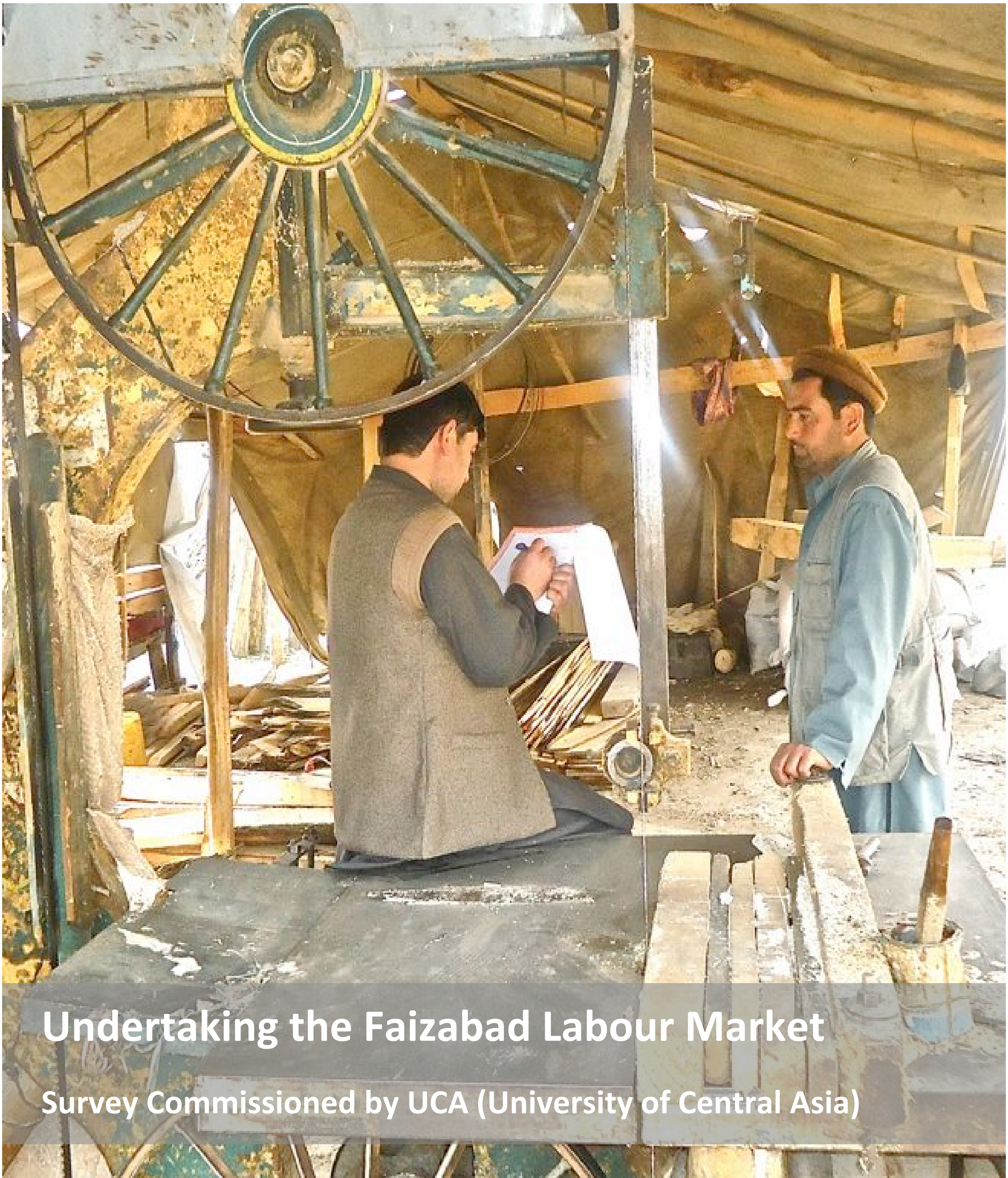

# Undertaking the Faizabad Labour Market

## Survey Commissioned by UCA (University of Central Asia)


Samuel Hall
*Research & Strategy*

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*Research & Strategy in Afghanistan*
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*This survey was commissioned by the University of Central Asia (SPCE) to provide an assessment of the Faizabad labor market. Our research shows that there is a significant skills deficit in the local labor market. In spite of a relatively well performing primary and secondary educational system, Faizabad and its surrounding districts suffer from geographic, climatic, and topographic constraints, which prevent companies from doing business and interacting easily with other districts, provinces and countries. However, there are positive signs of economic potential and on the longer run, the economic and social development of Faizabad will mostly depend on its ability to open up its market to other districts (Kishm), provinces (Panjshir, Kunduz, Kabul), and countries (Pakistan, Tajikistan, and China). Given this context, UCA has a role to play as a facilitator and provider of training services to bridge the skills and training supply gap in Badakhshan. This research provides insights into the profiles of employers and employees in the main sectors of economic activity, assessing their levels of capacity and needs, and providing UCA with actionable recommendations in view of the establishment of a training center that will aim to support the overall economic development of the province.*

# Table of Contents

## List of Tables



## List of Figures

# List of Charts



# List of Pictures

# 1. Introduction

*‘’I was training to be an electrician.*
*I suppose I got wired the wrong way round somewhere along the line.’’*

Elvis Presley

## 1.1. Background

In view of the devastating circumstances in Afghanistan, it is hard to highlight one problem as being the most challenging to address. However, the broad category of higher and vocational education may fit that description if only because of the immensity and variety of the demand, and the critical potential of its success. From this perspective, one of the major bottlenecks that has affected and continues to affect the pace and scope of reconstruction is a massive skills deficit that cuts across all public and private institutions in Afghanistan. There is a critical shortage of professionals such as engineers, technicians, administrators, accountants, agriculturists, and business leaders, to meet the needs of reconstruction, economic growth and poverty reduction. It is an essential and immediate need for the country to begin to develop these human resources in all sectors of the economy.

The situation of Badakhshan seems to be quite paradoxical from this point of view. On the one hand, Badakhshan was the only Afghan province left unoccupied during the Taliban regime. As a result, many of its educational institutions remain relatively intact and access to educational services is easier than in many provinces. Badakhshani teachers (especially from Shighnan district) have a very good reputation throughout the country and the overall literacy rate of 31% is one of the highest ones in Afghanistan. But, in spite of a fairly good literacy rate and better educational infrastructure, there is still only limited access to higher education in Badakhshan and the economic market still suffers from a lack of actual technical and administrative skills:

1) The public university (Badakhshan University) has remained traditional in its approach (specialized rather than integrated), in the content and curriculum of programs it offers, and in the delivery system it employs (theory-centred rather than market-centred);

2) The emergence of private institutes and vocational training centres has allowed students to earn lower-ranking degrees relatively quickly but these training centres almost always lack qualified teachers in the core modern competencies (IT, English, and business skills) and any type of quality control standard or monitoring and evaluation of their activities.

Given these contrasts, private training institutions have an essential role to play in imparting necessary skills to the local labor market players (employees and employers). Today’s Badakhshani economy needs not only civil servants, but also a host of other professionals such as agricultural and industrial engineers, foremen, craftsmen, travel agents, tourism professionals, pharmacists, and computer scientists. In Faizabad, as well as its surrounding districts, the potential market for training is in the thousands: migrants to the city who need job-related training, rapid gearing up of skilled and semi-skilled people for a massive economic development effort, enhancement of technical and administrative capacities in a large range of enterprises, training support staff and office workers, among others. The labor market also creates a demand for graduates who have undergone training of different types and intensities. Private companies (IT, Banking, Tourism...), public sector, and local or international NGOs have specific demands, to which both public and private institutions could respond by creating academic programs that accommodate students with a wider range of capabilities.

### 1.2. Project Description

Recognizing the key role played by vocational education and training in enhancing the skill level of the workforce and developing new economic opportunities, the University of Central Asia started delivering short courses, certificate programmes, and vocational education and training to Afghan learners through its School of Professional and Continuing Education (SPCE) campus in Khorog in 2007.

The University of Central Asia (UCA) was founded in 2000 by the governments of Kazakhstan, the Kyrgyz Republic, and Tajikistan, and His Highness the Aga Khan to foster the economic and social development of Central Asia. The International Treaty and Charter establishing this secular and private University was signed by the Presidents of Kazakhstan, the Kyrgyz Republic and Tajikistan, ratified by the respective parliaments, and registered with the United Nations. The Presidents are the Patrons of UCA and His Highness is the Founding Patron and Chancellor.

Established in 2006, the School of Professional and Continuing Education (SPCE) is Central Asia's first provider of formal, non-degree educational programmes. SPCE is UCA's first operational academic division and has the mission of fostering economic development. It responds to trends and needs in local economies and offers courses that improve employment and income generating opportunities for youth and adults, and professional development opportunities for mid-career professionals. By building vocational skills and professional competencies, SPCE encourages entrepreneurship and stimulates economic development. SPCE's programmes and courses are being implemented at its campuses in Naryn, Tekeli, and Khorog.

To extend its reach and impact, SPCE Khorog campus will be delivering Training of Trainer programmes in vocational education/progressive technology implementation and administering scholarships to Afghan learners to take SPCE courses. To this aim, University of Central Asia commissioned an independent researcher to assess the local economic situation and highlight crucial sectors to be targeted for support through vocational education/training programmes.

## 1.3. Research Tools & Field Work

### 1.3.1. Geographical Scope

#### 1.3.1.1. Badakhshan province profile

Badakhshan province is located in the Northeastern region, borders Takhar province in the West and Nuristan in the South, and shares international borders with Tajikistan in the North, China in the East, and Pakistan in the Southeast. The province covers an area of 44,8356 km2 with a population of 845,900 people. Nearly nine-tenths of the province (89.9%) is mountainous or semi-mountainous terrain while 9.7% of the area is made up of flat or semi-flat land, which explains why the province is ranked 28$^{th}$ according to the density of its settled population (with 19 habitants per km2). Winter snowfall and spring floods cause annual road closures from December to April for 10 to 15 of the province's 27 districts *(AREU and World Bank, 2004).* The major transit points are at Ishkashim, Shighnan, Ragh and Shahri Buzurg *(Goodhand, 2007)*. There are few roads, or linkages to the rest of the country.

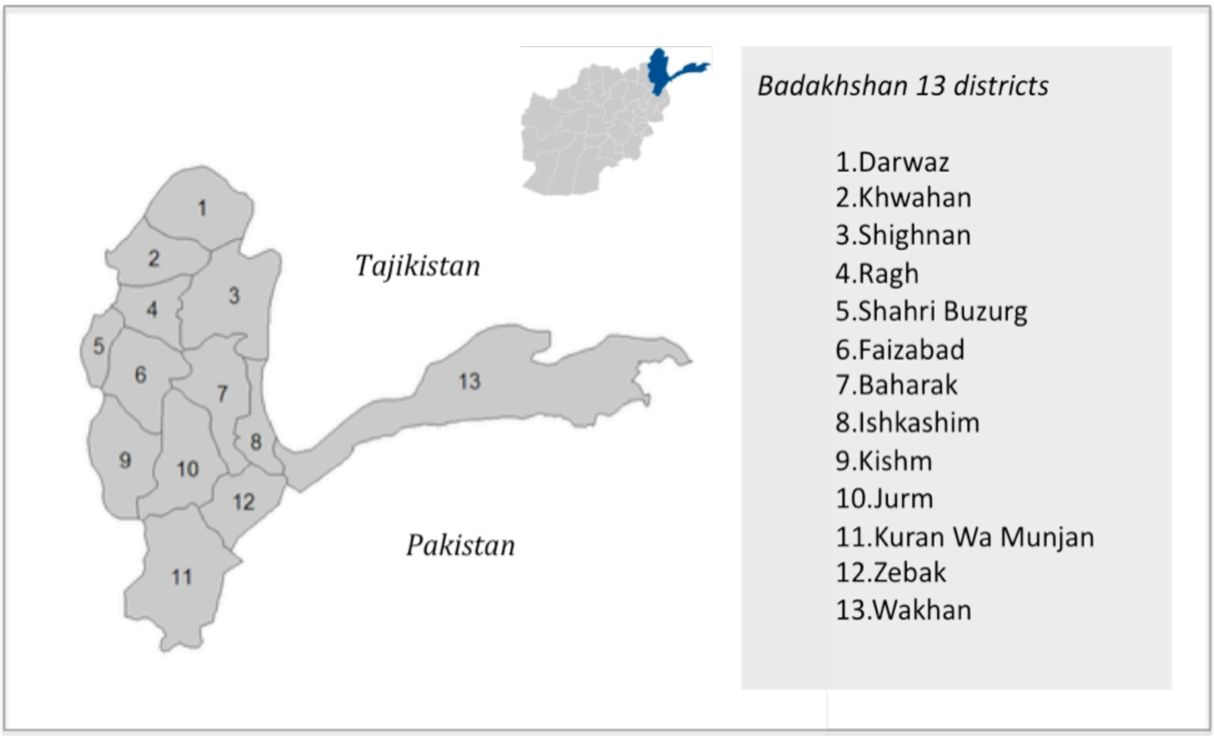



*Figure 1: Provincial Map of Badakhshan using the 13 district system (Source: Baumgartner, 2007).*

Badakhshan has a total population of 845,900. There are 134,137 households in the province with an average of 6 members per household. Almost all (96%) of the population of Badakhshan lives in rural districts while 4% lives in urban areas. This sparsely populated region comprises a majority Tajik population and an Uzbek and Kyrgyz minority. Dari is the predominant spoken language. Dari is spoken by 80% of the population. The second most spoken language is Uzbeki. Agriculture is the major source of revenue for 55% of households in the province. The province's rugged landscape is lined with narrow, fertile valleys, and the region is rich in mineral wealth, including gold, lapis, salt, mica, limestone, and coal.

As mentioned in Hansen, Dennys and Zaman (2009), Badakhshan province has been in a process of continuous administrative sub-division over the last three decades: *"Under the Rabbani government there were 13 districts, during the 1990's 27 districts ended up being recognized due to the need for political elites to provide posts for the fragmented armed groups in the province. Currently it is proposed to recognize a 28th district (as part of the 398 district model for Afghanistan)."* The full list of the district is as follows: Arghanj Khwa (New), Argo (New), Baharak (Old), Darayim (New), Darwaz (Old), Darwazi Bala (New), Fayzabad (Old), Ishkashim (Old), Jurm (Old), Khash (New), Khwahan (Old), Kishim (Old), Kohistan (New), Kuf Ab (New), Kuran Wa Munjan, (Old), Ragh (Old), Shahri Buzurg (Old), Shighnan (Old), Shiki (New), Shuhada (New), Tagab (Kishmi Bala) (New), Tishkan (New), Wakhan (Old), Warduj (New), Yaftali Sufla (New), Yamgan (Girwan) (New), Yawan (New), Zebak (Old)".

#### 1.3.1.2. Targeted districts profile

**Baharak District –** Baharak District appears to be more developed and more promising from a social perspective than other districts in Badakhshan Province. For instance, there is municipal access to electricity in the city of Baharak and the Baharak District Center road, which also houses the main bazaar, is asphalted. The road between Baharak's District Center and Faizabad city spans 45 km, and is about a 2.5-hour drive; it is unpaved, and unleveled, but usually open year round.

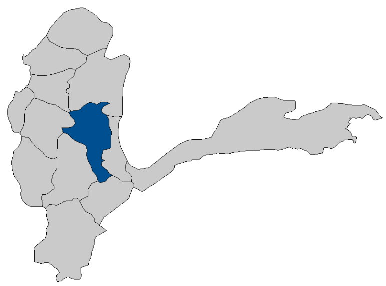


*Figure 2: Situation of Baharak in Badakhshan*

An estimated 80% of the active population is involved in agriculture. Wheat is the major subsistence crop in the district, followed by corn and peas. The main livestock feed crops are trifolium, clover, barley, and canola. Potato is the main vegetable grown. From crops like apples, pears, and cherries, jam is produced inside homes; pastes are made from tomatoes and from eggplants. In addition, various seed oils (canola, flax, sesame, and sunflower) are locally produced and sold. Baharak District also has developed salt mines and a coal mine in Yakh Dara, lapis lazuli and melanite stone mines in Arian Village, and an aquamarine mine in Olar-e Pohin Shahr Village. There was also an iron mine located in a valley called Yakh Dara, about 20km from Baharak District Center. 30 years ago, hundreds of men were reportedly working at this mine. However, since then, the mine has no longer been operable.

There are over 600 shops currently in operation in the Baharak Center District Bazaar. The Baharak District Center Bazaar is in a good position as it serves as a hub for surrounding districts (Jurm, Khash, Koran wa Mangan, Shuhada, Warduj, and Yamgan) on the way to the provincial center, Faizabad. The vast majority of the goods sold are inexpensive wares imported into Afghanistan from China, Pakistan or Iran. Very little locally produced goods are available at the bazaar (robes/coats, felts, and rugs/carpets). BRAC and FMFB provide micro-credit loans for up to a year. Azizi Bank and Kabul Bank plan to open branches in Baharak District Center in the future.

**Faizabad district –** Faizabad is the provincial capital and largest city in Badakhshan province with approximately 60,000 people and significant perspectives of demographic growth. It is located in the northeast of Afghanistan, at an altitude of 1,200 m. (4,000 ft.), on the Kokcha River and is known as the main commercial and administrative centre of the Pamir region.

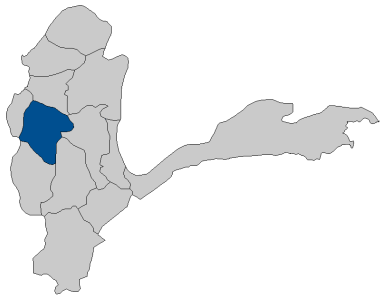


*Figure 3: Situation of Faizabad in Badakhshan*

The inauguration, in July 2007, of the Faizabad Connector Road funded by USAID and implemented by UNOPS, has significantly strengthened the link between the Faizabad District Center and the Mazar-e-Sharif to Shiberghan highway. It has also deeply modified the aspect of Faizabad, with a clear division between the old bazaar and the new city. In the old bazaar, items as diverse as cotton, cotton cloth and goods, salt, sugar, tea, indigo, and cutlery are traded.

