



# COMPOUNDING RETURNS:

A Study On Remittance Loss  
and The Cost Of Deportations





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AND THE COST OF DEPORTATIONS

# TABLE OF CONTENTS

|                                                                                     |            |
|-------------------------------------------------------------------------------------|------------|
| <b>LIST OF ACRONYMS .....</b>                                                       | <b>II</b>  |
| <b>ACKNOWLEDGEMENTS .....</b>                                                       | <b>III</b> |
| <b>EXECUTIVE SUMMARY .....</b>                                                      | <b>1</b>   |
| Ground-level evidence on returns and remittances                                    | 1          |
| Key impacts of remittance loss                                                      | 2          |
| <b>INTRODUCTION .....</b>                                                           | <b>5</b>   |
| The current shock: deportations and the loss of remittances                         | 5          |
| Objectives of the study                                                             | 6          |
| Methodology                                                                         | 8          |
| Research limitations                                                                | 10         |
| <b>CONTEXT .....</b>                                                                | <b>11</b>  |
| What are remittances?                                                               | 11         |
| Deportations to Afghanistan                                                         | 13         |
| Evidence gaps                                                                       | 14         |
| <b>REMITTANCE PATHWAYS .....</b>                                                    | <b>15</b>  |
| Who sent remittances?                                                               | 15         |
| Modalities of remittances                                                           | 17         |
| Economic Impacts                                                                    | 22         |
| Protection impacts                                                                  | 33         |
| The impacts on children and youth                                                   | 38         |
| Youth unemployment and social challenges                                            | 39         |
| <b>COMMUNITY AND SOCIAL IMPACTS: REDISTRIBUTION<br/>AND COLLECTIVE COPING. ....</b> | <b>42</b>  |
| Underutilised human capital of returnees                                            | 42         |
| Social cohesion and conflict dynamics                                               | 45         |
| Informal credit as a lifeline                                                       | 47         |
| <b>INSTITUTIONAL AND MACRO-LEVEL IMPACTS. ....</b>                                  | <b>50</b>  |
| Hawala                                                                              | 50         |
| Market impact and impact on services                                                | 52         |
| <b>CONCLUSIONS AND RECOMMENDATIONS .....</b>                                        | <b>56</b>  |
| Research questions answered                                                         | 56         |
| Scenario Framing: What could shift next if key stressors intensify?                 | 57         |
| Operational recommendations                                                         | 61         |
| <b>ANNEXES .....</b>                                                                | <b>66</b>  |

# LIST OF ACRONYMS

|       |                                                      |
|-------|------------------------------------------------------|
| AFN   | Afghani (Currency)                                   |
| AWCCI | Afghanistan Women's Chamber of Commerce and Industry |
| CSO   | Civil Society Organisation                           |
| DoLSA | Department of Labour and Social Affairs              |
| DSWG  | Durable Solutions Working Group                      |
| FGD   | Focus Group Discussion                               |
| FX    | Foreign Exchange                                     |
| GDP   | Gross Domestic Product                               |
| HOH   | Head of Household                                    |
| ILO   | International Labour Organisation                    |
| IMF   | International Monetary Fund                          |
| IOM   | International Organisation for Migration             |
| KII   | Key Informant Interview                              |
| Lakh  | A hundred thousand                                   |
| MoLSA | Ministry of Labour and Social Affairs                |
| OCHA  | Office for the Coordination of Humanitarian Affairs  |
| SHG   | Self-Help Group                                      |
| SME   | Small and Medium-sized Enterprise                    |
| STFA  | Special Trust Fund for Afghanistan                   |
| TVET  | Technical and Vocational Education and Training      |
| RCO   | Resident Coordinator's Office                        |
| UN    | United Nations                                       |
| UNHCR | United Nations High Commissioner for Refugees        |
| USD   | United States Dollar                                 |
| WoAA  | Whole of Afghanistan Assessment                      |
| WLO   | Women-Led Organisation                               |
| WVA   | World Vision Afghanistan                             |

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## About Samuel Hall

Samuel Hall is a social enterprise that conducts research, evaluates programmes, and designs policies in contexts of migration and displacement. Our approach is ethical, academically rigorous, and based on first-hand experience of complex and fragile settings. We turn evidence into action and impact – at scale. Our research brings communities and decision-makers together to create more inclusive societies. With offices in Afghanistan, Germany, Kenya, and the Netherlands, and a presence in Somalia, Ethiopia, and the United Arab Emirates, we are based in the regions we study. For more information, please visit [www.samuelhall.org](http://www.samuelhall.org).

# EXECUTIVE SUMMARY

## Ground-level evidence on returns and remittances

Deportations are rising at the same time that humanitarian resources are tightening. Communities that relied on migration and remittances to bridge chronic poverty are now facing abrupt income loss, escalating debt and layered shocks (including climate related disruption), with many households moving quickly from precarious self-reliance into acute need. This study provides ground-level evidence of how forced returns are reshaping household economies, community support systems, and where the pressure points translate to protection risks.

Remittances function as a safety net for many households in Afghanistan, sustaining basic consumption in a context of low domestic incomes, declining aid, and constrained formal financial channels. Remittances account for around four percent of GDP, with actual numbers likely higher due to informal transfer systems unaccounted for in available statistics. Since late 2023, accelerating returns and deportations from neighbouring countries, particularly Iran, have abruptly stopped this safety net. The large-scale return of migrant workers and families has removed earners from foreign labour markets and cut off transfers that were covering essential needs. The shock is concentrated in border and transit provinces such as Herat, Nimroz, and Farah, where pressures on food, shelter, and jobs rise

sharply while household purchasing power contracts. Within this context, the report examines the socio-economic impacts of deportations from Iran on remittance dependent households. The study aims to inform World Vision Afghanistan's programming and advocacy for affected families and communities.

## Methodology and scope

The study, led by researchers at Samuel Hall, applies a mixed methods approach, combining quantitative survey data with qualitative interviews to understand the effects of remittance loss on individuals, families, and communities. Fieldwork was conducted in the fall of 2025 across urban, peri urban, and rural settings in Herat, Faryab, and Kabul provinces to capture varied household profiles and local market and service conditions. Herat was selected as a major return hub from Iran, Faryab as a predominantly rural migration setting, and Kabul as the capital city, a remittance dependent and return context. Qualitative research included focus group discussions, semi structured interviews, and key informant interviews with community leaders, money transfer actors, and relevant organisations. The quantitative survey targeted households that had received remittances from a relative in Iran within the past 24 months, but whose transfers stopped in the past 12 months due to return of the sender. Altogether, over 465 participants contributed to this study through interviews across the three provinces, with a gender balanced sample<sup>1</sup>.

<sup>1</sup> Several limitations should be noted. The analysis covers three provinces and is not intended to generate national prevalence estimates. Sampling is non-random and purposive due to the absence of official data on households that have lost remittances, which may introduce selection bias. The research is also not longitudinal and provides a snapshot at a single point in time. However, the findings offer a strong basis for future longitudinal data collection and analysis.

## Key impacts of remittance loss

Deportation is an economic and protection shock that reverberates through households and local markets. Without early, flexible support, families are pushed into a wide range of harmful coping strategies (including, as this study reveals, reduced meals, delayed healthcare, loss of children's education, asset sales, and borrowing), which permanently erodes resilience and increases risks of exploitation and re-migration. Across the analysis, a clear causal pathway emerges. Deportation removes income earners from foreign labour markets, abruptly cutting off remittance flows. This loss of income translates into debt accumulation and asset depletion as households struggle to meet basic needs. Growing indebtedness then drives harmful coping strategies and distress practices. These dynamics expose children and adolescents to heightened protection risks and undermine long-term human capital, with implications that extend beyond individual households to communities, services, and future recovery.

The main impacts of remittance loss and associated recommendations discussed in the report are summarised below.

### The economic and protection impacts

#### Near-universal debt

The most salient result is the magnitude and suddenness of income loss as remittances constituted the majority of household income: 65% of households depended on them for more than 75% of total income. Income substitution is extremely difficult: **only 1% of households have been able to fully compensate for the loss of remittances**, while nearly half (47%) found no alternative income source. Once transfers stop, debt quickly becomes both a survival strategy and a trap. 97 percent of interviewed households report being in debt. Borrowing is primarily used

to cover food (90%), healthcare (79%), and rent (41%), rather than investment, meaning liabilities increase while repayment capacity collapses.

#### Widespread food insecurity and deteriorating essential needs

Food insecurity is widespread. **Around 82% of interviewed households are moderately food insecure and 4% are severely food insecure.** The biggest reason is the loss of remittances. When households lose this income, they eat fewer meals, the quality of food declines, and deprivation increases. Families are forced to make difficult choices, cutting back on healthcare or child protection needs. This can harm children's development and lead to longer-term losses in education, health, and wellbeing.

#### Remittance loss is also a local-market shock

Reduced purchasing power is visibly contracting neighbourhood economies with declining sales for tailors/shops, reduced trade, shopkeepers holding unpaid debts, and falling hawala volumes. **Returnees report rising rent pressures with a doubling of rental prices and overcrowding in urban areas.**

#### Deterioration of essential services

The report shows that remittance loss has an effect on the community. **More than half of the respondents (54%) report that households can no longer afford local services** (schools, clinics, water systems) due to families' reduced ability to pay for healthcare, school expenses, and worsening access to water. This dynamic is particularly salient in urban areas and can deepen access barriers for women and girls.

## Community and institutional impacts

### The moral economy and community reciprocity are breaking down

Community support is thinning as a result of income loss, driving a spiral of fewer visits, less sharing, and less lending. **Shop credit is increasingly conditional as it is often granted only if a household has a migrant abroad**, to act as a collateral. Solidarity is often limited to funerals or emergencies, and communities appear collectively overburdened.

### A large external support gap and strained informal safety nets

**After losing remittances, 93% of households report receiving no external support.** Among the 7% receiving assistance, the main sources are NGOs/aid organisations, while family and friends have limited capacity, suggesting that informal social safety nets are weakening. The report emphasises that returned families rely largely on sporadic individual help (for example, compassionate neighbours) rather than structured community or institutional mechanisms. This erosion complicates identification, referrals, and protection pathways, particularly for children.

### Hawala channels under strain

The report highlights that **the hawala system is the main channel for remittances from Iran at 91% of transfers**, thereby serving as a lifeline for poor, rural, financially excluded, or undocumented-migrant-dependent families. These networks face systemic pressure from three concurrent shocks: mass deportations (fewer senders), sanctions-linked banking de-risking (avoidance of transactions), and tighter domestic regulation. Hawaladars have attempted to cushion households from the shock of remittance loss by advancing transfers from personal reserves, a practice described as near unsustainable.

## Gendered and intergenerational impacts

### Women as crisis shock absorbers

As men struggle to find work after returning, **women increasingly take on income generation activities** (embroidery, tailoring, carpet weaving, home-based piecework, domestic labour). This is typically involuntary and under severe strain, with women expressing demand for skills training and safe spaces to work.

### Children bear the cost

The data identifies a direct link between remittance loss and educational disruption as **22% of households withdrew children from school due to inability to pay fees or the need to generate income** in the wake of remittance loss. Narratives confirm interruptions across learning pathways and particular vulnerability for girls' education, often deprioritised when resources shrink. Financial pressure also fuels child labour. The study reports boys being pushed into hazardous work (such as coal mines and urban markets), and situations where children split time between school and work, undermining learning outcomes. The report describes how distress can accelerate gendered harmful coping strategies affecting girls. It discusses how social and financial obligations such as peshkash can become an "asset" mobilised to cover debts, and links distress marriages and child marriage to economic vulnerability.

### Collapse in psychological wellbeing

The shock is not only economic. **The report indicates a sharp decline in life satisfaction, from 7.4/10 to 3.3/10 on average**, alongside heightened stress and worry linked to basic needs. Urban settings may face compounding pressures, including greater dependence on markets and higher unavoidable costs. A notable dimension is the role of "social remittances." Many senders provided not only money but also emotional support, advice, and guidance that households

considered important. Even when financial transfers stop, some of this relational support continues, but more than one third of households report losing it as well, contributing to isolation and reduced adaptive capacity.

## Programmatic and Advocacy Implications

Across the findings, impacts are not isolated but mutually reinforcing.

- **Loss of remittance income becomes a debt and food security crisis**, which drives protection risks such as school withdrawal, child labour, and distress practices.
- **Prolonged psychosocial stress weakens household decision-making and increases intra-household tension**, accelerating harmful coping.
- **The results describe a multi-sector shock that begins as an income crisis**, becomes food insecurity and debt, and translates into education and child protection risks, and finally destabilises services and remittance-transfer systems

Without early stabilisation, these dynamics risk converting a temporary income shock into permanent losses in child wellbeing, education, and future earning capacity, with spill over effects on community cohesion and local markets.

Taken together, the findings show that remittance loss functions as a rapid pathway into debt, food insecurity, and child protection risks rather than a temporary income shortfall. Responses focused only on food assistance or livelihoods recovery are therefore likely to arrive too late for many families. Programming must prioritise immediate stabilisation and child protection in high-return areas before longer-term recovery becomes feasible.

The results describe a multi-sector shock that begins as an income crisis, becomes food insecurity and debt, and translates into education disruption and child protection risks, and finally destabilises services and remittance-transfer systems.

For WVA, as a child-focused agency with a strong presence in the west of Afghanistan, the evidence points to an integrated “stabilise and protect” response that prioritises return corridors and prevents negative coping strategies that disproportionately harm children and adolescent girls.

The report concludes on six key recommendations detailed in the main body of the report:

1. **Prioritise a scaled-up “remittance shock” response in western Afghanistan**, using exposure and child-risk targeting.
2. **Roll out child-centred cash-plus interventions** to stabilise consumption and prevent negative coping.
3. **Put school retention and community-based monitoring at the centre of the response**, with attention to education.
4. **Integrate MHPSS into economic and education responses** through a parent–child lens.
5. **Reorient youth-sensitive livelihoods programming** towards collective production models.
6. **Protect and leverage informal remittance systems** by advocating for protective policies and risk-based oversight.
7. **Support** for data and research.

# INTRODUCTION

## The current shock: deportations and the loss of remittances

While comprehensive remittance analysis has historically been difficult in Afghanistan, current conditions make it more timely to engage in such studies, as households are more likely to report remittance losses than report earned amounts.

**This study looks at remittances lost and their implication at a time of increased pressures by host governments to return Afghans.**

Remittances serve as an indispensable economic lifeline for Afghan households and a significant contributor to the national economy: remittances accounted for an estimated 4% of Afghanistan's GDP in 2020, according to the World Bank.<sup>2</sup> Actual figures are likely much higher due to the

widespread use of informal transfer channels, particularly the hawala system, which comprises an estimated 90% of Afghanistan's financial transactions.<sup>3</sup> This reliance on informal networks means official statistics often underreport the true scale of financial flows.<sup>4</sup> It remains challenging to estimate the exact size of remittance flows accurately due to the prevalence of informal channels globally.

Data from the Whole of Afghanistan Assessment 2025 indicate that approximately 3% of the national population received remittances, with reliance notably higher among more vulnerable household types. Reliance on remittances as an income source was more common among households with members with disabilities (6%), female-headed households (5%), and internally displaced and returnee households (4% each).<sup>5</sup> This highlights the role of remittances as a key



Photo: © Samuel Hall

2 "Personal Remittances, Received (% of GDP)," SME Policy Index (Organisation for Economic Cooperation and Development, March 17, 2020).

3 Marie McAuliffe and Céline Bauloz, "Migration, Gender and COVID-19: An Overview," in Edward Elgar Publishing eBooks (Edward Elgar Publishing, 2024), 1

4 Ibid

5 REACH, Whole of Afghanistan Assessment data, 2025.

buffer for households that encounter additional constraints in securing income through wage labour.

On average, remittance-dependent households received AFN 18,715 over a six-month period, representing a substantial income stream for low- and middle-income families. Consistent with findings from previous studies, this income enabled remittances-reliant households to meet essential needs, including food, rent, education and healthcare, and played a critical role in sustaining household wellbeing.<sup>67</sup>

However, the forced returns of two million Afghans since 2023 from Iran and other recent developments have severely disrupted this critical economic lifeline. Political tensions inside Iran – a major destination for many Afghans – alongside high inflation, currency devaluation, and sharply intensified immigration enforcement have produced an unprecedented surge in deportations. In 2023, at least 651,000 Afghans were deported from Iran, marking a 36% increase over 2022.<sup>8</sup> The situation escalated further in 2025, with over 1.66 million Afghans returning from Iran as of October 9th. Of these, 919,549 arrived between July 1st and October 9th alone.<sup>9</sup> Overall, in 2025, 1.1 million returns were deportations, accounting for 65% of the total, with approximately 733,000 Afghans deported after June 15th.<sup>10</sup> The World Bank projects that while the returnee influx in 2025 will expand Afghanistan's aggregate GDP by 4.3%, it will also contract per capita income by 4%.<sup>11</sup> This highlights the complex and often negative economic consequences of mass deportations, particularly when informal labour markets in Iran had previously relied on Afghan workers.<sup>12</sup>

This study reveals the immediate and multi-faceted shocks of income loss on remittance-reliant households. When a breadwinner abroad is deported, the loss of this income is felt instantly and acutely by the formerly remittance-reliant households. Many returnees face significant challenges in rebuilding livelihoods upon their return, struggling in a saturated job market and often encountering poorer job stability and wages.<sup>13</sup> Documenting the social and economic fallout, particularly from the perspective of these affected families, is critical for shaping both emergency assistance and longer-term resilience support.

## Objectives of the study<sup>14</sup>

In this context, the main objective of this study is to understand the socio-economic impacts of deportations from Iran on Afghan households that depend on remittances. This research is designed to generate evidence that can guide World Vision Afghanistan and partners' programming and advocacy in support of affected families and communities.

To achieve this, the study explored three interrelated questions.

- **First, it asked:** *What is the scale and nature of household income loss resulting from the deportation of remittance-sending members?* This allowed us to establish a baseline understanding of the economic shock created when migration is cut short and remittance flows are disrupted.
- **Second, the study examined:** *What are the resulting impacts in terms of expenses and*

6 ACAPS, "Afghanistan: The scale and role of private financial transfers," July 2023; Moret, NRC, "Barriers to Afghanistan's Private Sector Recovery," 2023

7 REACH, Whole of Afghanistan Assessment data, 2025.

8 Nassim Majidi et al (2024), "Return to Afghanistan: Re-Migration and the Failed Reintegration of Millions of Afghans" December 10, 2024.

9 1.7m Iran Pakistan 2.2m number of people returned 500k," October 26, 2025

10 "UNHCR Comprehensive Overview of Response to Emergencies | IRAN-AFGHANISTAN > Returns Emergency Response," October 28, 2025.

11 1.7m Iran Pakistan 2.2m number of people returned 500k," October 26, 2025.

12 Nassim Majidi (2016) "Managing Migration Remotely Return, Reintegration and Rebordering in Afghanistan," Sciences Po Paris, Doctoral Thesis, January 27, 2016.

13 Nikolas Piranii, Gina Kosmidou-Bradleyii, and Chao Huangiii, for UNHCR and the World Bank; "Rebuilding Lives: How Return Duration Shapes Income Generation and Reintegration Dynamics for Afghan Returnees," August 2025.

14 Nota bene: These objectives are analytical rather than predictive. The study is not intended to estimate national prevalence of remittance loss or its impacts, but to generate evidence that can inform programme design, targeting, and advocacy for households affected by recent deportations in high-return settings. The focus is on understanding pathways of impact, risk escalation, and coping dynamics rather than producing nationally generalisable statistics.

*needs that households can no longer meet, and how do these impacts differ for women, men, children, and adolescents?* This included assessing which aspects of household wellbeing are most affected when remittance income disappears.

- **Third, the research investigated:** *How do households adapt to this loss, and what coping strategies do they employ?* With the goal of identifying both short-term coping mechanisms and longer-term strategies for different population groups.

## Conceptual framework: The Ecosystem Approach

The ecosystem approach investigates how shocks like deportations and remittance loss ripple across interconnected layers surrounding an individual returnee and his/her family:

**1) In the immediate environment,** the report focuses on returnees and their households (sex, age, health status, education, roles); everyday relationships and responsibilities (who earns, who cares, who migrates again); and household decision-making on food, schooling, borrowing, remigration, as well as the material conditions in which these decisions are made.

**2) In the middle layer, looking at interactions between microsystems,** the report makes con-

nections between households, families, and local networks, highlighting the interaction of returnee families with schools, health clinics, community associations and the influence of community leaders, religious networks, and zakat groups. Zooming in, the study looks at how local dynamics shape stigma, solidarity, or exclusion.

**3) The third, exosystem layer studies institutions and structures** that indirectly affect households, such as labour markets, enterprises, and small businesses, money transfer networks and aid agencies, as well as broader material and spatial factors, including urban and rural labour opportunities, market access, transport connectivity, and local economic infrastructure.

Figure 1: Ecosystem model



Table 1: Quantitative and Qualitative Tools, and Sampling Strategy

| Research Question                                                                                                                                       | Data collection tools                                                          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| 1. What is the scale of household income loss resulting from the deportation of remittance-sending members?                                             | Desk review, Survey, Key informant interviews (KIs)                            |
| 2. What are the resulting impacts in terms of expenses and needs that households can no longer meet, and how do those impacts differ by age and gender? | Survey, KIs, Semi-Structured Interviews (SSIs), Focus Group Discussions (FGDs) |
| 3. How do households adapt to this loss and what coping strategies do they employ? How are other actors stepping in to adapt?                           | Survey, KIs, Case Studies                                                      |

# Methodology

This study, conducted by Samuel Hall in Afghanistan in the fall 2025, gathered insights through a mixed-methods approach, combining a quantitative household survey with varied qualitative data collection techniques to understand the impacts of deportations on Afghan households and communities. Fieldwork was conducted across a mix of urban, rural, and peri-urban locations to capture the diverse experiences of returnees and their families in Herat, Faryab, and Kabul. Herat was selected as a key hub for returning groups

from Iran, reflecting its role as a primary entry point but also as a reintegration site, while Faryab served as a key location for rural migration. Kabul was included as a mixed return location, notable both for its concentration of returnees and remittance-dependent households.

