who started with a high level of education, a strong network, and social status, have generally experienced an easier time in exile. There are therefore better chances for integration.

Emigrants from the highest social levels before exile have also gone to western countries more easily, which in general gives them better opportunities to reintegrate.

The convergence of several negative factors can lead to extremely poor conditions upon return. Exiles return with sufficient personal assets (education, skills, and savings) and overcome the lack of property or absence of network, those who experience several handicaps, magnified by the low level of education or skills, are the ones who are most vulnerable and are more likely to be found in poor neighborhoods and camps.

1.2 Experience in Exile

General trends collected through the different surveys show that many returnees believe that living in exile has brought them new skills and education. However, there are other aspects of the returnees' situation during exile which are varied and create major impact upon return.

<u>Conditions of exile</u>: Some lived in precarious situations, spending several years in camps or living on the economic and social margins of their host societies, trying to survive on low wages earned from basic jobs, losing their social status, or not building specific skills. For them, exile was a negative experience, and their desire to come back and stay in their homeland is stronger than disillusionment in returning to their country of origin.

This is the case for some individuals who migrated to Europe illegally through smugglers. The experience of going from one camp to another, being arrested in Europe, losing social respect, and finally returning in humiliating conditions did not provide good starting points on which to rebuild their lives. To support the return and reintegration of these illegal refugees from Europe, a specific program was designed by IOM (AVR / Rana). Some case studies show good examples of the reintegration of returnees coming back through the Rana program. However, all illegal refugees in Europe have not been able to take advantage of this program.

<u>Skills:</u> 46% of surveyed households and 54% of enterprise employees state that they have learned new skills during exile. This sometimes gives them a real advantage upon return, since they are able to get hired quickly in specific sectors or create their own businesses (ex. see case study of cement block production unit in Herat). However, acquiring new skills in exile does not guarantee financial security upon return, ease adaptation, or substitute for assets such as a house, land, or presence of networks. The case study of an engineer in construction trained in Pakistan and failing to reintegrate in the Afghan labor market highlights this finding.

<u>Education</u>: 23% of surveyed households and 39% of heads of enterprises consider that they have received a better education in exile than if they had stayed in Afghanistan. For those who had to work during exile the benefits are indirect since their children received good education in exile. In some cases, the returnees themselves (first generation) take advantage of the received education to reintegrate in the Afghan labor market. In other cases, the children (second generation) find their way through booming sectors and the NGO economy, thereby supporting the household despite their young age – Example: 21 years old IT assistant in an NGO -

<u>The country of exile</u> is also considered by returnees themselves as a significant determinant, with a clear perceived advantage for returnees coming back from Western countries (78% of surveyed enterprise employees believe that returnees from the EC, U.S., and Canada have a better situation than before exile). Despite a generally positive integration of returnees from all countries, and many cases observed of successful managers coming back from neighboring countries, there is a common perception among returnees that the one who were able to reach the highest levels of the social ladder, particularly in technical or high-tech sectors

(telecommunications, Afghan Government, or media groups), are returning from America, Europe, and Australia.

Work in exile: Those who worked in exile have often had good experiences and interacted with different environments which gives them a natural advantage to reintegrate in the Afghan labor market. In some markets (e.g., media or communications) they have a broader vision of the job and can innovate or better adapt to the western standards expected by international organizations based in Afghanistan.

Savings during exile: This is a direct consequence of conditions of exile and work. Savings have helped some to rebuild their homes and fund business start-ups. Many have lived on their savings during the first months after return. This short-term financial security has in some cases undermined their “hunger” to find a job urgently, leaving them unemployed and with no income when all savings are consumed.

1.3 Conditions of Return

Often correlated to the situation before and during exile, the conditions of return can highly impact the way in which the returnee will reintegrate within Afghan society and in the labor market. The following determinants have been identified:

Location of return: As mentioned before, returning to a different province or a new location, which is the case for 19% of surveyed households, may result in the loss of key assets such as family housing, property, and social networks. It can become a real handicap.

House and property: Although the ownership of a house or land in the location of return has been identified as an advantage, many have lost their property after years of war. 31% of surveyed households declare having lost their house or land. Many cases of land disputes are still unresolved. Some international organizations such as the Norwegian Committee for Refugees have created specific programs to assist returnees in getting back their property.

In many case studies, returnees having to rent a house in urban areas expressed some real concerns about exorbitant rental costs, which can represent up to half of the household expenses and require livelihood strategies involving several members of the family working.

Networks

Although networks are often a product of life before or during exile, some interviewees expressed concern about the loss of their family and social connections on arrival. In some observed cases, the time spent in exile has weakened family connections, and the urbanization of the country has had a negative impact on traditional solidarity within families. In a number of cases, the status of returnees is not well considered by those who remained in Afghanistan. Some returnees currently living in camps explained how they had been rejected by their family on arrival or after a short period of cohabitation. In the case of casual workers in the camp near Jalalabad, this was particularly true and led by successful neighboring family members.

Received Support Program (as an entry point into the labor market)

Regarding their countries of exile and the distribution of support programs in the areas of return, some returnees have benefited from an acceleration of their integration process.

However, these programs are still seen as marginal and only a small percentage of surveyed households, employees, and heads of enterprises had been involved in any of them.

Among surveyed households, although 76% were beneficiaries of the UNHCR repatriation program, only 3% had benefited from a job placement program. Among 69 returnee heads of enterprises, 6 (9%) had received business funding from various organizations, including IOM, the UN, or others. Among enterprise employees, 10% benefited from a training program.

In general, expectations from the government and international organizations were high and have somewhat diminished after return.

This shows that these programs, while they exist, are limited in their reach, and that reintegration into the labor market in particular occurred for the majority of returnees without any external support.

Case studies and focus groups allowed for interviews of program beneficiaries who held various opinions about received support programs (see comments on support programs, section VI/ 5 above). These observations show that programs in their current design have been successful in some cases, but in several others remain too far from market realities and social constraints to be able to guarantee proper integration into the job market.

To summarize, the influence of different drivers and barriers mentioned above explain why profiles of returnees are so varied and why “one profile” of integration or non-integration of returnees in the Afghan labor market does not exist. It is also the reason why it is extremely hard to generalize regarding the impact of such programs. They must be adapted to sub-populations and their specific needs (see also comments on integration programs in section VI and recommendations in section VIII).

1.4 Insights into the Afghan Macro-Economic Context:

Although this study did not include any analysis of the current Afghan macro-economic context, the following remarks have been included in this report in order to better understand integration patterns of returnees in the areas of research. They are based on empirical observations and secondary research of previous work.

The Afghan economy is traditionally based on agriculture and the production of handicraft products. However, our research sampling was purposively over-representing 3 urban areas where returnees had come back in massive numbers. These three urban centres are not representative of the country. One, Kabul, is the capital in which most headquarters of local companies as well as public services and head offices of a large number of international organizations present in Afghanistan have been concentrated since the beginning of 2002.

The 2 other urban centres, Herat and Jalalabad, are among the 5 biggest cities in Afghanistan, and their proximity to Iran and Pakistan have positioned them as important trading centers and gateways. The economy is flourishing in these 3 urban areas, based on "traditional" sectors (manufacturing, construction—which includes the supply of construction materials, public services, trade and wholesale, retail, craft and related products) strengthened further by the Afghan reconstruction process, and fostered by the development of a new range of economic sectors including:

- International organizations and their local implementing partners (aid sector)
- Telecommunications (mobile phones, Internet services)
- Media (a large number of TV and radio stations created between 2002 and 2005)
- Communication / advertising / consulting

> These "new sectors" offer major opportunities to managers, professionals, and technicians, but also to workers occupying lower positions since they involve massive logistical support and generate many services which are outsourced. The common points to these 4 sectors are:

- High level of standards, similar or relatively close to western standards in terms of formalization of professional interactions and standards of quality
- Salaries far above Afghan standards (even for basic jobs such as guards and drivers), and a high value given to Afghans literate in English and skilled in computer science

> Traditional private sectors, although some are booming (construction and trade in particular), tend to offer salaries to employees using Afghan standards, and remain mainly informal.

> Public services employ several hundred thousand people but due to a limited fiscal income, wages have been compressed, forcing many employees to take on multiple jobs or adopt multi-salary livelihood strategies. A reform (down-sizing) of the public service is expected to take place in the coming years, which might impact negatively on opportunities in this sector.

An enterprise survey was conducted among a limited number of enterprises, but across a wide range of sectors, including traditional and new private sectors, and public services –see section V.2 above- A common point to be noted, among other findings, is a strong optimism showed by a large majority of interviewed heads of enterprises on their current and future activity.