With the new 1.8 km new paved road (Shar-e-Naw), the access to the main Mazar-Shiberghan highway has improved, as well as the access to market facilities and other socio-economic benefits located in the cities and settlements along the highway. There were immediate plans for construction of new houses, shops, and settlements along the Faizabad Connector Road. Private companies (AWCC, Arriba, BRAC, Azizi Bank, as well as many SMEs) have also understood the potential economic value added of Shar-e-Naw. Many NGOs and international organizations working in the Badakhshan province have also placed their headquarters in the new part of the city (WFP, UNICEF, UNHAS, UNAMA, GTZ, AKF, IOM, Mission East, Merlin, etc.). In this regard, the table below clearly underlines the economic and social impact of the new road in Faizabad: table 1 shows that more than 70.1% of the Faizabad interviewees (both employers and employees) work in the new city whereas only 43.6% of Baharak and 38.9% of Jurm respondents actually work in the main commercial street.

*Table 1: Quantitative Sample Description (breakdown by location)*

| **Urban Location *(322 interviews)*** | | | |
|---|---|---|---|
| **District** | Bazaar | Main Streets | Total |
| **Baharak** | 56.4% | 43.6% | 100% |
| **Faizabad** | 29.9% | 70.1% | 100% |
| **Jurm** | 61.1% | 38.9% | 100% |
| **Mean** | 37.9% | 62% | 100% |

Lastly, if we now consider Faizabad's existing agricultural and natural resources, a few opportunities can be found. For instance, several varieties of cash crops are grown, the city having mills, flour, rice, as well as barley and wheat. A salt mine is also located in the immediate vicinity. The city also has a number of gardens and orchards of fruit trees. Gold and beryl can be found in the area. The city hosts a handicraft industry producing woolen carpets, rugs, and clothes. There is a working power station in the city, and the potential for expansion of hydroelectric power from the river is still considerable.

**Jurm District –** Jurm is the center of Jurm district located at a three-hour drive from Faizabad (via Baharak). It counts approximately 4,000 households. Jurm district is the fourth largest district of Badakhshan after Faizabad in terms of population size (51,714 inhabitants). Jurm has a main bazaar where trade and service businesses are located: restaurants, grocery stores, clothing shops, and workshops (photography, repairing, etc.).

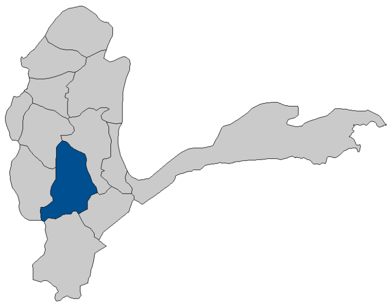
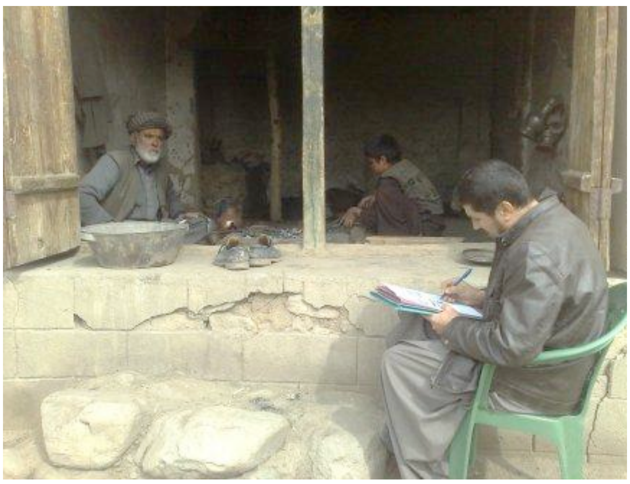


*Figure 4: Situation of Jurm in Badakhshan*

An estimated 80 to 85% of the active population is involved in agriculture (including animal husbandry). Wheat is the major subsistence crop in the district, followed by maize, peas, and corn. Potato, onion, and tomato are the main vegetables grown; mulberry, walnut, melon, almond, and grapes are the main fruits that can be observed in the district.

Jurm District reportedly also has developed a basic handicraft activity in the most significant villages and towns (carpet, rug, embroidery). The local carpentry/wood-working shops produce different designs of doors and windows, while local metal smiths produce stoves, storage containers, and other household metal objects. More recently, bee honey has been implanted in a few villages (including Jurm) with satisfactory results. BRAC and FMFB provide micro-credit loans for up to a year.

*Picture 1: Interviewer in Jurm*



### 1.3.2. Tools Used

The baseline information was collected through a quantitative survey and focus group discussions during a two-week fieldwork in Badakhshan in early March 2010, covering the three target districts' ubran areas, which had been selected in cooperation with the UCA team.

We designed 2 different but complementary quantitative questionnaires in order to refine our approach of the labor market:

- A social and economic quantitative "Employees' Questionnaire" of 57 close-ended and pre-coded questions covering personal profile, income sources and main expenditures of the household, educational and training background, past and current professional information, attitude towards their job and the local job market;

- A social and economic quantitative "Employers' Questionnaire" of 70 close-ended and pre-coded questions covering personal profile, income sources and main expenditures of the household, educational and training background, information on the local business climate, perception of the strengths and weaknesses of the local labor market.

To refine our understanding of the Faizabad labor market and draw a more objective picture of its actual challenges, Focus Group Discussion guidelines were designed aiming at gathering additional qualitative data on the locations surveyed, collecting information on the population, social values (living standards, education, etc.), economy, infrastructures, and main needs.

### 1.3.3. Fieldwork team

The project lasted for 6 weeks and the fieldwork took place in the districts of Faizabad, Baharak and Jurm. The research team consisted of one international consultant, two national consultants from Kabul, and nine additional national interviewers form Badakhshan, selected on the basis of their thorough experience leading surveys and their detailed knowledge of the local area.

Separate focus group discussions were organized for male and female participants. The three male focus group discussions were organized and led by the international consultant and one national consultant. The female focus group discussions were organized and led by two female interviewers recruited locally, without the presence of male relatives in order to ensure the independence of the answers brought by the interviewees.

### 1.3.4. Sample Description

#### 1.3.4.1. Quantitative Survey

The methodology used to select the sample for the quantitative survey was a 'cluster then random' sampling methodology. A total of 18 clusters (main mosques) or Primary Sampling Units (PSUs) covering all the urban and suburban area of each targeted city was selected: 12 PSUs for the employees' questionnaire and 6 PSUs for the employers' questionnaire. In each of these clusters, an average of 18 people was randomly selected and interviewed. During the course of the project, a total sample of 322 individuals was interviewed (216 employees and 106 employers).

*Table 2: Quantitative Sample Description (breakdown by district)*

| | Baharak | Faizabad | Jurm |
|---|---|---|---|
| **Primary Sampling Unit** | 2+1 | 7+4 | 1+1 |
| **Average Sample Size** | 59 | 226 | 37 |

To better grasp the labor market reality, there was no specific gender quota and the 9 interviewees (including 2 women) were asked to randomly interview the first employees they found in the surveyed companies or organizations. Table 3 shows that there is no significant difference between the 3 target districts: a ratio of 1 to 4 is applicable between female and male respondents. This ratio goes up 1 to 5.5 if we only consider employers.

*Table 3: Quantitative Sample Description (breakdown by gender)*

| Respondents by Gender | | | |
|---|---|---|---|
| **District** | **Male** | **Female** | **Respondents** |
| **Baharak** | 81.8% | 18.2% | 59 |
| **Faizabad** | 79.7% | 20.3% | 226 |
| **Jurm** | 77.8% | 22.2% | 37 |
| **Employees** | 77.3% | 22.7% | 216 |
| **Employers** | 84.9% | 15.1% | 106 |
| **Mean** | 79,8% | 20,2% | 322 |

#### 1.3.4.2. Qualitative Survey

Aside from the Key Informant Interviews conducted with 38 direct or indirect stakeholders of the Faizabad labour market (in the cities of Kabul, Faizabad, Jurm, and Baharak), a total of 4 focus group discussions were conducted in Faizabad only: 3 focus groups of 6 men each and 1 focus group of 6 women each.

### 1.4. Structure of the Report

This report is divided into five chapters and structured as follows. The introduction provides background and contextual information, as well as the methodological approach that was used to gather qualitative information and quantitative data. The first chapter draws a picture of the social and economic profile of both employees and employers. The second sets out the main characteristics of the local labor market to better understand not only its current dynamics but also its strengths and challenges. The third chapter deals with the crucial challenges and obstacles to the further development of training, and the fourth and final chapter provides a crosscutting view of the data collected in order to identify the areas of opportunity for UCA in Faizabad.

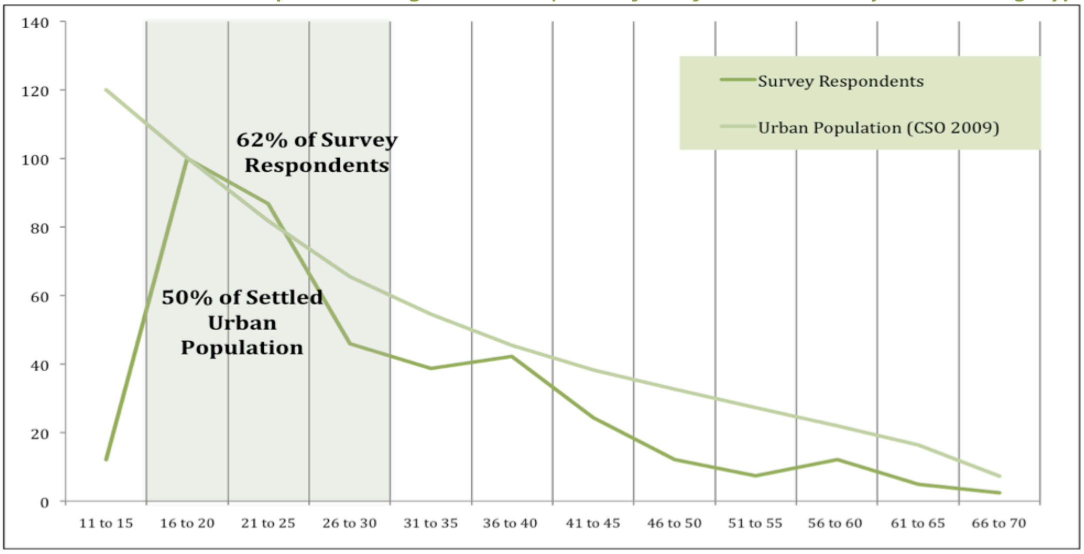
# 2. Respondents' Social and Economic Profile

The following section describes the current economic and social profile of the respondents (both employees and employers) interviewed in the targeted districts and cities.

## 2.1. Age Structure

The chart below represents the age structure of the overall sample population in the three target districts. To get a more accurate picture of the actual age structure of the workforce, we have compared it with the figures given in the last CSO report for the Afghan settled urban population. The two age structures have common trends: more specifically table 4 shows that in urban areas 50% of the working age population (between 16 and 70 year old) are comprised in a 16 to 30 age bracket; symmetrically, 62% of the survey respondents are between 16 to 30.

*Chart 1 and Table 4: Respondents' Age Structure (basis of 100 for the 16 to 20 year old category)*

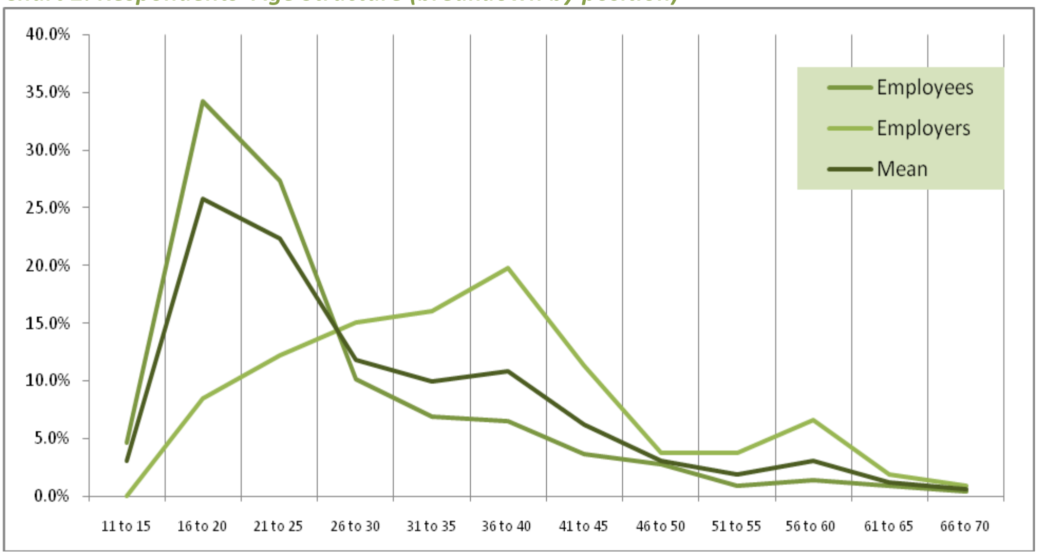



| Age Groups | Frequency | Settled Urban Population* |
|---|---|---|
| **11 to 15** | 12 *(10)* | 120 |
| **16 to 20** | 100 *(83)* | 100 |
| **21 to 25** | 87 *(72)* | 82 |
| **26 to 30** | 46 *(38)* | 65 |
| **31 to 35** | 39 *(32)* | 55 |
| **36 to 40** | 42 *(35)* | 45 |
| **41 to 45** | 24 *(20)* | 38 |
| **46 to 50** | 12 *(10)* | 33 |
| **51 to 55** | 7 *(6)* | 27 |
| **56 to 60** | 12 *(10)* | 22 |
| **61 to 65** | 5 *(4)* | 16 |
| **66 to 70** | 3 *(2)* | 7 |
| **Mean** | 29.4 | No Data |
| **Median** | 25 | No Data |
| **Respondents** | 322 | No Data |

*** Source: Afghanistan Statistical Yearbook 2008-2009, Central Statistical Office (CSO), *"Settled Urban Population by Age Group" (with a basis of 100 for 16 to 20 year old people category)***

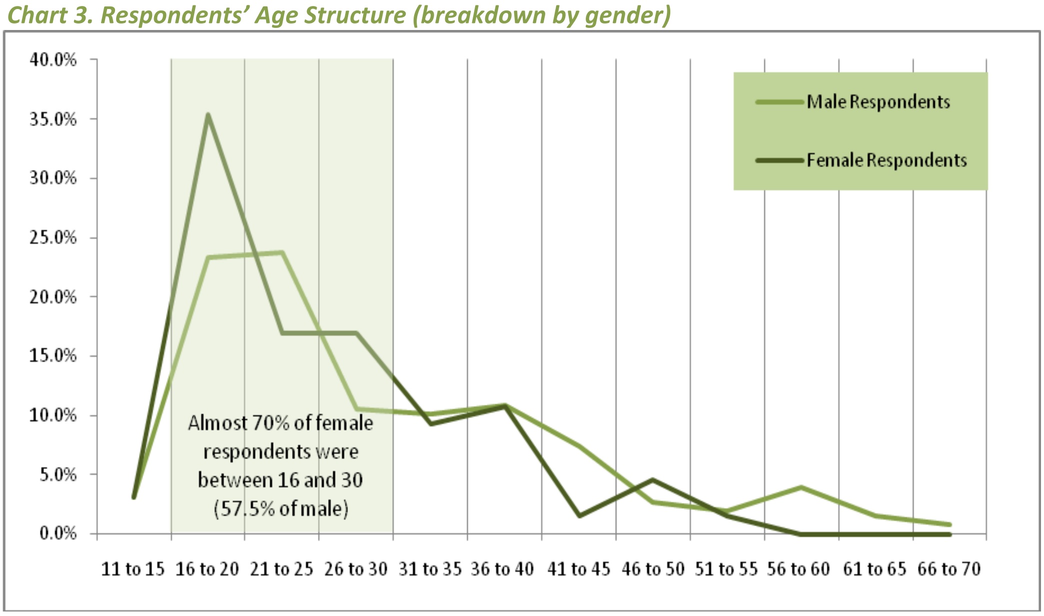
A breakdown by position confirms a fact that is not specific to the Badakhshani labor market: employers tend to be significantly older, on average, than their employees. The chart below shows that 76.4% of the 216 surveyed employees and 35.8% of the 106 employers are under the age of 31. On the opposite, 19.9% of the employees and 50.9% of the employers are between 31 and 50.

***Chart 2: Respondents' Age Structure (breakdown by position)***




Finally, a breakdown by gender shows that 69.2% of female respondents are between 16 and 30 year old (Chart 3). It corroborates the idea that, over the last ten years, women's social and economic role has increased in the province: *"Fifteen years ago, most jobs were prohibited to women. Today, there are more women in the workforce and they show that they can be as performant and efficient as their male colleagues" (Shafiqa, Employee, DoA).* From this point of view, even if Badakhshan is said to be a very conservative province, the local mindset tends to accept women in the workplace. To support this idea, it is also interesting to see that out of 106 employers, 15 are women.