## Household survey

**The survey targeted households that had received remittances from a family member living in Iran within the past 24 months**, but where transfers had stopped in the last 12 months due

Table 1: Quantitative and Qualitative Tools, and Sampling Strategy

| Region                | Province | Location            | Sample size | District profile                                                                                                                                                                                                                           |
|-----------------------|----------|---------------------|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Central               | Kabul    | Kabul City          | 61          | <ul style="list-style-type: none"><li>Capital and transit hub for deportees from Iran returning to Afghanistan</li><li>Hosts remittance-dependent households</li><li>High impacts of returns on the local economy</li></ul>                |
|                       |          | Bagrami             | 65          | <ul style="list-style-type: none"><li>Rural area that reflects returnee settlement patterns outside the capital</li></ul>                                                                                                                  |
| Western               | Herat    | Herat City          | 74          | <ul style="list-style-type: none"><li>Major returnee hub with large inflows via Islam Qala crossing</li><li>Households use remittances for housing, services, and businesses</li></ul>                                                     |
|                       |          | Injil District      | 61          | <ul style="list-style-type: none"><li>Rural counterpart to Herat City; many families rely on remittances</li><li>Seasonal migration to Iran</li></ul>                                                                                      |
| Northern              | Faryab   | Maimana             | 77          | <ul style="list-style-type: none"><li>Northern province with a history of labour migration via Nimroz/Herat</li><li>Expands regional diversity</li></ul>                                                                                   |
|                       |          | Qaysar Kut District | 63          | <ul style="list-style-type: none"><li>Rural district with limited job opportunities.</li><li>Families highly dependent on labour migration to Iran</li><li>Illustrates rural vulnerability and heavy reliance on external income</li></ul> |
| Total sample size 101 |          |                     |             |                                                                                                                                                                                                                                            |

to return. Areas with high concentrations of recent returnees were identified through scoping interviews with community leaders, after which eligible households were reached using a controlled snowballing approach. In each site, enumerators began with at least four households identified during scoping to avoid sampling within a single network, and each household could refer no more than two others. This approach allowed the sample to remain purposive while capturing diverse experiences. Eligible respondents were adults involved in remittance-related or broader household financial decision-making, and all interviews were conducted by enumerators of the same gender as the respondent.

In total, 401 respondents who had lost remittance income in the past 12 months were interviewed: 140 in Faryab, 135 in Herat, and 136 in Kabul provinces. The sample was gender balanced, with 47% of women respondents and 53% of men. The detailed sample breakdown by district is shown in Table 2, with respondent sample profiles described in the Annex.

### Sampling and analytical intent

This household survey was designed to capture the lived experiences of households that had recently lost remittance income due to the return or deportation of a family member from Iran. The study does not aim to produce nationally representative estimates of remittance loss or its impacts. Rather, it focuses on documenting the nature, sequencing, and consequences of remittance loss among affected households in high-return settings. The sample size reflects this design. Sites were selected based on documented return flows, and households were identified through scoping and controlled snowballing to reach a population that is not readily captured through conventional random sampling frames. This approach prioritises analytical depth and diversity of experience over statistical generalisation.

## Qualitative data collection

Field researchers conducted six focus group discussions, two in each research location (Herat, Kabul, and Faryab). Discussions were gender-segregated and used to explore shared experiences and community-level perceptions of deportation and remittance loss. In addition, 15 semi-structured interviews were conducted to capture in greater depth the personal experiences of family members of deportees and recently deported individuals. The study also included 13 key informant interviews (KIIs) with stakeholders able to provide expert perspectives on institutional, economic, and community-level dynamics, including:

- The Afghanistan Women Chamber of Commerce and Industry
- The Ministry of Labour and Social Affairs
- Community leaders and elders
- Money transfer agents and institutions
- Local and international organisations
- Private sector actors

## Analysis

Quantitative data was analysed using STATA statistical analysis software programmes starting with descriptive statistics, cross-tabulations and regression analysis against key socio-demographic variables such as gender, age, province, location type, and disability. Key trends were described in a separate data note with accompanying data visualisations.

Qualitative data was analysed through manual inductive and thematic coding, allowing for a structured dialogue between the conceptual framework and emergent findings and interpretations. Relevant documents were reviewed and used for cross-comparison and triangulation with both qualitative and quantitative data. The analysis followed a collaborative approach, with the team members leading on quantitative and qualitative analysis comparing emergent themes, triangulating different data sources and conducting additional data analysis as needed.

Given the purposive sampling strategy and the study's exploratory objectives, quantitative findings are presented descriptively to illustrate patterns, magnitudes, and contrasts within the sample. Inferential statistical techniques (such as p-values or population-level correlation estimates) are not applied, as they would imply a level of representativeness and statistical power that the study is not designed to claim.

## Research limitations

- 1. Survey sample size and geographic scope:** The survey is based on 401 respondents across three provinces (Faryab, Herat, and Kabul), selected for their high relevance to recent return migration and remittance dynamics. While the sample is not nationally representative, it enables focused analysis of how remittance loss unfolds in areas most affected by deportations. Findings are therefore intended to inform programme design, targeting, and advocacy for remittance-dependent households, rather than to support statistical generalisation to all Afghan households.
- 2. Purposive, non-random survey sampling:** Random sampling was not feasible due to the lack of reliable statistics on households that have lost remittance income following return or deportation. A purposive approach was therefore used to ensure inclusion of the relevant population, acknowledging that this may limit statistical representativeness.
- 3. Selection and network bias in the household survey:** Households were identified through scoping interviews with community leaders and a controlled snowballing approach, which can introduce selection bias. To minimise this, enumerators started from multiple independent entry points, referrals were capped, and eligibility criteria were strictly applied. These measures helped maintain diversity within the sample, although some bias cannot be fully excluded.
- 4. Non-longitudinal survey design:** Data were collected at a single point in time, providing a snapshot of household conditions following remittance loss. This design does not capture longer-term impacts or changes over time.
- 5. Sensitivity and social desirability bias:** Topics such as remittance loss, indebtedness, marriage decisions, and reliance on informal finance are highly sensitive. Respondents may have underreported certain practices (e.g. distress marriages, informal borrowing, fee negotiations) or framed experiences in socially acceptable ways. While trained enumerators and facilitators emphasised confidentiality, some degree of response bias cannot be fully excluded.
- 6. Access constraints and voice gaps:** Mobility restrictions, security considerations, and gender norms limited direct access to some groups - particularly women with restricted movement and undocumented returnees. Although FGDs and KIIs sought to mitigate this through gender-segregated discussions, certain voices may remain underrepresented.
- 7. Context specificity:** Qualitative data reflect conditions in Faryab, Herat, and Kabul, during heightened returns and economic contraction. The transferability of findings to other provinces should be considered with caution.

# CONTEXT

## What are remittances?

The IMF's Balance of Payments and International Investment Position Manual (6th edition) defines remittances as "household income from foreign economies arising mainly from people's temporary or permanent move to those economies. Remittances include cash and noncash items that flow through formal channels, such as via electronic wire, or through informal channels, such as money or goods carried across borders."

Remittances are income sent by people working abroad to their families or communities in their country of origin. Beyond money and goods, they can also be immaterial. Levitt (1998) conceptualised these "social remittances" as the ideas, behaviours, identities, and social capital that flow from destination to origin communities. A substantial body of evidence shows that remittances play a positive role in household welfare and contribute to economic growth in low-income countries. For example, one study found that households in neighbouring Pakistan receiving international remittances were 16.7% less likely to fall below the poverty line than comparable non-recipient households.

For Afghanistan, Iran is a major destination country for labour migrants and likely the single largest source of remittances, yet data on this corridor is not captured in official statistics. One of the most comprehensive studies on remittances in Afghanistan, conducted in 2011, found that 75% of remittance senders lived in the Islamic Republic of Iran, compared to 11% in Pakistan, with much smaller shares in the UK (2%) and Saudi Arabia (2.5%). Remittance receipt was of-

ten irregular: 26% of households received funds only once in the past year, 24% irregularly, 16% quarterly, and 11% monthly.

Official estimates substantially understate the true scale of remittance flows because most transfers to Afghanistan move through informal channels. The IOM Migration Data Portal notes that "almost all" remittances are transferred via hawala due to weak banking access, low trust in formal institutions, and high transaction costs. World Bank (2023) estimates that 80–90% of remittances to Afghanistan flow through informal systems, a finding echoed by Afghanistan Analysts Network (2021), particularly for low-income migrants in Iran and Pakistan. As a result, actual remittance inflows are likely far higher than the USD 320 million formally recorded in 2023.

Even within formal channels, banks play a minimal role. World Bank data for 2024–2025 show that 96% of recorded transfers to Afghanistan were conducted via money transfer operators, with only 4% processed through banks. Median transfer amounts were USD 185 for transfers from Pakistan, while higher median amounts of around USD 500 were observed for transfers from the USA and Saudi Arabia. Previous research also indicates wide variation in transfer sizes, with some households receiving large one-off transfers of several thousand dollars for specific expenditures.

## A pillar of household and macroeconomic stability

Remittances are a pillar of both household welfare and macroeconomic stability in Afghanistan.

At household level, they smooth consumption and provide a critical buffer against income shocks. Since the sharp decline in international aid after 2021, they have also taken on a wider

macroeconomic role by supplying foreign exchange and helping stabilise the Afghani. Da Afghanistan Bank's hard-managed exchange rate regime, in which the central bank tightly manages foreign-currency supply to stabilise the Afghani, relies in part on remittance inflows and hawala liquidity, particularly as sanctions<sup>15</sup>, Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) requirements, and bank de-risking constrain formal financial channels.<sup>16</sup> As a result, households, NGOs, and businesses increasingly depend on money service providers and hawala networks when banks are slow or lack foreign currency.<sup>17</sup> While many of these actors are licensed, large volumes of remittances remain outside formal reporting systems, meaning their stabilising role is both

under-measured and vulnerable.<sup>18</sup> Any disruption to remittance flows therefore has effects that extend well beyond individual households, with implications for currency stability, market functioning, and economic resilience.



Photo: © Samuel Hall

<sup>15</sup> Afghanistan is not subject to a comprehensive international sanctions regime. Instead, targeted sanctions apply to designated individuals and entities associated with the Taliban under UN and various autonomous national frameworks. However, asset freezes, counter-terrorism laws, and financial de-risking have created the environment in which many entities, including financial institutions, consider Afghanistan high-risk and therefore do not allow transfers altogether.

<sup>16</sup> U.S. Department of the Treasury, Office of Foreign Assets Control (OFAC) (2025) FAQs: Updated Guidance and Resources. Washington, DC.

<sup>17</sup> World Bank, Afghanistan Development Update, April 2025 (Washington, DC: World Bank, 2025)

<sup>18</sup> Mohibullah Faqeerzai and Jawad Faryad, "Remittances to Afghanistan: An Examination of Transfer Cost, Identification of Transfer Channels and Volume," Da Afghanistan Bank (Monetary Policy Department, Economic Research Team, November 2018), 1–24.

## Money markets as remittance and FX hubs

Afghanistan's main currency and hawala markets - notably Sarai Shahzada in Kabul and Khorasan Market in Herat - are key nodes linking household remittances to the wider foreign exchange economy.<sup>19</sup> Sarai Shahzada, established in the 1950s and hosting several hundred exchangers, is widely described as the country's largest financial centre, trading in multiple currencies and handling large daily transaction volumes.<sup>20</sup> Money exchangers in these markets provide domestic and cross-border transfers via hawala, foreign exchange, and short-term credit, with pre-2021 analysis suggesting that lending intermediated through Sarai Shahzada alone rivalled or exceeded that of commercial banks. Since 2021, banking sector disruption, sanctions and increased reliance on cash-based aid and remittances have further elevated their role in channelling foreign exchange, including UN cash shipments, into the economy and supporting the Afghani's tightly managed exchange rate.<sup>21</sup>

## Deportations to Afghanistan

Since late 2023, Pakistan has resumed large-scale returns of Afghans, while Iran's enforcement actions intensified sharply in 2024–2025, resulting in record monthly deportations in mid-2025, particularly via Islam Qala (Herat) and Zaranj/Milak (Nimroz). Between 1 January and 13 December 2025, UNHCR recorded 1,840,500 returns from Iran to Afghanistan, of whom 1,227,300 (67%) were forcibly returned or deported, implying physical removal.<sup>22</sup>

These deportations abruptly remove earners from overseas labour markets and cut remittance flows that many Afghan households depend on for basic consumption. Remittances account for around 4.1% of GDP, with actual levels likely higher due to informal transfer channels, and their role has grown as aid has declined and domestic incomes remain depressed. Evidence suggests that about 10% of households rely on international remittances, making the loss of these transfers a significant household- and economy-wide shock. Impacts are most acute

Figure 2: Monthly deportations to Afghanistan in 2025, by country. Source: UNHCR



<sup>19</sup> CGAP, Afghanistan's Hawala System in Crisis and Recovery, Working Paper

<sup>20</sup> Foreign Policy, "Can Afghanistan's Money Exchangers Do What Its Banks Can't?", 4 September 2021.

<sup>21</sup> SIGAR, Cash Shipments to Afghanistan: The UN Has Strengthened Controls but Some Risks Remain, SIGAR-24-12-IP, January 2024

<sup>22</sup> UNHCR. Iran-Afghanistan Returns Emergency Response 17 – 13 August 2025. Kabul: UNHCR Afghanistan, 2025.

in border provinces such as Herat, Nimroz, and Farah, where returnee inflows increase demand for food, shelter, and jobs while purchasing power simultaneously declines.

## Evidence gaps

Despite the recognised importance of remittances and cyclical periods of deportations to the country, the literature reviews shows clear gaps in the evidence base for Afghanistan:

- **Limited household data on remittance dependence and use.** Little is known about how recently returned households are experiencing the loss of this income, adjusting their strategies, or the effects on household welfare and local economies.
- **Most remittances move through hawala systems and are not captured in official statistics.** National accounts significantly understate both the scale of remittance flows and the extent of disruption when these flows are interrupted.<sup>23</sup>
- **Evidence on social remittances** — such as the transfer of skills, knowledge, and networks — is sparse and outdated.
- **A lack of disaggregated evidence on who is most affected by remittance loss** with limited insight into differences by region, gender, and age.<sup>24</sup> Gendered dynamics of remittance and decision-making are especially under-documented.<sup>25</sup>



Photo: © Samuel Hall

<sup>23</sup> McAuliffe & Bauloz, 2024; Rahimi, 2020

<sup>24</sup> Ullah & Chatteraj, 2023

<sup>25</sup> King et al., 2011; Puppa & Ambrosini, 2021; Ullah & Chatteraj, 2023

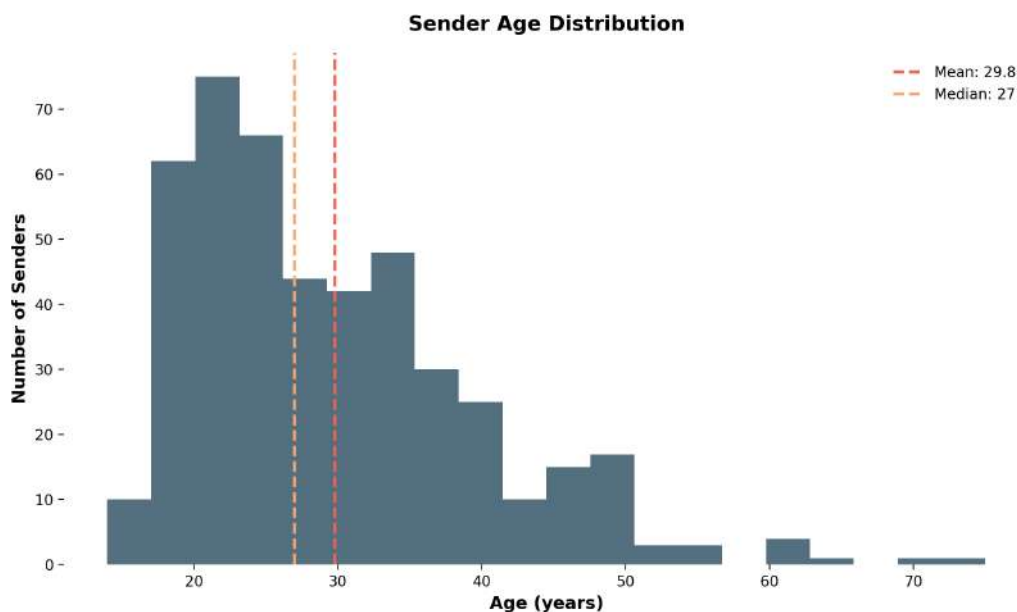
# REMITTANCE PATHWAYS

## Who sent remittances?

Remittance senders from Afghanistan are predominantly young men supporting their families back home.<sup>26</sup> This mobility is rooted in traditional gender roles, and a well-documented rite of passage for Afghan young men.<sup>27</sup> **Mostly fathers, husbands, and sons (sometimes brothers and nephews) were reported working in Iran.** Multiple households describe remittances coming from sons or fathers in Iran, and some families had several male relatives abroad at the same time. Sometimes very young boys were remittance earners with accounts of migration beginning in early adolescence (and even around age 11), explicitly linked to the need to work and send money home. This gendered pattern of mobility is reflected in the household survey results:

- Among individuals who previously sent remittances but have since stopped due to deportation, **the majority were sons (37%), followed by spouses (28%) and brothers (24%).** Heads of households accounted for 8% of senders, while parents and other relatives made up a smaller share (4%).
- **Identified remittance senders were primarily young men.** All senders identified by surveyed households were men, with an average age of senders being 30 years, although age ranged from 14 to 75 years. (Qualitative findings, on the other hand, highlight several instances where women and families accompanied male relatives to Iran, many of whom held longer-term aspirations to remain abroad.)

Figure 3: (Former) remittances sender age distribution



26 Majidi, N. (2017). Deportees Lost at "Home": Post-deportation Outcomes in Afghanistan (p. 127); Schuster & Majidi, 2013

27 Monsutti, A. (2007). "Migration as a Rite of Passage: Young Afghans Building Masculinity and Adulthood in Iran", in Iranian studies.

- **Remittance senders had close and direct ties to the households they supported.** A large majority (89%) had lived with the surveyed household prior to migrating to Iran, indicating that remittance-reliant households primarily depended on former household members rather than more distant relatives or networks.
- **One-third (32%) had completed only primary education, 28% had secondary education, and 21% reported no formal education.** These constraints likely limited livelihood options at home and contributed to the decision to migrate as a means of supporting family members.

Many senders had undertaken irregular journeys to Iran, often via smugglers, with Nimroz being a common departure point.<sup>28</sup> Legal entry options are often costly and time-consuming, making irregular alternatives more appealing despite the risks.

The migration of remittance senders to Iran lasted for decades, with 42% having moved there between 2015-2019 and only 12% leaving between 2020-2024. The primary reasons for moving, as reported by recipient households,

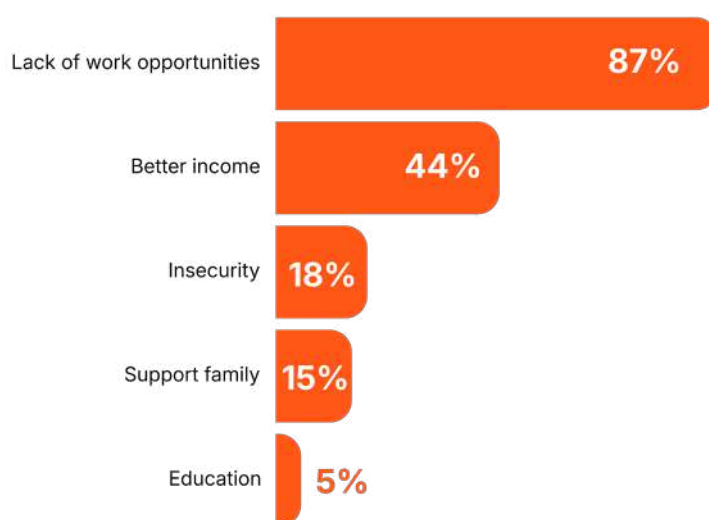
were economic (lack of work opportunities or better income), followed by insecurity, with a small fraction moving abroad for education.

Qualitative data confirms that for most, the purpose of migration was to find an immediate source of income to help the often dire situations of their households at home, rather than to accumulate long-term savings. *"I had bad economic conditions before I wanted to send my sons to Iran. We suffered a bad economic situation; therefore, I sent them to Iran to work and earn money. The problem was that we were unemployed here, and we had a bad economic situation at home. I was pulling a cart to earn some money while there was no other working opportunity."*<sup>29</sup>

For a few others it was to finance the high costs of marriage and engagement.<sup>30</sup> One respondent told us her son's reasons for wanting to migrate: *"Another reason he wanted to go is for marriage. He is young, he wanted to marry. If he wants to marry a girl, he needs to pay about 200,000-400,000 Afs. You should work for 10 years to be able to afford that."*<sup>31</sup>

Whatever the reason, the price paid to send a family member to Iran was often high. One exam-

Figure 4: (Former) senders' main reasons for migrating to Iran



28 SSI1, FGD2

29 FGD6 Male, Kabul - R4

30 FGD2, SSI5

31 SSI5

ple is a mother in Faryab who, facing extreme economic hardship, married off her daughters to finance passports for herself and her sons to join her husband in Iran. She recounted her desperate situation:

"I was responsible for my children and my husband's brothers. The money was only enough to feed us. We were living with great hardship until I got sick and could no longer bear it. I married off my daughters, and with the inheritance money I had received, I got passports and visas for myself and my sons and went to Iran to join my husband, hoping my responsibilities would be lighter. But we faced difficulties there as well. I worked and also went to the doctor for treatment until I suffered from nervous tension and depression. We stayed there for about three years, and even though we had visas and passports, we were deported."<sup>32</sup>

Household survey data suggests that the legal status of senders in Iran varied: the majority (58%) held undocumented status, while 29%

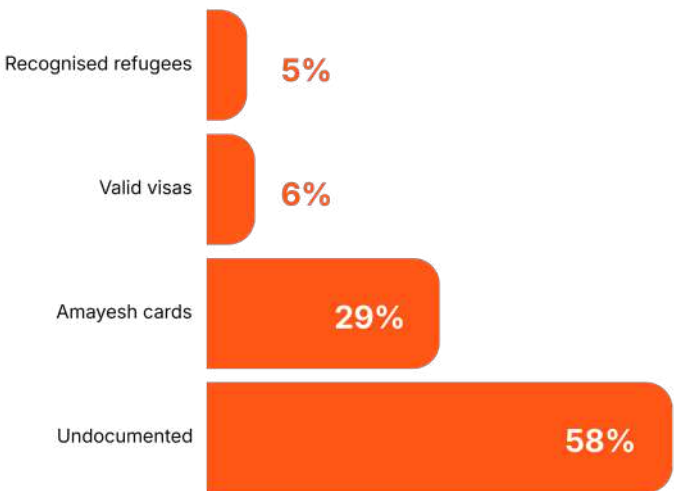
possessed Amayesh cards, 6% had valid visas, and 5% had refugee status. Living and working without regular status left many senders exposed to the risk of deportation and to exploitative labour conditions.