- 59% have seen their activity increasing in the last 6 months, while for 24% it was stable
- 65% consider that their sector is booming or increasing
- 69% of surveyed enterprises plan to expand their activity in the near future

2. General Trends of Integration in the Afghan Labor Market

Although integration patterns vary among observed sub-groups of returnees, a number of general trends were observed through household and enterprise surveys, as well as through case studies. These trends are summarized hereafter:

> **Returnees highly rely on their direct connections, i.e. social and professional networks, to find a job.**

Family & friends newtorks have been extensively used by returnee workers (for 48% of surveyed households "relatives" was the most important network to find a job) although many of them (30%) also used their professional network developed before or during exile.

- Cases studies and focus groups showed that many former public services workers were expecting their former employer (the Afghan Government) to provide them with a position, while a number of them had not been accepted back in the Ministries or in the Education system. Altogether 10% of interviewees were able to find a job in returning to see their former employer.
- In specific sectors like kiln manufacturing or construction, connexions developed at work during exile could give a chance to returnee to find a job, since some returnees joining an enterprise or creating their own business are often keen on bringing in former colleagues.
- The role of networks is also confirmed by heads of enterprises (returnees as well as non-returnees), since 44% of them use their family & friends networks to recruit (directly or indirectly) as well as business network (27%) and even the sub-networks of their employees (14%).

→ This "chance" to use a network –as it is often presented by returnees- is also a burden for the one who have limited social connections, or had to relocate in a new province. It is also a real limitation to the development of formal employment services since at the current stage, very few private sector enterprises have shown their interest in placing formal job annoucement, and most express their preference for informal networks (see Section VI./ 5, on limitations of Employment Services Centers).

> Returnees express difficulties integrating on the Afghan labor market but were able to find a job in a relatively short time.

80% of the working members of household sample expressed difficulties to find a job (while only 45% of returnee heads of enterprises had difficulties) but still 90% of them were able to find a job in less than 6 months and a third of them in less than a month. There is therefore no real pattern of failure to reintegrate, and declared unemployment is relatively low, with 11% of the workforce of surveyed households declaring they are currently unemployed, mains reasons being lack of skills, social connections, or jobs.

> **Many returnees have to downgrade their expectations and take jobs despite their real skills.**

The relative ability to find a job on return is to be balanced by the fact that a large portion of workers did not have much choice, and had to accept the job they were given on arrival, often through their network. In cases studies and focus group discussions, many expressed their disapointment of not being able to find a job in line with their skills (e.g. women teachers working as shop keepers, kiln workers working in farms), and some cases of failure were observed, where qualified workers have to work on daily labor market after failing in getting a job in line with their skills and expectations. Among surveyed enterprises employees, only 33% were working in the same field during exile. 40% would have liked to work in an other enterprise on return but had no choice, and 51% would have created their own activity if they had been able to access to funding. On the contrary, returnees heads of enterprises expressed a high level of satisfaction with their jobs since, 89% considering their current job was their preferred choice.

> **There is a high sense of entrepreneurship among returnees.**
As seen above a majority among enterprise employees would have or would like to create their own business, while most heads of enterprises are satisfied with their current situation. This trend is confirmed by household data since 45% of working members of returnee households are employers or self-employed.
This is in line with the high prevalence of returnees working in wholesale and retail sector (see dominant sectors below) as well as the manufacturing sector, which includes activities such as carpet weaving, carpentry, and other handicraft activities where many workers are self-employed.

This entrepreneurship trend can be viewed as the “return effect”: restarting a new life is the chance to create their own activity for many returnees. Some integrated programs have been able to build on this trend, in helping returnees to create their own business (IOM AVR Small business start-up program, see section VI - “Existing support programs” below). This should be further harnessed and identified as a driver for the dynamics of the Afghan economy. –see also specific analysis of sub-group IV “Small businesses / shop keepers”, in section VII / 3. below-

> **Some returnees were able to bring some savings from exile which helps them in their first steps in Afghanistan.**
Although this cannot be considered as a general trend (58% of surveyed households had to borrow some money during exile and are still in debt), a number of observed cases studies showed that saving from exile were sometimes a key to sustain the household on arrival and compensate for the period of unemployment, but also a chance to start a small business. These savings are particularly needed for the one who have a limited social network or were not able to reconnect with their families after exile, and have no access to funding.

> **Returnees have some identified assets to integrate the Afghan Labor Market.**
This was express by a majority of interviewed heads of enterprises, who believe returnees have better skills due to a broader professional experience, a better understanding of the job, better skills, and in some cases the ability to speak English. Heads of enterprises consider that returnees have an advantage to work in some sectors such as manufacturing, construction and wholesale & retail. Confirming this trend, a majority of returnee employees also consider they have an advantage over Afghans who stayed, in general because they learned new skills (54%), received a better education (12%), learned English (11%) and learned to work in a different country. However, this is to be balanced with the fact that returnee employees still consider that the majority of returnees have a limited access to high level positions, and that they tend to occupy the lowest position on the social ladder (78% believe returnees have a better chance to work in categories 7, 8 and 9 of ISCO 88 classification).

> Returnees were able to reintegrate in all sectors, and at all levels of the social ladder:
Analysis of the employment of household working members in the ISIC V4 classication of enterprises and in the ISCO88 classification of occupations leads to several remarks:

<u>Sectors:</u>
- Returnees were able to reintegrate in most sectors of the Afghan economy, from Agriculture to International Organizations.

- 7 dominant sectors are composed of more than 85% of workers within the surveyed sample:
    1. Construction (25%)
    2. Wholesale and retail (20%)
    3. Manufacturing (13%)
    4. Public administration and defense (9%)
    5. Education (7%)
    6. Transportation / storage (7%)
    7. NGO / International Organizations (5%)

- Women have a better access to Education, Public administration and retail activities.

Functions:

- All functions (ISCO88) were represented, although 34% of surveyed returnees are employed at the lowest level (category 9: Labor workers / elementary occupations). But a relatively high 17% also occupy high positions as managers / officials or professionals.

Salaries:

- Average salary among returnees is higher than Afghan national standards, although high disparities can be observed across sectors:
    - Lowest salaries in terms of sectors are in agriculture ($90/month) and education (79$). In terms of occupations, labor workers ($122/month) and surprisingly professionals (121$) have the lowest salaries. This category is particularly affected by low salaries of teachers (education sector).
    - Highest salaries are among managers & senior officials ($720/month) in terms of position. Sectors offering the highest salaries are International Organizations / NGOs sector, as well wholesale and retail. This was confirmed through cases studies, showing that small businesses and shop keepers were often able to get a relatively high income. –It is to be noticed that Mining and quarrying sector shows a high average income since interviewees in this sector were only heads of enterprises.

> **Returnees workers interviewed in enterprises consider they have an overall better professional situation than before exile, although their salary is lower**.

This is the case for 54% of them, who consider that they get better respect at work, a better working place and better stability of work. Responsabilities given are better or the same for three quarters of interviewed employees. In terms of salary, however, a majority (60%) consider their situation as worse than before exile. Open discussions showed that although nominal salaries were lower before exile than today, the cost of living had tremendously increased, in particular in urban centers, and was often requesting multiple-salaries livelihood strategy to cover household expenses.

> Returnees are relatively well on the social ladder compared to their parents, and in average, their social and financial situation as quite similar to before exile.

Compared to the period before exile, a third of the surveyed household consider their situation as the same as before exile, whereas 31% consider it is better, and 29% it is worse. Comparing their situation with the one who stayed in Afghanistan, a majority of returnees to consider that their situation has improved socially and in terms of education & skills, but 53% think that they have a worse economic situation.

> Access to finance, training (vocational, english, computers, management), and employment services are the priority expressed needs by returnees to support their integration in the Afghan Labor market.

Although a large majority of surveyed returnees have received a basic support from UNHCR or the Afghan Government to return, very few among surveyed household and workers have been helped to reintegrate (6%). The main needs expressed by enterprises employees are: access to finance (80%) to create or develop their own business as well as to cover personal needs, vocational training (70%), employment services (51%). Training in English, computer and management are also highly demanded programs. Returnees heads of enterprises expressed the same urge to get access to credit (73%), a well as a several types of training, from vocational to management, finance, marketing and business development.

> Returnees are overall optimistic about their future: Although, as seen above, many returnees consider they are still lagging behind other Afghans in terms of economic situation.

80% of them believe they have a better outlook for the future than Afghans who stayed. An even larger portion (89%) consider that their outlook for the future has improved since they returned.