***Chart 3. Respondents' Age Structure (breakdown by gender)***



## 2.2. Place of Origin

The geographic and political situation of Badakhshan may explain its "cultural and economic isolationism". When asked where they were born, 88.5% of the respondents said that they were born in Badakhshan and, more interestingly, out of them, 92.0% said that they were born in the district where they lived and worked (Table 5). These data corroborate two quantitative and qualitative information gathered during the desk review and fieldwork phase of this survey:

1) Badakhshan has a strong ethnic homogeneity (90% of Tajiks and 10% of Uzbeks according to the most recent publications[1]);

2) Asked whether non-Badakhshani or non-Tajik employees were well accepted by their coworkers, most employers insisted on the difficulties they had to deal with: *"When there is something wrong in the workplace, local people tend to arbitrarily attribute guilt to the foreigner. And foreigner often means "from-another-district". We recently hired a very educated coworker from Bamyan, who is Hazara. People started talking to him and sharing some information after two months" (Obaidullah, Director, Bank).*

*Table 5: Respondents' place of Origin*

| **Where were you born?** | | |
|---|---|---|
| **Location** | % | Respondents |
| ***In Badakhshan*** | *88.5%* | *285* |
| **In the district where I live today** | | 262 |
| **In another district** | | 23 |
| ***In another province*** | *9.9%* | *32* |
| **Takhar** | | 2 |
| **Kunduz** | | 5 |
| **Parwan** | | 3 |
| **Baghlan** | | 3 |
| **Kabul** | | 12 |
| **Balkh** | | 7 |
| ***In another country*** | *1.6%* | *5* |
| **Tajikistan** | | 2 |
| **Pakistan** | | 3 |
| ***Total*** | *100%* | *322* |

[1] Altai (2008): Out of 400 interviewees, 88.4% were Tajik, the rest of the sample being mainly Uzbek (10.8%) and Hazara (0.8%).

## 2.3. Household Composition and Income

On average, the household structure in the three target districts illustrates the national age structure, with a very significant demographic weight of younger generations: the average household counts 9.1 people, with 4.9 adults (over 18) and 4.2 children (18 or less), which means that 46.1% of the household is 18 or less. To deepen these first findings on the age structure, respondents were asked to give their respective relationship to the head of household. If 39.1% of the total sample said that they were, themselves, the heads of their households, it is quite significant to see that 63.2% of employers gave this answer, which corroborates the findings of Chart 2 on the respectives age structures of employers and employees.

*Table 6: Relationship with the Head of Household*

| What is you relationship with the Head of Household? | | |
|---|---|---|
| | % | Respondents |
| **I am the head of household (Male)** | 36.3% | 117 |
| **I am the head of household (Female)** | 2.8% | 9 |
| **I am the husband** | 2.5% | 8 |
| **I am the wife** | 4.7% | 15 |
| **I am the son** | 35.4% | 114 |
| **I am the daughter** | 12.4% | 40 |
| **I am the nephew** | 1.9% | 6 |
| **I am the brother** | 3.4% | 11 |
| **I am the stepmother** | 0.3% | 1 |
| **Unrelated (Male)** | 0.3% | 1 |
| ***Total*** | *100%* | *322* |

If we now focus on the economic background of the respondents, the average household income is AFA 20,400 per month (= US$ 425), with a significant gap between employees (AFA 16,665 = US$ 347) and employers (AFA 27,942 = US$ 582). Table 7 illustrates that the bulk (59.0%) of the household income falls in a AFA 5,000 to AFA 20,000 income bracket (US$ 104 to 416).

*Table 7: Respondents Average Income (breakdown by district)*

| Household Income per District | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **District** | 0-5000 | 5001-10000 | 10001-15000 | 15001-20000 | 20001-25000 | 25001-30000 | 30001-35000 | 35001-40000 | 40000-45001 | 45000 and more | Total |
| **Baharak** | 12.7% | 20.0% | 16.4% | 21.8% | 9.1% | 1.8% | 1.8% | 5.5% | 1.8% | 9.1% | 55 |
| **Faizabad** | 13.5% | 26.2% | 15.3% | 14.8% | 6.1% | 7.0% | 2.2% | 3.9% | 0.9% | 10.0% | 229 |
| **Jurm** | 13.9% | 55.6% | 13.9% | 8.3% | 5.6% | 0.0% | 2.8% | 0.0% | 0.0% | 0.0% | 36 |
| **Mean** | 13.4% | 28.4% | 15.3% | 15.3% | 6.6% | 5.3% | 2.2% | 3.8% | 0.9% | 8.8% | 320 |

Finally, asked whether they considered this income sufficient, 63.4% of the 322 interviewees answered positively. Such a direct and personal question can of course lead to certain biases and should not absolutely be taken for face value; however, out of the 36.6% who answered negatively, it is interesting to see that they said that their household would need, on average, AFA 15,551 (= US$ 324) to be self-sufficient, which represents more than 75% of the average household income: it shows that a significant proportion of the respondents consider that their household suffers, at least subjectively, from financial constraints and a lack of economic perspectives.

From this point of view, it is worth noticing that people are used to asking for loans, especially in the capital where 27.3% of the respondents said that they had asked for personal loans: *"People have understood that education, housing, or professional activities needed more long-term investments. Asking for a loan is not always a bad signal; here, it shows that they believe in their future" (Dawood Sha, Director, FMFB).*

*Table 8: Personal loans (Breakdown by districts)*

| Have you ever asked for a loan? | | | |
|---|---|---|---|
| **District** | Yes | No | Total |
| **Baharak** | 18.2% | 81.8% | 100% |
| **Faizabad** | 27.3% | 72.7% | 100% |
| **Jurm** | 11.1% | 88.9% | 100% |
| **Mean** | 23.9% | 76.1% | 100% |

As shown in Table 9 (next page), out of the respondents who acknowledged having asked for a loan, both employees (63.0%) and employers (78.6%) subscribed to personal (or professional) bank loans through microfinance institutions (like BRAC, FMFB) or traditional banks (Kabul Bank, Azizi, Maiwand Bank). For instance, the FMFB, which started its activities in Faizabad in June 2009 after a merge with the Afghan Rural Micro-Credit Program (AKAN), offers different types of loans tailored to each specific segment of the population: business loans (for construction companies, wholesalers, etc. up to US$ 30,000), micro-leasing (for SMEs, up to US$ 5,000), social loans (health or education, up to US$ 500), as well as housing loans (US$ 2,000 to US$ 4,000) or group loans (women business associations, agricultural cooperative, up to US$ 5,000). According to the FMFB local representatives, between June 2009 and February 2010, the 9 offices of the Badakhshani branch has provided loans to 3170 individuals in Badakhshan for a value of US$ 2,592,500. If we only consider the Faizabad district, the total value of loans granted exceeds US$ 1,125,000 (to 1409 people and 33.2% of women); in Jurm, the value of the total portfolio is close to US$ 101,000 (to 117 people and 18.0% of women).

*Table 9: Loaners (Breakdown by position)*

| From whom was this money borrowed? | | | |
|---|---|---|---|
| **Loaners** | **Employees** | **Employers** | **Mean** |
| **Family** | 0.0% | 3.6% | 1.4% |
| **Friends** | 30.4% | 14.2% | 24.3% |
| **Bazaar** | 6.5% | 3.6% | 5.4% |
| **Micro Finance / Banking Institutions** | 63.0% | 78.6% | 68.9% |
| **Respondents** | 46 | 28 | 74 |

## 2.4. Education

Only 19.0% of interviewees declared that they had not been to school with 16.8% declaring they were illiterate (Table 10). 38.8% of the interviewees went to high school and 18.0% to University (with the proportion being higher among Faizabad respondents).

*Table 10: Education Level (breakdown by district)*

| What is your educational level? | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **District** | Illiterate | Literate | Prim. School | Second. School | High School | University | Vocational | No Answer | Respondents |
| **Baharak** | 14.5% | 0.0% | 3.6% | 20.0% | 49.1% | 10.9% | 1.8% | 0.0% | 59 |
| **Faizabad** | 16.9% | 3.0% | 7.8% | 13.4% | 35.1% | 21.6% | 0.9% | 1.3% | 226 |
| **Jurm** | 19.4% | 0.0% | 16.7% | 11.1% | 47.2% | 5.6% | 0.0% | 0.0% | 37 |
| **Mean** | 16.8% | 2.2% | 8.1% | 14.3% | 38.8% | 18.0% | 0.9% | 0.9% | 322 |

As shown in Table 11 below, there seems to be a significant difference between male and female respondents when it comes to defining education levels: 1) if almost 18% of male interviewees declared being illiterate, only 12.3% of female interviewees said so (mostly girls working in manufacturing companies); 2) more interestingly, if 54.5% of male respondents went to high school or University, 66.1% of female respondents declared that they had, at least, been to high school or University: *"In this province, parents often consider that boys have to find a job as soon as possible, whereas girls have more opportunities to keep on studying and get a better education" (Masooda, Program Assistan, UNICEF Faizabad).* Education has indeed a significant impact on the household, not only because of monetary costs for middle and low-income families but also because of opportunity cost of time. This is especially true for the "poorest" families, in which everybody contributes to the household welfare.

*Table 11: Education Level (breakdown by gender)*

| What is your educational level? | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Gender** | Illiterate | Literate | Primary School | Secondary School | High School | University | Vocational | No Answer | Respondents |
| **Male** | 17.9% | 1.9% | 8.6% | 14.8% | 37.4% | 17.1% | 1.2% | 1.2% | 257 |
| **Female** | 12.3% | 3.1% | 6.2% | 12.3% | 44.6% | 21.5% | 0.0% | 0.0% | 65 |
| **Mean** | 16.8% | 2.2% | 8.1% | 14.3% | 38.8% | 18.0% | 0.9% | 0.9% | 322 |

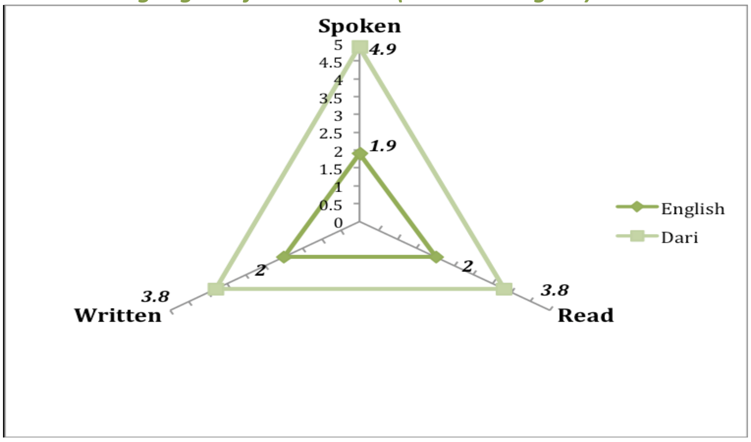
It is also interesting to note that age is not a determining factor as there is no significant educational gap between the different age categories, which all remain relatively close to the mean. If we consider, for instance, the highest education levels (high school and University), the boxed area in table 12 stresses the homogeneity between the four age classes: it tends to confirm that, over the last decades, access to urban educational services was easier in Badakhshan than in many provinces, even during the Taliban regime.

*Table 12: Education Level (breakdown by Age)*

| Education per Age | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Education** | 11 to 20 | 21 to 30 | 31 to 40 | 41 to 50 | 51 to 60 | 61 to 70 | Mean |
| **Illiterate** | 10.8% | 13.6% | 25.4% | 23.3% | 12.5% | 50.0% | 16.8% |
| **Literate** | 1.1% | 0.9% | 3.0% | 3.3% | 12.5% | 0.0% | 2.2% |
| **Primary School** | 10.8% | 9.1% | 4.5% | 6.7% | 6.3% | 0.0% | 8.1% |
| **Secondary School** | 20.4% | 7.3% | 20.9% | 6.7% | 6.3% | 33.3% | 14.3% |
| **High School** | 53.8% | 38.2% | 25.4% | 36.7% | 25.0% | 16.7% | 38.8% |
| **University** | 2.2% | 29.1% | 19.4% | 20.0% | 31.3% | 0.0% | 18.0% |
| **Vocational School** | 0.0% | 0.9% | 0.0% | 3.3% | 6.3% | 0.0% | 0.9% |
| **No Answer** | 1.1% | 0.9% | 1.5% | 0.0% | 0.0% | 0.0% | 0.9% |
| **Respondents** | 93 | 110 | 67 | 30 | 16 | 6 | 322 |

Following the same logic, respondents were asked to indicate their Dari and English proficiency on a five-point scale. Such a self-assessment obviously suffers from a subjective bias and cannot be considered as a satisfactory measure of respondents' actual command of Dari or English; however, it clearly illustrates the opinion that people have about the own language skills: they are obviously fluent in their native language and have some minor issues in reading and writing; they understand a basic English lexicon as they are used to reading and hearing some English either on billboards, in the news, on TV, etc., but they barely practice English, as only a few interviewees use English on a frequent basis (NGO workers). In these regards, there are no significant differences between Baharak, Faizabad, and Jurm: *"English is actually not required for most of the job offers here. But if you want to work in an international organization, you need to learn and improve your English. Only a few people will be able to get a job at the UN or at GTZ, but they all dream about it. That is why they all want to learn more English" (Bismullah, English teacher, Baharak).*

*Chart 4: Language Self-Assessment (Dari and English)*




Education is thus perceived as a key factor of social success and is often considered as a pre-requirement to climbing up the economic ladder. Asked whether they thought that it was worth investing in education, 97.5% of respondents answered positively (Table 13). It shows, once again, that Badakhshanis not only have a cultural sensitivity to education (at least, to basic education) but that they also believe in a better future for their province: *"I invest in two new computers and in the education of my four kids because I truly think that this province can remain peaceful for the next decades. Badakhshan has nothing to do with Kabul and Afghan political problems" (Nazir, Communication Company, Baharak).*

*Table 13: Investing in Education (breakdown by province)*

| **Do you think it is worth Investing in Education?** | | | |
|---|---|---|---|
| **District** | Yes | No | Total |
| **Baharak** | 98.2% | 1.8% | 100 % |
| **Faizabad** | 97.8% | 2.2% | 100% |
| **Jurm** | 94.4% | 5.6% | 100% |
| **Mean** | 97.5% | 2.5% | 100% |

Finally, it is also interesting to mention that most interviewees (87.5%) would like their offspring to work in modern activities (IT, communications, tourism, services, etc.) rather than traditional activities (handicraft, agriculture, livestock, small retail, etc.). Moreover, female interviewees unanimously answered that they would prefer modern careers for their children: *"They would make more money. But it's not only a question of money. I don't want my sons to live in the past" (Hanifa, NGO worker, Faizabad).*

*Table 14: Professional Development for children (breakdown by province and gender)*

| **Which professional development for your children?** | | | | |
|---|---|---|---|---|
| **District** | Traditional Activities | Modern Activities | No Answer | Total |
| **Baharak** | 7.3% | 92.7% | 0.0% | 100% |
| **Faizabad** | 5.7% | 86.5% | 7.8% | 100% |
| **Jurm** | 14.3% | 85.7% | 0.0% | 100% |
| **Male** | 8.6% | 84.8% | 6.6% | 256 |
| **Female** | 0.0% | 98.4% | 1.6% | 64 |
| **Mean** | 6.9% | 87.5% | 5.6% | 322 |

# 3. Labor Market Analysis

## 3.1. Companies' Profile

The table below describes the different companies that were surveyed (according to the "cluster then random" sampling methodology described in paragraph 1.4.1.).

*Table 15: Quantitative Sample Description (breakdown by sector, activity, and district)*

| ISIC Code | Baharak | Faizabad | Jurm | Total | Percentage |
|---|---|---|---|---|---|
| A – Agriculture and forestry | 7 | 34 | 4 | 45 | 14,0% |
| B - Mining and quarrying | 1 | 2 | 0 | 3 | 0,9% |
| C - Manufacturing | 26 | 55 | 25 | 106 | 32,9% |
| *Sewing, Embroidery* | *12* | *18* | *10* | *40* | *12,4%* |
| *Carpet Weaving* | *0* | *3* | *1* | *4* | *1,2%* |
| *Tailoring* | *1* | *5* | *0* | *6* | *1,9%* |
| *Carpentry* | *6* | *11* | *8* | *25* | *7,8%* |
| *Welding* | *6* | *11* | *5* | *22* | *6,8%* |
| *Car Repair* | *0* | *7* | *1* | *8* | *2,5%* |
| F - Construction | 1 | 13 | 0 | 14 | 4,3% |
| G - Wholesale and retail trade | 0 | 7 | 0 | 7 | 2,2% |
| H - Transportation and storage | 0 | 8 | 0 | 8 | 2,5% |
| I - Accommodation and Food | 0 | 14 | 0 | 14 | 4,3% |
| J - Communication | 4 | 7 | 1 | 12 | 3,7% |
| *Telecommunications* | *1* | *1* | *0* | *2* | *0,6%* |
| *Computer / IT* | *3* | *6* | *1* | *10* | *3,1%* |
| K - Financial activities | 0 | 11 | 0 | 11 | 3,4% |
| M - Professional services | 0 | 5 | 0 | 5 | 1,6% |
| *Legal and accounting activities* | *0* | *2* | *0* | *2* | *0,6%* |
| *Consulting* | *0* | *3* | *0* | *3* | *0,9%* |
| N - Support activities | 0 | 5 | 0 | 5 | 1,6% |
| *Travel* | *0* | *5* | *0* | *5* | *1,6%* |
| O - Public administration | 8 | 36 | 2 | 46 | 14,3% |
| P - Education | 11 | 11 | 5 | 27 | 8,4% |
| Q - Health and social work | 1 | 5 | 0 | 6 | 1,9% |
| R - Arts and recreation | 0 | 6 | 0 | 6 | 1,9% |
| *Beauty Parlor* | *0* | *2* | *0* | *2* | *0,6%* |
| *Decoration/Design* | *0* | *4* | *0* | *4* | *1,2%* |
| U – NGO / International organization | 0 | 7 | 0 | 7 | 2,2% |
| *Local NGO* | *0* | *2* | *0* | *2* | *1,2%* |
| *International Org. or NGO* | *0* | *5* | *0* | *5* | *1,9%* |
| **Total** | **59** | **226** | **37** | **322** | **100,0%** |

The International Standard of Industrial Classification of All Economic Activities (ISIC) code was developed by the UN as a standard way of classifying economic activities. The ISIC system is now used widely by governments and international bodies as a way if classifying data according to economic activity, which helps standardize data collection and promote international comparability.