When it comes to the return or deportation timing, nearly half of senders in the sample returned to Afghanistan in 2023 (49%) and 2024 (29%), aligning with Iran's mass deportation campaigns. Earlier returns were less common (2022: 11%, 2020-2021: 6%).

## Modalities of remittances

Remittances were typically sent to women caretakers in Afghanistan (wives or mothers), who managed household spending. Men describe sending money to wives responsible for household and children's expenses; other accounts describe sons sending money to their mother. The capacity to send depended on how many earners a household had abroad. Key informants note that families with more than one labourer abroad could contribute more; households with only one worker often described remittances as

Figure 5: Documentation of former remittances senders



32 FGD3 Faryab

insufficient beyond basic consumption. Sending was frequently constrained by cost and debt repayment. Several testimonies show remittances being delayed or limited because the migrant first had to repay smugglers and loans incurred, and cover their own living costs abroad.

## Transfer mechanisms

Hawala is the dominant channel with cash pick-up through agents accounting for 91% of all transfers. Households repeatedly describe remittances coming through hawala, often collected in-person after the sender shared details/address information. “Conventional” rural delivery through local intermediaries (shopkeepers, drivers, travellers) is also a pattern. For remote locations, the “last mile” was frequently handled through trusted local shopkeepers or other intermediaries rather than formal financial infrastructure. Agents described contacting a shopkeeper in the receiver’s district to pay out locally, then settling with that shopkeeper when they later came to market to restock. As such remittances are embedded in an ecosystem of actors.

There is a two-step transfer chain from Iran to the hub city then to the district or village: Hawala agents noted separate charging points: one fee for the transfer from Iran to a hub (e.g., Herat), and another to move it onward to a district/village, reflecting the layered structure of delivery.

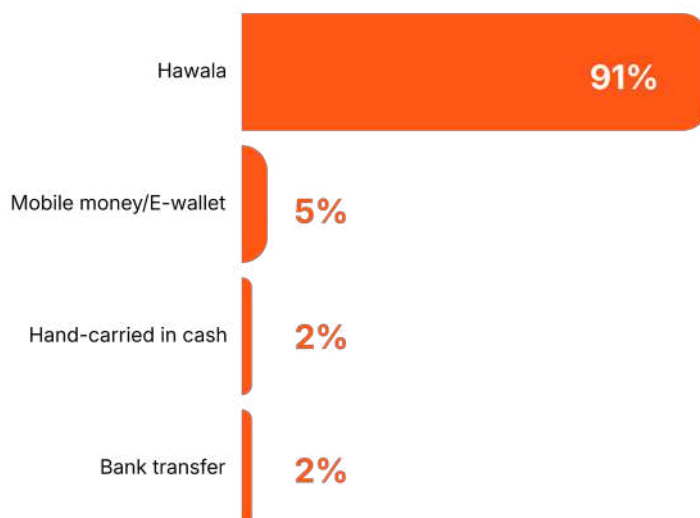
Agents reported reducing commissions (e.g., lowering per-million-toman fees) and, in some cases, transferring for free when the recipient was identified as poor or deported/returned.

Formal banking use exists only for a minority. While hawala dominated, there are explicit accounts of people sending via banks with varying frequency (monthly or every 1–3 months depending on need). This may soon rise with changes in the modality environment impacting remittance habits. Respondents noted increased regulation around sending/receiving, alongside sharply reduced volumes; some agents reported needing to draw on savings or borrowing to keep operations going amid fewer transfers.

## Nature and Frequency of remittances

Remittances from Afghan migrants provided a predictable and substantial income stream for many of the receiving households. The majority (71%) sent remittances regularly, with only 28% receiving remittances irregularly. Remittance frequency in the study was most commonly monthly (58%), but with substantial variation as one in four households received remittances every few months (25%) and 11% relied on weekly transfers. This regularity suggests remittances functioned as predictable income streams rather than sporadic support, leading to a substantial

Figure 6: Transfer methods of remittances previously received



shock once transfers stopped. These variations were driven by:

- **How quickly the migrant could find work and repay costs:** The irregularity of remittances was often caused by income instability among senders in Iran, with temporary wage jobs leading to pay fluctuations, alongside the ability of migrants to send remittances to their families in Afghanistan. Several households describe remittances arriving every two months, and some cite three months between transfers, often linked to limited earning capacity and debt repayment obligations.
- **Household shocks:** Most migrants describe sending monthly, but also every one, two, or three months. Needs-based, irregular sending appeared in the data, particularly when someone got sick or a sudden need arose.
- **Seasonality:** Respondents note that the highest amounts (and implied higher sending activity) were around Eid, while winter saw lower sending because migrants struggled to find work.

Remittances were sent in cash, confirming the importance of remittance as liquidity. Only 11% of migrants reported sending material goods alongside cash transfers, while 89% relied exclusively on cash remittances. Among the small share of households receiving goods, these transfers

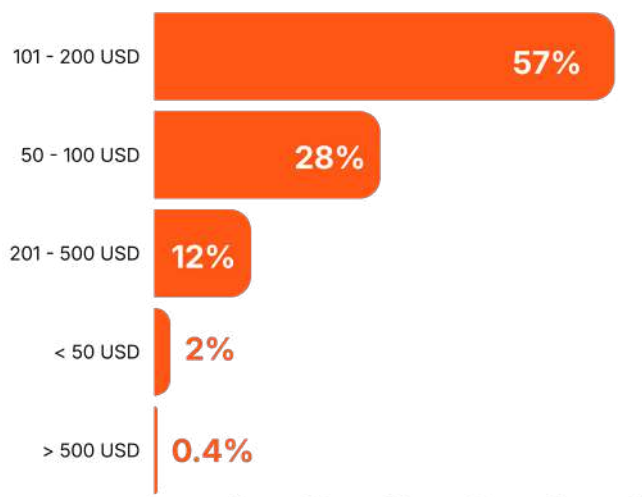
were largely limited to essentials. Clothing was the most commonly sent item (9%), followed by food items (2%) and basic household goods (2%). Electronics were reported by just 1% of households, while medicines, shoes and cosmetics were each cited by fewer than 1%. This likely reflects the logistical constraints of sending in-kind goods, with cash offering the most flexible and fastest way to help meet the basic needs of families in Afghanistan.

## Remittance value

The value of remittances reported in the study spans from small, irregular household transfers (a few thousand AFN) to larger monthly amounts in Iranian toman (several million toman), with strong evidence that currency depreciation and deportations have reduced both the real value and overall volume.

Remittance transfers were of meaningful value for surveyed remittance-reliant Afghan households. Most households (57%) received between USD 101 and 200 per transfer, while around three in ten relied on transfers of USD 50–100. Larger amounts above USD 200 were less common, and very small or very large transfers were rare. With a median value of approximately USD 114 (AFN 8,000), remittances represented a substantial proportion of household income and, in many cases, were larger or comparable to earnings

Figure 7: Average transfer amount received



from local livelihoods. When standardised to monthly equivalents, twice-monthly senders provided the highest income (229 USD/month), followed by monthly senders (129 USD/month). Irregular and every two to three months senders contributed less, with monthly equivalents of 38 USD and 51 USD respectively.

### Hawala and remittance transfer in Afghanistan

Hawala, an informal system utilising a network of money brokers, is estimated to account for around 90% of Afghanistan's financial transactions.<sup>33</sup> Its dominance reflects a combination of accessibility, speed, and comparatively lower costs, particularly in a context of limited banking penetration and persistent mistrust in the formal financial sector following past banking failures.<sup>34</sup> Hawala is also deeply embedded in social and community relations, reinforcing its role as the default transfer mechanism.<sup>35</sup> For many Afghan migrants working informally abroad, formal remittance channels are simply inaccessible, making hawala the only viable option.<sup>36</sup> Although mobile money systems, including Afghanistan's platform modelled on Kenya's M-Pesa, offer the potential for secure and traceable transfers, uptake remains limited. Adoption is constrained by gaps in infrastructure, low levels of trust in digital systems, limited awareness, and resistance to new financial technologies in more traditional settings.<sup>37</sup> As a result, hawala continues to underpin remittance flows to Afghanistan, shaping both the reach of remittances and the risks associated with their disruption.<sup>38</sup>

## Reliance on remittances

Households' reliance on remittances comes through as high, and often the most reliable income source—with knock-on effects for food security, rent, access to credit, and social standing. Before the loss of remittance, approximately 65% of households relied on remittances for at least 75% of their income. This high dependency was pronounced in specific demographics and regions: 81% of respondent households in Faryab, 74% in semi-urban areas, and 79% among displaced households showed the highest reliance on these funds.

**While remittances made up a crucial share and a reliable household income, it was not the only source of livelihood:** 81% of respondents reported that their families had other income sources.<sup>39</sup> These included daily wage labour in construction, portering, transport and domestic work, especially in semi-urban and rural areas. Around one in five surveyed households living in rural areas reported that they also relied on daily wage labour in agriculture; some, although not many, were involved in farming (8%) or herding (4%). Handicrafts and tailoring were an important income source for 10-15% of households living in urban and semi-urban areas. Yet, most of these alternative sources of income were not stable, being sensitive to local market demand fluctuations and, for agriculture-based livelihoods, depending heavily on seasonality.

Remittances were widely framed as the household "lifeline". Reliance was intensified by large household size and high dependency ratios. The analysis notes that dependency ratios among remittance-reliant households are very high, meaning families struggled even when remittances were coming in. Because of that dependency burden, remittances mostly went to core survival

33 McAuliffe, M., & Bauloz, C. (2024). Migration, gender and COVID-19: an overview. In Edward Elgar Publishing eBooks (p. 1). Edward Elgar Publishing.; Rahimi, 2020

34 Disli et al., 2023; Majidi, 2018; Schmeding, 2017

35 Ercanbrack & Ercanbrack, 2024

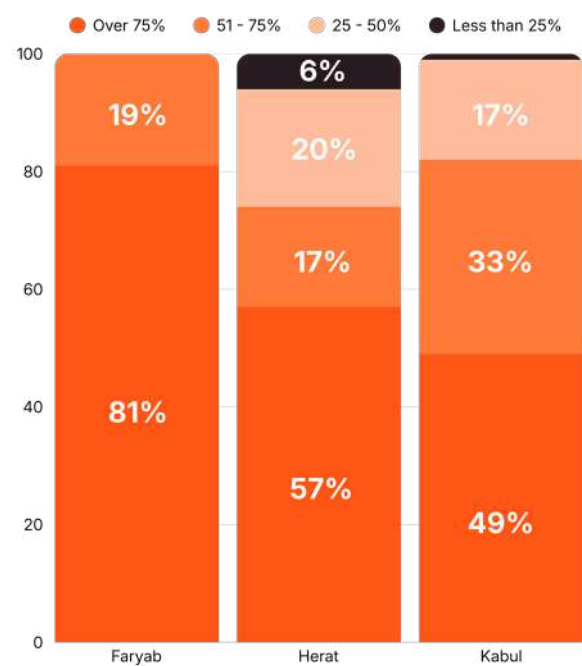
36 McAuliffe, M., & Bauloz, C. (2024). Migration, gender and COVID-19: an overview. In Edward Elgar Publishing eBooks (p. 1). Edward Elgar Publishing.

37 Majidi et al., 2021

38 Aker et al., 2020 ; Isiaku et al., 2024 ; Klyton et al., 2020

39 Variation across provinces and location types was not statistically significant.

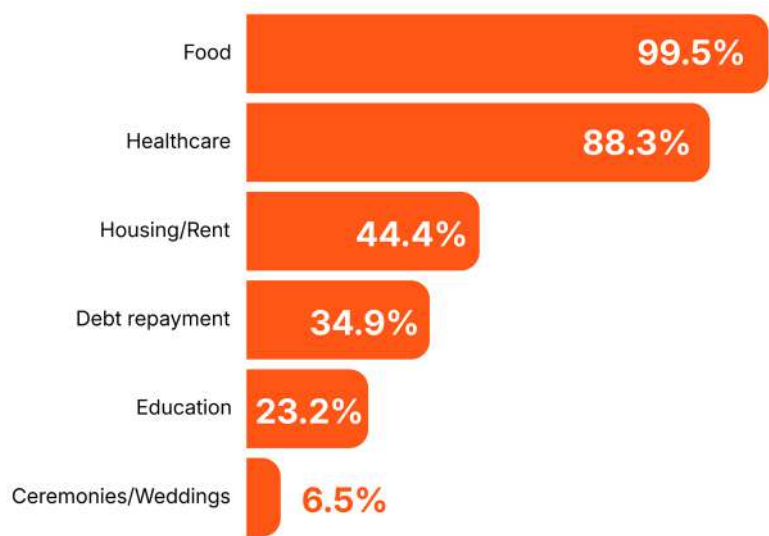
Figure 8: Relative importance of remittances in total income



spending (not “extra” income). Remittance utilisation was predominantly consumptive in nature, rather than being used for productive investment. Most of the surveyed recipient households directed these funds towards immediate needs, such as food (99.5%), healthcare (88%) and housing (44%) (Figure 10). This mirrors the results of other studies, indicating that only a small portion of remittances are allocated to investments, and only by some households.<sup>40</sup>

However, reliance was not only about consumption, it also underpinned access to credit. Shopkeepers reportedly checked whether families had someone in Iran (and remittance records) before extending credit; one shopkeeper estimates about 50% of purchases were funded via transfers from Iran.

Figure 9: What remittances were spent on



40 UNHCR Afghanistan Post-Return Monitoring Report 2025; SSI1, 2025.

# IMPACTS OF REMITTANCE LOSS IN AFGHANISTAN

The cessation of remittance flows has reshaped the economic landscape for Afghan households, through a widespread and severe decline in income, and an increase in youth unemployment. The vast majority of respondents struggled to cover basic needs in the aftermath of remittance loss.

This loss of a primary income has pushed a substantial number deeper into reliance on daily wage labour, which offers little stability and low pay. Households turned first to expenditure reduction, and second to borrowing and increasing their reliance on debt. Beyond these immediate responses, many households reported coping in ways that compromise future wellbeing.

Women are stepping up as income supplementers. Many women are utilising skills, both newly acquired and existing, to contribute financially. The journey for economically active women is fraught with challenges, making their level of engagement particularly striking. Furthermore, women experience higher constant stress than men (40% vs. 31%), reflecting the pressure they shoulder to maintain household stability under increasingly difficult circumstances. Despite the added efforts by women, the return of male family members and the abrupt cessation of remittances have instigated a rapid recentralisation of financial decision-making back to male control.

Children are withdrawn from school (one in five households) due to the inability to pay fees or the necessity for children to engage in income-generating activities. Girls are most at risk, with an uptick in harmful practices and gendered coping strategies that place the burden on girls.

Overall, the immediate impact of remittance lost is a deepening food insecurity crisis. The less visible impact is the sharp decline in mental wellbeing and overall life satisfaction with chronic stress, emotional strain, social isolation and weakened reintegration pathways. The loss of remittances is not only material, it is also the non-material, emotional support that remittance senders used to provide, and no longer can provide. Youth unemployment also come with associated social challenges.

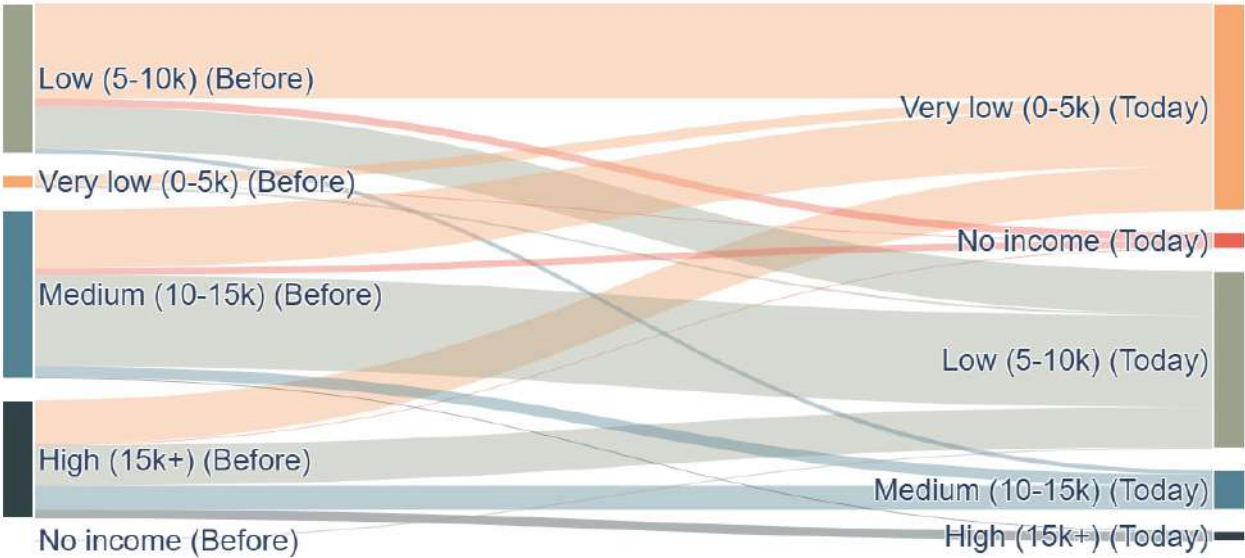
## Economic Impacts

### Household income and expenditure changes

The cessation of remittance flows has reshaped the economic landscape for Afghan households, primarily through a widespread and severe decline in income – with only fragile substitutes:

- **An immediate decline in household income was reported, with 94% of respondents indicating a decrease.** Key informants and households repeatedly describe that when remittances stop, “everything depends on remittances” and household economies “drop to zero.”
- **Most income brackets dropped** from medium (5-10,000 AFN) and high (10-15,000 AFN) into the lowest category (0-5,000 AFN).

Figure 10: Direction and scale of income loss.



- **Replacement income is irregular and low.** Returnees report unemployment and failed job search; where work exists it is often sporadic daily labour or very small informal activities (e.g., handcart/Karachi work). Only a small fraction of households experienced an increase in income (4%), while 2% managed to maintain stable earnings.

In the immediate aftermath of remittance loss, households turned first to expenditure reduction: focusing on the essentials only, then rationing, and finally, the non-negotiables (rent and debt) often forcing the sale of assets. Nearly all households (92%) reported cutting non-food expenses. Borrowing emerged as the next most common

response, with 42% of households identifying it as their primary coping mechanism. Most households (76%) rely on loans from family and friends first, followed by savings (8%), and then the sale of household assets (6%).

The shifts in employment patterns reflect a gendered response to the crisis: women have increasingly turned to informal work, including domestic services and home-based agricultural processing, to supplement household income. Concurrently, men have absorbed growth in more traditional wage roles such as agriculture, construction, portering, and various forms of transport and domestic work.

Figure 11.1: Net changes in key income sources



Figure 11.2: Net changes in key income sources



### No alternative to casual labour

The Afghan labour market is characterised by low-skilled, self-initiated micro-enterprises driven by necessity rather than market demand.<sup>41</sup> With formal employment comprising 9% of the economy - predominantly in government or NGOs - most livelihoods revert to precarious daily wage labour (67% of employed returnees) or small businesses (9-13%), such as rickshaw driving, food carts, and wheelbarrow portering, reflecting survival improvisation amid high unemployment.<sup>42</sup> This shift underscores an absence of manufacturing revival; factories remain destroyed or underdeveloped, exacerbating slowdowns in services and construction where displaced populations used to find semi-skilled roles.<sup>43</sup> This is being felt by returnees: *'Most deported families have the necessary skills, but there are no opportunities for them to work. By fundamental assistance, I mean establishing industries and factories like tailoring, shoemaking, or plastic production, where skilled workers can work and most of the*

*deportees have experience from abroad.*<sup>44</sup>

One key informant notes: *"Actually, it has affected us a lot. If you ask the shopkeepers and marketers, they say that the market is collapsing. We don't have any profit. Because only a few people who are working in government jobs are the only ones who are waiting for the end of the month, so they can receive a salary and their situation gets better. People don't have income from outside to make their living".*<sup>45</sup>

After expenditure reduction, households turned to borrowing and increasing their reliance on debt. Nearly all households (92%) reported cutting non-food expenses. Borrowing emerged as the next most common response, with 42% of households identifying it as their primary coping mechanism. Most households (76%) rely on loans from family and friends first, followed by savings (8.2%), and then the sale of household assets (6%). Rent pressure forces asset liquidation: Multiple accounts describe selling household items (carpets, dishes, appliances, livestock) specifically to cover rent, debt repayment, and basic consumption when remittances stop.