3. Integration Ladder and Identified Sub-Groups

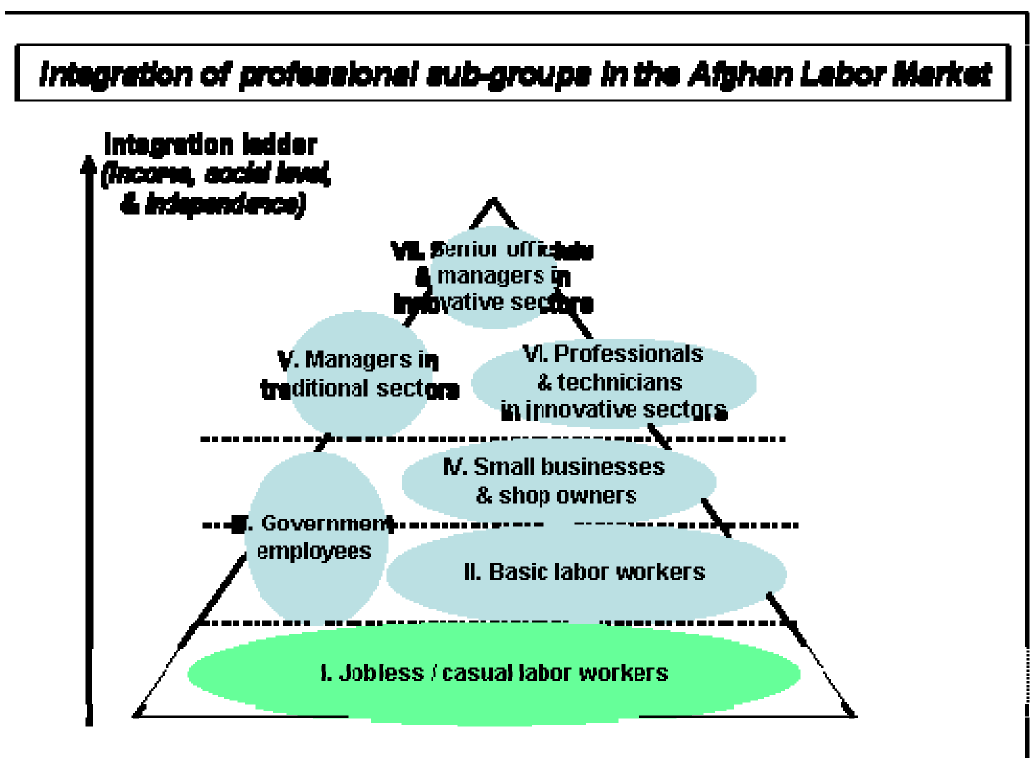
Beyond the general trends summarized above, a number of specific groups were identified from the case studies, presenting similar characteristics (assets or handicaps) in terms of integration in the labor market.

They can be positioned on a “Labor Integration” pyramid, comparable to a social ladder for returnees. The position on the puramid results from a number of factors—including education, background and social network, ability to innovate or create activity, as well the dynamic of the activity field as explained earlier in this report.

One of the major aspects to point out is that the different sub-groups are comprised of individuals with different levels of education, ages, as well as functions according to ISCO standards. Depending on the sector involved, the chances of integration, position on the social ladder, and independence or vulnerability in the labor market vary greatly.

For example, certain government employees, including very educated teachers, have a much lower salary and more precarious situation than some basic labor workers, which obliges them to take additional jobs in the most basic occupations. Similarly, a young IT expert returning from Pakistan will sometimes find a higher level of salary and much more independence in the labor market than a manager in a traditional sector such as manufacturing or construction.

At the highest level of the integration social ladder, real success stories exist, with returnees from the diaspora actively participating to reshape Afghanistan’s future.



Group I. Jobless / Casual Labor Workers

Profile

This group is the **most vulnerable** among the different identified sub-groups. It is composed of returnees with a low level of education as well as some specific cases of educated and skilled workers who failed in the integration process, combining several handicaps.

Background (Prior to and During Exile)

Although this group also includes some relatively skilled and educated people, the average level of education and skills is low. The absence or the loss of property is often a key determinant, together with the urbanization process (people from a remote province moving, on their return, to a new urban center), that places and/or retains returnees in this group.

Key Factors of Failure

- Isolation: Some still live in returnee camps, which contributes to strengthen their isolation from opportunities and social networks, which has a marginalizing effect.
- Most returnees are from remote provinces, having chosen newly built suburban areas instead of returning to a rural life. This choice, initially driven by the hope for better access to facilities, better education for their children, and job opportunities linked to the nearest city center, can turn into a complete failure. Being cut from their original social network, they have limited access to job opportunities. They are also generally renting housing or spending their savings from exile to construct new homes. In all cases, their isolation from city centres is strengthened by the absence of reliable transportation, which forces them to walk long distances or spend a significant portion of their daily revenue on transportation, sometimes with no guarantee of work (casual labor).

Integration Patterns

For many, the result is a failure to integrate into the Afghan labor market. Men work part-time in a very unstable casual labor market; women either do not work due to social constraints or work in the most basic jobs such as seed or wool cleaning to compensate for the household's meager income. Sometimes children also work in the most basic jobs. Others have adopted a cross-border strategy, traveling illegally for several months to Iran where they can easily find a job with a former employer. For them, the burden of being there illegally and the poor conditions of life in Iran continues to outweigh the absence of opportunities in Afghanistan.

Support Programs

Most of these groups say they have not benefited from any support apart from the repatriation package from UNHCR. Some have been involved in vocational training but have not been able to turn their skills into job opportunities, in particular women, often due to their isolation from the job market.

Perspectives

Some of them still struggle to get out of their situation through training and education. After being attracted by the idea of a new Afghanistan and the prospect of job opportunities, many cases in this group have lost hope and consider the possibility of going back permanently to their countries of exile where they often enjoy a greater standard of living or better economic opportunities.

Recommendations

They are a priority target for support and integration programs, to begin with the most basic social support. There is little hope that they can reintegrate by themselves.
– see recommendations-

Examples in Case Studies

- Women in a poor neighborhood of Herat city
- Children working in a wool cleaning factory in Herat
- Unemployed female graduate from an income generation program
- Casual labor workers from a returnee camp near Jalalabad
- Jobless widow in the Darullaman camp, Kabul City
- Former government worker now working as a casual laborer, 500 family camp, Kabul City
- Skilled worker fails to enter the Afghan labor market, Kabul.
- Casual workers in a village of Herat Province, with cross-border strategies

Group II: Skilled & Non-Skilled Workers in Traditional Sectors

This group includes skilled as well as non-skilled workers who managed to get employed in traditional sectors. Workers at kiln or concrete block production units, as well as female carpet weavers, assemblers in a factory, and farmers are representative of this group. They share a number of common characteristics.

Background

Most of them have learned some skills or basic know-how during exile.

Integration Patterns

- Most were able to find a job quite quickly after return. This is generally due to their social network, sometimes connections developed through exile, but also due to their flexibility.
- Most had to adapt to the Afghan labor market, since they had other skills but could not find a job related to these skills. For example, some former civil servants are working as farmers or kiln workers, and some former kiln workers are involved in farming.
- Some had to relocate in a specific area to get employed and sometimes live in basic camps close to the factory that employs them.
- Most have adopted livelihood strategies in diversifying their income and by combining several jobs for the same person, or in the same household: Several brothers work together to sustain their mother and family, a female carpet weaver works with the help of their children at home and combines their income with her husband's. In many observed cases, children cannot go to school due to the lack of family resources or because they have to work.

Risk

Many young people who have lived in urban areas of Iran or Pakistan are keen on returning back to their countries of exile, some having better networks and job opportunities there (casual labor workers in construction consider they can get twice their current salary in Iran). All of them noted that they enjoyed better living conditions and more freedom from family tradition in the countries of exile.

Obstacles and Needs

Workers in this group generally need better access to jobs corresponding to their skills (such as information on local employment service centers).

Specific obstacles linked to their sectors of activity include:

- Farmers complain about lack of equipment, seeds, fertilizers, and pesticide and ask for government assistance.
- Female carpet weavers complain about their dependency on Pakistani carpet traders who control the prices and capture the market.
- Kiln workers have to compete with Pakistani skilled workers in their field. In general qualified labor is said to be cheaper in Iran and Pakistan.

Across the board, a lack of access to loans and investment was often pointed out as the main limitation to an increase of activity or an obstacle to entrepreneurship.