### 3.1.1. Ownership, Legal Structure, and Licensing

Asked whether they had created their companies themselves, 76.2% of the respondents answered positively (Table 16), which confirms the idea that Baharak, Faizabad, and Jurm employers are often young entrepreneurs who either created their companies themselves or bought and developed it thanks to a loan or relying on personal resources. Similarly, table 17 shows that a large majority (76.2%) of employers declared the legal status of their company being one of "sole proprietorship": this proportion obviously depends on the size of the company and the complexity of the initial investment structure, which in turn helps to explain a relatively lower percentage in the major economic center (Faizabad, 71.1%) and the second most developed district (Baharak, 84.6%) than in Jurm, where 93.8% of the respondents were the sole owner of the company. Finally, when asked if they owned other companies, only 7.5% of the respondents answered positively.

*Table 16: Business Ownership*

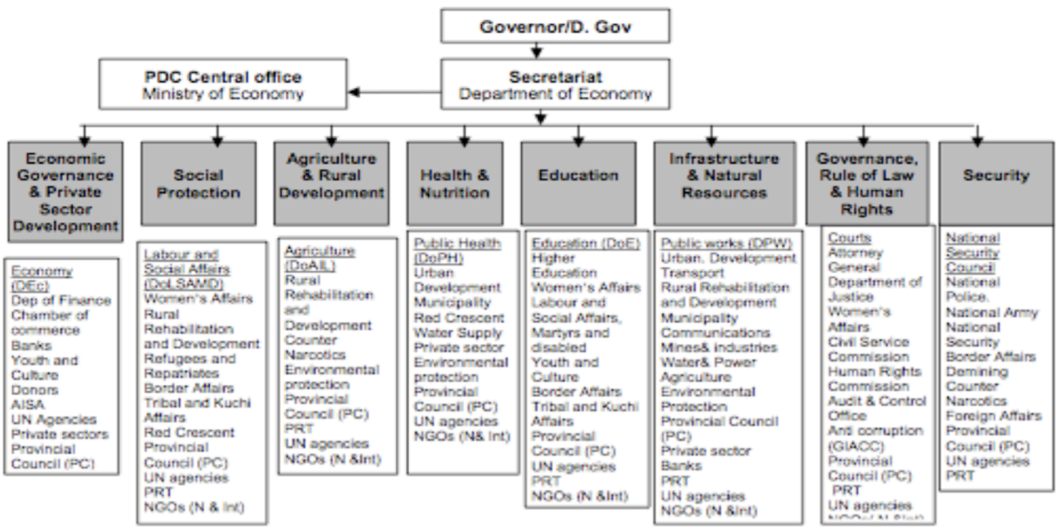
| Did you establish your business? | | |
|---|---|---|
| | Frequency | Valid Percent |
| **Yes** | 80 | 76.2% |
| **No** | 25 | 23.8% |
| **Total** | 105 | 100% |

*Table 17: Legal Status of the company*

| What is the legal status of your company? | | | | |
|---|---|---|---|---|
| | Sole proprietorship | Partnership | Public Service | Respondents |
| **Baharak** | 84.6% | 0.0% | 15.4% | 13 |
| **Faizabad** | 71.1% | 11.8% | 17.1% | 76 |
| **Jurm** | 93.8% | 6.2% | 0.0% | 16 |
| **Mean** | 76.2% | 9.5% | 14.3% | 105 |

Compared with Kabul where AISA is theoretically the one-stop shop for investors, the company registration process in Faizabad is less clear. In practice, depending on their core activity, companies register with the adequate Department or Government Agency, which falls under the umbrella of the Ministry of Economy. Chart 5 below summarizes this pyramidal provincial organization:

*Chart 5: Provincial Development Committee (structure endorsed by Ministry of Economy)*




*Source: Ministry of Economy)*

On average, as shown in table 18, 70.5% of the surveyed companies were officially registered. During the interview, employers were systematically asked to show the interviewer a copy of their license, so that interviewers can make sure that: 1) companies were actually registered; 2) both parties shared the same understanding of registration requirements. Thanks to this empirical double-check, we found out that out of the 105 respondents who accepted to provide the interviewers with a copy of their license: 39.0% were registered with their line Ministries (for instance, Department of Public Work for Construction Companies, Department of Education for Learning Centers, etc.), 29.5% were not registered, 23.8% were registered with the Municipality, and 6.7% only were registered at AISA (the most important companies in terms of income, exclusively). If we have a look at Baharak and Jurm, the percentage of companies that were registered with the Municipality goes up to, respectively, 43.8% and 53.8% (14.3% for Faizabad). This last figure tends to validate the qualitative observations and direct discussions we had with local employers:

1) In spite of the official and legal stamp provided by the line Department or by the Municipality itself, registration procedures seems unlikely to ensure that registered companies actually meet the basic administrative, financial, and qualitative requirements that one could expect from SMEs;

2) The official representatives in charge of the registration process have no practical expertise of their respective sector: *"These civil servants are supposed to decide whether I can teach or not, but they would be unable to pass our entrance exam" (Aziz, Teacher, Learning Center, Faizabad).*

In short, registration procedures tend to be a formality with no technical or legal frame, which allows governmental departments or local Municipalities to get their commission at the same time.

*Table 18: Registrations and Licenses (breakdown by district)*

| | Baharak | Faizabad | Jurm |
|---|---|---|---|
| **AISA** | 0 | 7 | 0 |
| **Dpt. of Finance** | 0 | 10 | 0 |
| **Chamber of Commerce** | 0 | 6 | 0 |
| **Dpt. of Economy** | 0 | 7 | 0 |
| **Dpt. of Transport** | 0 | 3 | 0 |
| **Dpt. of Rural Development** | 0 | 1 | 0 |
| **Dpt. of Women Affairs** | 0 | 1 | 1 |
| **Dpt. of Public Works** | 0 | 1 | 0 |
| **Municipality** | 7 | 11 | 7 |
| **Dpt. of Education** | 2 | 1 | 2 |
| **Dpt. of Agriculture** | 0 | 1 | 1 |
| **Dpt. of Labor and Social Affairs** | 0 | 1 | 0 |
| **Dpt. of Public Health** | 0 | 1 | 0 |
| **Dpt. of Justice** | 0 | 2 | 0 |
| **Afghanistan Bank** | 0 | 1 | 0 |
| **Not registered** | 4 | 23 | 4 |
| **No answer** | 0 | 0 | 1 |
| **Total** | 13 | 77 | 16 |
| **Registered Companies** | 69.2% | 70.1% | 68.8% |

### 3.1.2. Recruitment Channels and Human Resources

When asked to explain the way they had obtained their job or hired their employees, both employees and employers said they had used the most traditional Afghan network system: family (31.1%) or friends (28.3%): *"If I want to find the right man for the right position, I cannot trust diplomas or rely on a single interview. So it is wiser to trust my close friends who know the type of person I want to hire, his qualities, skills, and limitations" (Mostafa, Employer, Carpentry, Baharak)*.

*Table 19: Recruitment Channels (breakdown by position)*

| Which recruitment channel did you use to get a job / hire employees? | | | | | | |
|---|---|---|---|---|---|---|
| | Employees | | Employers | | Mean | |
| | Respondents | Percent | Respondents | Percent | Respondent | Percent |
| **Friend** | 53 | 24.5% | 38 | 35.8% | 91 | 28.3% |
| **Relative** | 70 | 32.4% | 30 | 28.3% | 100 | 31.1% |
| **Friend in the company** | 20 | 9.3% | 4 | 3.8% | 24 | 7.5% |
| **Relative in the company** | 13 | 6.0% | 1 | 0.9% | 14 | 4.3% |
| **Through the Mosque** | 2 | 0.9% | 1 | 0.9% | 3 | 0.9% |
| **Through the Bazaar** | 12 | 5.6% | 7 | 6.6% | 19 | 5.9% |
| **Job advertisement in Newspaper** | 16 | 7.4% | 16 | 15.1% | 32 | 9.9% |
| **Job advertisement on the radio** | 19 | 8.8% | 8 | 7.5% | 27 | 8.4% |
| **Other** | 11 | 5.1% | 1 | 0.9% | 12 | 3.7% |
| **Total** | 216 | 100% | 106 | 100% | 322 | 100% |

To further understand this aspect, employees were asked to say if the owner was a relative: more than one-fourth answered positively (see Table 20), which confirms the key role played by the family network when it comes to finding jobs: *"I hired my son because it is the best way to make sure that he is well-trained to do what he will have to do in the future" (Humayoun, Learning Center, Faizabad)*. More significantly, for retailers, manufacturers, or livestock owners (traditional or unskilled activities), it is a way to decrease salary costs by keeping the money in the immediate family circle: *"I could not pay an additional salary. My company is too small for it. By hiring my son, I can keep his salary within the household to help feed his brothers and sisters" (Esmatullah, Welding shop, Jurm).*

*Table 20: Family Network (employees only)*

| Is the owner a relative? | | |
|---|---|---|
| | Frequency | Percent |
| **Yes** | 57 | 26.4% |
| **No** | 158 | 73.1% |
| **No Answer** | 1 | 0.5% |
| **Total** | 216 | 100% |

A direct consequence of the key role played by personal networks in the labor market is the strong loyalty of most employees to their company: asked why they would or could leave their current employer, only 31.9% answered for a better salary, 7.4% at the end of their contract, and 6.9% for a more challenging position, but 50.0% said that they *could not* leave their employer. If we consider that the conditions of the interview (person-to-person, no witness) were no likely to induce a significant bias, it is a subjective indication of the attachment of most employees to their professional environment.

***Picture 2: Father and Son in front of the family owned fruit and vegetable shop***

*"I received a loan to start the shop four years ago. Today, my son learns the job by doing. And one day, I hope he will develop it, thanks to new business skills". (Ahmed, Shop owner, Faizabad)*

When asked to define their professional and contractual status, 77.8% of employees said that they had full time contracts (including both official and non-official contracts, see Table 21). However, significant differences can be observed:

*1)* Faizabad labor market tends to offer more full-time jobs (83.8% to be compared with 61.9% for Baharak and 65.0% for Jurm) and more official contracts (58.4% to be compared with 33.3% for Baharak and 15.0% for Jurm): *"Our market is not as developed as Faizabad labor market and we still use verbal agreements and day-to-day contracts" (Ahmed, Teacher, Learning Center, Jurm).*

2) Male employees tend to have more long-term jobs (83.2% to be compared with 59.1% for female employees). Sociological reasons as well as traditional prejudices explain this significant gap: *"Women are less predictable. They can have babies and they have to raise their kids. Sometimes, you have problems with the family as well. That is why I prefer male teachers" (Humayoun, Learning Center, Faizabad).* Following the same logic, when asked how many hours they worked, male employees answered 47.1 hours a week (48 hours a week being the median answer and the most stated number of work hours for civil servants) when female respondents answered 36.9 hours.

*Table 21: Professional and Contractual Status (breakdown by district and gender)*

| Professional Status | | | | | | |
|---|---|---|---|---|---|---|
| **District** | **Permanent FT (official contract)** | **Permanent FT (No contract)** | **Part Time (official contract)** | **Part Time (no contract)** | **Other** | **Respondents** |
| **Baharak** | 26.2% | 35.7% | 7.1% | 28.6% | 2.4% | 42 |
| **Faizabad** | 47.4% | 36.4% | 11.0% | 5.2% | 0.0% | 154 |
| **Jurm** | 5.0% | 60.0% | 10.0% | 25.0% | 0.0% | 20 |
| **Male** | 40.1% | 43.1% | 6.6% | 10.2% | 0.0% | 167 |
| **Female** | 36.7% | 22.4% | 22.4% | 16.3% | 2.0% | 49 |
| **Mean** | 39.4% | 38.4% | 10.2% | 11.6% | 0.5% | 216 |

### 3.1.3. Salaries, Income, and Expenses

#### 3.1.3.1. Employees' Salaries

When asked how they classified the local population in terms of living standards (open qualitative question), most Faizabad interviewees defined three distinct categories of people. This scale mostly relies on the concept of self-sufficiency, which is a more widely used criterion than "wealth":

- Low living standards: daily workers who have short-term verbal agreements and earn less than AFA 3,000 a month (US$ 63). These people live in very difficult conditions during winter when they cannot work more than 10 days a month.
- Medium living standards: small business owners (retailers, shopkeepers) and standard employees, who often earn less than AFA 7,000 (US$ 150) and have to reimburse a loan, fall in the second category.
- High living standards: a minority of government officials, local commanders, factory owners, and NGO or international organization workers is considered as rich.

As shown in table 22, based on 214 answers for 1389 (and only for 1388), the average salary was AFA 5,874 (US$ 122). However, it is worth noticing that:

1) Monthly salaries of surveyed employees can vary a great deal between Baharak (AFA 4,133), Faizabad (AFA 6,825), and Jurm (AFA 2,125);
2) There is a significant gap between male and female salaries (– 38% for 1389 and – 34% for 1388);
3) The relative decrease in salaries should not be taken into account as a significant indicator (1389 figures include 55 newcomers, whose salaries often tend to be lower than their colleagues).

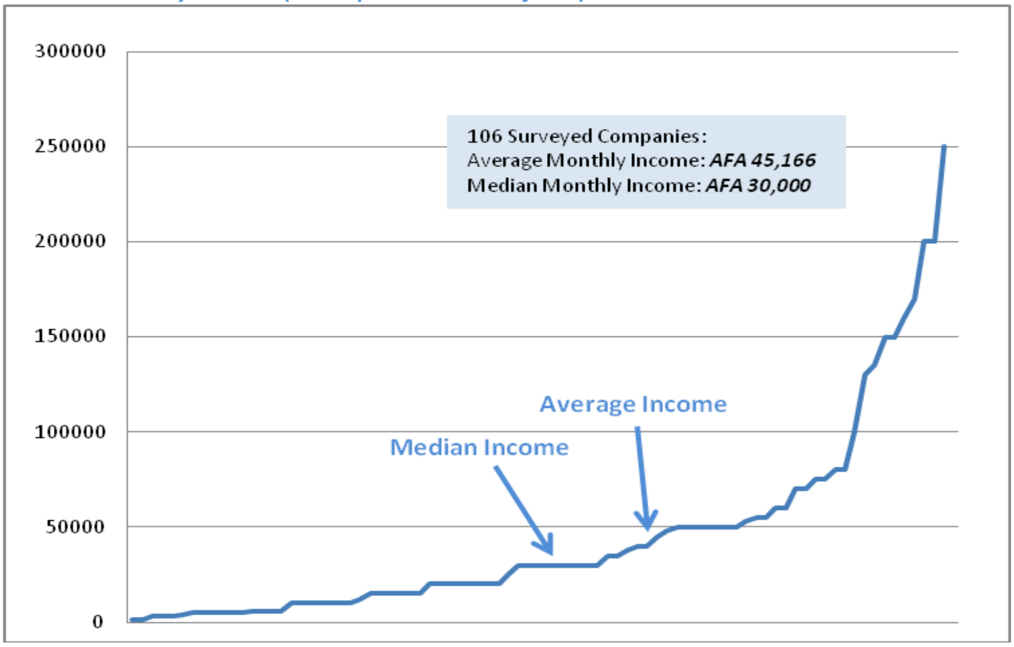
*Table 22: Monthly Salaries (!388 and 1389)*

| Monthly Salaries (in AFA) | | | |
|---|---|---|---|
| **Districts** | **1389 (Feb 2010)*** | **1388 (Feb 2009)**** | **Trend** |
| **Baharak** | 4133 | 4546 | -9.1% |
| **Faizabad** | 6825 | 6805 | 0.3% |
| **Jurm** | 2125 | 2812.5 | -24.4% |
| **Mean** | 5874 | 6234 | -5.8% |
| **Male** | 6410 | 6616 | -3.1% |
| **Female** | 3940 | 4372 | -9.9% |
| ****Out of 214 respondents / **Out of 159 respondents*** | | | |

### 3.1.3.2. Company Income

To better grasp the economic reality of the surveyed labor market reality, employers were asked to provide their average monthly income. Out of 106 companies, 83 (78.3%) either accepted to answer or gave some realistic answers, which is a fairly good result if we consider usual Afghan standards. As shown in chart 6, the average monthly income was AFA 45,166 (equivalent to $941); however, most income levels are below this line and the median income is closer to AFA 30,000 (or $625).