41 Samuel Hall, "Designing Livelihood Programmes for Displaced Populations in Urban Settings in Afghanistan and Pakistan," 2013; Samuel Hall, "Household Survey Conducted in Herat, Faryab and Kabul, Afghanistan," November 2025; "Post-Return Monitoring Report, UNHCR Afghanistan, October — December 2023"

42 Post-Return Monitoring Survey Report, UNHCR Afghanistan, April 2025; "Post-Return Monitoring Report, UNHCR Afghanistan, October–December 2023," October 2024; NRC / Samuel Hall, "Escaping War: Where to Next? A Research Study on the Challenges of IDP Protection in Afghanistan 2018.

43 M. Nasser and Rajwinder Singh, "Current State of Manufacturing and Service Sectors of Afghanistan," American Journal of Industrial and Business Management 14, no. 4 (January 1, 2024); Samuel Hall, "Designing Livelihood Programmes for Displaced Populations in Urban Settings in Afghanistan and Pakistan," 2013.

44 KI17, Kabul

45 KI112, Faryab

## Debt as nearly universal: Debt remains, while income disappears

Households describe continuing to cope through borrowing where possible, but also avoiding loans because they have no means to repay, indicating both rising need and shrinking borrowing capacity. Nearly all (97%) respondents reported that their households were in debt. Female HoH were slightly less likely to be in debt with 96% reporting to be in debt compared to 98% of male HoH. Male-headed households (102,151 AFN) carry nearly double the debt of female-headed households (56,333 AFN), likely because women are perceived as riskier borrowers, with fewer relatives or shopkeepers willing to lend to female HoHs, especially if women have no stable income. In terms of displacement status, non-displaced households have slightly higher average debt. This further illustrates the severity of the shock of income loss that came from the loss of remittances, with many households having no choice but to borrow more to get by and cover the necessary expenses such as food.

This pattern matters because debt in this context is overwhelmingly non-productive and cumulative. Rather than enabling recovery, it accelerates vulnerability by forcing households into short-term survival decisions that directly undermine children's education, nutrition, and safety. Debt becomes a protection risk once households exhaust short-term coping options and borrowing shifts from temporary smoothing to sustained survival financing. In the early phase following remittance loss, households primarily reduce consumption and draw on informal loans to cover food and healthcare. As debt accumulates and repayment capacity collapses, households face binding trade-offs between essential expenditures. At this point, decisions increasingly affect children and adolescents, as they represent one of the few adjustable margins in household budgets.

Evidence from this study shows that protection risks escalate once debt is both high and ongoing. Households with persistent debt report withdrawing children from school, sending children to work, or combining schooling with labour as a way to reduce expenses and service obligations. These decisions are rarely framed by families as neglect, but as necessary responses to immediate financial pressure and creditor demands. Debt therefore acts as a transmission mechanism through which economic shock is converted into child protection risks.

Gender-specific risks intensify at this stage. Boys are more likely to be pushed into hazardous or informal labour to contribute cash income, while girls' education is often deprioritised as resources shrink. In contexts of acute indebtedness, social and financial obligations linked to marriage can be mobilised as coping mechanisms, increasing pressure on girls through distress or early marriage. The disappearance of remittance income thus shifts risk onto children's labour, education, and futures, with girls facing compounded exposure due to gendered norms and expectations.

Beyond these immediate responses, many households reported coping in ways that compromise future wellbeing.

- **One in four households surveyed**, sold productive assets in response to the shock,

- **One in five households reported severe impacts on children** as 22% of them withdrew children from school.

"I had bought a Turkish stove for 15,000 AFN, but this year I had to sell it for 8,000 AFN to cover my children's needs."<sup>46</sup> Another respondent from Faryab sold their cow, and used the money to

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46 SSI2

cover part of their debts, and household expenses in the short term.<sup>47</sup> Yet as a strategy, it offers short-term reprieve, as one family explained how the sale of their refrigerator could only cover medical expenses for two months. Some vulnerable households may adopt negative coping strategies such as reduced food consumption, foregoing medical expenses, or resorting to child labour, and in extreme cases, early or forced marriage.

**The vast majority of respondents struggled to cover basic needs in the aftermath of remittance loss:** 89% report worse or much worse ability to cover basic needs compared to before losing remittances. Only a small fraction of respondents reported that their ability has not been affected, reflecting the lesser shock among households that relied less on remittances. Households that face additional barriers to find alternative sources of income, such as households headed by women, and households who have members with disabilities were most affected, with nearly none reporting no negative effect on their ability to cover basic needs. Comparatively, around one in five displaced households and those based in semi-urban areas reported no major impact.

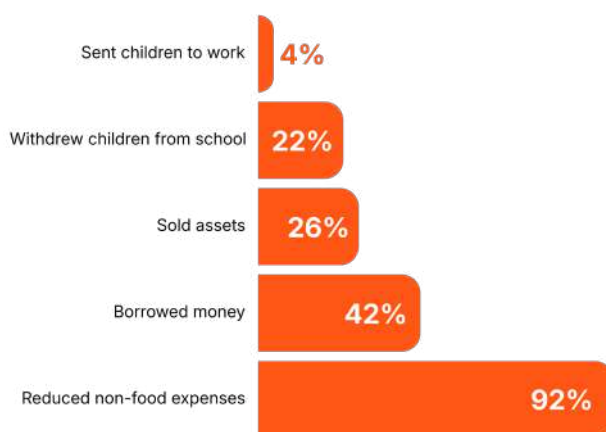
Despite these efforts, the journey to replace lost income proves difficult. Only 1% of households have managed to fully compensate for the remittances that have vanished. While 52%

have achieved partial compensation through new work or support, 47% have found no alternative income sources.

The inability to replace lost remittance income is not a short-term adjustment problem but reflects structural constraints in Afghanistan's labour market and political economy. Remittances originated in foreign labour markets that offered wages several times higher than those available domestically, particularly for low- and semi-skilled work. Upon return, returnees are reabsorbed into saturated local labour markets characterised by high underemployment, seasonal demand, and declining purchasing power. Even where returnees possess skills acquired abroad, these often do not translate into viable income due to lack of capital, limited demand, weak infrastructure, and exclusion from established local production networks.

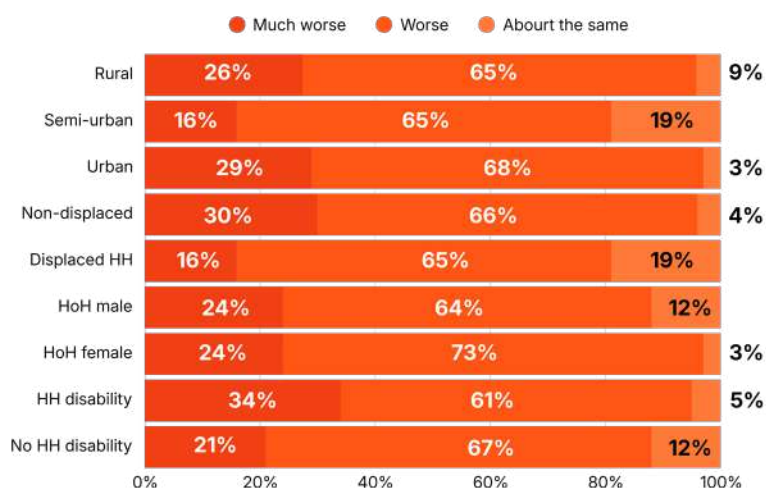
At the same time, the loss of remittances coincides with rising household costs and declining credit access. Remittance flows previously functioned as informal collateral, enabling households to borrow, smooth consumption, and maintain access to shop credit. Once this signal of repayment capacity disappears, households face both income loss and credit exclusion, accelerating debt accumulation and asset depletion. This dual shock explains why income replacement remains out of reach for most households, even when adults increase labour supply.

**Figure 12:** Coping mechanisms (non food-related) employed by households to buffer loss of remittances



47 SSI6, Faryab

Figure 13: Income situation before vs after



When income cannot be replaced locally, pressure shifts toward harmful coping strategies, renewed migration attempts, and onward mobility across borders despite known risks. In this sense, constrained income recovery links

household-level economic stress to protection risks, social instability, and continued cross-border movement, reinforcing a cycle in which deportation generates the very conditions that drive re-migration.

### Re-migration as a potential coping strategy

As household coping options narrow, many Afghans report considering remigration to Iran despite the severe risks, hardship, and humiliation associated with previous journeys. For many, remigration is not a preferred choice but a last resort in response to the absence of viable livelihoods in Afghanistan. In practice, this often involves days of walking through dangerous terrain, with little food, and exposure to violence or death along smuggling routes. As one returnee highlighted: *"It took us seven days and nights to reach Iran. During that time, we only had bread and water, walked a lot on foot, and faced extreme exhaustion"*.<sup>48</sup>

That families continue to view remigration as viable underscores the depth of economic distress. As one returnee stated, *"If we cannot find a decent job in Afghanistan, we will likely have no choice but to migrate to Iran again. It would be better to travel legally with a passport and visa, but if we cannot afford that, we may have to travel illegally. I don't know any returnees who have succeeded here, and as far as I know, all my friends who were deported face the same problems as I do"*.<sup>49</sup>

At the same time, the risks of these journeys are well understood. A father in Herat described abandoning plans to send his sons after learning that three young men from a neighbouring family were killed en route.<sup>50</sup> He recounted, *"Well, I want my sons to go to Iran, but one of my friends told me that three of his friends went to Iran through a smuggling route and they were killed on the way. So I changed my decision, I told them not to go, I said whatever happens is the will of Allah. Just wait here until something happens. May god build Afghanistan, so there is a way for us"*.<sup>51</sup>

48 SSI3

49 SSI3

50 FGD2 R1

51 FGD2 R1

## Women as income supplementers

A key takeaway from the data is that women's income-earning is typically less preferred, crisis-driven, and constrained, yet it becomes central to household survival when remittances end and male employment fails to recover.

Women are increasingly acting as income supplementers and in many cases primary/sole earners, when remittances stop and men cannot secure regular work. This shift is particularly evident in urban centres like Kabul, where many women have become the sole breadwinners, engaging in traditional crafts such as embroidery and sewing to cover basic needs. This phenomenon highlights a significant gendered response to the crisis, where women are actively upskilling and seeking avenues to provide for their families. However, this remains predominantly home-based and informal work aligned to social constraints and low entry barriers: common activities include embroidery, tailoring, carpet weaving,

spinning wool, bead weaving/jewellery making, and other small home production. Occasional outside-the-home coping work exists although rare: some women report domestic work and seasonal/agricultural piecework (e.g., cleaning/drying fruits, garden work, fabric washing). Women repeatedly note that these activities do not generate good income as demand is weak, and input costs and supply chains (e.g., materials previously sourced from Iran) have become more expensive or unreliable. As a result, women's work often reduces the shortfall rather than restoring prior living standards. Women's work is a "shock absorber" role while women also carry household care burdens, showing a gendered reconfiguration of labour and care.

Many women are utilising skills, both newly acquired and existing, to contribute financially. This directly contributes to household survival, as shared by a female participant: "I am busy with embroidery. My husband goes to the market seeking a job but he rarely gets one. I earn and provide for this family."<sup>52</sup>



Photo: © Azizullah Hayat/World Vision

52 FGD1, Female, R2, Kabul

Similarly, a male participant shared, “My wife and two daughters do bead weaving or making necklaces, because we don’t have any work to do,”<sup>53</sup> illustrating the collective effort within families.

Some women have found ways to provide economic support for their families, as some women had access to factory work in Iran, enabling them to support their husbands in paying debts and contributing to household income.<sup>54</sup>

The journey for these economically active women is fraught with challenges, making their level of engagement particularly striking. The mahram requirement, restricting women’s freedom of movement, creates substantial financial, logistical - and particularly safety - barriers for women attempting to engage in public economic activities, including business.<sup>55</sup> For women heads of households, these restrictions often prevent them from working formally, necessitating reliance on informal work or, in some cases, resorting to negative coping mechanisms like borrowing.<sup>56</sup>

The impact of these bans on female schooling and work is projected to cost Afghanistan over \$1.4 billion, representing a 2% annual decline in national income, underscoring the significant economic contributions women are being prevented from making.<sup>57</sup>

Despite these barriers, women demonstrate remarkable adaptability. Their economic activities are often characterised by piecing together income from various informal tasks like baking bread for neighbours, washing wool, and cracking nuts alongside their husband’s or son’s labour work. This illustrates an adaptive resilience, where women fulfil vital economic roles, often within the confines of their homes or communities.<sup>58</sup> While women frequently welcome opportunities for vocational skills that allow them to work from home, the lack of capital for business

start-ups or expansion severely constrains their ability to transition from precarious, informal work to more stable enterprises.<sup>59</sup> For instance, one woman in Jibrael shared how:

“When my father returned from Iran, I took admission to a sewing course paying 500 a month. I was hoping for our situation to improve and buy a sewing machine, but nothing has changed. I finished the six months course. Now I don’t have money. If I buy a machine, then iron and table will be needed.”<sup>60</sup>

This absence of financial resources limits their capacity for self-sufficiency and economic empowerment. Furthermore, women experience higher constant stress than men (40% vs. 31%), reflecting the pressure they shoulder to maintain household stability under increasingly difficult circumstances. Women who lived in Iran, despite often being more educated, face significant frustration due to the low levels of economic integration available to them in Afghanistan.<sup>61</sup>

53 FGD5, Male, Kabul - R3

54 SS110, Faryab

55 UNAMA, Report on the Implementation, Enforcement and Impact of the Law on the Propagation of Virtue and Prevention of Vice in Afghanistan, 2025

56 Samuel Hall, ADSP, Research Brief Durable Solutions Analysis, Jalalabad/Nangarhar. 2024.

57 Najam, R., Patrinos, H. A., & Kattan, R. B.Th. Mis-Education of Women in Afghanistan: From Wage Premiums to Economic Losses. 2024.

58 Samuel Hall, IOM MECC Gender Brief, 2025 (unpublished at time of writing)

59 Salma Consulting. Faragir Baseline Evaluation. 2023.

60 FGD1, Female Herat

61 Majidi, N. Managing Migration Remotely: Return, Reintegration and Rebordering in Afghanistan, 2016 PhD Dissertation, Sciences Po Paris.

## Case Study 1: Gendered Coping & Caring: How Women Manage Households When Remittances Stop

My name is Zulaikha. I am 23 years old, originally from Ghor and I now live in Jabreil with my father, mother, and three brothers. My father is a returnee from Iran; he was the only provider for our family. I graduated from high school and attempted the Kankor (university entrance) exam, but the Taliban closed universities to women. So I started tailoring. I sew when there is demand, but the sewing market is not very active, and I only have one sewing machine.

My father migrated to Iran many times, around five times in total. Some attempts failed, and some succeeded. The first time was in 2019, when I was preparing for the Kankor. Sometimes he migrated illegally, and sometimes with a passport. When his visa expired, he would be forced to return. When migrants are arrested at workplaces, they are deported without being allowed to take any money. That is how my father was deported this last time. Before my father migrated, our economic condition was already poor. He was the only provider, and work was rarely available. We owned our house, but expenses kept increasing, which is why he decided to migrate. After three or four months in Iran, once he found work and paid his debts, he began sending money. He worked very hard and sent around eight to nine thousand Afghanis every one and a half to two months through hawala. When we faced shortages, he sent money earlier. I used to receive it. We spent it on food, clothing, school expenses, and courses. He did not send anything besides money.

After my father was deported about four months ago, we faced serious economic problems. The first was a lack of food. My father rarely works now. When he was in Iran, he became sick and had a stroke. After returning, his condition worsened, and now he is extremely sick. My mother has also developed kidney problems and mental health issues. Two of my brothers were in grade eight. After my father returned and could no longer work, we withdrew them from school. They now work for a soup seller. My brothers' education stopped as we had to lower our expenses as much as possible. Because there is no money, disagreements in the family have increased. People become short-tempered. My father has become rude with my brothers and pressures them to find work. He worries about the future and sometimes talks about sending one of them to Iran if it becomes possible. I try to support my family emotionally. I motivate my parents and tell my father that the situation will get better. Sometimes I invite him to go on a picnic to Bamiyan to help his mental state.

We continue to reduce our expenses. If we cannot buy gas in the future, we may have to burn old clothes to keep warm. There is no support from the community and no assistance box. Only my siblings support each other emotionally. This situation has affected the whole community. In many families, one or two members were in Iran. Since they were deported, the market has worsened. People cannot afford rent, food prices have increased, and families cannot afford meat or fruit even once a month. People buy only basic food.

I know tailoring and could have taught this skill to my brothers so we could open a small workshop, but we did not have the money. My father wanted to open a shop for my brothers, like a tailoring or sandwich shop, but we could not afford the investment. I know a woman who returned from Iran and started making pickles here. I want to do the same with my brother if we ever get capital. She could train us, and I would like to employ relatives and others who need work. If the government cooperates and provides professional workshops for women, men, and returnees, and then gives small capital, it would make a big difference.

# Changes in intra-household decision-making

The data shows that intra-household decision-making shifts and who controls spending becomes more situational.

Despite the added efforts by women, the return of male family members and the abrupt cessation of remittances have instigated a recentralisation of financial decision-making back to male control. Although women managed remittances effectively during their husbands' absence, their financial role frequently narrows post-deportation. The decision-making authority tends to revert to the returning men or senior male relatives. Examples from qualitative data underscore this dynamic, as one husband recounted,

"Honestly, my wife was the one who always decided how to use the remittances because I was in Iran and she was the head of the household. Sometimes my brother-in-law helped her buy the household necessities."<sup>62</sup>

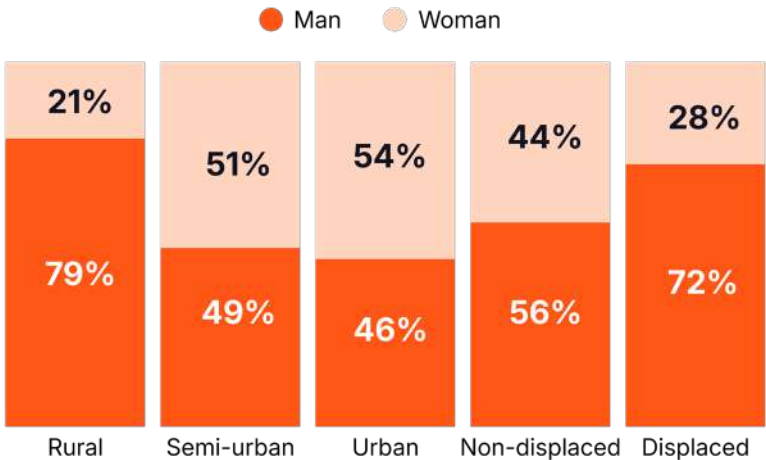
Another individual shared, "When he was in Iran, he used to send money through remittance. I was

taking the money and spending it to cover our expenditures, especially my medical treatment. He used to send me 10000 to 11000 AFN at the end of each month."<sup>63</sup>

These testimonies illustrate the financial autonomy women exercised during their spouses' absence, an autonomy that often diminishes upon the men's return. The shift back to male control over financial decisions, coupled with the overall income decline, further complicates the economic agency of women within these households.

Before the widespread disruptions, decision-making dynamics within households varied considerably. In rural areas, traditional gender roles were more pronounced, with men predominantly acting as remittance receivers. The survey found that 79% of remittance receivers in rural areas were men, compared to only 21% women. In these contexts, characterised by joint family systems, elder men typically controlled spending decisions, even during periods of migration. Consequently, only 6% of rural households reported joint decision-making regarding finances. In urban settings, women often demonstrated greater economic participation and shared decision-making. Surveyed female respondents in urban areas collected remittances 54% of the time, and one in five households (20%) made spending decisions jointly with their spouses.

Figure 14: Gender of (former ) direct remittances receiver



62 SSI2

63 SSI4

Displaced households often adhered more closely to patriarchal and hierarchical norms. They relied more heavily on male receivers (72%) compared to non-displaced households (56%).

In these households, the head of the household, typically male, made the financial decisions in 43% of cases, in contrast to only 19% in non-displaced households.

## Case Study 2: The Economics of Forced Return: A Household's Descent into Hardship After Deportation

My name is Gul. I am almost 50 years old. I lost my parents when I was a child, and my husband also grew up without parents. We live in Kata Belandi, Kabul city. I have two sons and two daughters. One son and one daughter are married. I live with my husband, my daughter, and my son. Today, my younger son is also returning to Kabul after being deported again. I used to work as a cleaner in a hospital, but as I became older, they replaced me with a younger woman. My husband paints shoes on the roadside and sews torn shoes. My brother-in-law also lives with us. He is sick, has diabetes, and cannot work. I spin wool at home and earn about 70 Afghanis per kilogram. I can only spin one kilogram in a week. This is how we manage our daily life.

Almost three years ago, two of my sons migrated to Iran. First, my elder son migrated with his wife. They do not have children yet. Later, my younger son, who was studying in grade seven, decided to migrate as well. He believed that after the Taliban came, continuing his studies would not give him a good future. Both of my sons migrated because they were jobless here and our economic situation was bad. In Iran, my elder son first worked as a tailor. When that did not bring enough income, he started working in a metal casting workshop. Even then, his income was low. He could only manage his own and his wife's living expenses. If possible, every five months he sent us around 3,000 to 4,000 Afghanis through hawala. We never forced our sons to send money. When they first migrated, they had to repay smuggler debts and pay house advance money, so they had no savings. We used the remittances to buy food such as oil and flour, fill the gas balloon, and sometimes repay debts. While my sons were in Iran, we were able to build one room of our house. Even then, we had to borrow almost one lakh Afghanis from relatives, and we still have not been able to repay that debt. While in Iran, my son learned tailoring and metal casting, but after returning he cannot start this work here. He would need at least 15 lakh Afghanis and stable electricity. There is a market for this work, but without money and electricity, it is not possible.

Five months ago, my son called me and said the police were deporting Afghans who did not have visas or official documents and that he would return soon. When he returned, he brought no money with him. We were not able to send him anything either. My husband earns about 100 to 150 Afghanis a day, and this income is not stable. It only covers food. If we could save anything, we would repay our debts instead. Since my son's return, my husband has to cover expenses for more people. Before, it was only me and my daughter. Now my elder son and his wife are also living in the same small house. The house is too small for two families. We have reduced everything to food only. My husband can afford food, and nothing more. I continue spinning wool and sometimes weaving carpets, but the income is very low. We cannot repay our debts.