Perspectives

Workers in this group generally work hard and combine salaries to get a modest household income but are not in desperate conditions. They can count on their social network. Although some are tempted to go back into exile, mainly the youngest, they are more interested in seeing the country develop, and more opportunities appear in the field of manufacturing or

Afghan-based trade. They will be sensitive to macro-economic changes and hope for better opportunities.

Examples in Case Studies

- Assemblers of refrigerating display cabinets in Herat
- Kiln workers in Jalalabad
- Farmers of a village near Jalalabad
- Female carpet weavers in Jalalabad
- Casual workers in a block production unit, with seasonal cross-border mobility, in Herat

Group III: Government Employees / Teachers

Several case studies and focus groups raised the specific situation of former or current government employees.

Background

Individuals have previous work in public services such as government ministries or in education. The levels of education vary across the board (from very low education to educated teachers). Some of them have been able to continue working in the field during exile (teachers), but most of them had to adapt and do basic jobs that were available or learn new skills. This is also the case for women.

Integration Pattern

Some former government employees with basic skills shifted to Groups I and II (see above), having to work in kiln production or in farms or as casual laborers. Some former female teachers became shopkeepers, complaining about their loss of social status, although they were able to get a higher income. This seems to be the case for a growing number of former public service employees who have not been able to reintegrate their jobs after exile or have lost it since then.

This category of workers was often pointed out by key informants as being **fragile**. The Afghan government is planning for job reductions and reprofiling in the civil service sector to comply with budget restrictions and emphasize the role of the most highly skilled civil servants. The entry of former civil servants in categories I and II could be, in that sense, an insight into a major problem inherent to the Afghan labor market.

In general, salaries for those still involved in public services are among the lowest in the labor market and are often comparable to that of casual labor workers. This forces many government workers to have several sources of income, including from basic jobs.

Focus on Teachers

A specific focus was paid to returnee teachers through focus groups and case studies which lead to the following observations:

General Misinformation

While in Pakistan, they heard that a salary of 200 USD would be paid to professional teachers. Most but not all of those who arrived early could regain their former jobs.

The livelihood strategy is based on governmental jobs as stable but incomplete sources of income. For men, government jobs bring about 40% of the household income. Also of note, in case of sickness, this salary is paid, which is not the case for many private sector jobs.

In some studied cases, male returnees have other jobs in the private sector like selling fruits and vegetables or carrying people in a rickshaw after work. Teachers also have the option of working full time during the winter since the school year is only 9 months long. Female teachers generally do not take a side job since their salaries adequately supplemented the incomes of their husbands.

Teachers are mainly able to integrate due to their connections to personal and professional networks. The institutional channel is not always relevant in getting their jobs back, allthough a case study with a woman teacher in Herat proved otherwise. She was successfully reintegrated in 3 or 4 days after applying at the Education Directorate in Herat and now works

25 hours per week, getting 55 USD per month. The rest of her budget has to be covered by family shops in Herat.

In general, the desire to integrate as a teacher into the labor market is much higher than the actuality. Participants link this with recruitments blocked by the Ministry of Education and the unfounded rumor that the central government plans to double teachers' salaries.

In general, this is reflective of average jobs within the public sector where salaries are so low that the "happy few" who have been accepted need to build alternative livelihood strategies.

Support programs and Needs:

Most have received repatriation packages from UNHCR. None have received specific programme support for their integration.

In general, this group raises an issue for current employees in the public sector - the need for retraining programs for former government workers in the coming years.

Examples in Case Studies and Focus Groups

- Former government workers represented in several focus groups
- Focus Groups with teachers in Jalalabad
- Case study with a female teacher in Herat

Group IV: Small Businesses / Shopkeepers

This group incorporates very small businesses such as a female-owned home bakery, as well as more successful mid-size businesses like cement block production units. Interestingly, many female returnees running successful services and retail businesses are included in this category. In all observed cases, self-employment is made possible by a combination of personal ability to take initiative –across all education levels- and some external positive factors. This group gives a general picture of successful strategies of self-employment for returnees with a variety of backgrounds.

Background

A majority of the studied cases had already run a shop before or during exile. Others benefited from a good experience during exile that provided them with the necessary skills and confidence to start their own venture.

Female returnee entrepreneurs who started their own businesses consider that they have gained an advantage over non-returnee women, since the conditions of exile forced them to work in different sectors and learn a large range of skills.

Three case studies involve illegal refugees to Europe who failed to get legal status and integrate within European society, and therefore had to return to Afghanistan

Integration Pattern

Most returnees started their own businesses immediately upon return or after a short period of unemployment, allowing them to assess needs in the Afghan market. External factors allowing for business start-ups include:

- Opening of a women's market in an UNHCR-funded women's garden, giving opportunity for female returnees to apply for and open their own shops.
- Savings from exile were sometimes provided a starting point.
- Assistance from a family member, even from abroad, provided for initial funds.
- Social networks assisting with start-up costs.
- In 2 cases, the land belonging to the father was bonded.
- In 3 cases, returnees benefited from the IOM AVR / Rana support program, including a grant of 1,800 USD to buy equipment.

Revenue: In most cases, businesses were up-and-running and quite successful, and sometimes levels of revenue far exceeded expectations, in particular the case of the women-owned beauty salons.

- Women's beauty parlor in Kabul: 1,000 USD per month revenue.
- Women's beauty salon in Jalalabad: 200 USD (in winter) to 700 USD (in summer).

Obstacles

A series of constraints and obstacles to small business development were expressed through the different case studies. Although most are problems faced by all Afghan small business owners –not only returnees- some are also specific to returnees who are able to place their activity in a broader context, and are of interest for future policies and support programs.

- Tailors: Afghan tailors complain about the lack of facilities (electricity, transportation) and raw materials that could allow them to produce at a lower price. They currently face a massive influx of cheap imported products from neighboring countries where better infrastructure is in place and labor is cheaper and more qualified. The return of numerous skilled tailors from Iran in a city like Herat seriously compromises the sustainability of this activity.

- Masons: Young skilled masons aiming to be self-employed face a serious lack of access to funding. This structurally prevents them from starting their own activities, since traditionally masons get paid at the end of the construction project. They also complain about the absence of quality norms and standards which leave the market to be filled with unskilled masons who offer cheap and low quality projects as well as Pakistani construction companies.

Needs / Expected Support:

- Main expressed needs are in terms of loans and funding
- Secondary needs are for infrastructure (electricity, transportation)
- In other cases, the government is also expected to organize norms and standards and regulate imports in order to protect Afghan know-how and sustainability of local businesses

Perspectives

The mindset of small business owners is rather positive in terms of development and, across the board, there were no observed cases of small business owners who intended to go back to the country of exile, revealing a certain optimism.

Observation of this group shows that small business strategy can pay and even bring a better income and independence for workers compared to many other jobs. Hence, it is the preferred approach, even by some very educated returnees, as an alternative.

Examples in Case Studies and Focus Groups

- Small and middle business owners in Herat
- Female returnees running a business in the Women's Garden, Kabul
- Female returnees running a beauty parlor in Kabul
- Female hairdresser and owner of a beauty salon in Jalalabad
- Shopkeeper in Jalalabad
- Fabric retailer in Jalalabad
- Female home baker in Kabul
- Wedding equipment rental shop in Kabul
- Car repairman in Kabul
- Self-employed carpenter in Kabul
- Self-employed clothes importer and retailer

Group V: Managers in Traditional Sectors

This group is composed of male returnees running medium size enterprises in traditional sectors—manufacturing, trading, and confectionery.

Background

Various backgrounds are observed. In some cases, the family of the manager or the manager himself is running the current business before exile. In other cases, the activity is created after returning from exile. All of the returnees are skilled in their fields, most of them having developed their skills during exile and developing a professional network.

Integration Pattern / Key Factors of Success

- Creativity / flexibility: There is a common characteristic across all profiles and sectors. All managers, being newly established or running a family business, have shown a great ability to use their experience in exile and adapt their activities to the new Afghan market. These allow:
  - bringing ideas of businesses observed during exile
  - bringing a know-how to propose better production processes and quality products than those currently in the Afghan market
  - adapting to the new tastes of Afghan consumers
  - proposing new products needed by international organizations or local clients

- Networks: In most of the observed cases, managers have a strong social and professional network that often allow them to access investment, get credit during their starting phase, team up with investment partners, or gain access to micro-credit. Most keep connections with their country of exile, and for some of them this is the basis of their business. Networks are also useful to find skilled employees. Many have recruited returnees coming back from exile with modified skills, which is a guarantee of quality for their production unit.