*Chart 6: Monthly Income (83 respondents out of 106)*



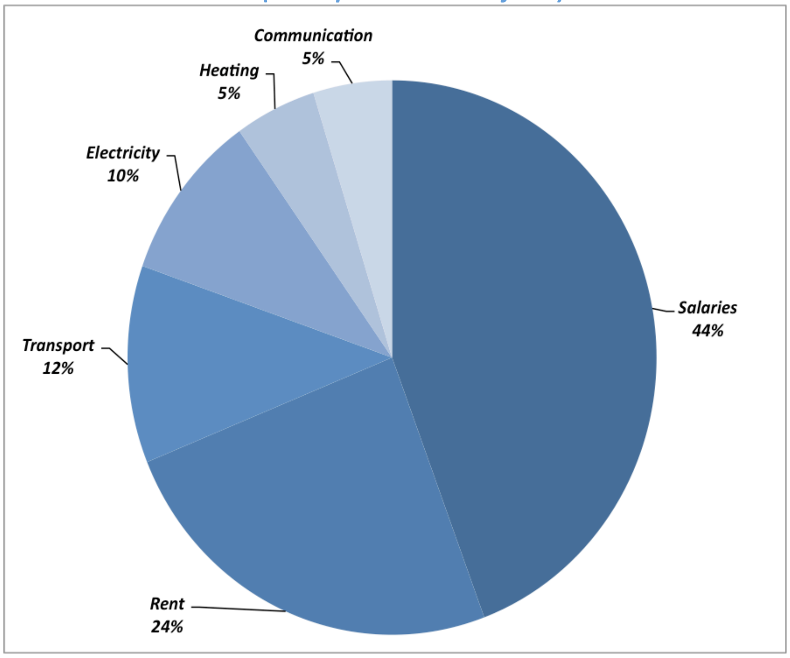

Due to the economic weight of its New Road (Shar-e-Naw), it was also interesting to have a more detailed understanding of the respective incomes of Faizabad's bazaar and main road. This breakdown confirms the increasing economic role played by the new economic axis of the provincial capital, as the average income in the bazaar is AFA 20,736 ($432) and AFA 55,367 ($1153) for Shar-e-Naw. Faizabad is of course an extreme case but is nevertheless representative of the proeminent role of main commercial streets in the surveyed districts (AFA 19,853 - $414 - on average for Baharak and Jurm's bazaars; AFA 33,500 - $698 - for commercial roads).

### 3.1.3.3. Company Expenses

Similarly, employers were asked to estimate their cost structure. The exercise was not fully satisfactory and did not allow us to draw rigorous and quantifiable conclusions on the average expense levels (and thus on the average profit margin) of the surveyed companies. However, the answers that were gathered provide a good picture of the relative cost structure of the surveyed companies (see chart 7 below): salaries are the main budget item (44%), followed by rental costs (24%), and transport (12%).

Electricity and heating expenses are of course extremely volatile throughout the year and chart 8 below only provides a specific snapshot that does not reflect the average day. The items were probably under-estimated by the interviewees, not only because of the seasonality but also because of the specificities of the local context: due the mediocre quality of the local city power (in the three target districts), *all* the surveyed companies have to use a generator which means that they all have significant associated costs: *"Electricity is so expensive in our province that we don't even consider it as a cost. You can have an influence on the salaries, on the rent, on all your expenses but on electricity. It is the price you have to pay if you want to do business here" (Mahmoud, IT & Communication, Faizabad).*

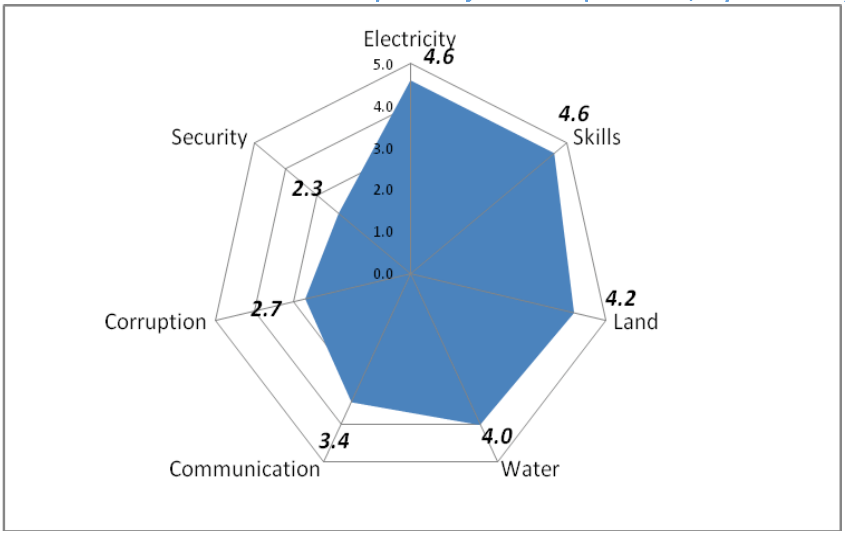
*Chart 7: Cost Structure (86 respondents out of 106)*



### 3.2. Business Challenges and Development Opportunities

To gauge employers' perceptions of their own business activity, survey respondents were asked to quantify the main obstacles to the future development of their business activity. Answers were prompted and interviewees were asked to rank them on a five-point scale (from "1 = none" to "5 = severe"). Chart 8 shows the aggregate answers for Faizabad only.

*Chart 8: Constraints to the Development of Business (Faizabad, 5-point scale)*




The first most frequent answer is the lack of reliable and affordable *electricity* (4.6/5). City power is less expensive than generators but, of course, less reliable and most industries and manufactures cannot take the risk of a blackout in the middle of their activity: *"I work in chemical products. My generator is a real financial burden. It costs too much but, on the other hand, I have to pay for it because it is reliable. If there is a shortage or a blackout of more than 5 minutes, all my products can be destroyed" (Hamid, Chemicals, Faizabad).*

The second obstacle (4.6/5) that was mentioned by employers is the lack of actual skills: *"We only hire potentials. We know we will not get the skills that we require, so we have to settle on hiring someone whom we think has potential, with the understanding that they then have to be coached, trained, groomed, mentored, depending on our needs. The local "qualified" people we interview are supposed accountants but most of the time: 1) they think they are qualified; 2) they are not in tune with what business or administrative reality implies; 3) then, they need to be trained on site (and are always very pleased to be as long as they do not have to pay for it). It takes a lot of hiring and firing people before promising individuals can be found" (Mostafa, Pakistani Accountant, Faizabad).*

The lack of land was also often considered as a major obstacle (4.2/5) which suggests that companies may have some financial constraints to rent additional land; but, first and foremost, it shows that many business areas are already overcrowded in the direct neighborhood or suburbs of Faizabad City: *"Over the last three years, the price of the most interesting spots was multiplied by three or four. Many factors can explain it: first, international organizations have distorted the market because they are sometimes willing to pay huge rents; secondly, the new road totally changed the old economic balance adjustments still need to be made; last, there is no land to rent anymore and the population keeps growing." (Markus, NGO, Faizabad).*

Moreover, if “Corruption” (2.7) and “Security” (2.3) were rated as minor obstacles, “Water” (4.0) and “Communication” (3.4 and almost exclusively because of a poor internet access) were still considered as serious obstacles to the development of business activities. More interestingly, “Regulation”, “Access to Market”, “Access to Credit”, and “Price of Raw Material” were mentioned as well (open question, non prompted):

- Regulation: Several issues were raised such as registration (lack of support from registration or governmental agencies), taxes (which undermine profit and are not legitimate), and a regulatory framework (lack of financial incentives from governmental authorities, absence of protectionist rules to compete with Pakistani products).

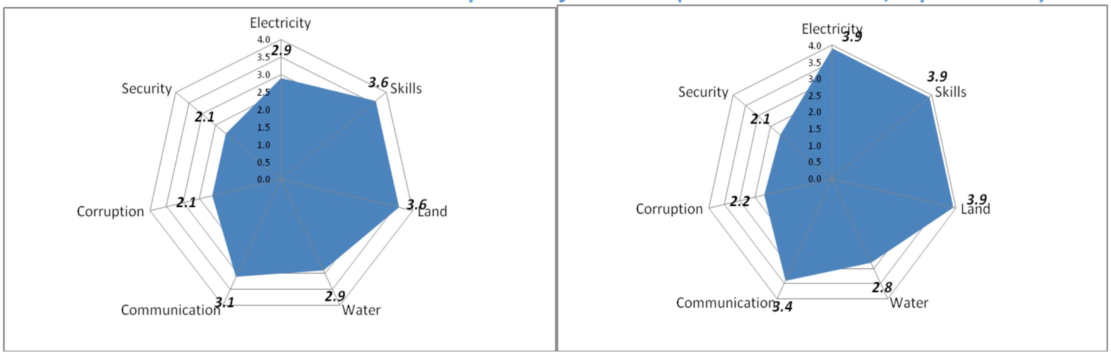
- Access to Market: The lack of an organized and structured local market was often cited as an obstacle to the further development of private businesses; the difficulty to have access to foreign markets (transportation, customs, taxes, protectionism) was mentioned as well.

- Access to Credit: Domestic financial institutions that do grant loans have institutional restrictions on lending to private institutes: *“Of course, we work for the development of this country but we are not a non-profit or a charity organization. That is the reason why we don’t often lend money to manufacture or industry businesses, unless they provide us with a strong business plan and a long run visibility. We want our money back and they rarely offer good guarantees or securities” (Employee, Kabul Bank, Faizabad).* However, it is possible to borrow money through micro-credit institutions (FMFB, BRAC, etc.) but interest rates take into account the important risk premium associated with the country (15-20% on a one-year loan). On the other hand, even if short-term credit is available, small and medium-sized companies cannot undertake long-term investments.

- Price of raw materials: in this category fall three distinct types of issues, which are the difficulty to obtain raw materials at a reasonable price (transportation costs due to extreme climatic and geographic provincial specificities), the impossibility to find some local raw materials of good quality, and the increasing commercial barriers in Pakistan. Plastic or metal (aluminium) companies have to recycle used components because of high production costs that would prevent them from competing with Chinese or Pakistani finished products: *“But the quality of recycled aluminium is far worse than the original one” (Parviz, Metal Company, Faizabad).*

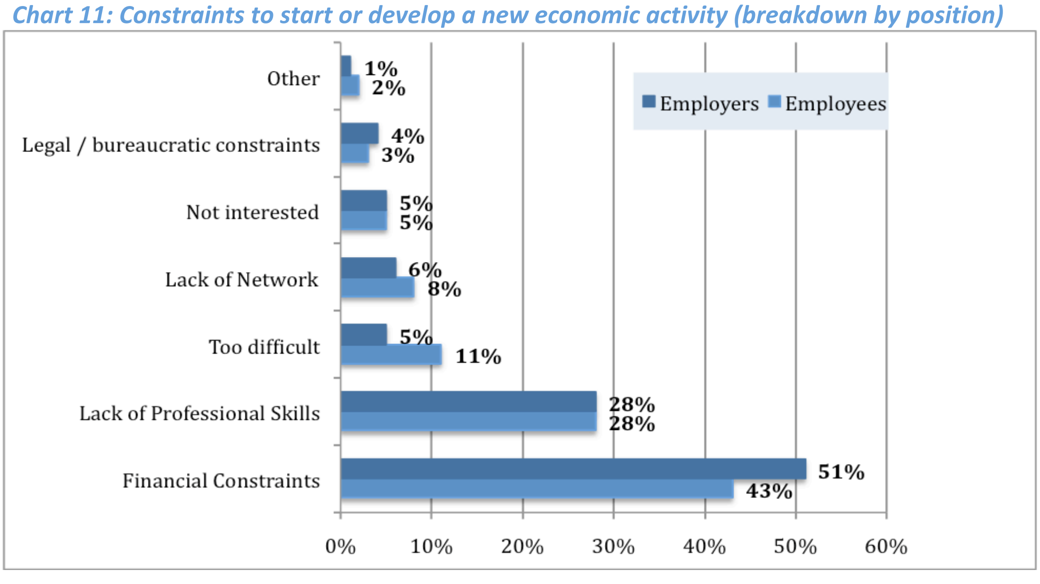
If we now consider companies in Jurm and Baharak, there does not seem to be a significant difference with the provincial capital, even if respondents tended to be less demanding (average grade = 2.9 and 3.2, respectively, to be compared with 3.7 for Faizabad), which also confirms that local markets are still quite isolated from each other: *“Businessmen from Faizabad have higher expectations because they have more interactions with the rest of the country. That is why they complain all the time: they know that it is possible to do much better, to have better roads, to have more reliable city power, to get more money as well” (Hamidullah, Communication Company, Baharak).*

Charts 9 and 10: Constraints to the Development of Business (Jurm and Baharak, 5-point scale)




To corroborate and further analyze these points, interviewees were asked: 1) if they planned to start a new business (employees) or develop their current activity (employers); 2) if not, to provide the reasons that prevent them from developing their current activity (employers) or start a new business (employees). Out of 322 potential respondents, almost two-third (63.4%) said that they were not likely to start or develop a business; out of those 204 respondents, 51% of employees and 43% of employers said that financial constraints were the main reason why they could not think about developing new economic activities; more surprisingly, 28% of both employees and employers acknowledged that they lacked the necessary technical, business, and/or management skills to do so: *"Dreams are one thing but business reality can be merciless. Today I cannot put my family at risk because of my dreams. And I cannot fulfil them because I don't have the business skills and the money to succeed" (Hamidullah, Employee Communication Company, Baharak).*

Chart 11: Constraints to start or develop a new economic activity (breakdown by position)




Lastly, out of the 36.6% who said that they were likely to start a new activity or develop their current business, 53.5% of employees and 29.5% of employees said that they had no exact idea or plan to do so: *"Of course I would love to develop my shop and create another one closer to the main bazar, but still on Shar-e-Naw. But my family and friends cannot help me and I don't get enough money out of my current activity to reimburse FMFB's loans. So I will have to wait" (Sayeed, Stationary Store, Faizabad).*

# 4. Training and Capacity Building

As shown in the previous chapter, there is a significant skills deficit in the local labor market. In spite of a relatively performing primary and secondary educational system, Faizabad and its surrounding districts still suffer from their extreme geographic, climatic, and topographic situation, which prevents them from doing business and interacting easily with other districts, provinces and countries. In practice, and in spite of all the efforts made by the international community to develop the province, it has had the following social and economic consequences:

- Local companies are faced with additional transportation and rental costs, as the price of land increases and the distance from potential raw material supplying countries or provinces remains an obstacle: *"I have so many additional costs here, compared with my brother's construction company in Kabul, that I have to decrease the number of my full-time employees and sacrifice the quality of my raw material" (Ajmal, Welding, Baharak)*;

- Local companies tend to be risk adverse and often reproduce the business models and technical skills they already know, which tends to lower the potential positive impacts of business, IT, and even vocational trainings: *"I got very interesting training sessions from GTZ on accounting and budgeting. I do realize now how crucial these subjects are to develop a sound and sustainable business. But, unfortunately, when I came back to my workplace, there was another reality: we have not enough city power to have good computers, the software they gave me is not compatible, my manager does not understand my new skills and I think he was scared by them as well" (Ahmed, Banking sector, Faizabad).*

There is not only a skills deficit but also an implementation and practical deficit. This chapter will shed light on these two characteristics of the local labor market.

## 4.1. Training Needs Self-Assessment

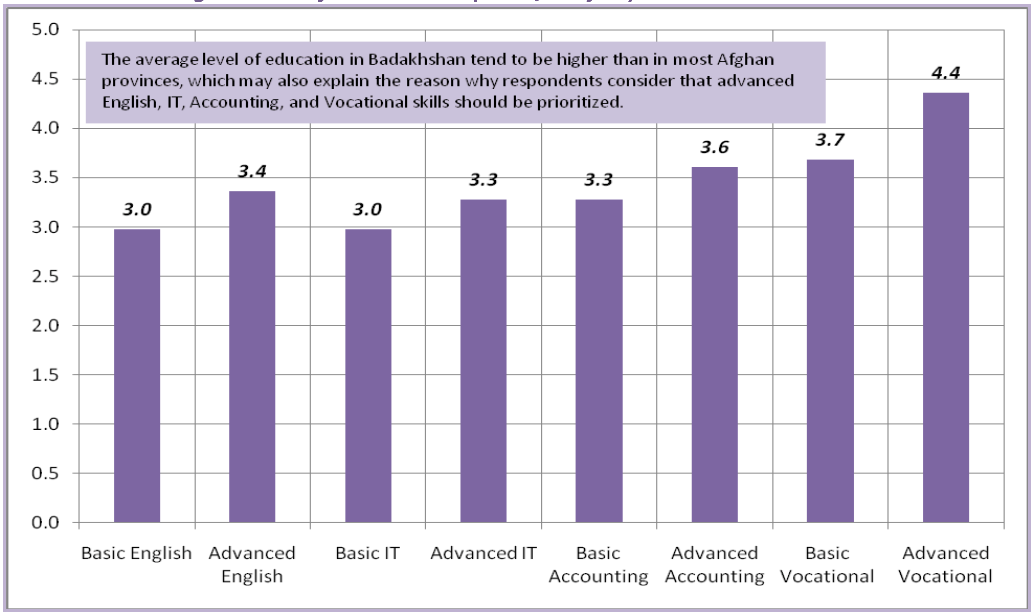
Asked whether they needed additional skills, a large majority of respondents answered positively: 92.1% of employees and 86.8% of employers, as shown in the table below.

*Table 23: Training Needs Self-Assessment (breakdown by position)*

| Do you think you need additional skills? | | | | |
|---|---|---|---|---|
| | Yes | No | Total | Respondents |
| **Employee** | 92.1% | 7.9% | 100% | 216 |
| **Employer** | 86.8% | 13.2% | 100% | 106 |
| **Mean** | 90.4% | 9.6% | 100% | 322 |

More interestingly, when asked what kind of skills (subjects: English, IT, Accounting, Management or Vocational/Technical training; and level: Basic or Advanced) they wanted to acquire, most respondents insisted on their willingness to benefit from advanced training. Chart 12 below clearly shows that respondents almost systematically chose the advanced level inasmuch as, even if most people did not get proper technical education in financial or vocational subjects, they consider that they already have notions and are willing to learn as much as they can. It supports the idea that local people do understand the potential social and economic added value of training and education: *"I don't want my training to help me understand basic notions, I want it to be helpful so that I can make* *the difference in my workplace and my career" (Negar, Beauty Parlor, Faizabad)*. From this point of view, there is no significant difference between employees and employers' perceptions.