Emotionally, I am under pressure. I am happy that my son is close to me now, but I am also facing mental health problems. Prices of all basic items have increased, and we feel this every day. I am an illiterate woman and do not know much about markets, but life has become harder. We borrowed money from banks and from close relatives, including my married daughter. There is no savings box or support system in our area. Someone once suggested it, but no one followed. No

agency, no organisation, no one has helped those who returned from migration. Everyone who has returned is in the same situation: they left because there were no jobs, and when they return, there are still no jobs. Re-migration is not an option now. My younger son tried again and was deported again, and today he is returning to Kabul. In this situation, any support would help. Land, money, job opportunities — anything. We will be happy with whatever support is possible.

# Protection impacts

Remittance loss drives a set of interlocking protection risks as it removes the main income buffer, collapses access to credit, and forces households into harmful coping.

## Food insecurity

The data points to a deepening food insecurity crisis as food consumption compresses first. The loss of remittances shows an immediate food security deterioration: from reduced meal frequency and dietary diversity, to a shift into “survival diets” and smaller, more frequent purchases of staples.

The survey reveals that urban households formerly but no longer dependent on remittances endure severe food insecurity (10%), significantly higher than the 3% in rural areas and 1% in semi-urban settings. This urban vulnerability may stem from a shortfall of subsistence alternatives,

such as the agricultural buffer often available in rural communities. Indeed, rural households demonstrate a marginally higher rate of no/ low insecurity (16% compared to 10% in urban areas), painting a picture of varied resilience across the Afghan terrain.

- **Diet quality collapses (meat/fruit drop out; bread-only becomes common):** For nearly every household, the first line of defence is a retreat to less preferred foods, a strategy adopted by 99% of surveyed respondents.<sup>64</sup> In one key informant interview in Kabul, a community leader explained how: “People have reduced their meals. When there is no money to buy rice, oil and gas, then people have to eat bread only. There is no other alternative. One has to rescue oneself from death.”<sup>65</sup> In the most severe cases, households describe having only bread/tea and sometimes no food morning and / or evening: Key informants describe families surviving on bread and tea, and cases where people “don’t even have food to eat” after remittances stop.

Figure 15: Food insecurity by type of location



64 Household survey conducted by Samuel Hall in Herat, Faryab and Kabul, Afghanistan, November 2025; fgd1, fgd6, ssi11, ssi1, SSI13, SSI8, KII18  
65 KII8, Kabul

- **Fewer meals and smaller portions:** This is followed by a rationing of meals, with 64% reducing portion sizes and 58% of adults restricting their own consumption to feed others.<sup>66</sup> Most alarmingly, 17% of households face the reality of going entire days without food, indicating severe deprivation. *'Our meals have also changed a lot. We haven't bought beef or mutton. We haven't even bought fruit, though fruit is very cheap in Afghanistan. We can't afford to buy a full bag of flour; instead, we buy small amounts by the "seer."*<sup>67</sup>
- **Households shift from bulk purchasing to purchasing of essentials on a need basis:** People describe being unable to buy sacks of flour or bulk oil, instead buying a few kilos or small packets: a marker of constrained liquidity and worsening food access.
- **Cooking becomes harder (fuel constraints) and borrowing increases:** Some families report needing to borrow money just to buy gas to cook for large households, underscoring how remittance loss translates into immediate constraints on food preparation, not just food purchase.

- **Harmful coping:** Food insecurity functions as a trigger for downstream protection risks. As households exhaust food-related coping options, they increasingly reallocate labour and resources within the household, often at the expense of children. Decisions to withdraw children from school, send them to work, or delay healthcare are therefore not isolated choices but responses to sustained consumption gaps and debt pressure.

## Psychological well-being

Remittance loss represents a psychological shock as much as an economic one, especially when it removes a person's ability to fulfil expected provider roles. The abrupt stopping of remittances and the challenges associated with reintegration following deportation have triggered a widespread psychological crisis within Afghan households, manifesting as a sharp decline in mental well-being and overall life satisfaction.

What the data highlights most clearly:

- **Men's distress is repeatedly described in "moral injury" terms:** shame, insomnia/ sleeplessness, loss of dignity and identity,



Photo: © Samuel Hall

66 Household survey conducted by Samuel Hall in Herat, Faryab and Kabul, Afghanistan, November 2025; fgd1, fgd6, ssi1, ssi1, SSI13, SSI8, KII18

67 SSI11, 13 District, Kata Bolandi, Kabul - Male

hopelessness, and guilt in front of children. The fear of winter and not being able to meet winter costs, intensifies this stress. Men report feeling shame at the inability to provide financially for their families and following the cessation of remittances. In the survey, families score a mean of 4.6/10 on dignity/self-worth, highlighting the psychological burden on individuals unable to fulfil traditional roles.<sup>68</sup> Such hardship leads many community members to fear judgement for their economic situation.

- **Women describe a different, but equally heavy burden of endurance and sadness,** plus sustained emotional labour to keep the household functioning and to manage men's distress through daily reassurance and encouragement.
- **Humiliation and degradation compound the harm for returnees:** accounts describe being humiliated or refused services while abroad and then returning to unemployment and

uncertainty, reinforcing feelings of helplessness.

- **An overall drop in life satisfaction and coping capacity emerges:** Prior to the cessation of remittances, 76% of respondents rated their quality of life highly (7-10 on a 10-point scale), with 24% as average and only 1% as poor. In stark contrast, following the discontinuation of remittances, 97% of those previously in the "best" category experienced a decline, and over half (55%) of respondents now rate their lives as "worst" (0-3). This represents an average drop in life satisfaction from 7.4/10 to 3.3/10, signifying a systemic shift from moderate satisfaction to near-crisis levels across the affected population. Remittance loss undermines coping capacity by worsening sleep, mood, motivation, and household functioning, right when families need to problem-solve, re-establish livelihoods, and manage debt.

## Chronic stress and its manifestations

The chronic psychological stress following remittance loss from deportation translates into observable stress-related health issues. One woman described developing a "nerve problem" directly linked to worry after the hawala stopped and her son was deported. Another account detailed a father's mental distress and renewed need for medical treatment following his son's deportation, after years of being stable.<sup>69</sup> Chronic stress has become endemic, with 91% of respondents frequently worrying about meeting basic needs (56% often, 35% always). This pervasive anxiety is acute in urban areas, where 60.2% of households report experiencing constant stress, significantly higher than rural (25%) and semi-urban (33%) counterparts. This urban vulnerability is likely exacerbated by a greater reliance on cash economies and limited access to subsistence alternatives. The psychological burden is compounded by external factors; the impending winter, with its added burden of fuel costs, amplifies this fear, as voiced by one SSI participant: "We have many needs, especially with winter coming, and we don't have any fuel. We cannot cover our household expenses, and overall, we are living in extremely difficult conditions".

Psychosocial stress is not only an outcome of remittance loss but a driver of further harm. Chronic anxiety, shame, and loss of dignity reduce households' capacity to plan, negotiate debt, or prioritise children's needs, increasing the likelihood of impulsive or harmful coping decisions. In this way, psychological distress amplifies economic and protection risks rather than remaining a separate impact.

<sup>68</sup> Grant et al., 2025

<sup>69</sup> (SSI16, Kabul - Pilot)



Photo: © Azizullah Hayat/World Vision

Deported families face compounded emotional strain, intensified by social isolation and weakened reintegration pathways. The initial hopes of leveraging savings or newly acquired skills to start businesses quickly prove unfeasible due to financial constraints. As one respondent recounts, "After we returned to Afghanistan, we felt happy for about one month. We wanted to invest our money and start a business. However, due to financial issues, we couldn't make our plans come true. Therefore, we have felt sad since then".<sup>70</sup> Despite these overwhelming difficulties, families often find motivation internally, with children sometimes offering emotional encouragement to their parents: "I always motivate my parents, telling my father that the situation will get better and we will overcome this poverty. I invite him to picnic in Bamiyan".<sup>71</sup> Women step into a critical supportive role as they provide emotional to men who bear the primary financial responsibility amidst income loss.

**Psychological distress is a constraint on recovery.** The psychological impacts documented in this study are not only consequences of remittance loss, but active constraints on household recovery. Chronic stress, anxiety, and loss of dignity undermine caregivers' capacity to plan, make decisions, and engage in livelihoods at precisely the moment when adaptation is required. When households are overwhelmed by constant worry about food, debt, and survival, their ability to support children's schooling, monitor wellbeing, or pursue new income opportunities is significantly reduced. Evidence from this study shows that psychological strain compounds economic and protection risks. High stress levels are associated with increased intra-household tension, reduced patience and emotional availability for children, and faster recourse to harmful coping strategies such as school withdrawal, child labour, or distress practices. For returnees, feelings of failure, shame, and lost status following deportation further

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70 SSI1

71 FGD1

erode motivation and confidence, weakening engagement with labour markets and community networks. These findings suggest that MHPSS is not an optional or downstream component of response, but a foundational element of stabilisation and recovery. Without addressing psychoso-

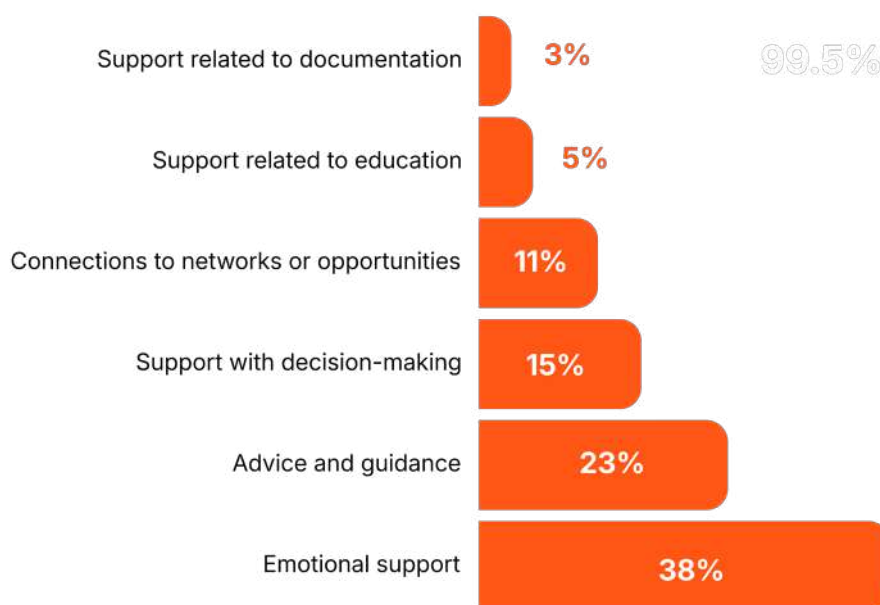
cial distress, economic and education interventions risk reduced effectiveness, as households may lack the psychological capacity to sustain livelihoods, keep children in school, or navigate support systems.

### Losing more than income: the decline in social and emotional support

Remittances to Afghan households were not limited to financial transfers. Nearly half of remittance senders (47%) also provided non-financial support, highlighting the importance of social remittances alongside cash income. Emotional support was the most common form (38%), followed by advice and guidance (23%), help with household decision-making (15%), and connections to networks or opportunities (11%). Support related to education and documentation was less common (5% and 3%, respectively). In this way, remittance senders often acted not only as income providers, but as sources of reassurance, guidance, and problem-solving for families at home.

While many households continued to receive some of this support after remittances stopped, disruption was substantial. Among households that had previously received non-financial support, 63% reported that it continued after remittance loss, but more than one-third (37%) lost this support altogether following return or deportation. Overall, households placed high value on these non-financial transfers: 78% rated them as very important and a further 20% as somewhat important. The loss of these social and emotional connections helps explain why remittance disruption translated so rapidly into heightened stress, reduced dignity, and declining psychological well-being.

Figure 16: Non-financial support formerly received from remittances senders



# The impacts on children and youth

## Education access

A consequence of remittance loss is the withdrawal of children from school. One in five households removed children from educational settings due to families' inability to pay fees or the necessity for children to engage in income-generating activities. In qualitative accounts, families reported discontinuing various forms of education, including Quran courses,<sup>72</sup> and girls' education proved particularly vulnerable, often receiving lower priority. A key informant from Kabul highlighted the direct link between financial capacity and school attendance: "If their parents can pay the school fee, children can go to schools. Otherwise not. Those children can solve their problems while their parents can pay school fees. The one who can't pay, his child sits at home. With remittances, children studied in schools".<sup>73</sup>

This study found that children are increasingly engaged in work to contribute to household income or to help manage debt. One key informant observed that families who lost remittances often sent their children to work instead of school, stating that while children might earn a small income, "they are deprived of education during an important stage of their development. Even if they attend school for half a day, the rest of the time they work and cannot focus on their studies".<sup>74</sup> In some areas, mothers have reported sending boys to hazardous work in coal mines or urban markets, with one mother explaining,

"My ten-year-old son earns about 100 Afghanis a day; he pays 40 as rent and spends the rest on food".<sup>75</sup>

Such child labour reflects how limited livelihood options can push families into exploitative work to meet basic needs.<sup>76</sup> Children's efforts to support their families include:

- **A daughter in Kabul earning money from sewing** to buy her own pens and notebooks for school,<sup>77</sup>
- **Families under financial pressure consider sending their children to work:** "When we are under pressure, we tell the kids not to go to school, they should go to work at least they can make 50-100 Afs a day."<sup>78</sup>
- **Debt serving as an additional incentive for child labour:** "Right now, we are 112,000 Afs in debt. All because of home expenditure. You cannot do anything. Our children are working."<sup>79</sup>
- **Parents reporting inability to afford school materials or fees**, leading to child labour to pay for rent and household costs.<sup>80</sup>
- **Other parents confirmed withdrawing children from school** due to inability to afford educational expenses and the stress of unemployment and financial hardship.<sup>81</sup>

These strategies are especially harmful because they are difficult to reverse. Once children leave education or combine school with labour, learning losses accumulate, re-entry becomes less likely, and households become increasingly dependent on child income to service debt.

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72 FGD2 R5

73 KI18, Kabul

74 KI17

75 Samuel Hall, "IOM MECC Gender Brief," March 2026

76 Ibid

77 SSI14, Kabul

78 FGD2 R2

79 SSI5

80 SSI9, Faryab

81 FGD3 Faryab

## Gender-differentiated risk pathways

While remittance loss affects children across households, the risks it generates are strongly gendered. For boys, economic pressure most often translates into early entry into labour, including hazardous and informal work, or combining school with work in ways that undermine learning outcomes. These pathways increase exposure to physical harm, exploitation, and long-term detachment from education. For girls, the shock operates through different mechanisms. Girls' education is more readily deprioritised when resources shrink, particularly in contexts where schooling already faces restrictions. Financial distress also heightens exposure to harmful gendered coping strategies, including distress and child marriage, where girls' futures become an adjustment mechanism to manage debt, social obligations, or household survival. These risks are less visible in quantitative data but are consistently documented in qualitative accounts. Together, these patterns show that remittance loss does not create a uniform child protection risk, but distinct and gender-specific trajectories of harm that require differentiated prevention and response.

## Girls most at risk

Remittance loss has accelerated the adoption of harmful gendered coping strategies within Afghan households, placing the burden on women and girls. Traditional celebratory transfers, such as "peshkash" (money paid to the bride's family) have become a liquid asset used to settle debts, fulfill obligations, and patch critical income gaps arising from deportations. Child marriage, for instance, is associated with economic vulnerability, and families deeper in debt are more likely to use their children as a coping strategy.<sup>82</sup>

<sup>82</sup> Samuel Hall / NRC, *Escaping War: Where to Next? A Research Study on the Challenges of IDP Protection in Afghanistan*, 2018.

<sup>83</sup> KII2

In desperate situations, some families resort to marrying off daughters to secure financial resources. For instance, one family, unable to afford their son's peshkash, married off their daughter to obtain the necessary funds. "Two women clean raisins in my garden; both of their sons are in Iran. One of these women told me that her son-in-law who is also living in this community had asked her for a large amount of Peshkash... but since her son was deported, they had nothing to prepare that money. So this lady married off her daughter to receive her Peshkash and pay it as her son's wedding gift".<sup>83</sup>

This phenomenon represents a gendered substitution effect, where the disappearance of a male migrant's earnings shifts the economic burden onto the bodies and futures of women and girls. Inter-household social pressures, particularly regarding marriage obligations and reputational norms, leave families with little room to default, even in times of crisis. Such distress marriages primarily harm girls. Married under economic or social pressure, they are a severe erosion of girls' agency, as they take away autonomy over their own bodies and futures. Girls face heightened health and protection risks, and experience lasting psychological harm. Any short term relief for households comes at the direct expense of girls' rights, well-being and life chances. Such marriages can often trap girls and families into cycles of even longer-term vulnerability, reduced choice, and dependence on others (such as in-laws, creditors, or by owing favours or loyalty).

## Youth unemployment and social challenges

A young respondent from Faryab shared his experience of working in Iran from the age of 11 for four years due to family debt and economic problems in Afghanistan, illustrating how some children enter the workforce at an early age, and return, deported, as youth.

"I had gone to Iran when I was 11 years old and lived there for 4 years, it was very difficult cause I was very young. It was due to life problems; there was nothing here. My parents had problems, we were in debt, I went to work and sent them money. I did hard chores there and sent money back home."<sup>84</sup>

An immediate impact of the rates of deportation from Iran is the rising youth unemployment.

Youth are described as "roaming around" with little work available—reinforcing frustration and stalled transitions to adulthood. Significant unemployment among youth contributes to social challenges. One key informant explicitly links forced return of "many young people" to depression and low motivation. Youth migration is repeatedly framed as a way to finance marriage costs; when remittances stop and jobs are unavailable, this creates additional stress and social pressure for young men and their families.

Participants expressed concerns about unemployed youth causing disturbances, such as performing stunts on motorcycles, and linking these behaviours to a lack of employment and education. In past periods of high return, there was a concern among community leaders and host communities of the prevalence of drug addiction among unemployed youth, and linked this with petty criminality.<sup>85</sup> Youth unemployment can decrease self-esteem and increase chances of young people getting involved in drug abuse.<sup>86</sup> This provides rationale and justification for further specialised research into the 2025 dynamics around youth returnees and prosocial behaviour. Past studies show how youth are frustrated by the lack of opportunities and social spaces available to them,<sup>87</sup> and this lack of constructive engagement and guidance can lead to young people being exploited for illicit activities, further exacerbating societal instability.<sup>88</sup> In the 2025 return dynamics, such insights provide justification for future research to explore what can be done to further support youth returnees upon return.

### Case Study 3: When Children Pay the Price of Deportation

My name is Ali. I am 27 years old. I am from Panjao District in Bamyan Province, but I now live in Kabul, in a mortgaged house. It has been three years since we took out a mortgage of 450,000 Afghanis. There are 11 people living in our household, including my children, and my brothers' families. I was very young when I went to Iran. The reason I left was because my father passed away. We had no house in Kabul, we were in debt, and we owed money to the bank. Every month, we had to pay 10,000 to 15,000 Afghanis. I could not earn that amount in Afghanistan, so I was forced to leave.

I lived in Iran for eight years. At first, I did not work because I was underage and nobody would hire me. For about one and a half years, I earned nothing. I stayed inside during the day because I was afraid of being arrested, and I worked as a night guard. Later, when I grew older, I started working in construction. I worked as a guard at night and as a labourer during the day for almost three years. I learned welding, bricklaying, tile work, and stone work. I worked every day from early morning until night. My income increased. Five months before I was deported, I was earning 30,000 to 35,000 Afghanis per month. I sent all of this money to my family. For the last four

84 SSI, Faryab

85 Samuel Hall, "Displacement Dynamics: IDP Movement Tracking, Needs and Vulnerability Analysis, Herat and Helmand," 2014.

86 Nassim Majidi, "Managing Migration Remotely Return, Reintegration and Rebordering in Afghanistan," January 27, 2016.

87 Samuel Hall, "Displacement Dynamics: IDP Movement Tracking, Needs and Vulnerability Analysis, Herat and Helmand," 2014.

88 Samuel Hall, "Displacement Dynamics: IDP Movement Tracking, Needs and Vulnerability Analysis, Herat and Helmand," 2014; Nadeem Ul Haque and Faheem Jehangir Khan, "RASTA: Local Research, Local Solutions: Human Capital and Opportunities, Volume XIII," RePEc: Research Papers in Economics, January 1, 2025.

years, I regularly sent around 20,000 Afghanis every month through mobile money exchangers. From this money, 10,000 Afghanis was used to pay the bank loan, 5,000 Afghanis was used for the medicine of my older brother who has a mental illness, and the rest was used for household expenses and my children's course fees. As long as I was working, my children were studying, and we could cover their basic needs.

Five months ago, I was deported from Iran. I was arrested while working and sent to a detention center before being deported. I could not collect my salary, and I returned with no money. After I returned, I could not find work. In five months, I only found daily labour work for five or six days. There is no construction work, and the skills I learned in Iran are not useful here. We now have no income at all. The first thing that stopped was my courses. I could not pay the fees anymore, so I had to pull them out. I could no longer buy their school supplies. After that, food became limited. We cannot buy fruit. Meat is completely out of reach. Rice is limited. Most days, we eat beans and vegetables because they are cheaper. We buy flour in very small amounts because we cannot afford a full bag. Winter has made things worse. I cannot buy warm clothes for my children. We do not have money for fuel or a heater. Our electricity has been cut off for two months because we could not pay the bill. The house is cold and dark.

The women in our household are also affected. My sisters used to attend courses and do embroidery and beadwork to earn some income. After deportation, we could not pay their course fees, and their courses stopped, too. There is no market for their work now, and their income is gone. Because we no longer receive remittances, shopkeepers do not give us goods on credit. Before, people trusted us because money was coming from Iran. Now they know there is nothing. We avoid relatives and friends because we cannot host anyone, and we do not have proper clothes to visit others. The stress in the household has increased. I leave the house every morning and return at night because I cannot stay at home with all these problems. Everything is my responsibility, but there is no work and no income.