Support Programs

In general, no support was received when coming back from exile. In only one case was a micro-credit organization used for initial funding of the activity. The returnees applied for micro-credit with FINCA. Step by step, they built some trust with the organization and were able to take out larger loans. They explained that their experience in exile gave them an advantage over other Afghans to access micro-credit, and the group was "more respectful of reimbursement timelines and contractual obligations" than average Afghans.

Needs

Apart from the case mentioned above, managers do not expect any external support and have been able to create or develop their activities independently. One may consider that they have the ability to adapt to market changes and are quite autonomous. However, few are aware of available loan mechanisms, and this can be a limitation to the development of their activities.

Access to skilled workers is at times an issue. Access to employment service centers to place job announcements, although never mentioned by any managers, could be an option for them to improve their recruitment processes.

Perspectives

Managers in traditional sectors are critical for the development of the Afghan economy. They have shown a great ability to re-integrate, adapt, and recruit other returnees. Although they are relatively independent, access to loans and infrastructure will be key factors of development.

Examples in Case Studies

- Owner of Herat's most reputable confectionery
- Owner of a soft drink factory
- Director of Warsata Industries and Trading
- Owner of a brick kiln
- Owner of a cement block production unit
- Owner of a refrigerating display cabinet workshop

Group VI: Professionals in New Sectors

Background / Profile

This group is mainly composed of young educated returnees who have successfully integrated into the Afghan labor market. They are involved in technical, professional, or managerial positions at aid organizations or in innovative sectors such as telecommunications, media, or consulting.

All were raised in Pakistan and Iran, where they were educated until secondary school or university. Some had parents who may not have been well educated but emphasized education for their children. They can speak English and have computer skills.

Integration into the Afghan Labor Market

Most of them have good friends from exile and connections back in Afghanistan through their families and former networks. They turn to these networks first to find work, although they also are aware via word of mouth that job announcements are available at the Employment Services Center on Flower Street and on boards outside Acbar, an NGO, and Bearing Point, a consulting firm. Finding a job is not an issue, and they know they can have access to high monthly salaries, from 250 USD for the youngest to 500 to 1000 USD for those with more experience.

Given their high salaries, many of these young professions have become the main breadwinners of their families. Investing in the education of their children is highly beneficial for returnee families since the international aid money along with rapid urban development offer many job opportunities to those who can learn quickly and apply their English language and computer skills.

Needs

Although their situation is far better than 80% of returnees, many Afghans of the younger generation are **not completely satisfied** with their situation upon return. For example, most are not in need of support programs that target returnees. They have high expectations regarding the rule of law, good education, and a better quality of life.

- Government / rule of law: "Our Government is doing nothing, and in particular nothing for the young generation. We often have problems with the police who try to get some money from us. Fortunately the media –in particular Tolo TV- brought a big change in challenging the attitude of the police."
- **Education:** They consider the university system as inherently unfair, since only 12,000 students were accepted out of 50,000 applicants. They want better access to management schools, mentioning a private institute in Shar-e-Now, Kardan, as an example which was created by a group of business people who had developed a similar concept in Pakistan.
- **Cross-border mobility:** Many in this group will not hesitate to emigrate back to a neighboring country, or even to Europe. Very well informed, they are able to complete a comparative analysis of opportunities across different countries, including the costs of visas, human smuggling, and complexity of access.
- **Quality of life** is the number one subject of conversation among this generation. They are used to urban centers in neighboring countries, have sometimes traveled to western countries, and find life in Afghanistan "boring". They do not have access to "expatriate places" ("we are not allowed to enter Serena Hotel") , although they have the same aspirations. They want cafes, swimming pools, and billiard clubs. The most independent among them "escape" regularly to neighboring countries or to India to find this freedom that they do not have in Afghanistan.

Perspectives

Some in this group are happy to work in Afghanistan and respect their family traditions. But others are quite critical about Afghan society and are afraid to be the "lost generation," those who expect little progress, with the only prospect for change taking place for their younger brothers and sisters.

At this stage, they are aware that they have better salary opportunities in Afghanistan than they would elsewhere. In Pakistan, for example, jobs pay an average of 100 USD per month; in India, there is too much competition. Working in Afghanistan for high salaries therefore provides these individuals with a strong reason to stay in country. But many believe it will not last, and considering the high cost of living in Kabul ("you need at least 400 USD to have a good life"), they might reach a tipping-point where it would be more ideal to leave.

This group must ultimately decide between staying in their homeland and with their family but having a "boring" life or having a nice life (like some of their brothers and sisters in Europe) but being far from home.

For some of them, there is a conflict amongst the generations in their families due to their high level of salary, which empowers them to participate more in the decision-making within the household.

There is a risk for Afghanistan to lose these young and educated people if the country cannot adapt to retain them with higher salaries in the private sector and in public services.

Examples in case studies and focus groups:

- Focus Group with Young Educated Urban Returnees in Kabul
- IT assistant in an International NGO
- Focus Group with Salam Watandar / Internews Journalists
- Interview of HR Manager at Ikub Consulting Firm
- Interview of HR Manager at ROSHAN Telecommunications

Group VII: Managers in New Sectors / High Ranking Officials

Background / Profile

Most of the individuals in this group were in exile in Western countries, where they were educated and worked in medium-to-high level positions. They have a full understanding of the Western system, speak English fluently, have computer skills, and have ideas about marketing, communications and media or backgrounds in business and economics.

Their families have a diversity of backgrounds before and during exile. Some were already high up the social ladder, while others had average situations. In all cases, their time in exile has provided the young generation with a high level of skills, and the more senior returnees have been able to employ their political and personal networks in Afghanistan. This group includes people over 35 who have been able to access high level government jobs, as well as younger Afghan managers or high-level professionals.

Integration in the Afghan Labor Market

Returnees in this category do not consider themselves "returnees". They are for most of them members of the Afghan diaspora in western countries and generally have a foot on each side: in their country of exile, where they go back often (many have left their families there, contrary to returnees from neighboring countries) and in Afghanistan. Most came back on their own to assess the situation, but some in this category came back through RQA or Expatriates Services (ARTF) programs.

One commonality that most possess is that Afghan reconstruction and international funding has provided them with key positions or opportunities that they could not have hoped for in exile. They win on two levels: Getting a better education abroad than those who stayed and returning with greater opportunities.

Some have taken advantage of their know-how in specific sectors (communications, fashion design, and interior design) to create their own businesses. Internationals are their primary clients, either through services (communication campaigns) or through luxury goods.

Needs and Perspectives

This group does not have direct needs in terms of support programs. However, the key challenge will be to keep them in Afghanistan to ensure a **transfer of skills and some capacity building** within the Afghan private sector and in public institutions. There is no guarantee they will stay when aid money starts to decline. At the same time, since they have started enterprises in Afghanistan, they have reasons to remain in the country.

For these returnees, one of the key requirements is a **better quality of life**. Unlike Group VI, they have access to restaurants and hotels for "expatriates". However, they expressed the need to get out of Afghanistan often, since they are not used to the local way of life. This is particularly the case for women in this group, who feel constrained in the Afghan society.

The "tipping-point" for this group is a combination of **quality of life, access to responsibilities, and high salaries** (stated to be over 4,000 USD). There is not "one" behavior pattern across the group, but they are returnees who have other alternatives and they will not stay if the country does not change, since they have opportunities in other countries. Some have gotten involved in the "aid machine" and may decide to work in the development field in other countries.

However, the capacity of Afghanistan to retain these qualified returnees will greatly depend upon the future development of the Afghan economy and the capacity of the Government of Afghanistan, together with international partners, to implement civil service reform and guarantee attractive salaries to the most qualified.

Examples of profiles:

- Founder of a communication agency
- Beneficiaries from RQA Program employed in International Organizations
- Lawyer with leading telecommunication company
- Lawyer with the Ministry of Commerce
- Manager of leading TV / radio station
- Key Afghan ministry workers
- High-level Government employees (AISA, Central Bank)

VII. Perspectives and Recommendations

1. Impact of Returnees on the Afghan Labor Market and Economy

How do returnees impact the Afghan labor market? Responding to this question would have required a baseline analysis of the Afghan labor market prior to the beginning of the current wave of return, and such a study is unfortunately not available. At this stage, data on the Afghan economic sectors and labor market is very limited. However, several conclusions can be made after analysis of the trends and integration patterns.