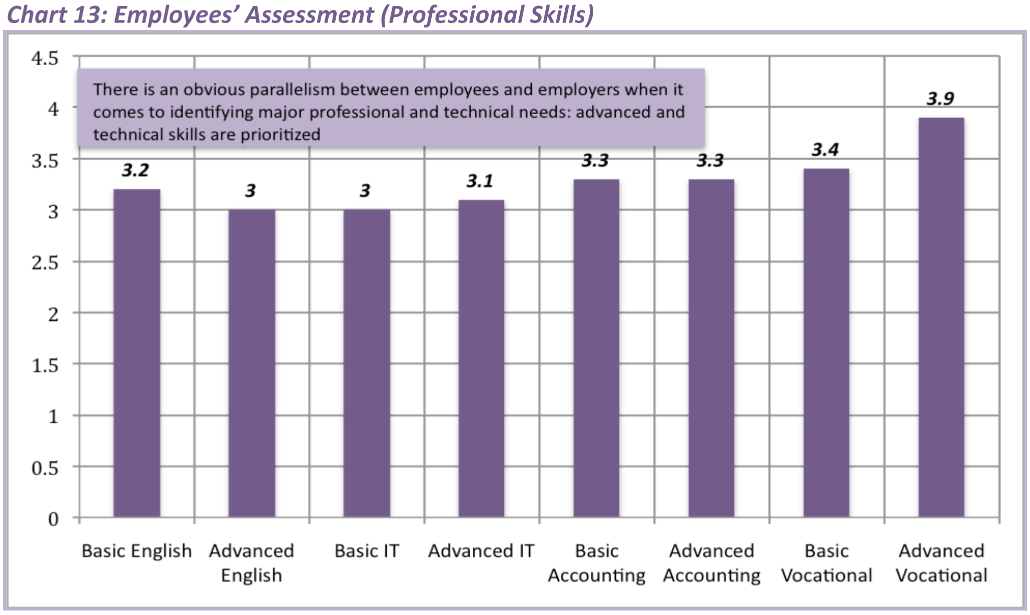
*Chart 12: Training Needs Self-Assessment (Level/Subject)*




## 4.2. Employee Skills Assessment

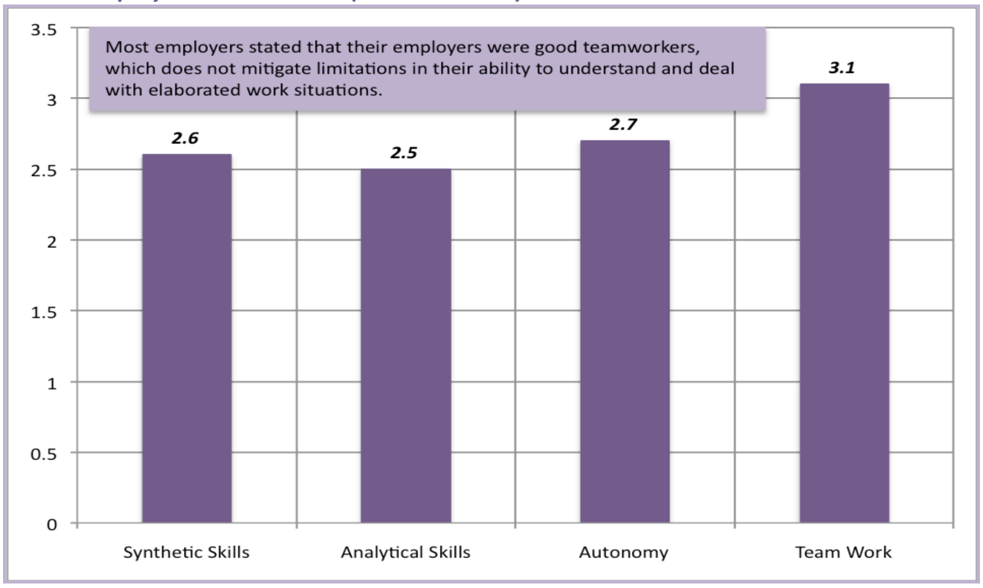
Symmetrically, employers' assessment of employees' actual strengths and weaknesses provides a good subjective picture of local workers' capacities. As shown in the charts below, employers lay the emphasis on advanced skills: *"Today it is time for local employees to get more advanced skills. Otherwise, we will never develop our economy and the province will lag behind Panjshir, Takhar, Kunduz, and other provinces, in spite of its natural and human resources" (Kamran, Construction, Faizabad).* English is the exception, as people consider Basic English as a way to have access to computers and Advanced English as a way to access international labor market; however, advanced notions of English are not a priority to find a job or develop a business at the provincial level.

*Chart 13: Employees' Assessment (Professional Skills)*



In parallel, employers were asked to rate the personal skills of their employees (5-point scale). It confirms the statistical observation made in other surveys[2]: synthetic and analytical skills (2.6/5 and 2.5/5) are the main weaknesses of local workers and white collars, which often prevents them from getting more skilled jobs. On the opposite, they are good team workers: *"This is a real asset, if you take into account the fact that people have to work together from 7 AM to 5 PM, with a lot of collective challenges throughout the year" (Farzin, BRAC, Employee, BRAC, Faizabad).*

***Chart 14: Employees' Assessment (Personal Skills)***




## 4.3. Training market: content, perception, and willingness to pay

Over the last four years, 96 interviewees reported having been trained at least once, which represents 29.8% of the total sample (321 respondents). A total of 152 training sessions were given to these people, mostly by international organizations, in Vocational and *Technical Skills* (45.6%, which includes a large range of heterogeneous skills: from carpentry or construction to agriculture or handicraft), *Computer and IT* (22.0%), *English* (17.2%), *Finance, Accounting and Management* (8.2%), as well as other social or political subjects (conflict resolution). To refine these first elements of analysis, the table below shows that:

1) Faizabad employees are more likely to have access to professional training than other employees (33.4% to be compared with Jurm, where only 13.9% of the interviewees reported having been trained);

2) There are no significant differences between employees and employers, even if employees often receive in-house training by their own employers in-house (14.4%, especially blue collars working in banks or financial institutions), whereas employers are more frequently trained by international organizations outside the company (17.0%);

[2] For instance, "Assessment of Business Training Centers in Afghanistan" (USAID – CDP, September 2008) and "Study for the development of Kabul Metropolitan Area Master Plan" (JICA – January 2009).

3) There is a more significant difference between male and female respondents, which illustrates the strong efforts made by NGOs to train female staff from local (manufacture) or international organizations (in-house training).

*Table 24: Training received (breakdown by district, position, and gender)*

| Training Received | | | | | |
|---|---|---|---|---|---|
| | Yes within this firm | Yes outside this firm | No | No Answer | Respondents |
| **Baharak** | 18.2% | 7.3% | 74.5% | 0.0% | 59 |
| **Faizabad** | 13.9% | 19.5% | 66.2% | 0.4% | 225 |
| **Jurm** | 5.6% | 8.3% | 86.1% | 0.0% | 37 |
| **Employee** | 14.4% | 15.7% | 69.4% | 0.5% | 215 |
| **Employer** | 12.3% | 17.0% | 70.8% | 0.0% | 106 |
| **Male** | 11.3% | 16.7% | 72.0% | 0.0% | 256 |
| **Female** | 23.1% | 13.8% | 61.5% | 1.5% | 65 |
| **Mean** | 13.7% | 16.1% | 69.9% | 0.3% | 321 |

A breakdown of the surveyed population by age groups (table 25) shows that there is no discrepancy between the different age classes, especially if we consider the more representative samples (30 employees or more, between 21 and 50). It clearly shows that training is not only tailored to the needs of young professionals or promising individuals entering the labor market, but also to the needs of more experienced workers who have to adapt their skills to new technologies or professional requirements.

*Table 25: Training received (breakdown by age)*

| Training received per Age | | | | | | |
|---|---|---|---|---|---|---|
| **Position** | 11 to 20 | 21 to 30 | 31 to 40 | 41 to 50 | 51 to 60 | 61 to 70 |
| **Yes** | 13 | 34 | 27 | 12 | 9 | 1 |
| **No** | 80 | 76 | 39 | 18 | 7 | 5 |
| **No Answer** | 0 | 0 | 1 | 0 | 0 | 0 |
| **Mean** | 14.0% | 30.9% | 40.9% | 40.0% | 56.3% | 16.7% |

As shown in the table below, out of the 96 interviewees who actually attended one training session or more, 81% of employees and 80% of employers said that their training sessions were funded by international organizations; the remaining 19% and 20% were both funded by employers, either for their employees or for themselves. The financial costs induced by trainings are actually the cornerstone of this activity, according to most respondents: when asked whether they would have paid for the training sessions they received, an average 53.7% said that they could not have afforded it (61.2% of employees and 47.5% of employers), 34.0% said they could do it providing that the cost of the training was cheap (17.9% of employees and 47.5% of employers), and 10.2% said that it was not worth any personal investment (17.9% of employees and 3.8% of employers). As such, an average 98% of the respondents said that they would not pay for a training session at its normal price, almost exclusively because of financial constraints.

*Table 26: Willingness to pay (breakdown by position)*

| Would you have paid for this training? | | | | | | |
|---|---|---|---|---|---|---|
| | Yes, even if expensive | Yes, if cheap | No, I can't afford it | No, it is not worth it | Total | Respondents |
| **Employee** | 3.0% | 17.9% | 61.2% | 17.9% | 100% | 63 |
| **Employer** | 1.3% | 47.5% | 47.5% | 3.8% | 100% | 30 |
| **Mean** | 2.0% | 34.0% | 53.7% | 10.2% | 100% | 93 |

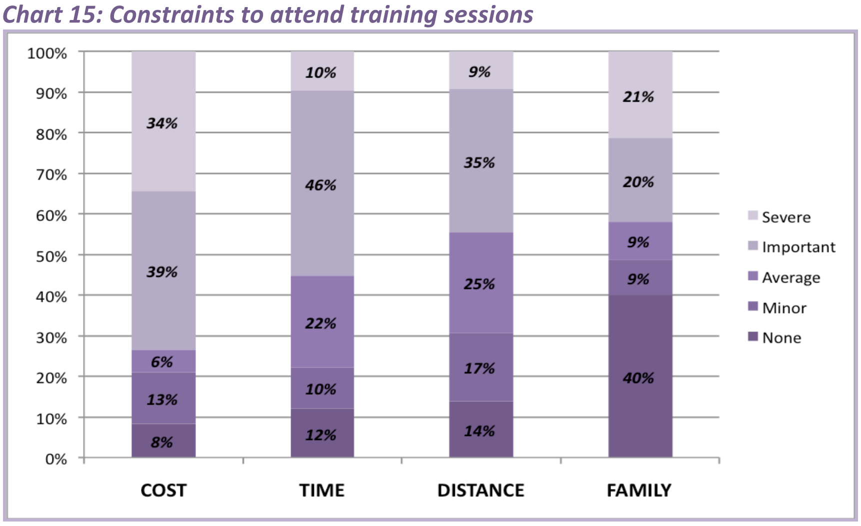
On the contrary, as shown in table 27, when asked whether they would be ready to travel to get trained, almost 80% of the overall sample of respondents answered positively. However, out of this subgroup of respondents, more than 80% said that they would travel on condition that they were reimbursed, which raises the financial concern once again.

*Table 27: Willingness to travel (breakdown by position)*

| Would you accept to travel to get trained? | | | | | |
|---|---|---|---|---|---|
| | Yes, if I get reimbursed | Yes, even if I don't get reimbursed | No | Total | Respondents |
| **Employee** | 65.4% | 12.6% | 22.0% | 100% | 214 |
| **Employer** | 64.8% | 17.1% | 18.1% | 100% | 105 |
| **Mean** | 65.2% | 14.1% | 20.7% | 100% | 319 |

To corroborate these first findings, interviewees were asked: 1) the maximum amount of money they would be likely to pay to get trained; 2) the maximum travel time they would spend to get trained. Employees answered AFA 310 (= US$ 6.50) and 3 hours and 50 minutes; employers answered AFA 1090 (= US$ 22.70) and 3 hours 55 minutes. In spite of the financial gap between the two subgroups, these answers clearly show that if people are willing to get trained and are actually aware of the benefits they can take from additional training sessions, they are not willing or able to take care of the related fees. Chart 15 below supports these idea by showing that cost of training is the main constraint mentioned by the interviewees: 73% of them said that it was a "severe" or "important" obstacle, while time (56%), distance (44%) and family constraints (41%) were rated as secondary obstacles.

*Chart 15: Constraints to attend training sessions*



## 4.4. Training Design: form, length, and certification

To gauge employers' preferences and adjust future training session design, employers were asked to specify the training format they would choose for their employees: if 44% said that they were ready to accept a full-time training (with a financial compensation), 40% said that they could only authorize their employees to attend evening or week-end training sessions, as they could not run their business without their current employees. More surprisingly, there is no clear tendency that can be observed from chart 18, where employers were asked to specify the adequate training length: *"it depends on the subject and on the level, but if you need six months to become a good accountant, then you have to be trained for six months. It is not a question of emergency but it is first and foremost a question of sustainability" (Nassima, NGO, Faizabad).*

*Chart 16: Employers' preferences (format)*

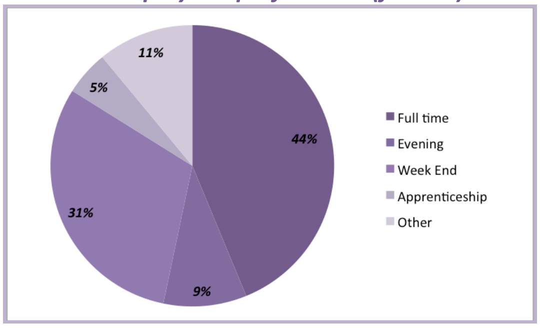
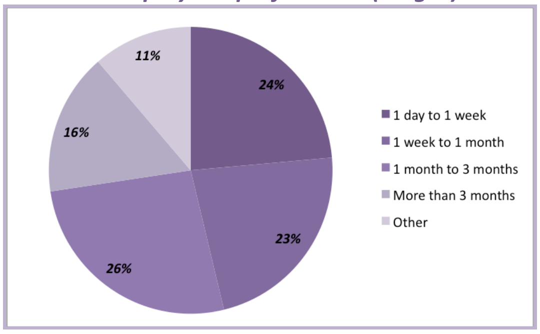



*Chart 17: Employers' preferences (length)*



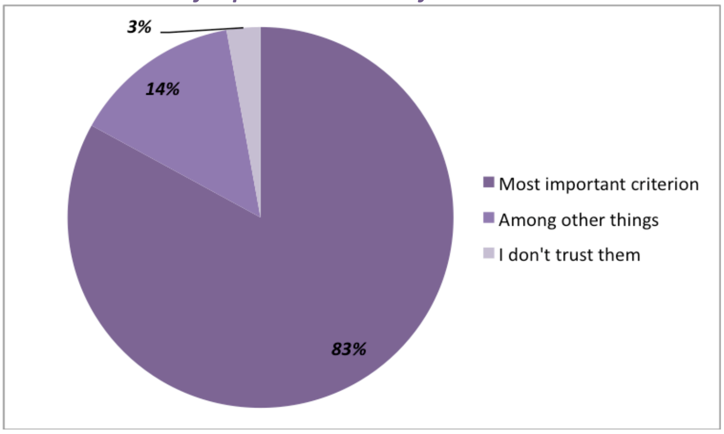

The chart below is quite indicative of the employers' paradoxical attitude toward diplomas. On the one hand, they do insist on the significant role played by diplomas or certificates to legitimate the time, energy, and money spent during a training session. That is why 83% of the 106 respondents said that diplomas were a major criterion, if not the first one, that they take into account. That said, employers also acknowledge that it is almost impossible to get accurate information on an applicant by considering his diplomas, as *"people are often more interested in the title than in the actual skills potentially gained through a training, which decreases the value of certificates and diplomas" (Humayoun, Learning Center, Faizabad)*. To make this contradiction short, one could say that everybody agrees to say that most diplomas do not guarantee specific skills or knowledge, but, on the other hand, they are also necessary as a social reward that shows the time, energy, and (sometimes) money spent in it.

To better understand this point, let's consider, for instance, business diplomas: even if DBAs (Diploma and Business Administration) and BBA (Bachelor in Business Administration) are the most recognized Afghan business diplomas, these generic designations are deceptive inasmuch as it is improbable to find two similar DBA or BBA curricula. With such blurred definitions of diplomas, it is of course difficult for employers to expect specific skills from trainees or students : *''Basically, one could expect that pedagogic principles and business realities orientate the design of the curriculum, but actually everything is based on what learning centers can individually offer. And there is no real difference between Kabul and Faizabad from this point of view''.*

Finally, and aside from their almost unanimous attachment to official certificates and diplomas, most employers insisted on three major issues:

- From High School to learning centers, and University (Badakhshan University in Faizabad), teachers often have an ''outdated and rigid approach'' or a dogmatic view of the market reality, without any linkage with the economy;
- Students and young graduates underestimate the reality of the labor market and are often unable to bridge the gap between theoretical knowledge and real business life;
- If most NGO training sessions are relevant and tailored to the current market needs, they often consider that their mission starts and ends within the limits of the classroom or training center and they do not seem to be much interested in 1) implementation and follow-up on the workplace, 2) local economic issues as well as 3) actual market interactions – which creates a practical gap between the training room and the workplace.