In the community, I see that this pressure is affecting children in other families as well. Conflicts inside households have increased. Just a few days ago, a neighbour stabbed his daughter out of frustration because he had no work and no money for his children's needs. To cope, I sold a refrigerator I brought from Iran for 18,000 Afghanis. I used the money to pay part of the bank loan, cover household expenses, and buy medicine for my brother. That money is finished now. At this time, we need work. Giving flour and oil alone does not solve the problem. When there is work, families can support their children, send them to school, and meet their basic needs. Without work, children are the first to lose education, food, and safety.

# COMMUNITY AND SOCIAL IMPACTS: REDISTRIBUTION AND COLLECTIVE COPING

The loss of remittances has severed entire community safety nets, as well as affecting individual households. This section discusses 1) underutilised human capital, 2) borrowing and 3) burden resilience.

Human capital inflows are significant and an untapped opportunity for Afghanistan's economic revitalisation. Returnees represent a pool of underutilised human capital: many come back with work experience and skills - especially from Iran - but structural constraints prevent those skills translating into jobs or income. Despite possessing valuable and often sought-after skills, only 4% of returnees are able to regularly employ these acquired abilities in their daily livelihoods. This mismatch between available skills and employment opportunities represents a critical challenge for reintegration and a substantial loss of economic potential. Returnees describe widespread frustration as systemic barriers prevent them from using the skills they acquired.

Borrowing and lending between friends and community members have largely ceased, as households struggle themselves and prioritise the immediate needs of their closest family. In the absence of formal financial infrastructure and dwindling community resources, informal credit systems have solidified their position as a critical, albeit precarious, lifeline. The informal credit system hinged on remittance-sending relatives as collateral, without them, the entire system begins to crumble. With remittances gone and informal credit shrinking, families increasingly depend on traditional financing mechanisms such as Zakat, Sadaqah, and local unions for last-resort support.

Mutual aid, hospitality, and burden resilience have diminished. While rural and semi-urban areas exhibited slightly higher baseline rates of community assistance (16-17.5%) compared to urban areas (3.2%) before the crisis, the impact of remittance loss led to a convergence near zero across all regions, with a complete collapse observed in rural areas. The loss of remittances severed entire community safety nets, as well as affecting individual households.

## Underutilised human capital of returnees

Many returnees carry with them a wealth of practical skills acquired during their time abroad. The household survey highlights this, revealing that 56% of returnees learned new skills while

living in Iran. These individuals predominantly engaged in labour-intensive sectors, with 60% in construction, 13% in trade/retail, 9% in accommodation/food services, and 7% in manufacturing. Their expertise spans a range of practical trades, including plastering, tiling, and other construction-related work, alongside skills in retail and various service industries. One female

focus group respondent told us how her husband learned plastering, “or gol-kari as it is called in Iran”.<sup>89</sup> Another explained how they learned sofa and chair painting.<sup>90</sup>

This represents an influx of human capital, capable of contributing to Afghanistan’s reconstruction and economic revitalisation.

#### Skills exist—but do not convert into employability.

Local demand is low and, in some markets, work is effectively captured by established “masters”—so even capable workers cannot access contracts. Despite possessing valuable and often sought-after skills, only 4% of returnees are able to regularly employ these acquired abilities in their daily livelihoods.

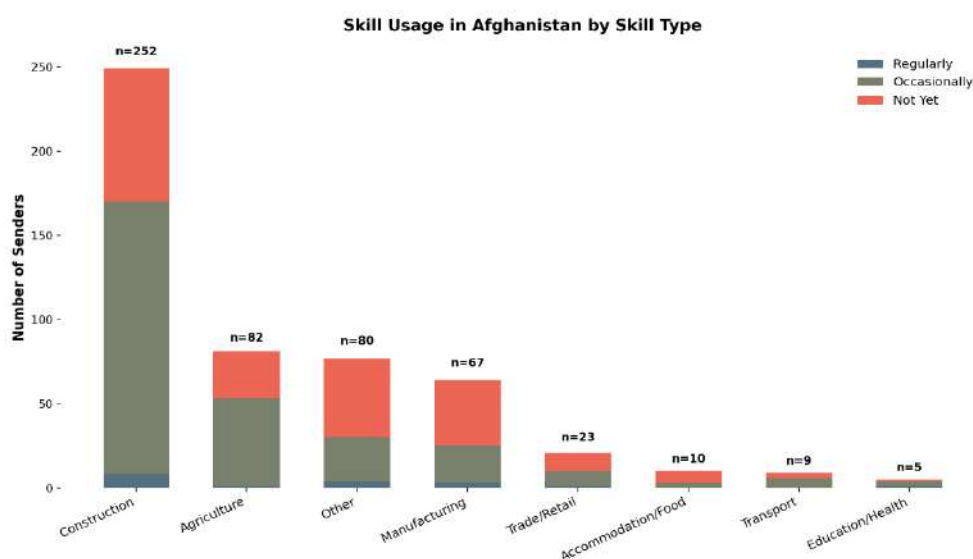
“A daughter of one of our relatives who learned tailoring in Iran started this work here....She started earning through it. That daughter, with her mother and sister, earns for her family.”<sup>91</sup>

A further 51% utilise their skills occasionally, while 44% find no opportunity whatsoever to

apply what they have learned. This mismatch between available skills and employment opportunities represents a critical challenge for reintegration and a substantial loss of economic potential.

Returnees describe widespread frustration as systemic barriers prevent them from using the skills they acquired, as reasons for underemployment are rooted in Afghanistan’s current economic structure. Many migrants worked in manual labour abroad due to limited education and job opportunities at home, but on return, their skills are poorly matched to local demand. In rural areas, construction activity is minimal, while in urban centres semi-skilled markets are saturated and often controlled by established ostad (masters), leaving little space for new entrants. As a result, many returnees are unable to access work despite having practical skills and experience, particularly when they return without local networks. One respondent explained: “My son who returned, knows tiling and stonework. But since they have returned, there is no work in this field. Because they are not in the city, they are in the village, and in the village there is no construction going on. And even in the city, the

Figure 17: Reported skill usage of returnees in Afghanistan by skill type



89 FGD5 Female, Kabul - R5

90 I learned painting when I was in Iran. I learned chair and sofa painting. SSI1

91 FGD1 R5

ones who master the skill take all the work, there is not enough work for all. My sons are good enough in their skill and can also teach others.”

In addition, networks matter as much as skills, and returnees find themselves excluded from the local market. The analysis explicitly frames returnees as facing exclusion due to weaker networks, and skills mismatched with local demand; men describe searching daily and being repeatedly turned away, becoming “structurally unemployed” in their communities. Forcibly deported returnees are especially affected, reporting the lowest incomes and high dissatisfaction due to persistent skill mismatches. “Rare skills” are not matched by local industry: there are examples of specialised experience (e.g., casting and moulding) described as rare locally, but with too few factories and entry points to absorb skilled workers, another form of capability going to waste.

This situation is compounded by a critical lack of capital, infrastructure and tools. Even when returnees have relevant skills, they often lack the tools and enabling environment to use them (e.g.,

plastering without proper tools), and some trades require start-up capital and reliable electricity to launch (e.g., tailoring/metal casting). Previously, even small remittance flows enabled households to start micro-enterprises such as petty trade or transport services. With remittances reduced or lost, households lack both start-up capital and financial buffers, making it difficult to create or sustain livelihoods. At community level, this combination of underused skills and missing capital translates into lost productive capacity. Rather than strengthening local economies, return flows contribute to labour oversupply, falling wages, and frustration among both returnees and host communities, weakening social cohesion and limiting prospects for collective recovery.

The data points to a capability–opportunity gap: returnees may have skills and work discipline, but face demand collapse, gatekeeping, lack of tools/capital, and weak job-matching networks, leaving human capital idle precisely when households need income most.



Photo: © Samuel Hall

# Social cohesion and conflict dynamics

"We avoid relatives and friends because we cannot host anyone at home."<sup>92</sup>

**The data points to a social cohesion squeeze driven by remittance loss and return:** households retreat inward, reciprocity norms weaken, and resource pressures (jobs, housing, water) sharpen everyday tensions.

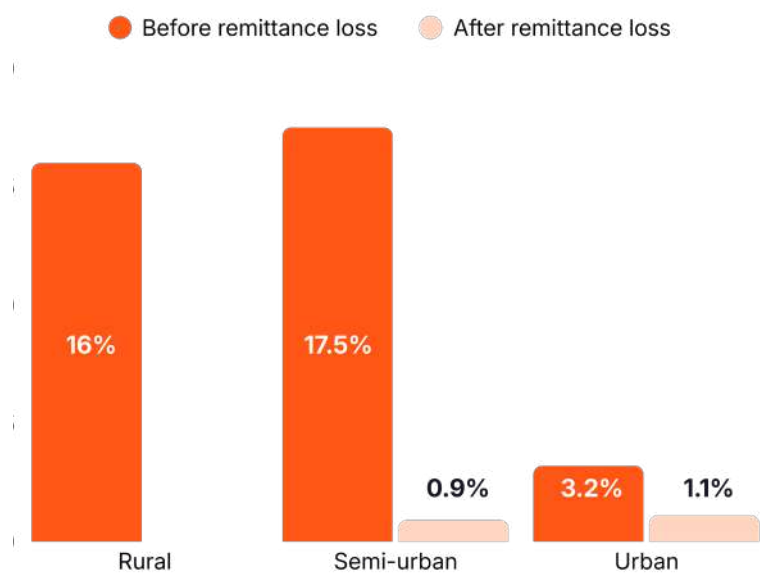
For a society accustomed to mutual aid, hospitality, and burden sharing, the diminished capacity to uphold these values due to resource scarcity, is creating emotional and social challenges. Afghan communities have long been characterised by systems of mutual aid and hospitality, a feature fundamental to their resilience. The widespread loss of remittances has severely depleted the resources necessary for these practices. Previously, remittances facilitated hospitality - such as offering tea and food - which reinforced social status and respect within the community.

Now, hosting is often unaffordable, compounding isolation - especially for women who cannot attend in third spaces - and weakens community bonds.

The inability of families to extend help to others, coupled with the erosion of their own means, contributes to social fracturing, as providing hospitality and assistance is deeply intertwined with social status and self-worth.<sup>93</sup> The community assistance networks that served as safety nets have collapsed across all urbanity types. While rural and semi-urban areas exhibited slightly higher baseline rates of community assistance (16-18%) compared to urban areas (3%) before the crisis, the impact of remittance loss led to a near zero convergence across all regions, with a complete collapse in rural areas. The loss of remittances severed entire community safety nets. Host community members, previously vital in these support networks, have also withdrawn their assistance, leaving neighbours without crucial support.

The strain on these systems is evidenced by reports from 60% of households, indicating increased tension in their communities, primarily due to unpaid debts and deteriorating relation-

Figure 18: Community assistance flows before and after remittances, by location type.



92 SSI11, Kabul - Male  
93 Grant et al., 2025; Samuel Hall, IOM MECC Gender Brief, 2025 (unpublished at time of writing); Schuster & Majidi, 2013

ships among community members. Conversely, only 3% perceived the crisis as fostering greater closeness among community members, underscoring a predominant pattern of fragmentation rather than solidarity.

In this context, borrowing and lending between friends and community members have largely ceased, as households struggle themselves and prioritise the immediate needs of their closest family. This indicates a contraction of the “ecosystem” down to the household level, with households increasingly focusing on immediate family survival and experiencing social fracturing. Further, credit and trust breakdown act as a conflict amplifier: remittances functioned as a credibility signal for loans; once they stop, households report being refused loans by friends, neighbours, and shopkeepers (even for essentials like medicine). This widens stress, shame, and tensions between households and local businesses.

One respondent in Kabul explained:

“It has been five months since we stopped receiving remittances from Iran. No one gives us loans anymore. Before, when I needed money, friends would lend it to me, and I would repay them twice. Now, they know I no longer receive remittances, so they won’t lend to us.”<sup>94</sup>

These dynamics intertwine economic stressors like food insecurity and credit erosion with drivers of conflict. Displaced households, often burdened by relocation debts for shelter and settlement, intensify job and housing competition with locals, depressing wages and fuelling animosities.<sup>95</sup> Qualitative insights capture this erosion as tensions arise from “lack of money,” “food expenses,” and shopkeepers’ refusal of loans, fracturing bonds previously sustained by reciprocity. In the absence of robust safety nets, such strains risk entrenching social divisions with implications for long-term community stability.

#### Case Study 4: Disability, and Household Survival After Remittance Loss

My name is Mehbooba. I am originally from Logar province. I now live in Kabul with 10 members of our family. My eldest son went to Iran when he was 17 years old and studying in grade seven. He stayed there for five to six years. Later, his brothers encouraged him to return and work in his own country. When he came back, he joined the military. In his third year of service, in Kunduz province, he stepped on a mine. Both his legs were amputated. He stayed for a long time in the 400-Bed Hospital and then returned home disabled. Another one of my sons was in grade 12. On the last day of his exam, he told me he was going to Laghman for a trip with friends, but instead he went to Iran. He left secretly with only one set of clothes. His brothers borrowed about 30,000 Afghanis so he could travel through smugglers. He reached Tehran and stayed there for one month. In the second month, he was arrested and deported. He is now at home with no job.

That son worked for one month in Iran and sent us 8,000 Afghanis. He found work through friends and learned carpentry there. He told me, “Mother, take this money and buy food for the house. I will keep working and send you more.” We spent that money on Eid expenses. On the night of Eid, he was deported. His loan is still unpaid, and he keeps saying he wants to go back to Iran because there is no work here, but we do not allow him because on the way they beat people and even kill them. Now our household depends on my disabled son. Even though he has no legs, he takes my other children on his motorcycle to the main square so they can find work.

<sup>94</sup> SSI11, Kabul - Male

<sup>95</sup> Peter Grant et al., “Afghan Returns: Experiences, Challenges and Prospects for Reintegration.” August 2025

He earns around 200 to 250 Afghanis per day. With that money, we run our home. God has given him children. One is two months old, and another is learning tailoring as an apprentice. My son cannot walk by himself. Someone must help him go to the toilet and move around. In winter, it is especially hard for him. Still, he works every day. Sometimes people give him khairaat (alms) because of his condition. They may give 100 or 500 Afghanis, and sometimes during Ramadan friends from inside and outside the country send him 100 US dollars to help his household.

We buy empty grape and orange boxes for 10 Afghanis, tie them to the back of his motorcycle, bring them home, and burn them to keep warm. All our hopes of surviving depend on him, even though he has no legs. My son does not receive any disability support. I thank God that I was able to arrange his wedding, but I am still in debt of around 3,000 to 3,500 dollars. His wife takes care of him. We have no land, no shop, no business.

My son once wanted to go to the Red Cross to ask for a loan so he could open a small shop, but when we looked into it, we realised a shop would not work and could cause losses. I told him to be patient and thankful even for the 250 Afghanis he earns.

People who return from Iran or Pakistan do not receive support. There is no proper work, and most people are jobless. We wish there were jobs here so people would not be forced to go back to Iran and suffer beatings, torture, and humiliation. One of my son's friends learned plastering in Iran and works in our neighbourhood. He even plastered our house. Another of my sons studies law but could not find work, so he now works with that plasterer to learn the skill. We struggle with many problems. There is drought, and water has become scarce. I buy one barrel of drinking water every day for 15 Afghanis. There is no clinic in our area. We have asked many times for sewing courses or training programs so women and young people can learn skills and work. We have also asked for small shops or construction work opportunities for men. So far, nothing has been done.

## Informal credit as a lifeline

In the absence of formal financial infrastructure and dwindling community resources, informal credit systems have solidified their position as a critical, albeit precarious, lifeline. Only 1% of households rely on banks or Microfinance Institutions for credit, underscoring the dominance of informal channels. Shopkeepers emerge as the most common creditors, lending to 73% of households, while a significant portion also borrows from their social networks, including family (53%) and neighbours (53%). The primary reasons for incurring debt are fundamental survival needs: food (90%) and healthcare (79%). Notably, 92% of these debts are interest-free,

reflecting traditional community-based lending practices, although a smaller percentage carries interest, particularly among female respondents and host households.

Informal credit (especially shop credit and borrowing from relatives/neighbours) functions as a critical last-resort safety net—but it is also highly conditional and increasingly fragile when remittances stop. A key factor in shop credit access was the presence of a family member abroad. Shopkeepers would inquire if a potential borrower had a family member in Iran, as this implied a reliable source for loan repayment.<sup>96</sup> This was explained by a shopkeeper in Herat, who shared: “We don’t give loans for families who don’t have anybody in Iran or abroad, and we check the remittance records carefully. About 50% of the

96 FGD2; SSI5; KII4

purchases from our shop come through money transfers from Iran. Most of these families have their members working in Iran who send money to Afghanistan, and then they buy from our shop.”<sup>97</sup>

The informal credit system hinged on remittance-sending relatives as collateral, without them, the entire system begins to crumble. Remittances operate like “collateral” for trust and creditworthiness. Shopkeepers now bear the burden of debts owed by dozens, sometimes up to a hundred families, underscoring the severity of financial hardship within communities. Trust and established networks play a crucial role in these challenging times, with only well-known and trusted individuals able to secure interest-free loans.<sup>98</sup>

“The changes were this: when we went to the shop, the shopkeeper asked if my son was in Iran or not. And he asked the neighbours also. If he found out that his son is in Iran, he would lend us groceries, but if not, they wouldn’t. They wouldn’t give anything for the people who don’t have anyone abroad, unless they pay immediately by cash. They said “they don’t have any work or living, how can they pay us back?”<sup>99</sup>

This highlights how social capital becomes a vital, strained, resource in periods of economic crisis, yet by relying exclusively on informal lending, communities risk exacerbating inequalities as those most marginalised – such as women, people with disabilities, returnees etc – are often the least networked.<sup>100</sup> As informal credit and mutual support collapse, households lose

the very mechanisms that previously buffered shocks, increasing reliance on remigration, child labour, or distress practices as last-resort coping strategies.

With remittances gone and informal credit shrinking, families increasingly depend on traditional financing mechanisms such as Zakat, Sadaqah, and local unions for last-resort support. For instance, in Jibrael, a union exists where men gather weekly, contributing 100 Afghanis each, to provide interest-free loans or assistance for critical events like funerals.<sup>101</sup> Community members described similar “lotteries”, where people enter and win a cash prize: “Yes, I have heard of some kind of savings groups. There are also lotteries where the winner receives a prize of two thousand. I tried to register, but I haven’t succeeded yet.”<sup>102</sup> Such systems, it is important to ensure, if replicated more widely, that they are inclusive in structure, and do not resultantly reinforce localised inequalities, as one respondent describes: “Yes, I have heard of lotteries where they collect 100 afghanis each 15 days, and the money collected from this process will be given to one family by lottery, but we couldn’t afford to pay that amount, so we weren’t able to participate in the lottery.”<sup>103</sup>

Such collective efforts, sometimes referred to as “hashar,” involve pooling resources for community betterment.<sup>104</sup> However, these traditional mechanisms remain gendered and limited in scope. Women, by convention, are often excluded from these male-dominated unions, which significantly reduces their autonomy and access to potential community-based financial support and participation, even in contexts where women’s and men’s groups are separated for collective initiatives.<sup>105</sup>

97 KII4 Shopkeeper Herat

98 Rimmy E. Tomy and Regina Wittenberg Moerman, “Community Membership and Reciprocity in Lending: Evidence from Informal Markets,” SSRN Electronic Journal, January 1, 202

99 FGD2 R4 Herat

100 Nassim Majidi et al., “Escaping War: Where to Next? A Research Study on the Challenges of IDP Protection in Afghanistan,” 2018.

101 FGD1

102 FGD3

103 FGD3

104 Samuel Hall, “IOM MECC GENDER BRIEF,” 2025 (unpublished at time of writing)

105 Samuel Hall, “IOM MECC GENDER BRIEF,” 2025 (unpublished at time of writing); FGD1

### Case Study 5: Lost Skills, Lost Futures: When Experience Does Not Translate Into Livelihoods

My name is Bakhliis. I am originally from Faryab province. At first, my husband went to Iran alone. He is an architect and worked there, sending us money every month through hawala. He sent around 6,000 Afghanis per month, which was only enough to feed the family. I married off my daughters and used my inheritance money, about 40,000 Afghanis, and the money from selling our household items to get passports and visas for myself and my sons. I went to Iran to join my husband, hoping that my responsibilities would become lighter. We stayed there for three years. In Iran, we all worked. I worked long hours in a company and earned money, even though the work caused back pain. My daughter also worked as a tailor. We could pay for rent, medical treatment, and our daily needs. Even though we had passports and visas, we were deported. We came back with nothing. Our landlord in Iran has not repaid our mortgage. He promised to return it after one month, but three months have passed, and nothing has been paid. We have no one there to follow up. Now we live in Badam Bagh. Paying rent is a problem.

After deportation, our skills have become useless. My husband is an architect, but there is no work for him. I am a tailor, and my daughter is also a tailor, but there is no demand. My husband is now old and sick, and my sons are jobless. The only income we have is from my 18-year-old son, who works in a bakery and earns about 200 Afghanis per day. We went to Iran on borrowed money and still have not repaid the debt. When employers in Iran did not pay us for months, we were forced to take bank loans and repay them with interest. Now we cannot cover our expenses. I had planned to build a house and educate my children so they could become doctors or engineers. Now we have no house, and my sons are looking for work instead of studying. Girls' education is banned, and even boys' education is not affordable for us. Most of our neighbours are also deported families. They have nothing themselves and cannot help others. We have not received any support. The only assistance we received was 2,000 Afghanis at the border. If we had money, we could use our skills to open a small shop or start working again. Without money, nothing can be done. We ask the government and traders to help create job opportunities so people like us can use our skills and survive.

# INSTITUTIONAL AND MACRO-LEVEL IMPACTS

There are systemic pressures on different institutions that are backbones of the Afghan economy.