> Labor Force: At this stage of Afghanistan's development, it is difficult to assess whether the massive influx of workers returning from exile will overall support the reconstruction and development of Afghanistan, or on the contrary jeopardize the sustainability of the country in the long term. Many of the key informants interviewed (including the Deputy Minister of Labor and Social Affairs) expressed their concerns on the capacity of the Afghan labor market to absorb the current flows of returnees, as well as other target groups such as former combatants. The current study did not address this issue directly, and it is too early to analyze it since integration mechanisms take time.

However, a number of key assets brought by returnees have already had a positive impact on the Afghan labor market and economy. The following themes emerged from key informant interviews, surveys, case studies, and focus group discussions:

> New Skills: Returnees are generally seen as bringing valuable skills to the Afghan labor market. A majority of interviewed heads of enterprises consider returnees have better skills than workers who stayed in country. Also, it is believed that returnees come back with a broader professional experience, a better understanding of their jobs, and, in some cases, marketable English language skills.

> New Business Ideas: In many case studies, returnee entrepreneurs explained how they had used their experience in specific fields (from hairdressing to refrigerating display cabinet assembly or cement block production) and applied their skill sets to jobs in the Afghan labor market, where the service or product was not always available. As an example, many returnees who created internet cafes contributed to the growth of this sector in Afghanistan. However, it is to be noted that this does not work well in all cases. For example, a young returnee starting a pizzeria in Herat explained his failure by stating that "the people in Herat did not like my pizzas." This is a reminder that not all ideas can translate into success.

> New Market Approaches: Afghans living abroad have developed a better understanding of markets and client expectations since they were exposed to different lifestyles and to a more competitive environment. They tend to bring back new market approaches that inspire other Afghans who have not lived outside Afghanistan. In the media, the most successful TV channels and radio stations are run by returnees who have strongly challenged traditional models and have subsequently obliged others to move forward. These innovations tend to foster initiatives and boost the Afghan economy.

> Formalization of Business / Standards of Quality: It has been mentioned several times by returnees that local standards of quality or other aspects of business formalization (such as employment services, social security, or access to the banking system) are missing in Afghanistan. With pressure from some of the returnees who are used to having more formal business standards, the Afghan system could evolve towards more optimal processes, although this will probably take some time and require a strong collaboration with the Afghan government.

> Entrepreneurship: With a very high rate of self-employment (45%), surveyed returnees show a high ability to create small or medium businesses. Many jobs have been created by returnees themselves. Although many of the businesses created are small and do not guarantee sustainable development for the country, this can definitely be considered a key asset for the Afghan labor market and economy.

Overall, most of the entrepreneurs among the returnees have been able to challenge traditional models and bring a wind of change to the labor market and economy. This, combined with macro-economic changes in Afghanistan, seem to reflect a general high level of optimism among returnee and non-returnee heads of enterprises alike (see Enterprise Survey).

Returnees involved in a UNHCR canal-cleaning project
in Istalif district, Kabul province

2. Integration of the Next Wave and Long Term Integration

The return of Afghans from exile in the last four years has overcome all expectations in terms of volume and rhythm. Although the integration process has left a significant group of vulnerable workers jobless or with a precarious status, the present study shows us that a large portion of returnees have been able to integrate successfully. Still, return is relatively recent, and the process of a long-term integration of all Afghan refugees raises a number of challenges outlined below:

- Long Term Integration of the "First Wave": Is the Afghan economy at a climax, or will future developments allow the country to integrate returnees over the long term?

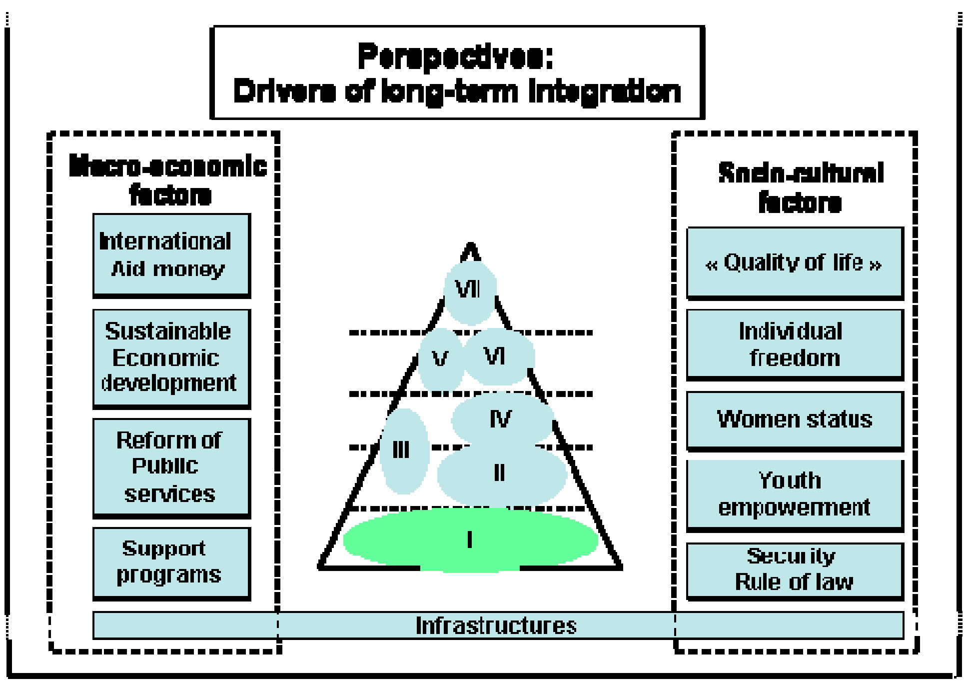
- The Tipping Point: At what stage and on what criteria will some of the returnees decide to go back to exile? Who are they?

- **Next Wave and Absorption Capacity:** Should the Afghan government encourage massive or selective return of Afghans still living in other countries?

2.1 Long Term Integration and the "Tipping Point"

For all returnees, their current integration in the long run will highly depend on the evolution of the Afghan economy as well as on several other factors such as quality of life in Afghanistan, security, social changes, and existing opportunities in neighboring countries.

These identified factors are expected to impact the different identified sub-groups in different ways:



<u>Macro-Economic Factors Impacting the Long Term Integration of Returnees</u>

> **A stable or growing economic situation**, as well as any effort to structure the Afghan labor market will benefit all groups. On the contrary, economic turmoil will possibly lead various individuals in all groups to think about going back to their countries of exile to look for job opportunities.

> **The continuity of international support** to Afghanistan is key to long term integration of returnees at the highest level of the social ladder. Many of the returnees of sub-group VII have opportunities to work in their countries of exile, where some have left their families and found some relatively attractive positions in Afghanistan. We can expect that a decline in financial support by the international community will rapidly translate into the departure of a large portion of this group, although some, having either developed private activities based on the Afghan market or achieved high-level positions within the Afghan government, would probably stay for a longer term.

We can also anticipate that cuts in aid will indirectly affect other sectors, although when asked about their dependence on the presence of internationals, few of the interviewed heads of enterprises believed that their activities are contingent upon the presence of internationals. In these traditional sectors, all workers, not only returnees, would be affected by the phenomenon.

> Support programs will be needed to ensure the successful integration of returnees in the long term. They are particularly necessary to assist in the integration of the most vulnerable (Group I), among which many might decide to leave Afghanistan if their situations do not improve. Support programs such as placement and employment services are also needed for returnees with better skills to find positions that utilize these skills and to ensure the availability of funding for candidates of small business start-ups (see recommendations on support programs in the next section of this chapter).

> Civil service reform, which is expected to take place in the next few years, will specifically affect government employees (both returnees and non-returnees). The most qualified of the returnees will probably have their salaries and responsibilities increased during this process, while the ones with lower skills and no alternative job opportunities will face unemployment. These reforms will have to be accompanied by specific reintegration programs which will address returnees and others with no discrimination.

> Infrastructure will have both a direct and an indirect impact on the activity and potential for development across all sectors and sub-groups, although the small business owners and managers of traditional sectors are the ones who expressed the most concern on this issue.

> Support programs require tailoring to address specific needs and profiles. They have the potential to launch returnees into successful and sustainable integration.

This list is certainly not exhaustive, and many other macro-economic factors could also have an impact on the long-term integration of returnees.

Socio-Cultural Factors Impacting the Long-Term Integration of Returnees

Aside from issues directly connected to the labor market, many of the interviewed returnees expressed their concerns about quality of life. Many of the returnees across all levels of the social ladder have experienced better access to infrastructure, education, and a certain taste of freedom from social traditions in exile countries that they do not find in Afghanistan.

Although this does not directly affect their ability to find employment, it is often presented as a central factor in the decision making process to stay in Afghanistan in the long term or go back to the country of exile.

