



# COMPOUNDING RETURNS:

A Study On Remittance Loss  
and The Cost Of Deportations

EXECUTIVE SUMMARY





# COMPOUNDING RETURNS

A STUDY ON REMITTANCE LOSS  
AND THE COST OF DEPORTATIONS

EXECUTIVE SUMMARY



# ACKNOWLEDGEMENTS

This study was shaped by households and returnees across Afghanistan who shared their experiences of remittance loss, income disruption, debt, and rebuilding livelihoods after return. We are grateful for the trust with which participants discussed sensitive financial realities.

We also thank community leaders and key informants who provided contextual perspectives on labour markets, informal credit systems, and the economic pressures facing returnee families.

At World Vision Afghanistan, we thank Janbogetu Zewdie, Murtaza Haidary and Mark Calder for their collaboration throughout the research process, and for World Vision's collective engagement to help ensure the analysis remained grounded in programme realities.

This study and policy brief were prepared by the Samuel Hall research team, led by Nassim Majidi and Stefanie Barratt, with contributions from Jawid Hassanzai, Spozhmai Hakimi, Samira Amiri, Hakimullah Atiqee, Amena Ibrahimkhail, Anna Pinter, Akvile Krisciunaite, Devyani Nighoskar and design by Titus Gitau.

## 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.



Photo: © Samuel Hall

## 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.



Photo: © Azizullah Hayat/World Vision

- **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.