Hawala networks are under acute systemic strain from three major concurrent shocks. Mass deportations are sharply reducing the number of migrants who can send money; international sanctions after 2021 have led banks to “de-risk,” meaning they avoid Afghan-related transactions altogether; and tighter domestic regulation is constraining money exchangers’ ability to operate.

The operational side of hawala transfers can also exacerbate inequities. With the high rates of returnees, hawaladars are also supporting and adapting in real-time. Market and service impacts are also affected, locally. Remittance loss shows up in the data as a local market shock (not just a household income shock): it reduces cash-in-hand demand, breaks the informal credit cycle, and creates knock-on liquidity problems for shopkeepers, service providers, and even hawala agents. Rural households reported the highest market impact rates (95.4%), likely reflecting their dependence on remittances for purchasing goods in areas with limited local production. The cut-off of remittances has reduced consumer purchasing power, leading to a sharp decline in sales.

The housing market in Afghanistan has been significantly affected by the recent deportations and economic instability. The sudden influx of deportees has intensified pressure on scarce resources: housing, water, and available jobs. The essential services that communities rely on, such as schools, clinics, and water systems, are deteriorating because households can no longer afford them.

## Hawala

Hawala agents play a stabilising role at the margins. Sarafis/hawalas operate as the dominant conduit for remittances comprising 91% of transfers from Iran to Afghan households.<sup>106</sup> These informal systems rely mainly on hawaladars’ personal networks and modest commissions. According to the survey results, hawaladars were channelling a median monthly equivalent of \$57 USD per household prior to disruptions. Hawala can reach the most remote locations, and rural transactions are described as relying on conventional networks (shopkeepers/drivers/businessmen) connected to hawala in hub cities.

Hawala is the backbone of remittance infrastructure — especially for rural clients — but remittance loss is now shrinking volumes, squeezing agent liquidity, and increasing operational strain. The data reveals a sharp drop in volumes and clients and falling profits: One agent estimates hawala transfers from Iran fell ~40% with a ~20–25% loss of clients; another estimates transfer “deals” are down ~80% over ~10 months. Hawalas are impacted by recent deportations as deportation-induced income loss transmits shocks rapidly through these channels first.<sup>107</sup> Many return asset-stripped, with wages unpaid and possessions confiscated during border searches,<sup>108</sup> yet hawaladars consulted

<sup>106</sup> Samuel Hall, “Household Survey Conducted in Herat, Faryab and Kabul, Afghanistan,” November 2025.

<sup>107</sup> Marie McAuliffe and Céline Bauloz, “Migration, Gender and COVID-19: An Overview,” in Edward Elgar Publishing eBooks (Edward Elgar Publishing, 2024),

<sup>108</sup> FGD2; SS12

in this study are acutely aware of such returnee vulnerability.

The Hawaladars cope in two ways:

- **Protecting their operations due to liquidity stress: agents using savings and borrowing to keep operating:** With fewer transfers (and lower daily earnings), agents report covering expenses from savings and sometimes borrowing money to keep business going. They require however support in ensuring that regulatory frameworks support them. Hawaladars mention that regulations are tightening despite lower flows: Agents report the government is taking sending/receiving “more seriously” even as volumes dramatically reduce—adding friction/costs during a downturn.
- **Protecting remittance-dependent families through**
  - » **Fee compression and “humanitarian pricing”:** Some agents cut commissions substantially (e.g., from 50 AFN per million toman to 20 AFN) and report waiv-

ing fees for poor or deported/returned households. They have adapted pro-cyclically,<sup>109</sup> by dipping into personal savings, borrowing, or extending interest-free loans to unsupported households, while occasionally waiving fees - mirroring historical hawala roles in credit provision amid trust-based networks.<sup>110</sup> One exchanger reports commissions were “extremely low compared to the banks,” with slightly higher fees for rural delivery. One hawaladar explains: “Once we know that the person is poor, we don’t charge him fees. We transfer him for free. Those with a good economy, we charge them 20 Afghanis per million Toman. We don’t charge fees on those who are deported.”<sup>111</sup>

- » **Hawala agents substitute as informal support actors:** Some agents describe lending money to families who no longer receive support from relatives abroad—signalling that hawala is acting as a financial buffer in the absence of remittances (but also taking on risk).



Photo: © Ria Mohammad Rehaa/World Vision

109 Some countries have currencies whose value appreciates when the economy expands and depreciates when the economy contracts. These are said to be procyclical. A cyclical currency, on the other hand, is one whose value tends to follow the economy’s ups and downs.

110 Choudhury, “Order in the Bazaar: The Transformation of Non-State Law in Afghanistan’s Premier Money Exchange Market,” *Law & Social Inquiry* 47, no. 1 (September 2, 2021): 292; Samuel Hall, “Household Survey Conducted in Herat, Faryab and Kabul, Afghanistan,” November 2025.

111 KII5

In addition to the above constraints, exchange-rate volatility creates losses for both agents and clients: One exchanger highlights currency fluctuations as a key challenge, causing losses on both sides and increasing uncertainty in a business based on daily rates. This suggests a feedback loop: as deportations and reduced earnings shrink remittances, hawala agents lose volume and profit, respond by lowering fees and extending informal support, and may face growing liquidity/risk pressures—potentially reducing service availability just as households need it most.

## Market impact and impact on services

A majority of households (86%) have reported that the loss of remittances directly affected local markets, with price increases being the most frequently cited consequence. Rural households reported the highest market impact rates (95%), likely reflecting their dependence on remittances for purchasing goods in areas with limited local production (Figure 23). This disruption stems

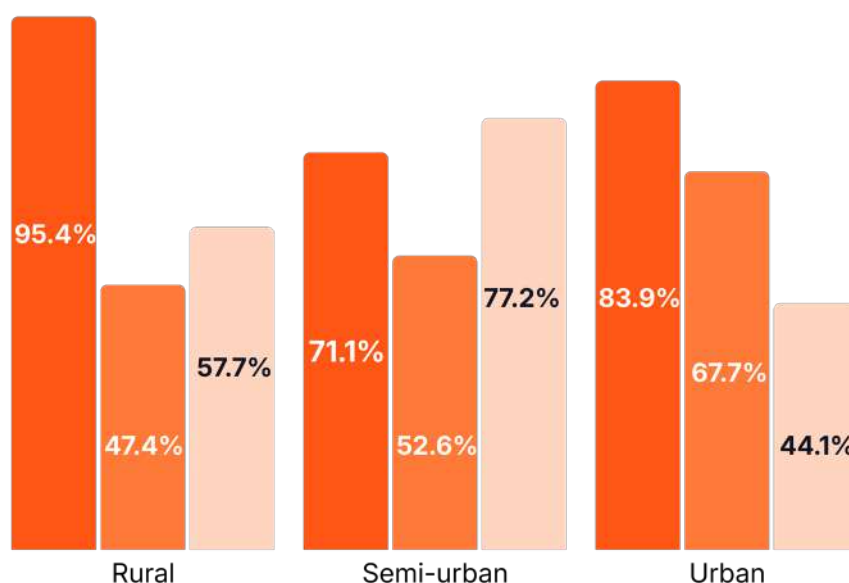
primarily from a reduction in customers' purchasing power, making it difficult for them to repay existing credit and acquire new goods. This creates a detrimental cycle, imposing severe financial strain and substantial losses on shopkeepers who rely on consistent credit and repayment flows.

The cut-off of remittances has reduced consumer purchasing power, leading to a sharp decline in sales. A butcher example is used as a market barometer: meat does not sell for days because households can't afford it. Items previously considered common have now become luxuries: "When the butcher slaughters a sheep, the meat does not sell for days because people cannot afford it."<sup>112</sup>

Shopkeepers have reported an 80% reduction in earnings over the past year, yet at the lead creditors in communities, this poses a grave threat to local and national markets.

Economic strain has also led to a reduction in leisure activities as households prioritise essential needs over discretionary spending. Overall life satisfaction has dropped significantly, with 92% of households reporting worse wellbeing and 91% constantly worrying about meeting basic needs.

Figure 19: Reported market, service and social cohesion impacts, by location type.



<sup>112</sup> KII/2

In addition, retailers cannot restock showing a visible stock thinning in shops. Shopkeepers report reducing stock because sales have dropped; in parallel, households report buying smaller quantities or only on sporadic credit—creating a low-stock, low-sales trap for neighborhood markets.

## Housing market: Housing becomes a pressure point with rent inflation and overcrowding

The housing market in Afghanistan has been significantly affected by the recent deportations and economic instability. Multiple accounts show rents rising alongside returnee inflows and concentrated urban demand, with households doubling/tripling up in single rooms—so a bigger share of scarce cash goes to rent rather than food/health. Authorities have been urging people via mosque announcements to rent housing at lower prices. Some families who had planned to permanently relocate to Iran sold their homes in Afghanistan, only to find themselves now paying high rents and lacking established social networks upon their return.<sup>113</sup> The sudden influx of deportees has intensified pressure on scarce resources: housing, water, and available jobs. This surge in population has directly led to increased rental costs in cities, forcing many people to live in overcrowded and cramped conditions.<sup>114</sup> Rent prices reached a peak in July 2025, with land values reportedly increasing tenfold (from 700 AFG to 7,000 AFG).<sup>115</sup> **“Problems have doubled. Rent of a room was 1000-1500. Since deportees and increase of population, it has increased to 5000,8000. Previously you saw a person in street, now there are 200 people walking. They have water and food needs. Why wasn’t there a lack of water previously? Due to an increase in population, it’s been created. People have wells at homes being enough for a small family. Cur-**

**rently the number of inhabitants has increased and they are not enough. Unemployment has doubled. Previously you saw 10 unemployed people. Now they are 20 because of deportees.”<sup>116</sup>**

This volatile situation highlights the informal and unregulated nature of rental prices in Afghanistan. Without a centralised policy or regulatory system to ensure stable rates, prices fluctuate dramatically with changes in the number of returnees. In response, authorities have resorted to instructing people through mosque announcements (via minarets) to offer housing at lower rents, as we heard from one community leader in Faryab: **“Lately, the Islamic Emirate has emphasised to people through minarets to help the immigrants by giving or renting your houses to them with a lower price. It is the smallest cooperation.”<sup>117</sup>**

## Essential services

The essential services that communities rely on, such as schools, clinics, and water systems, are deteriorating because households can no longer afford them. Remittance loss translates into a rapid drop in access to essential services as households lose the cash and the informal credit that previously helped them bridge gaps. More than half of the people surveyed (54%) reported that the loss of remittances (money sent from abroad) has negatively impacted these local services. The economic shock is undermining community-level service delivery, even in urban areas. One participant explains how Dasht-e-Barchi is in significant need of food, water and healthcare: **“To cope with the loss of remittances, the most urgent needs in our community are healthcare, education, and basic food items. In the entire Dasht-e-Barchi area, there is only Ali Jannah Hospital, and even there, it is often difficult to find a doctor. Many families cannot afford**

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<sup>113</sup> KII2

<sup>114</sup> KII9; SSI14; SSI16; SSI10

<sup>115</sup> KII3

<sup>116</sup> KII9, Kabul

<sup>117</sup> KII12, Male Community Leader, Faryab

to pay their children's school fees due to a lack of income, and most households are struggling to provide basic food such as flour, oil, rice, and beans. Support in these areas is urgently needed."<sup>118</sup>

Families specifically cited:

- **Utilities and basic energy are becoming harder to afford:** electricity and water bills go unpaid, with service disconnection and official follow up. In one case, a returnee and his family were called to a government office due to unpaid water bills. Water becomes something households manage by deferring payment, not by improving access. Loss of electricity and lack of alternative energy sources were two issues flagged by participants who either could not pay for their electricity (and hence had their electricity cut off) or, for those in rural households, were unable to buy solar panels or even fuel bottles due to the lack of money. As a result households revert to unsafe, and low-quality coping for fuel and light. Examples include a family needing 20 AFN for a candle because of a lack of electricity or solar power. Others describe relying on trees, bushes, thorns, dung for fuel – creating heavy indoor smoke exposure and health harms, including environmental consequences.
- **A reduced ability to pay for healthcare results in delayed or foregone care because providers will not extend credit:** respondents note families cannot take patients to doctors due to the lack of cash and that doctors do not provide services "on loan". As a result, households describe rationing, substituting and reducing medicine purchases: switching from syrups to cheaper tablets, effectively self-rationing treatment in response to the income shock.
- **Impact on education services:** Families report keeping children home because they cannot pay basic education costs and have to prioritise other costs, such as rent, instead. Small school costs become exclusionary, such as one account describing a school requesting 200 AFN for an event. When the household could not pay, children were excluded from participation – showing how financial strain narrows access even when schooling continues.



Photo: © Samuel Hall

<sup>118</sup> KII7, Kabul

**Table 2:** Barriers and Enablers, by Ecosystem level

| Level                                | Barriers                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Enablers                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Individual and Household             | <ul style="list-style-type: none"> <li>• Sudden loss of remittances after return or deportation</li> <li>• High reliance on a single sender or remittances as main income • Rapid fall in purchasing power and inability to cover basic needs</li> <li>• Trade-offs between food, healthcare, rent, and debt repayment</li> <li>• Limited local work and shift into casual labour</li> <li>• Underutilised skills and weak labour market matching</li> <li>• Gendered constraints on work and increased care burdens</li> <li>• Psychological distress and loss of dignity</li> </ul>                             | <ul style="list-style-type: none"> <li>• Household pooling and prioritisation of scarce resources</li> <li>• Continued access to hawala and money service providers where available</li> <li>• Transferable skills acquired abroad</li> <li>• Extended family support (cash, food, temporary shelter)</li> <li>• Some continuity of non-financial support from senders (emotional support, advice) where contact remains</li> </ul>                               |
| Community and local institutions     | <ul style="list-style-type: none"> <li>• Community-wide saturation of need as multiple households lose remittances at once</li> <li>• Collapse of informal safety nets and reduced ability to host or help others</li> <li>• Shrinking informal credit and tighter shopkeeper lending</li> <li>• Competition for limited jobs and falling wages</li> <li>• Rising tensions linked to debt, scarcity, and perceived inequities</li> <li>• Increased school withdrawal and child labour pressures</li> <li>• Exclusion from male-dominated unions or support structures (women, marginalised households)</li> </ul> | <ul style="list-style-type: none"> <li>• Informal community referrals and mutual aid (where resources allow)</li> <li>• Religious and charitable support (zakat, sadaqah)</li> <li>• Community-level pooling mechanisms (unions, lotteries)</li> <li>• Local mediation by elders and leaders to manage tensions</li> <li>• Trusted relationships that still enable interest-free credit for some households</li> </ul>                                            |
| Local economy, markets, and services | <ul style="list-style-type: none"> <li>• Reduced demand as remittance-funded consumption collapses</li> <li>• Market slowdowns and loss of income for shopkeepers and small businesses</li> <li>• Price pressure and reduced affordability of essentials</li> <li>• Housing pressure and rent increases in high-return areas</li> <li>• Deteriorating access to essential services when households cannot pay (healthcare, schooling, water)</li> <li>• Limited capacity of local markets to absorb skilled returnees without capital</li> </ul>                                                                  | <ul style="list-style-type: none"> <li>• Functioning local markets and trade networks where supply remains stable</li> <li>• Shopkeeper credit as a remaining lifeline (often interest-free)</li> <li>• Hawaladars adapting through fee waivers or temporary credit in hardship cases</li> <li>• NGO and UN service stop-gaps in high-return areas</li> <li>• Any livelihood opportunities linked to seasonal demand (agriculture, construction peaks)</li> </ul> |

# CONCLUSIONS AND RECOMMENDATIONS

## Research questions answered

This study provides evidence on how the loss of remittance income, due to deportations, leads to shocks across households and communities, as well as key institutions. The conclusion begins with answers to the three research questions, before delving into operational recommendations.

### What is the scale of household income loss resulting from deportation?

Deportations have abruptly removed the primary source of income for remittance dependent households. For most surveyed families, remittances constituted the majority of household income, with 65 percent relying on them for more than three quarters of total income, rising to over 80 percent in Faryab and among displaced households. When remittances stopped, 94 percent of households experienced a sharp income decline, with most falling into the lowest income bracket. This sudden income loss rapidly translated into debt accumulation. Nearly all households are now in debt, primarily borrowing to cover food, healthcare, and rent rather than productive investment. As a result, liabilities are increasing while repayment capacity has effectively collapsed, leaving households trapped in a cycle of survival borrowing.

### What are the resulting impacts of remittance loss?

The income shock has produced wide-ranging impacts that extend beyond household finances, affecting food security, child wellbeing, psychological health, and local economies.

- **Food insecurity** is widespread and driven primarily by remittance loss rather than demographic characteristics. 82 percent of households are moderately food insecure and four percent severely food insecure, with no meaningful differentiation by urban or rural location, gender, age, or displacement status. As households struggle to cope, they are depleting future wellbeing by cutting spending on education and healthcare. External support remains extremely limited, with 93 percent of households reporting no assistance since losing remittances, indicating that both formal and informal safety nets are under severe strain.
- **Children bear the brunt of this shock.** Approximately one in five households withdrew children from educational settings due to inability to pay fees or the need to generate income. Survey data indicate that three percent of children have been sent to work, a likely underestimate given qualitative accounts and higher pre-crisis child labour rates. Girls' education is particularly vulnerable, often deprioritised as resources shrink, while boys are pushed into hazardous or informal work.
- **The impacts are not only economic.** Life satisfaction has fallen sharply from 7.4 to 3.3 on average, with most households reporting heightened stress and constant worry about meeting basic needs, particularly in urban



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areas. Reduced purchasing power is also affecting local markets, with shops reporting declining sales and difficulty restocking as remittance dependent demand collapses. These pressures compound household vulnerability and weaken community resilience.

## What are the most common adaptation and coping mechanisms, and the support most needed?

Despite widespread strain, households continue to rely on trust and social capital as key coping mechanisms. Only well-known and trusted individuals are able to secure interest free loans, underscoring the continued importance of relational networks even as broader community lending declines. *At the same time, there are pockets of localised collective problem solving.* In some communities, particularly in Herat, religious holidays and traditional practices such as Zakat and Sadaqah enable targeted support to reach the most vulnerable households. Small

scale collective mechanisms, including informal unions or rotating contributions, provide last resort assistance, though access is often limited and uneven. The hawala system remains a critical financial lifeline, especially for rural households, financially excluded families, and those dependent on undocumented migrants. Hawaladars have demonstrated an adaptive and protective role during the shock, at times advancing funds from personal reserves or waiving fees for deported households. However, these practices are nearing unsustainable levels, reinforcing the need to protect informal remittance systems as a core component of household resilience.

## Scenario Framing: What could shift next if key stressors intensify?

**This study documents a rapid causal pathway:**  
*deportation → remittance loss → debt and food insecurity → harmful coping and child protection risks → community/market/service strain → and*

human capital loss —that can deepen quickly when shocks compound. The scenarios below are not forecasts; they are plausible trajectories to help WVA and partners anticipate pressure points, define early warning indicators, and sequence response options.

**Households in the study are already operating with minimal buffers:** 65% previously relied on remittances for >75% of income; 97% are now in debt; 82% are moderately food insecure; 22% reported withdrawing children from school; 93% reported no external support; hawala carried 91% of transfers; 54% reported reduced affordability of local services; life satisfaction dropped from 7.4/10 to 3.3/10. These conditions mean that “small” deteriorations can produce disproportionately large protection consequences.

The four scenarios below – individual and compounded scenarios – will help WVA and partners anticipate tipping points (when debt and service unaffordability converts into child harm), provides a small set of monitorable indicators that can be integrated into community-based monitoring and supports advocacy framing: preventing deportation-driven remittance loss from becoming a long-term child development crisis requires early stabilisation plus child protection—especially as external funding tightens.

## Scenario 1 — Deportations increase (return flows accelerate again)

A new surge of forced returns from Iran will further reduce the number of earners abroad and make remittance recovery unlikely in the near term. The likely implications will include:

- **Faster conversion of income shock into debt distress:** households already borrowing primarily for food/healthcare (non-productive debt) hit repayment limits sooner; informal credit tightens further as remittance “collateral” disappears.
- **More acute child protection risks in high-return corridors:** school withdrawal

and child labour pressures rise as families seek immediate cash; girls face heightened exposure to distress coping linked to debt and social obligations.

- **Urban pressure spikes:** higher rent stress, overcrowding, and severe food insecurity risks increase where market dependence is higher and subsistence options are fewer.
- **Local labour market saturation worsens:** returnees’ skills remain underutilised (only a small minority regularly apply skills), increasing frustration and negative coping, including risky re-migration attempts.

Early warning indicators to watch:

- **Rising reports of credit refusal by shopkeepers;** increasing rent arrears/evictions; spikes in school absence and child work referrals; increased re-migration intent in community monitoring; higher demand for MHPSS support.

Strategic relevance for WVA:

- **Prioritise “shock-absorption” programming in return hubs** (cash-plus and child risk screening) to prevent rapid deterioration during inflow spikes.

## Scenario 2 — Humanitarian funding continues to decline and assistance coverage shrinks

Less external assistance reaches remittance-loss households at the same time that informal safety nets are already eroding.

The likely implications will include:

- **Negative coping becomes normalised:** families who currently survive through rationing and borrowing move into irreversible coping (asset stripping, school exit, child labour), because there is no stabilisation layer
- **Community reciprocity breaks further:** mutual aid and informal lending contract toward “immediate family only,” weakening iden-

tification/referral pathways and increasing isolation—especially for women with mobility constraints.

- **Service access declines accelerate:** inability to pay for health/education/water worsens; small fees become exclusionary, deepening long-term human capital loss.
- **Higher reputational and protection risk environment:** households' dignity/self-worth declines further, increasing household tension and reducing problem-solving capacity, which can indirectly heighten child risks.

Early warning indicators to watch

- **Reduction in assistance coverage in re-turn-heavy districts;** increased unmet health needs (delayed care/medicine rationing); rising dropout rates; shrinking community support flows.