This concern is particularly strong among the highest levels of the social ladder (Groups VI and VII) and the most educated who often have experienced a very different lifestyle. Young returnees from neighboring countries have developed their own lifestyles and networks in Karachi, Islamabad, Meshad, and Tehran and very much value the differences of neighboring Islamic countries in comparison to the Afghan model. Returnees from western countries have lived in a completely different environment and often refer to it. They often have to "escape" for long holidays in the west, and some, especially women, do not envision the possibility of staying in Afghanistan in the long term if the cultural context does not change or if living conditions do not improve.

Among the criteria of the different sub-groups taken into account, we can mention the following:
(see diagram above)

> "Quality of Life" is often used as a general term. This includes a general open-mindedness, access to entertainment and leisure structures (swimming pools, billiard and game rooms, cinemas, cafes and restaurants), and freedom to move around the city and its surroundings without security constraints. This quality of life also signifies a certain level of income and is generally mentioned by the returnees belonging to groups VI and VII.

> The status of women is a key issue across all sub-groups since many have experienced an easier context in their countries of exile in both Pakistan and Iran, which is considered more open than Afghanistan on women's rights.

> **Youth empowerment** together with **individual freedom** are issues for the young returnees, who often consider that they have limited freedom in their family, cultural constraints such as forced weddings, and few opportunities to spend time on their own (or, as one respondent said, "to meet girls"). Among young workers developing cross-border strategies, many were happy to explain that the time spent to work "on the other side" was also an opportunity for them to experience more freedom. Due to the extraordinary significance of this group's contribution and role in Afghanistan, it is key to consider their concerns beyond the labor market.

> Security and rule of law, although they were rarely mentioned as a priority (showing that overall returnees in the surveyed areas feel relatively safe), are still significant concerns across all categories of returnees.

> Infrastructure is another key factor that impacts quality of life. General infrastructure has a direct influence on day-to-day life (Kabul is often pointed out as having horrendous traffic jams) and mobility in urban areas and across the country. Many of the returnees deplore the lack of access to basic facilities (water, gas, and electricity) that was readily available in their countries of exile. Social infrastructure such as schools and hospitals are even more important across all groups, and for some, health problems or concerns about the education of their children can be driving factors to leave the country.

Staying or Leaving Afghanistan: The "Tipping Point"

As a direct result of the different factors mentioned above, we can observe that a significant portion of the returnees of several sub-groups were balancing several options: staying, leaving Afghanistan, or adopting a flexible way of life between Afghanistan and other countries. Between these three options, the line is often very thin, and there is a "tipping point" where one factor or another can drive the decision.

Open discussions with several groups (in particular the young urban professionals of sub-group VI and returnees from Europe and America in group VII) showed that their current presence in Afghanistan was relatively fragile and that a day-to-day balancing among different determinants could lead to a quick change. The current strength of the Afghan economy pushes many of these returnees to stay, since they realize that they have access to better job opportunities in Afghanistan than in other countries. But this decision is made despite a general disappointment in terms of "quality of life". For these categories, the tipping point might be reached at the time international funding declines. In spite of attractive job opportunities in Afghanistan, there are cases of young educated female returnees who have already decided to return to their countries of exile due to excessive family pressure or the prospect of a forced wedding. Tipping points, across the board, are connected to a sum of personal and external factors.

For many returnees, there is a "tipping point" where they might decide to leave, considering that they have reached a real level to arbitrage amongn the various options, which will be driven by the evolution of opportunities in terms of natural integration (absorption by the labor market and the society) or supported integration (integration through dedicated programs).

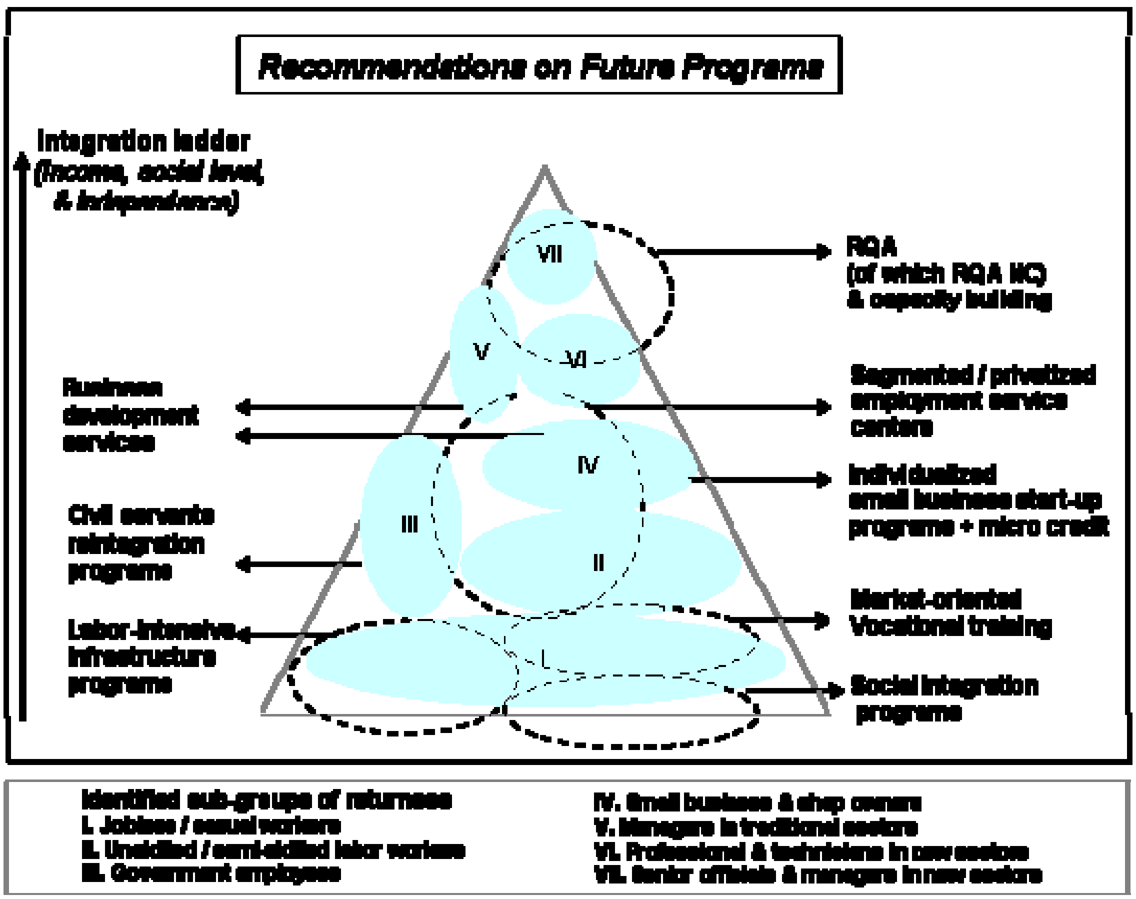
Reconstruction of major roads (here the Kabul – Jalalabad highway), development of services in urban centers, are among the priority-expectations of returnees at all levels of the social ladder

3. Recommendations on integration programs & policies

The integration of a majority of returnees in the Afghan labor market is in progress. While some still struggle, many of them have already found their place in Afghan society. The analysis provided leads to the identification of several obstacles to integration and some specific sub-groups who require temporary or permanent assistance from support programs.

Furthermore, the recent census done in Iran and Pakistan shows than more than 3,5 million Afghans are still living in neighboring countries (940,000 in Iran and 2.6 millions in Pakistan). A large part of this population has been in exile for more than 20 years and is employed in low skills jobs; these refugees will therefore require further assistance and probably new integration approaches at a time when the Afghan labor market is close to the limit of its capacity of absorption.

Keeping in mind the current patterns of integration and models of support programs, recommended programs can be represented as follows:



As a general recommendation, programs should target individual sub-groups among the returnees, since each has specific needs and potential. The following recommendations take into account existing programs (described in section VI) among which many have been identified as being well targeted and already successful.

> Social Integration Programs
At the lowest levels of the social ladder, the most vulnerable have not only failed in their labor integration, but some have also failed in their social integration. For them, labor integration should start with social integration, including housing and social assistance, and working members of the households need to receive up-to-date information about job opportunities and existing labor-oriented programs. More often than not, they do not know any alternative to casual labor.

→ Primary targets are returnees currently living in settlements and relocated returnees (from other provinces) living in poor neighborhoods who have been identified as the most isolated from any type of social network.

> Other Social / Administrative Services
Administrative support for the validation of diplomas obtained in foreign countries should be made available at the provincial level. The concern was expressed by female returnees living in Herat, who had no choice but to travel to Kabul in order to get valid certificates.