*Chart 18: Value of Diplomas and Certificates on the labor market*



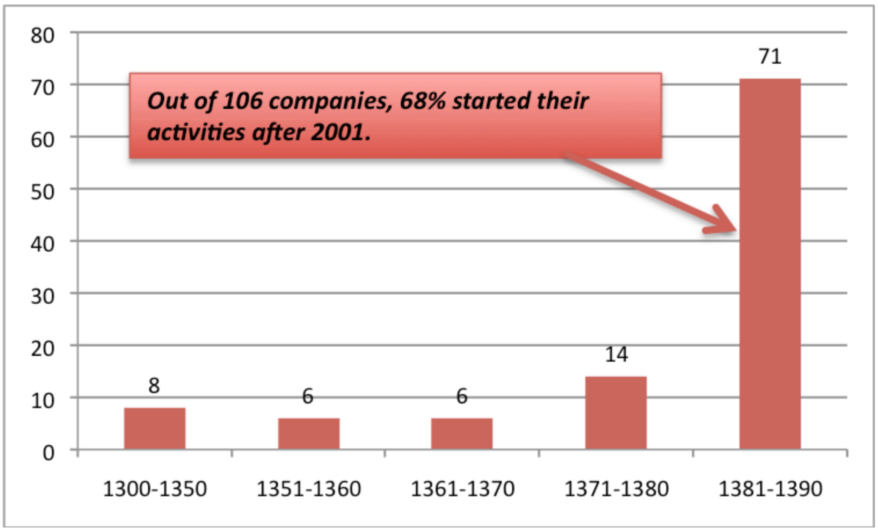
# 5. Recommendations

Based on the social and economic overview of Faizabad and its surrounding districts (Baharak and Jurm), the following section aims at revealing crucial existing and future sectors that UCA (SPCE) could support through vocational or educational training in its Faizabad learning center. Considering UCA's previous successful achievements in Naryn Tekeli or Qorogh, it is quite clear that UCA has the competencies and the experience to run efficiently a training/learning center in the city of Faizabad. However, aside from curricula and pedagogy, there is another key factor to take into account: will this center match the existing demand of the local labor market? What are the future socio-economic trends that should be taken into account on the medium and long run (3 to 10 years)?

## 5.1. Economic and Labor Market Overview

There is an extremely favorable economic dynamic that can be observed over the last decade. However, this positive image needs to be nuanced. To draw a better picture of the contradictory economic development of Badakhshan, it is useful to have a look at business start-up activities. As shown in chart 19, almost 70% of the surveyed companies were created after 2002 (1381), which illustrates at least two opposing phenomena:

*Chart 19: Business Start Date*




- **A positive economic trend and foresight…** due at least to two concomittant factors. First of all, NGOs have contributed to developping a reliable infrastructure and a real middle-class in Badakhshan: *"international organizations have helped people start new shops and activities, build new roads, like Shar-e-Naw, and have created a lot of business opportunities where there was none before. They have also provided local skilled and semi-skilled people with well-paid jobs and had them trained in Kabul and in foreign countries" (Ajmal, Retailer, Faizabad)*. Secondly, on the short and long run, the ongoing development of new and reliable roads encourages entrepreneurship and investment: the Kishm-Faizabad interconnection in 2010, Wardush-Faizabad in 2013, Pakistan-Faizabad (via Chitral – Zebak – Ishkashem – Qorogh – Duchambe) expected in 2015. These two factors may explain the strong optimism shared by most interviewees when asked if the size of their company (number of employees and income in tables 28 and 29) would increase or decrease: An average 69.3% of both employees and employers agreed to say that the number of workers in their company would increase in 1390 (see table 28 below). Following the same logic, 58.5% of employers thought that the overall income of their company would increase in 1390 (see table 29 below).

*Table 28: Number of Employees at Year+1 (breakdown by position)*

| What will be the size of this company next year? | | | | | | |
|---|---|---|---|---|---|---|
| | Employees | | Employers | | Mean | |
| **Perception** | Respondents | Percent | Respondents | Percent | Respondent | Percent |
| **Increase** | 151 | 70.2% | 72 | 67.9% | 223 | 69.3% |
| **Stay the same** | 27 | 12.6% | 22 | 20.8% | 49 | 15.2% |
| **Decrease** | 2 | 0.9% | 2 | 1.9% | 4 | 1.2% |
| **I don't know** | 35 | 16.3% | 10 | 9.4% | 45 | 14.0% |
| **Total** | 215 | 100% | 106 | 100% | 321 | 100% |

*Table 29: Income at Year+1 (breakdown by position)*

| Income Trend? | | |
|---|---|---|
| | Respondents | Percent |
| **Increase** | 62 | 58.5% |
| **Stay the same** | 15 | 14.2% |
| **Decrease** | 19 | 17.9% |
| **I don't know** | 4 | 3.8% |
| **No Answer** | 6 | 5.7% |
| **Total** | 106 | 100% |

- **… but a mediocre economic demand for the moment!** It is extremely difficult to have an accurate idea of the number of companies that have stopped their activities because they were unsolvable or because there were no market opportunities. The lack of adequate road access (for the moment), the lack of a reliable and affordable electricity system (in spite of many hydro-power projects) are of course major constraints that prevent local companies to develop long-term and ambitious strategies. Many qualitative interviews with local entrepreneurs and businessmen have led us to think that there is still no real economic market in Faizabad and Badakhshan. Of course, many international organizations have strongly developped the province and district levels. However, it has to be measured against a backdrop of a lack of demand and no real offer: *"International organizations only keep the sick man alive. Faizabad is far too dependent on them today" (Freidoon, Accountant, Faizabad).*

Finally, as Badakhshan is often considered as a test province by most NGOs and international organizations, Faizabad has benefited from a lot of development funds and initiatives.

1) On the one hand, it has had a deceptive side-effect because it created two distinct labor markets with no real interactions: the local labor market, with low salaries and unskilled jobs in line with an apathetic economic environment, *and* a parallel labor market, somewhat artificially fuelled by NGOs and international organizations, with extremely high salaries and semi-skilled jobs.

2) On the other hand, local NGO workers received trained and made enough money to play the role of middle and upper classes: their family can now contribute to the actual economic development of the cities and districts where they work and live.

3) Lastly, on the longer run, the economic and social development of Faizabad will mostly depend on its ability to open up its market to other districts (Kishm), provinces (Panjshir, Kunduz, Kabul), and countries (Pakistan, Tajikistan, and China): when the roads are built, the economic and labor market boom should naturally follow, with a significant increase of cross-border trade and interprovincial commercial exchanches.

## 5.2. Market Opportunities

There is no major industrial activity (neither production nor transformation) in the province and technical skills are needed to fix machines (photocopiers, refrigerators, electrical fittings, cars, TV, etc.) and recycle objects (aluminum, steal, copper, but also plastic) rather than design or produce new industrial components or items. On the short-run, semi-skills "repairmen" have to be trained so that the current system keeps working: for instance DED has created a training centre to teach mechanics to young trainees (see picture below); however, on the longer-run, Badakhshan will progressively need to have the capacity to develop its own industrial environment, with its traditional sectors, luxury niches and mass-productions. The following chapter is an attempt to identify all the promising sectors that are currently developed or could be developed in the next few years in the three target districts. It is mostly based on the different direct interviews we had with key informants; it also takes into account the initial desk review, as well as empirical observations in the targeted districts and interesting quotes from employees and employers.

***Picture 3: DED Vocational Training Center (Faizabad)***

1. **Agriculture and Livestock:** The major actual and potential roles played by agriculture and livestock in the province (more than two-third of the provincial income for rural households[3]) explains NGOs' interest in these sectors, which led to significant improvement in the use of quality seeds and fertilizers (in agriculture) or vaccination (for cows and goats). In Jurm and Baharak, for instance, private companies were set up to provide farmers with services, seeds, innovative types of crops, and reliable fertilizers. Moreover, a new parameter may have a very positive impact on the sector, as suggested by most key informant interviewees who insisted on the economic perspectives offered by the new roads. More specifically, *"it should boost the agriculture and help farmers from Jurm, Baharak and Argo, to sell their apples, tomatoes, and excellent onions" (Karam, AKF, Faizabad).* The agricultural sector could actually strongly benefit from the future infrastructures, if a new professional segment of the value chain can be added to the existing one (in transportation, conservation, fruit and vegetable drying, etc.). **As such, the agricultural sector could not only require additional skills to improve the productivity of its traditional activities, but it could also need a full range of new skilled jobs in the future (marketing, packaging, distribution, etc.).** More specifically, when asked which activities were likely to add some value to the sector in the future, most interviewees mentioned:

    - Onion, tomatoes, mulberries, and apples (providing that new skills – storage, conservation, transportation – can be developed);

    - Promotion of dry fruits cultivation in Jurm and Baharak (from production to marketing and distribution);

    - Honey (especially in Shuhada, Baharak, Wardooj, Jurm, and Kishm), as bee keeping only requires a low start-up capital and promises a relatively quick return on investment. However, new skills are needed to streamline the sector and make it sustainable (quality control, packaging, marketing, etc.) and new organizational forms (associations, cooperatives) should be developed to reduce cost and increase the collective economic bargaining power;

    - Spices, liquorices, and cumin (as there is no real industry in this quite promising niche market).

    - Poultry is emerging as a significant enterprise in the province (especially in Baharak, Jurm and Ishkashim), which is an economic priority: *"Most chickens you find in the Faizabad market are imported from Pakistan. It is incredible but it is true. We could do it ourselves but there is no industry for it and we keep importing and paying for it!" (Hamid, Livestock Owner, Faizabad).*

    - Fishery could be industrially developed, considering the almost unique potential of the province in the country, but nothing has been done so far.

[3] "Baseline Socio-Economic Survey on Energy Use in Badakhshan" (Altai, January 2008).

2. **Weaving:** The demand for local rugs, carpets (Namads, Kilims), silk, and cashmere has been shrinking as cheap Iranian and Pakistani products were progressively replacing them in most households. Following the same logic, domestic production of clothes, shoes, textile, and material was almost reduced to zero and gradually replaced by foreign products (including Chinese ones). **There is of course a real industrial opportunity in this sector, providing that: 1) a long-term capacity building program is set up to help recreate traditional skills (which requires time and financial investments); 2) some niche markets are defined to progressively establish a positive image of tradition, quality and luxury; 3) a full value-chain (including design, marketing, packaging, etc.) is developed with local producers and provincial distributors.** In these regards, the example of Pakistani *patti* (a thick solid color woolen cloth, usually a twill or herring bone weave, that has a strong added value and can be found in Gilgit, Mogh, and Chitral, in the Hindu Kush range) could be reviewed, followed, and improved in the silk, cashmere, and carpet weaving activities.

*Picture 4: Women's Embroidery Shop (Faizabad)*

3. **Touristic Activities:** The touristic industry has almost an unlimited growth potential in Badakhshan. However, according to most interviewees, there would be no direct interest for tourism in Faizabad because of the distance between the main provincial city and the most interesting sites (Ishkashem, Wakhan, etc.). There is no proper "tour operator" in Faizabad, even if a few travel agents, who offer roundtrips to Panjshir (Bazarak), told us that they would really like to provide these services. However, Faizabad could be a secondary gateway for bordering countries and provinces, considering its relative proximity to Kunduz and Mazar, providing that decent touristic facilities (basic accommodation and guesthouses, restaurants, cafes, internet, etc.) are provided. Currently, there is only one guesthouse (Aria guesthouse), with very low quality standards and a second one with a fantastic view (Pamir guesthouse, in the old bazaar but it has nor owner neither clients). **Finally, with the onset of the road construction, touristic industry could probably generate positive externalities on road and air transportation, hotels, guesthouses, restaurants, and touristic guides – which will require new capacities that are not available in the local labor market today and will have to be built soon.** The Aga Khan Foundation has already started developing some pioneer programs in the bordering provinces to better evaluate the potential social and economic added value of this sector; University of Central Asia (SPCE, Qorogh Campus) has also created a tourism branch in its training curriculum.

4. **Semi-precious stones:** Badakhshan is a major source of gems and semi-precious stones, the most famous one being Lapis Lazuli. However, Badakhshani do not really benefit from this natural resource and there is no dedicated industrial sector to add some value to these gems, which is the main reason why *"only about 5 to 15 percent of the real value of the lapis goes to local people" (Mostafa, Jeweler, Baharak)*. With the financial support of Aga Khan Rural Support Programme (AKRSP) and Karakoram Area Development Organization (KADO), the Rupani Foundation has established Gem Cutting and Polishing Training Centers to give local residents more opportunities to be involved in the mining phase but also in the and production itself: *"People are now able to increase the resale value of the gems, which is a major progress" (Mostafa, Jeweler, Baharak)*. **Potentially, this type of initiative could not only create *more* jobs but also *new* jobs (design, marketing, certification, packaging, branding and promotion). And the market is significant if we consider the unlimited potential of the province in semi-precious gemstones**: Aquamarine, Lapis Lazuli, Topaz, Peridot, Quartz, Garnet, Ruby, Emerald, and Tourmaline.

5. **Financial and Banking Activities:** The banking sector is currently booming in a province where traditional abusive loans (with prohibitive interest loans that led many farmers into debt traps) are progressively replaced by micro-finance for both personal and professional investments. Micro finance institutions (namely BRAC and FMFB) have introduced products such as loans for traders, re-conversion loans, which are non-abusive (with interest rates of, respectively, 1.50% and 1.25% a month) and stimulate entrepreneurship not only in Faizabad but also in the most important Badakhshani cities (Kishm, Baharak, Jurm, Yumgan, Ishkashem, Shighnan, Darwaz, and Zebak). Other interesting initiatives, conducted by NGOs, tend to develop a new culture in the province, like the Self Help Groups (SHGs) formed in Jurm and Ishkashim by AKF. **They have revealed an authentic potential to mobilize resources through savings by providing affordable credit to SMEs (mostly agricultural companies or cooperatives).** This urban and rural evolution of mindset may quickly create a strong demand of new skilled and semi-skilled workers (credit and loan officer, accountants, etc.).

6. **Other activities:**

   **Construction:** With the construction of the New Road (Shar-e-Naw), there is obviously a huge market opportunity for local construction companies in Faizabad. Paradoxically, for Badakhshan, there is a market but… no skills: *"Of course, if you consider the roof or the main door, it looks solid. In fact, the techniques they use are outdated. Fifty years ago, they built local houses exactly the same way. There is no anti-seismic protection, no isolation, etc." (Aman, NGO, Faizabad).*

   **Plumbing, painting, leathering, printing, and carpentry:** All these manufacturing activities require additional expertise and skills to allow their respective sectors to become really professional and deliver some reliable services. For the moment, *"the same people can do ten different jobs, but I still need to go to Panjshir Valley if I want to find a skilled mechanic" (Qais, Head of Department of Education, Faizabad).*

## 5.3. Recommendations

More social security, sustainable growth, and political stability cannot be built without a thriving private sector. From this point of view, there is an urgent need for semi-skilled and skilled Badakhshani workers. To achieve these objectives, the local labor market needs a training system that is effective, efficient, flexible and relevant, accessible to all target-groups, equitable, and capable of meeting its general obligations towards the local social, economic, and political community. In the long-run, and considering the specificity of Badakhshan, the goal is to contribute to the transformation of local society from being dependent oriented to being productive and independent; as well as integrate Faizabad and its surrounding into the Central-Asian market in a competitive basis.

### 5.3.1. General Approach

While development partners are in agreement on the critical needs to review and develop vocational and technical training programs, the financial and technical support extended so far has been limited to specific initiatives (DED's training center for car repair in Faizabad; GTZ's individual training for semi-skilled engineers on hydro-power; Rupani Foundation on gem cutting and polishing; AKF on accounting and English; etc.). Thus, University of Central Asia has not only the opportunity to build the capacity of local unskilled and semi-skilled workers, but it also has, symmetrically, the opportunity to contribute to increase local companies and international organizations' productivity at an affordable opportunity cost. For instance, FMFB's accountants and cashiers as well as loan and credit officers have to go to Kabul for 20 days to one month to get additional training courses in accounting, finance, management, IT or English: *"But it is really expensive and it is too short. It is not only a question of time and opportunity cost. It is first and foremost a question of accommodation, travel, food, etc., which cost 100$ a day, on average. Unfortunately, today, we have no other choice but to externalize. So, if UCA decides to create a new learning center here, they will be welcome, especially if they talk to local and international employers to determine their curriculum" (Masood, Branch Manager, FMFB, Faizabad).*

This last point, raised during a person-to-person interview with FMFB different staff members, is actually crucial, as the missions, curricula, pedagogy, and monitoring practices of the future learning center have to be in line with the local labor market. In practice, it means that only a systemic and bottom-up approach can take into account all the steps of the training and labor market value chain. To this end, a set of general recommendations can be identified:

1. Make sure that the governmental authorities (Chamber of Commerce, Governor and Department of Education) fully understand and support the initiative;
2. Integrate the provincial socio-economic trends (district, province, country, neighboring countries) on the short and long term;
3. Take into account ONGs and international stakeholders' strategies (international labor market):
4. Take into account local entrepreneurs' needs (local market); and

5. Design its curricula to match the future trends of the local labor market and stakeholders' potential HR needs.

The following chart highlights the potential role played by UCA learning center in the current socio-economic development of Faizabad and its surrounding districts. It clearly shows that only a systemic approach can maximize UCA's involvement in Badakhshan: the actual development stage of each district, the professional existing networks, major and minor stakeholders, as well as the AKDN local network (AKF and FMFB) have to be taken into account.