Strategic relevance for WVA:

- **Shift to risk-driven targeting:** prioritise households with recent remittance loss, acute debt and child risk flags; embed protection safeguards into any cash/food

modality to preserve child outcomes under constrained resources.

### Scenario 3 — Household debt deepens (debt spiral becomes the dominant shock)

Debt burdens grow while income recovery remains structurally limited (only 1% fully replaced lost remittances in the study), making repayment increasingly implausible. The likely implications will include :

- **Debt becomes a direct protection driver:** creditor pressure and repayment anxiety intensify decisions that affect children first—school exit, child work, reduced food/health spending, and harmful gendered coping.
- **Informal credit system destabilises:** shopkeepers accumulate unpaid debts and reduce lending; this can further contract local markets and deepen price and access problems for essentials.



Photo: © Samuel Hall

- **Higher risk of exploitation and unsafe mobility:** desperation can increase exposure to exploitative work, unsafe borrowing terms, and risky re-migration routes.
- **Psychosocial deterioration undermines recovery:** chronic stress reduces households' capacity to plan, pursue livelihoods, and maintain consistent schooling for children.

Early warning indicators to watch

- **Rising debt amounts/duration,** increased creditor disputes, more households reporting no access to loans at all, increased child protection case load tied to economic stress.

Strategic relevance for WVA :

- **Treat debt as an early warning signal for child harm:** incorporate a simple debt-and-coping screen at intake; prioritise cash-plus, school retention support and referral pathways before households cross into irreversible coping.

## Compounding-risk scenario — “Triple squeeze” (deportations ↑ + funding ↓ + debt ↑)

This is the highest strategic risk: households lose income and safety nets and credit access simultaneously.

Under this squeeze, the report's documented impacts are likely to intensify faster and spread wider: **more severe food insecurity, faster school exit, higher child labour, greater pressure on girls, worsening urban overcrowding/rent stress, and further weakening of hawala/market liquidity just as households rely on them most.** Practical planning implication: sequencing matters. In a triple squeeze, programmes that start at “recovery livelihoods” alone may arrive too late for child outcomes.

The priority becomes a stabilise → protect → recover logic:

- **Stabilise consumption** (cash/food where needed) for recent remittance-loss households in return corridors

- **Protect children** (school retention, child labour monitoring, safe referrals, light MHPSS)
- **Recover via market-linked livelihoods** (collective/apprenticeship models that do not increase child work reliance) Operational recommendations

## Forward-looking implications under continued shocks

The findings in this report describe current impacts, but they also point to clear risks if prevailing trends continue. If deportations from Iran intensify, remittance flows are unlikely to recover in the short term, deepening household debt and accelerating harmful coping strategies. In the absence of stabilisation support, households that have already exhausted savings and informal credit will face increasingly constrained choices, with a growing likelihood of school withdrawal, child labour, and distress-related practices affecting girls. At the same time, continued declines in humanitarian funding would further weaken already strained safety nets, shifting greater pressure onto families, communities, and informal systems such as hawala. As household purchasing power contracts, local markets and service providers may also deteriorate, compounding access barriers for food, healthcare, and education. Under such conditions, delays in protective and stabilising interventions risk translating short-term income shocks into long-term losses in child wellbeing, human capital, and social cohesion. These dynamics underscore the importance of early, sequenced action that prioritises stabilisation and child protection in high-return areas, while laying the groundwork for recovery once immediate risks are contained.

## Operational recommendations

The recommendations are child-focused given WVA's mandate as a child protection agency. The overarching recommendation is to strengthen child protection through case management and risk monitoring, while addressing the shocks of remittances through cash plus interventions and food interventions targeting households and also specifically the youth category.

The report documents children being pushed into hazardous work and patterns where children

combine school and labour, undermining learning and wellbeing. This calls for scaled-up community-based protection and case management. Early identification matters because households make rapid decisions under hunger and debt. Operationally, WVA could integrate a simple child risk screen at programme intake in high return communities, covering school withdrawal, child labour risk, and pressure on girls and adolescents. This should be linked to proportional response pathways, including emergency assistance, immediate stabilisation through cash plus support, school re entry and retention measures, family accompaniment, and follow up.

**Table 3:** Package of recommendations

| Recommendation                                               | Timeframe               | Lead actors                                  | Role of WVA                                                   |
|--------------------------------------------------------------|-------------------------|----------------------------------------------|---------------------------------------------------------------|
| 1. Scaled "remittance shock" response in western Afghanistan | Immediate               | WVA, WFP, NGOs, local authorities            | Lead implementation and targeting in high-return areas        |
| 2. Child-centred cash-plus interventions                     | Immediate               | WVA, UNICEF, NGOs                            | Design and deliver cash-plus with child protection safeguards |
| 3. School retention and community-based monitoring           | Immediate to short term | WVA, UNICEF, Education partners, communities | Lead school retention, monitoring, and referral mechanisms    |
| 4. Integrate MHPSS through a parent-child lens               | Short term              | WVA, MHPSS partners                          | Integrate light-touch MHPSS into existing programmes          |
| 5. Youth-sensitive livelihoods via collective models         | Medium term             | WVA, livelihoods partners, local artisans    | Pilot and scale collective production and apprenticeships     |
| 6. Protect and leverage informal remittance systems          | Medium to long term     | HCT, donors, financial actors, NGOs          | Advocate for protective policy and risk-based oversight       |
| 7. Data and longitudinal monitoring                          | Ongoing                 | WVA, partners, donors                        | Develop tools and community-based monitoring systems          |

To address these challenges and support affected families, the following operational recommendations are prioritised:

## 1. Prioritise a scaled-up and dedicated “remittance shock” response

As WVA operates in Western provinces most impacted by the shock of remittance loss, targeting should be built around exposure to the shock (recent remittance loss) and the risk of harm to children, rather than broad social categories, since food insecurity is widespread and one of the first immediate shocks that households have to sustain. In practice, this means prioritising households that lost remittances within the past 12 months and weighting selection toward clear child-related “red flags”: school withdrawal, acute debt, negative coping such as sale of productive assets, and intensified pressure on girls and adolescents. **The objective is to prevent an economic shock from becoming a long-term child development crisis.**

Deportations create immediate shocks in border provinces, leading to spikes in demand for food, shelter, and jobs, while simultaneously reducing purchasing power due to lost remittances. Urban households are particularly vulnerable to severe food insecurity. As one of the main implementing partners of the World Food Programme (WFP) in country, **WVA can intervene at scale in provinces, communities and with households most impacted by the loss of remittances.**

Actionable step:

- **Implement targeted emergency assistance programmes focused on food aid, shelter support, and essential non-food items in key border regions and urban areas experiencing high rates of returnees and severe food insecurity.** Establish distribution points for food parcels and hygiene kits in Herat, Nimroz, and Farah, coordinating with local authorities and community leaders to ensure efficient and equitable distribution to the most vulnerable remittance-reliant households. Prioritise urban areas where reliance

on remittances is higher and subsistence alternatives are fewer.

- **Build on these distributions** to further roll-out a community-based protection and case management system, and the following recommendations 2-6.

## 2. Roll out child-centred cash-plus interventions

The report outlines a clear causal pathway in which deportation-driven income loss, experienced by 94 percent of households, rapidly leads to widespread debt accumulation, reported by 97 percent of households. **As borrowing is primarily used to cover food and healthcare rather than productive investment, growing debt quickly translates into negative coping strategies, including the withdrawal of children from school and increased child labour.** In this sequence, cash alone may temporarily ease liquidity constraints but is insufficient to prevent downstream harm to children. Cash-plus interventions are therefore critical as an early stabilisation measure, combining income support with child protection safeguards to interrupt the progression from economic shock to harmful coping.

Actionable step:

- **Cash-plus designed explicitly as stabilisation plus protection can address immediate constraints while reducing the probability of harmful outcomes.** The “plus” component should remain light but systematic: basic child wellbeing checks, information and referral to child protection services, and a school-support element (fees, materials, transport as relevant). The goal is not to create heavy systems, but to embed safeguards that keep children in education and reduce child labour and other negative coping driven by debt pressure.

### 3. Put school retention and community-based monitoring at the centre of the response

The priority is to build a response that will prevent school dropouts and ensure that child labour is monitored. **One in five households removed children from educational settings due to the inability to pay fees or the necessity for children to engage in income-generating activities. Girls' education is particularly vulnerable and often receives lower priority.** Children are increasingly engaged in work to contribute to household income or help manage debt. For a child-focused agency, schooling can be operationalised through practical measures in the West: support for direct education costs (fees, supplies), proximity solutions where mobility is constrained, and targeted support to ensure adolescents – especially girls – are not an “adjustment variable” during a crisis. Where formal provision is saturated or inaccessible, community-based solutions consistent with local constraints can be deployed while ensuring protective safeguards.

Actionable step:

- **Establish safe spaces or learning centres for children engaged in labour**, offering remedial education and psychosocial support while simultaneously engaging parents in livelihood programs to stabilize household income.
- **Track outcomes through child-centred and negative-coping prevention indicators:** school attendance and re-entry, reduced child labour, prevention of distress and child marriage, and improved psychosocial wellbeing. A dashboard integrated into western operations would strengthen adaptive management, particularly during spikes in returns.
- **Develop and support community-based child protection mechanisms** that identify and withdraw children from labour. Provide families with alternative, sustainable livelihood opportunities to reduce their reliance on child income.

### 4. Integrate MHPSS into economic and education responses through a parent–child lens

**The decline in wellbeing is dramatic and widespread (life satisfaction from 7.4 to 3.3).** In many contexts, chronic stress accelerates decisions harmful to children, including withdrawal from school, child labour, and distress marriage. The report suggests that psychosocial strain accompanies material deprivation, and that income-only responses may miss a major driver of harm.

Actionable step:

- **WVA can integrate MHPSS with parenting support sessions, child-friendly spaces and activities, psychological first aid, and referrals.** The aim is to restore decision-making capacity, reduce household conflict, and protect children.

### 5. Reorient youth-sensitive livelihoods programming towards collective production models

**The report shows that replacing remittance income is rare, with only 1 percent of households fully compensating for lost transfers, in a context of saturated labour markets.** Under these conditions, individualised microenterprise or stand-alone training approaches risk intensifying competition and oversupplying similar skills. The report recommends reorienting livelihoods programming toward collective production and apprenticeship models grounded in local systems such as *ostad-shagerdi*. These models allow shared resources, quality control, and improved market access, while supporting income generation without increasing reliance on children's earnings. This reinforces the need for sequenced pathways, moving from stabilisation through cash-plus support to labour-market insertion via apprenticeships, community workshops, or cooperative arrangements, with explicit child-protection safeguards.

Youth, particularly returnee youth who were previously primary earners, face acute barriers to re-entering labour markets following deportation. Limited opportunities and poor job stability heighten risks of frustration, social instability, and exploitation, especially for those without formal qualifications. Meaningful, collective livelihood pathways that combine skills development, productive engagement, and social integration are therefore critical for both economic recovery and youth wellbeing.

Actionable Step:

- **Shift focus to collective, peer-based production models rooted in existing local systems (ostad-shagerdi).** This approach enables skills aggregation, quality maintenance, and learning within productive activities. Establish community workshops where master artisans train groups of returnees in trades with local demand (e.g., carpentry, tailoring, traditional crafts), facilitating shared resources and market access for their collective output.

- **Implement demand-driven vocational training and apprenticeship programs for youth,** focusing on skills relevant to the current local market, and those acquired by returnees abroad (e.g., construction, trade/retail, manufacturing).
- **Connect graduates directly to local businesses or support them** in forming cooperatives to work together.
- **Create platforms for social engagement and community building for young returnees and local youth.** Organise youth clubs or peer support networks that offer recreational activities, mentorship, and safe spaces for discussion, helping youth to process their experiences, build resilience, and develop positive social connections.

## 6. Protect and leverage informal remittance systems

Efforts to stabilise household resilience must account for the hawala system's central role.

This includes adopting risk-based oversight approaches, mitigating transaction costs borne by



Photo: © Laurentia Jora/World Vision

vulnerable recipients, and avoiding regulatory or sanctions-related measures that disrupt essential financial flows. Supporting safe, accessible remittance pathways - while recognising the adaptive and protective role played by hawaldars during periods of shock - will be critical to preventing the erosion of coping capacities.

Actionable steps:

- Implement policies and programmatic approaches that protect, rather than constrain, informal remittance systems.
- Recognize and integrate hawala agents into financial literacy and support programs.
- In a context where the authorities want to regulate the informal remittance systems, explore which aspects and mechanisms can be formalized without hindering accessibility for vulnerable populations.

## 7. Opportunities for data, monitoring, and future research

To support effective programming in Western Afghanistan and other return-affected areas, including eastern provinces impacted by returns from Pakistan, **there is a need for more timely and granular data on remittance dependence and loss**. This study provides a first step by piloting a household survey and qualitative tools that can be adapted for repeated measurement over time.

Future investments should prioritise:

- **Household-level monitoring of remittance dependence and loss**, including how remittance disruptions interact with debt, coping strategies, and child outcomes.
- **Community-based monitoring mechanisms** that enable early identification of households at risk, particularly children and adolescents, and support adaptive, protective programming over time.
- **Stronger linkage between household data and remittance market dynamics**, including periodic quantitative and qualitative insights from key remittance hubs and transfer actors, to better understand how shocks at the

market level translate into household vulnerability.

Together, these data investments would strengthen targeting, improve early warning of harmful coping strategies, and support more effective child-centred responses in high-return contexts.

# ANNEXES

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# Respondent and household profile

In total, 401 respondents who lost remittances over the past 12 months were surveyed: 140 were surveyed in Faryab, 135 in Herat and 136 in Kabul provinces.

A significant fraction of surveyed respondents, and their respective households, lived in rural areas (45-52% across provinces), mostly concentrating in Bagrami (Kabul), Injil (Herat) and Qaysar Kut (Faryab) districts. Faryab and Kabul provinces also had a substantial share of residents who lived in semi-urban locations (33% and 52% respectively), yet in Herat city nearly all respondents lived in urban environments.

## Households

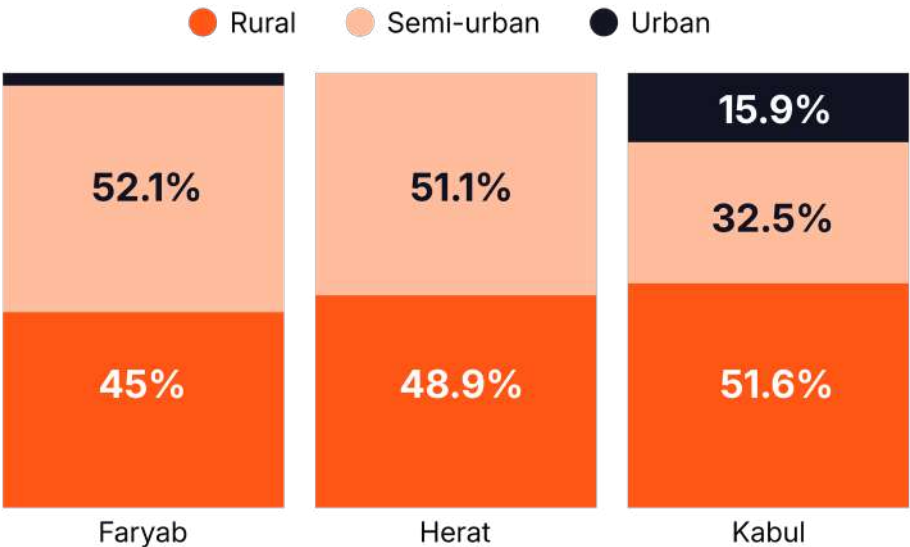
Before the loss of remittances, household incomes were modest and closely clustered. The median monthly household income stood at approximately AFN 10,000, placing surveyed households only marginally above the estimated average national monthly household income of

AFN 8,980.<sup>119</sup> This indicates that even prior to deportations, most remittance-receiving households were living close to the national income baseline, with limited financial buffers.

Median reported income differed somewhat by location type, with semi-urban areas being slightly worse-off (Figure 21). Meanwhile, both rural and urban areas show higher medians (around 11,000–12,000) and broader range of income profiles - likely reflecting availability of more livelihood opportunities, with cities offering daily wage labour possibilities and rural areas agriculture-based income sources. There were minor province-level differences, with Herat emerging as relatively better-off, with a higher median household income (12,000 AFN) compared to Faryab and Kabul, where incomes clustered more tightly around AFN 10,000.

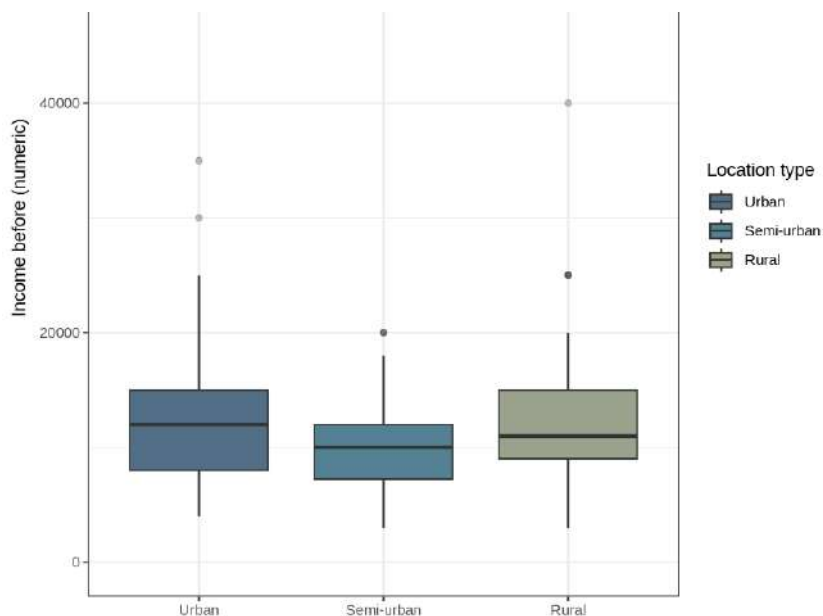
On average, respondent households residing in rural areas had 8 household members, compared to 6 among urban settlers. In Kabul, receiving households were slightly larger than elsewhere, with 8 household members reported. Reflecting traditional gender roles, the vast majority of households surveyed had male HoHs (85%).<sup>120</sup> The average age of HoHs was 42 years old, and

Figure 20: Urbanity distribution within each province



119 UNDP, Socio-Economic Review of Afghanistan, 2025 April.  
 120 52% of respondents reported being HoHs, with 48% responsible for remittance management but not being otherwise in charge of other household questions. While female respondents often were not heads of households, they were in charge of managing household expenses, and were directly involved in remittance management.

Figure 21: Household income before, by location type Source: Samuel hall



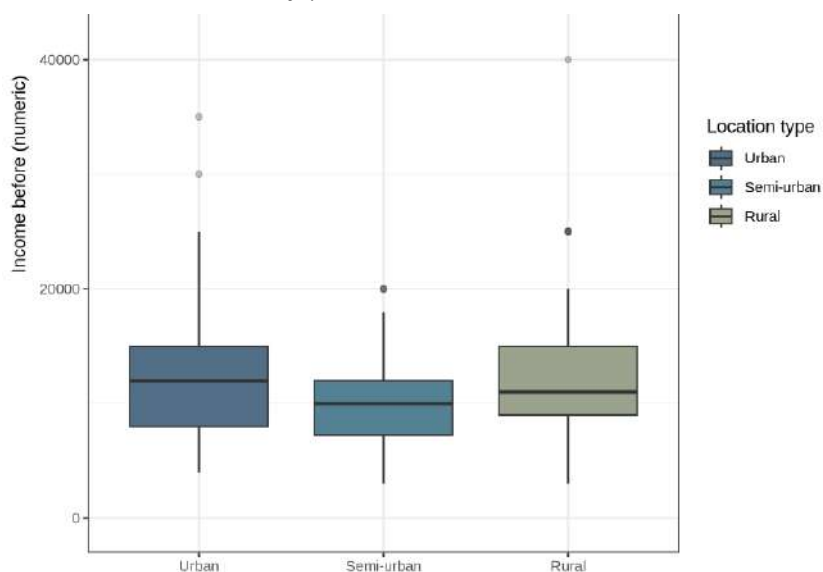
the vast majority of them were married (93%). While more than half of them did not have any formal education (57%), slightly more had either religious (9%) or primary (12%) education compared to respondents who were not HoHs.

44% of households surveyed were displaced at least once, whereas 56% were 'hosts' - i.e., were never forcibly displaced from their area of residence. Out of the displaced households, 79% were IDPs (displaced within the country), 18% were returnees from abroad and 3% were IDP returnees.

## Last received remittances

As this was the eligibility criteria, all respondent households received money from a family member who resided in Iran in the past 24 months, and reported that the money stopped coming in the past 12 months due to the return or deportation of the sender(s). Most respondents surveyed reported having received remittances from only 1 sender (88%), 10% reported having had 2 remittance senders and only 1.5% had 3 or 4 senders.

Figure 22: Time since last remittance by province Source: Samuel hall



When asked when was the last time remittances were received, the median response was 6-8 months, although in Faryab where reliance on labour migration is largest, the median duration was just over a year. There was no substantial difference between male and female respondents in time passed since remittances were last received.

## Respondents

The gender split among respondents was nearly even - 47% of respondents were women and 53% were men. This has however varied somewhat by district and province and district - In Herat, more women were surveyed, yet in Faryab the opposite was true (see the graph below). This is likely linked to provincial and district-level differences in gender dynamics: we see larger female respondent samples in urban areas (Kabul and Herat cities), where, with their spouses away, women are more likely to manage remittances and household finances, meanwhile in rural and peri-urban locations joint family systems are more common, meaning that men more frequently remained responsible. Most respondents were married (88%), followed by

single (7%) and widowed (5%) interviewees, with no significant gender differences in the marital profiles of respondents.

Most respondents had no formal education (65%), followed by those who had completed either primary (11%) or lower secondary (10%). Only around 8% had attained upper secondary or university (3%) education. There was no statistically significant difference between levels of education completed between male and female respondents.

Figure 22: Gender distribution by province