> **Labor-Intensive Infrastructure Programs with an Integration Component**
Similar to many existing programs (e.g. NEEP), returnees should continue being involved in labor-intensive infrastructure programs. Beyond the logic of positive discrimination of returnees that is sometimes implemented in national programs, an individualized follow-up on these programs with opportunities to integrate sustainable reconstruction programs or access to construction companies would be extremely useful for low-skilled returnees. Leverage on and expand current cash-for-work (UNHCR) to other sectors and create links to the private sector.

→ Primary target: Low-skilled illiterate returnees

> Market-Oriented Vocational Training Programs
Although many vocational training programs have already been implemented by several organizations for Afghan returnees, they too often fail in providing support for trainees until they find work and are devoid of any market-integration component. This should take into account the existence of markets in the near neighbourhood, as well as available infrastructure (transportation facilities) and cultural obstacles (women's status) in order to propose realistic integration solutions.

→ Primary target: Low skilled returnees with a focus on women

> Civil Service Reintegration Programs
In anticipation of future public service reform, and in order to address the current difficulties faced by low skilled civil servants and the poor salaries of teachers, several programs could be explored at this stage:

→ Encourage voluntary civil sector departures and prepare future reforms:

- Information on existing (or future) Employment Service Centers could be provided by major public institutions in order to provide other career options for civil servants.
- Integration of after-hours training modules within public institutions, in order to prepare civil servants for future reforms, including identification of high profiles. Training can include *Create Your Own Business* modules, English courses, computer courses, and general updated information on the Afghan labor market.

→ Build on part-time working hours of civil servants to create bridges with the private sector, and encourage on-the-job training for those who are currently employed in public services.

→ Priority target: Civil servants

> Individualized small business start-up programs with market study, micro-credit, and training components

Following the model successfully developed by IOM with the AVR / Rana program, and taking advantage of the interest many returnees have in starting their own businesses, support of small business start-up programs is essential. Furthermore, several modules could be added to existing programs, which will require strong coordination among several organizations.

- Micro-credit module: The existing grant system (from 700 USD for former combatants to 1,800 USD for returnees) in some cases limits the type of businesses that can be created. Returnees who have the potential to quickly develop mid-size enterprises are often limited by the lack of loans and access to micro-credit.
- Taking advantage of the skills and market know-how that many returnees have developed abroad, we recommend analysis of the case studies of high profile entrepreneurs by private sector experts in order to provide potential entrepreneurs with market research training, including analysis of their own sectors. Based on the findings of this module and on a refined business plan, micro-credit modules could be facilitated if linkages between return or integration organizations and micro-credit providers is ensured.
- Returnee candidates interested in small business development could undertake a management training module upon entry into the Afghan labor market with the incentive to create their enterprises using formal business standards. Taking into account the objectives of the Afghan Ministry of Commerce to formalize private sectors, returnees can be targeted as participants of these small business programs with the objective that they will directly benefit from them.

→ Primary target: Returnees willing to create their own businesses across all sub-groups.

> Business Development Services: leverage returnee managers' good will.

Few Afghan enterprises currently benefit from access to business development services. Priority needs identified in this study include access to loans and the banking system as well as basic infrastructure (electricity, water, telecommunications, and transportations). This is true across all sectors and does not only concern returnees. However, other business development services such as employment services and business licensing are needed, and interviewed returnees were particularly keen on incorporating these formal practices into their business practices, since they have experienced such services in other countries. This positive mindset expressed by returnee managers could be an opportunity to promote services that many key informants currently consider to be unsuccessful in the Afghan private sector.

→ Primary target: Returnee heads of small, medium, and large enterprises

> Specialized and Privatized Employment Service Centers

Building on the current success of Employment Service Centers, the model should be extended to most sub-groups of returnees, as long as specialized ESCs can be created. Several obstacles need to be addressed:

-Promotion among private sector managers: The lack of private sector job announcements in ESCs is often due to cultural limitations, with many Afghan managers showing a preference for social networks for recruitment purposes. This is often a guarantee, since employees recruited through friends and family are "recommended". To address this problem, Employment Service

Centers should be able to provide potential recruiters with a minimum of guarantees through systems that need to be explored. One option could be assistance in contracting, based on fixed salaries and completion bonuses that are a good incentive for employees not to break their contractual obligations with employers. This is but one example to be included in the general effort of the formalization of employment practices.

- Specialization: Aside from contractual practices, the development of specialized ESCs should be accompanied by a massive public information campaign to reach private sector actors and start shifting the mentality toward formalized practices. This will require identifying levers and barriers currently existing with Afghan managers.

- Privatization: ESCs have a limited capacity of absorption. Therefore, they should be specialized across sectors and take into account the level of job offers (at least 2 categories: "Unskilled and Skilled workers" / "Professional and Managers"). Within each specialized service center, specific training programs and individualized follow-ups could more easily be proposed. One option to restrict the cost of the development of such programs, which was raised in discussions with key informants, is the creation of a legal framework for employment services and incentives given to private agencies to develop such services.

→ Primary targets: Sub-groups II, III, VI, and involvement of sub-groups IV & V on the job offer side.

> RQA / Capacity Building:

Return of Qualified Afghan (IOM) and Expatriate Services Programs (ARTF / World Bank) have demonstrated their interest in building some capacity within Afghan enterprises and public institutions.

- Neighboring Countries: RQA programs should be strengthened, in particular for returnees from neighbouring countries. This involves the identification of needs among private and public institutions that could be done in coordination with Employment Service Centers, and the research of qualified returnees in the countries of exile.

- Building and Keeping Capacity: A limitation of RQA components is that beneficiaries do not always stay in Afghanistan after their initial contract which is to a certain extent, a loss of capacity and investment. Since high-level returnees cannot be forced to stay after their initial period of contractual obligations, several options are recommended within these programs:

> - *Better incentives to ensure capacity building within the targeted institutions*: Presence of one or several local (non-returnee) counterparts working together from the beginning of the mission with the RQA beneficiary, and emphasis on the capacity building component of RQA, with an end-of- contract evaluation and completion bonus proposed to the beneficiary in order to encourage him or her to properly train his counterparts.
>
> - *Linkage with private sector and entrepreneurship programs*: Although budget constraints within the private sector and program limitations do not allow subsidizing beneficiaries of RQA programs for a long period of time, they could be encouraged to stay in Afghanistan at the end of their contract through other channels outlined below:
>
> > - Access to job offers through specialized ESCs or private placement agencies in the Afghan & international private sectors. High profile returnees who are working in Afghanistan for the first time should be the primary targets for recruiters.

- Access to a business development module with a business plan and *Create Your Own Business* training module, and bridges with investment / banking institutions to stimulate entrepreneurship among the high-profile returnees.

Remark:
- These are examples of developments and improvements that could be explored, often based on existing successful programs. Their feasibility will of course depend on available budgets and on the ability of the Afghan private sector to collaborate.
- Across all programs, frequent structural adjustment to market needs and coordination will be two key guarantees of success.

Conclusion:

These programmatic opportunities cannot be considered without first keeping in mind other aspects of the development of the country that will create better conditions for returnees to integrate and stay in Afghanistan, such as infrastructure and improvement of living conditions. Although they are not directly related to the integration of massive flows of returnees, we saw earlier that these aspects of the country's development would be pivotal to ensuring a long term integration.

Beyond programmatic recommendations, other questions involving policy making and agreements with other countries should be raised, which will be critical in the coming years:

- Returnees have positive or negative experiences of exile, but all of them now have experienced life outside the country, and some of them will be tempted to go back. For the ones who wish to go back and work abroad, it will be key for the Afghan government, international community , and the main countries of exile to define the status of temporary or permanent migration, in order to restrain the flow of illegal trans-border workers.

- Not all Afghans have come back. Those who remain outside the country are in various situations and most probably did not come back since they considered their situation to be better in exile than in return. There are lessons to be taken from the return of the "first wave", and a major question to raise: with a limited capacity to absorb all workers living abroad, should Afghanistan encourage other returnees to come back or try to build a more flexible model with neighbouring countries?

Other research projects focusing on trans-national issues will help identifying patterns of migrants and trans-border workers and will hopefully bring answers to these questions.

The results of this survey were shared at the AERU Conference on Afghan Population Movements in Islamabad in February 2006. The other papers and research presented then can add further knowledge on the regional and even international phenomenon of transnational movements and how this issue can be part of not a tripartite discussion but a international policy on addressing integration.