*Chart 20: Graphic representation of Faizabad social and economic development (requirements and actors)*

| | Basic Economic Requirements | Social and Economic Development | Capacity Building and Enhancement | Provincial Sustainable Autonomy |
|---|---|---|---|---|
| **REQUIREMENTS** | Access to Roads (not only at both provincial and interprovincial levels, but also with Tajikistan, Pakistan, China, etc.);<br>Access to Electricity (Affordable & Reliable);<br>Access to Water (drinkable water in the most remote places of the target districts);<br>Access to Credit (through non-abusive loans and credit system);<br>Access to Justice (through fair commercial and trade systems). | Development of a local demand;<br>Development of a local offer (companies);<br>Development of a reliable primary and secondary educational system;<br>Need for unskilled or semi-skilled workers (local people);<br>Need for skilled managers, engineers, educators (mostly foreign people); | Capability Analysis, Training Needs Assessment, Labor Market Surveys, etc.<br>Capacity building of local semi-skilled and skilled employees (through technical and vocational training);<br>Gender empowerment through progressive local initiatives (*Women Garden* in Faizabad, for instance). . | Interprovincial and regional trade (with bordering provinces and countries);<br>Niche markets with strong added value (silk, oil, gems, tourism, etc.);<br>Local skilled professional with an experience abroad (Pakistan, Iran, Europe, USA);<br>Self-sufficiency (raw material, livestock, agriculture, funds, etc.);<br>Good governance (at both provincial and district levels, with the support of local CSOs). |
| **KEY PLAYERS** | International NGOs like **AKF** (Emergency Programs);<br>Governmental Departments and Official Agencies;<br>Local shuras (district level). | International NGOs like **AKF** (Development Programs);<br>Governmental Departments and Official Agencies;<br>Chamber of Commerce? | **UCA** (as a training provider);<br>GTZ and other NGOs (as training and CB providers);<br>Dpts of Education, DoLSA (as active partners) | International NGOs like **AKF** (as a facilitator between local stakeholders);<br>Governmental Departments;<br>Civil Society Organizations (as active partners). |

### 5.3.2. Specific Approach

When asked what he thought about his University, a student interviewed in the old bazaar answered: *"the curriculum is the one they used in 1965. My grandfather had the same one"*. Like most Afghan public Universities, the Badakhshan University is not in tune with the modern social and economic environment anymore. Its different departments (Agriculture, Pedagogy, Journalism and Social Sciences, Literature, etc.) do not provide useful and practical knowledge, in spite of interesting side initiatives (English courses at the Higher Education Program, funded by USAID). In these regards, the Badakhshan University is probably an extreme case; however, it allows us to understand the key role played by an adequate training market systemic analysis. For instance, the AKF educational specialist in Faizabad said that *"for the moment, there [was] no real opportunity for English or accounting training; IT should be targeted, but there is almost no internet connection in the province, which shows that training are only useful when you take all the elements into account" (Karam Ali, AKF, Faizabad)*. The following chapter will develop each specific point that could be taken into account to better define the mission, content, and design of an educational and vocational training centre in Faizabad.

### 1. Developing a strong partnership with AKF

It is in UCA's interest to rely on AKF local expertise to benefit from its network and make sure that both implementing strategies are in line, from primary and secondary educations to the labor market. AKF and UCA have already worked together (successful IT training classes in Qorogh) and UCA could benefit from AKF field knowledge and bottom-up approach: *"We work at the district level and recommend sustainable activities from Badakhshan for Badakhshan, which often creates a difference" (Dr Najm, AKF, Regional Program Manager).* After 5 years of direct humanitarian assistance (Cash and Food for Work) and 5 years of development program (SH Groups, Pamir Business Center, etc.), AKF is currently switching from an implementing to a facilitating role. As a coordinator and thanks to its local social and political network, AKF could strongly contribute to the success of the future learning center.

### 2. Developing a win-win relationship with official counterparts

The new vocational and educational institution has to build some bridges with local official Departments (Department of Education, Badakhshan University, as well as relevant local counterpart in the trained subjects: agriculture, public work, social affairs, etc.) to avoid misunderstanding and benefit from a non-ambiguous support from the local authorities. AKDN is an active member of the Provincial Development Council (PDC) and shares views with government officials on administrative, technical, and practical issues at village, district, and province levels.

### 3. Opening continuous dialogues with other international actors

UCA could also benefit from the excellent relationships between GTZ and AKF (AKDN in general) to better understand their long-term strategies and tie some of its curriculum to GTZ long-term programs. The same attitude should prevail with NGO that have a long-term commitment in the province: it would allow trainees to get a job immediately after their training session. However, UCA should also rely on minor NGOs (Sweedish Committee, SDC, Danida, Merlin, ACTED, Mission East, etc.) which do not necessarily have the financial capacity or the long-term program vision to carry on important and costly project, but which know the province very well and could develop some short-term or niche projects.

### 4. Adopting a new independent Task Force to strengthening linkages with local market

One of the chief flaws mentioned by employers as well as employees is the lack of linkage between training sessions and real business world. The skills and competences needed for the local market cannot only rely on theoretical subjects and approaches. It is important that the future learning center can provide other types of practical market skills. To do so, need to switch from a rigid curriculum to flexible one, to meet the demands of a constantly changing society. To this aim, slight revisions and adjustments of the curriculum should be made every year, with the prior agreement of market key players (local and international potential employers). To do so, the future institution could meet with representatives from the local socio-professional landscape: from the still dormant Chamber of Commerce to international NGOs, foundations (like the Rupani Foundation for instance) or local Civil Society Organizations. This informal "task force" would meet annually for the purpose of identifying high priority training needs on the basis of: 1) recent trends on the national and provincial labor market (such as data on employment by level of education, field of study, gender and location);

2) actual demand for business, technical, and vocational skilled workers from private firms and public organizations; 3) development plans and expected demand for skilled manpower on the short (6 months to 2 years) and long (more than 2 years) terms. After the initial selection of priorities and based on the prioritization of short and long run labor market needs, subsequent meetings would examine which of these priorities should be used to subsidize fees in priority fields of study (accounting, marketing, HR, technical subjects, etc…) and grant proposals would be prepared. Finally the Task Force would ensure that the grant proposals (for individuals or companies) are focused on outcomes, award the grants, and evaluate the implementation performance and impact on an annual basis. Following this perspective, it is worth noticing that Pamir Business Services has already developed some interesting initiatives with AKF and GTZ: 1) Jobshop, a database for job seekers and; 2) a formalized network of business specialists and sector experts (honey bee, metal, BDS, etc.) who are likely to help local companies. UCA could of course strongly benefit from these tendencies.

### 5. Increasing practical cross-fertilization with other stakeholders

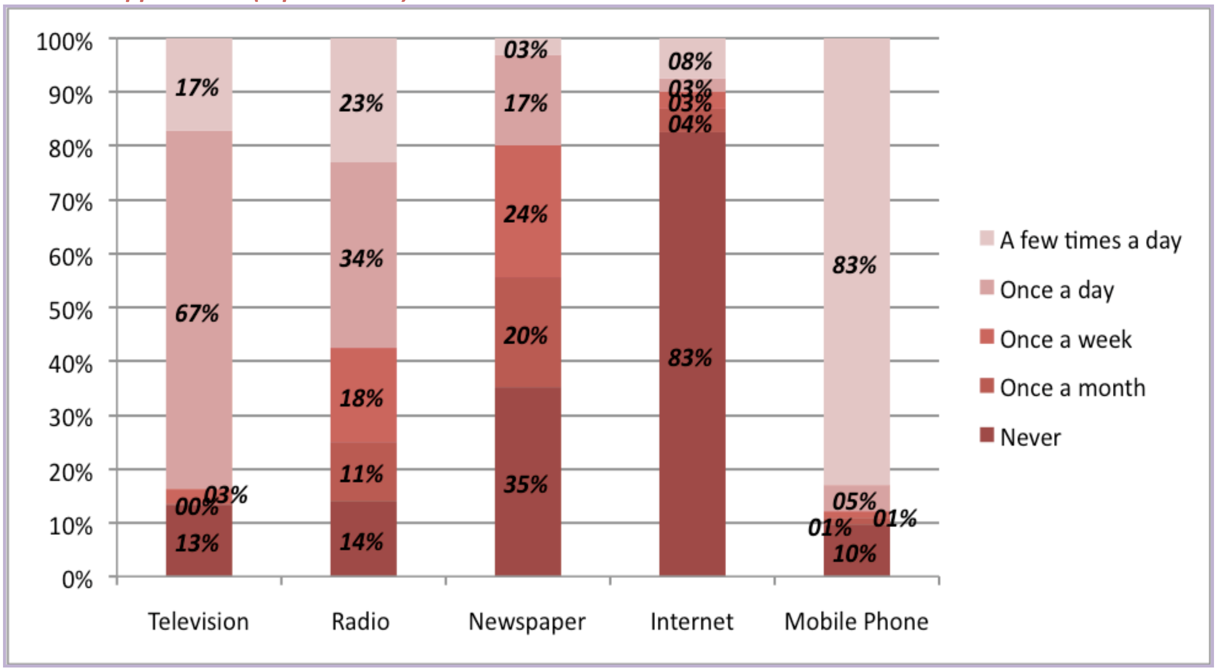
Aside from direct relationship with official departments and NGOs, UCA could also progressively benefit from a larger exposure by developing a local as well as international multi-stakeholder network. The future learning center could thus be developed into multi-purpose local learning centre, accessible to all, using the most appropriate methods to address a wide range of target groups. To this end, learning partnerships could be established between schools, training centers (including American University in Kabul, UCA in other bordering countries), private companies, business related organizations, community organizations, and research facilities for their mutual benefit. Basically, it would allow the new establishment to become not only an educational institution but also an innovative place where key market players can discuss local and regional opportunities and challenges.

### 6. Providing relevant public information

It took AKF a few years to be fully accepted by the local population. It should be easier for UCA, as it falls under the umbrella of AKDN, however it is crucial to provide local people with relevant and comprehensive information to help them understand the missions of the learning center. Well-informed consumers and regulators are an important building block in a more liberalized framework for education; one way of achieving this is to place some basic requirement for public disclosure on the new learning center itself (“soft law” positive effect):

> 1) Introducing a system of publishing a number of performance indicators, including mission statement, quality of facilities, programs offered, class size, fee levels (if any), teacher qualifications;
>
> 2) Publishing reports by independent review/accrediting agencies about the annual performance of the center;
>
> 3) Taking into account the local communications available tools and information channels. As shown in the chart below: TV, radio, and mobile phones are the only communications tools that are frequently used by both employees and employers (who are probably more educated than the average urban Badakhshani).

*Chart 21: Applications (5-point scale)*




## 7. Certifying Diplomas

One of the chief obstacles to the recognition of training centers in Afghanistan is the lack of recognized and accredited diplomas – with the notable exceptions of CAT and ACCA. Afghan DITs, DBAs and BBAs still lack the official stamp of a recognized and autonomous institution. Considering the strong local attachment to diplomas (see chart 18), it is crucial to enact national certification standards for certificates and diplomas (with the AKDN stamp) so that the new UCA learning institution can benefit from AKDN's reputation (as UCA is not associated with AKDN yet).

## 8. Combining business and pedagogic skills

Historically, the substance of teacher training has been divided into two operationally distinct parts: academic subject matter (theoretical knowledge), and professional skills and training (pedagogy and classroom experience). While the first part has been well accepted, the usefulness of the second has been questioned. Each part is necessary in itself but not sufficient, and both should be organized to reinforce each other[4]. From a pedagogic point of view, it is of course a key factor of educational success that needs to be taken into account by the new learning centre. In practice it means that UCA could:

1) Involve foreign education specialists in supervision missions at all stages of implementation and benefit from the lessons learned in other UCA campuses (which does not mean that a successful training design and content is easily duplicable);

[4] "Teachers Matter", OECD, 2005.

2) Define a right "bracket" of theoretical and practical knowledge to meet, to a reasonable extent, the demand for adequately trained employees without jeopardizing the quality of the training system;

3) Determine a right "balance" between theoretical and practical knowledge: for instance, internship should not necessarily be equated with low-quality employment, as it may be a stepping-stone onto the labor market and the pathway to temporary or permanent work, particularly for young people without job experience. Most employees favor the idea, as shown in chart 16 (44% of full time training and 5% of apprenticeship), and experts as well: *"The idea is simple. We don't want people to know MS Office, we want to use it on specific tasks: writing a letter, drawing a chart with Excel etc. From this point of view, I think that 1/3 of theoretical sessions and 2/3 of practical implementation on their workplace, under the supervision of their teacher and employer, is probably the best option" (Karam Ali, AKF, Faizabad)*;

4) Differentiate at least three segments of trainees, from unskilled (daily workers), semi-skilled (beauty parlor, carpenters), to skilled (mechanics, electronics) people; to a certain extent and a later stage, jobless individuals (who do not belong to any professional network) could also be targeted: *"There is no dollar spent in this country for jobless women who have no friends, no network, no brother in a NGO. It is unfair" (Roshan, Beauty Parlor, Faizabad)*;

5) Adopt specific length and rhythm tailored to the needs of each training subject: *"It takes a year to teach them the basics about electricity and hydropower" (Oliver, GTZ, Faizabad)* but, on the other hand, length can vary a great deal depending not only on trainees' initial skills but also on the subject that is trained;

6) Tailor some short (1 to 2 weeks) training sessions for specific audiences: for instance, tourism can obviously be taught in Qorogh for trainees from bordering districts, but the same people could also use a marketing and accounting training session in Faizabad to meet with NGOs and local entrepreneurs interested in tourism. It could help bridge the gap between Faizabad and the most remote provinces; it could also develop business network, with the support of provincial authorities and international or local stakeholders.

## 9. Creating financial affordability and sustainability

As shown in the fourth section (4.3) of this survey, most people are not likely to pay high fees to get trained: 98% of the respondents said that they would not pay for a training. In this regard, affordability is probably the key factor of success for the UCA learning and vocational training center. As such, a successful financing strategy that entails training fees requires adequate provision of loans as an indirect support to trainees (through the partial payment of their fees) and direct support from their employer. The following features could characterize a clearly incentive-based financing strategy: 1) all students would be entitled to apply for a loan to help them finance their fees (through FMFB[5] or BRAC); 2) loan beneficiaries would be selected on the basis of achievement, income, social situation (women, disabled, poor, etc.), enrollment in fields of priority (HR, marketing, finance, technical subjects, etc. depending on the prospective scenarios provided by the Task Force); 3)

[5] Of course, specific loan schemes could be defined with the FMFB (owned by AKDN at 51%).

repayment would start only after training graduates get a job and go back to their initial position, and the repayment period would be such that no graduate would be charged more than a predefined percentage of his or her income.

## 10. Follow-up and Next steps

When it comes to building a new learning center, sustainability and service delivery are obviously the main parameters that need to be taken into account. To this aim, an effective quality assurance mechanism and a continuous evaluation process could add a lot of strategic value to the UCA project. Indicators could be progressively defined and refined in collaboration with the stakeholders of the training and labor markets, to make sure that outcomes are in line with the initial objective and that there are actual short and long-term impacts on the local market. This monitoring & evaluation phase should prioritize indicators that can assess the effective implementation of training skills on the workplace.

# Annexes

## 1. List of Key Informant Interviews

| Location | Organization | Name | Position |
|---|---|---|---|
| Faizabad | AKF | Karam Ali | Regional ED Program |
| Faizabad | AKF | Dr. Najm Najmuddin | AKF Regional Program Manager |
| Kabul | AKF | Youssouf Shaqib | EDP Manager |
| Kabul | AKF | GB Banjara | EDP Regional Manager |
| Faizabad | BIT | Hadji Abdul Waheed | Director |
| Faizabad | Badakhshan University | Prof. Abdul Qadir Mahan | President of BU |
| Kabul | CSO | Rahela Sidiqi | Head of Economic Department |
| Faizabad | Dpt of Education | Qais Meherayeen | Head of Department of Education |
| Faizabad | Dpt of Women Affairs | Zufnoom Hassan Natiq | Head of DoWA |
| Faizabad | Dept of Agriculture | Mohammad Hassan Keshawars | Deputy of DoA |
| Faizabad | FMFB | Masood Siayee | FMFB Branch Manager |
| Faizabad | FMFB | Daoud Karimi | FMFB Regional Program Manager |
| Faizabad | GTZ | Khoda Mustafawi | Admin Officer |
| Faizabad | GTZ | Johannes Schneider | Development Commissioner |
| Faizabad | GTZ | Klaus-Peter Luttman | Project Manager - ED |
| Faizabad | GTZ | Mohammad Akram Azizi | Deputy Project Manager – ED |
| Faizabad | GTZ | Olivier J. Haas | Component Manager - ESRA |
| Faizabad | HEP - USAID | Eqbal Ahmad Anwari | English Department Manager |
| Faizabad | IOM | Omar Arian | IOM Provincial Office Manager |
| Faizabad | Pamir Business Service | Ahmad Javid Ghyasi | Chief Executive Officer |
| Faizabad | UNICEF | Masooda Afzali | Program Assistant |
| Faizabad | UNODC | Sadaqat Sadiq | Fin/Admin Officer |
| Faizabad | WFP | Giulia Baldi | Project Manager |

## 2. Acronyms

AKF - Aga Khan Foundation
AKDN - Aga Khan Development Network
AREU - Afghanistan Research and Evaluation Unit
CPAU - Cooperation for Peace and Unity
CSO - Central Statistics Office
CSOs - Civil Society Organizations
DED - Deutscher Entwicklungsdienst
EC - European Community
GDP - Gross Domestic Product
GTZ - Gesellschaft für technische Zusammenarbeit
HH - Household
IOM - International Organization for Migration
MEW - Ministry of Energy and Water of the Islamic Republic of Afghanistan
MoA - Ministry of Agriculture
MoE - Ministry of Education
MoEc - Ministry of Economy
MoF - Ministry of Finance
MoLSA - Ministry of Labor and Social Affairs
MoWA - Ministry of Women Affairs
MRRD - Ministry of Rural Rehabilitation and Development
NATO - North Atlantic Treaty Organization
NGO - Non-Governmental Organization
NSP - National Solidarity Program
PSU - Primary Sampling Unit
SPCE - School of Professional and Continuing Education
UCA - University of Central Asia
UN - United Nations
UNDP - United Nations Development Program
UNFPA - United Nations Population Fund
UNHCR - United Nations High Commission for Refugees
UNICEF - United Nations Children's Emergency Fund
UNODC - United Nationals Office on Drugs and Crime
USAID - United States Agency for International Development
WB - World Bank
WFP - World Food Program

## 3. Units

AFA = Afghani (= 0.21 US$)
US$ = US Dollar (= 48 AFA)

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