



MARKET ASSESSMENT CONSULTANCY SERVICE

KBL R ITB-015/OR3282OCT 2016

PHASE II: FIELD RESEARCH REPORT



Acknowledgements

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We thank all the stakeholders: Field Enumerators, DRC's team for cooperating during the course of project, DORR's assistance with enumerators in both, Herat and Kabul zones during the field research phase of the project, and DFID for funding the initiative.

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Edgescope Business Consulting is a team of local and international business expert based in Kabul, Afghanistan with the goal to create a solid foundation for businesses by bringing changes in their business strategy, marketing activities, and operations leveraging analytics and modern business management science. We do this by employing mix of national and international strategy, marketing, and operations management professionals. While the national team delivers the majority of the operations needs with respect to their local business knowledge and custom practices, the international team is utilized in order to deliver a higher level of expertise. The localized knowledge of nationals and expertise of internationals combines to form a high functioning team that enables Edgescope deliver maximum impact to its clients.

List of Acronyms

EBC	Edgescope Business Consulting
DRC	Danish Refugee Council
DDG.....	Danish Demining Group
FCO.....	Foreign Common-Wealth Office
KII	Key Informant Interview
HHS	Households Survey
IDP	Internally Displaced People
FGD	Focus Group Discussion
MOPW	Ministry of Public Work
MORR	Ministry of Refugees and Repatriation
MRRD	Ministry of Rural Rehabilitation and Development
MUDA	Ministry of Urban Development Affairs
DORR	Directorate of Refugees and Repatriation
NGO	Non-Government Organization
NSP	National Solidarity Programmed
NRVA	National Risk and Vulnerability Assessment
PSU	Primary Sampling Unit
UNHCR	United Nation High Commissioner for Refugees
UNODC	United Nation Office on Drugs and Crime
VAM	Vulnerability Analysis and Mapping
AREU	Afghanistan Research and Evaluation Unit
ARTF	Afghanistan Reconstruction Trust Fund
CSO	Central Statistics Organization
FAO	Food and Agriculture Organization
IDLG	Independent Directorate for Local Governance
GDMA	General Directorate for Municipal Affairs
LRRD	Linking Relief, Rehabilitation and Development
DFID	Department For International Development

TABLE OF CONTENTS

Executive Summary	1
1. Research Objectives	2
2. Methodology	3
2.1. IDPs and Returnees Household Survey	
2.1.1. Sample Size	
2.1.2. Execution Plan	
2.2. Assessing the Labor Demand of Kabul and Herat Market in Key Sectors	
2.2.1. Execution Plan	
2.3. Assessing Focus Sectors	
2.3.1. Execution Plan	
3. Survey Results.....	5
3.1. IDPs and Returnees Profile	
3.2. Labor Market Study	
3.3. Assessing Focus Sectors for Entrepreneurship	
4. Summary Discussion.....	44
4.1. IDPs, Returnees and Their Potential Employers	
4.2. Focus Sectors for Entrepreneurship	

This second of three phases of research was undertaken to gain greater insight into the labor market from two perspectives: IDPs and Returnees workers and the businesses that could employ them. To do this, 712 IDPs and Returnees households and 71 Presidents and Managers of businesses were surveyed. Results from the surveys provided further support for and greater depth of insight into findings from the desk research.

The population of IDPs and Returnees was found to have high rates of joblessness with low levels of income supporting large household sizes. Tailoring and Livestock were the most common skills possessed with an assortment of others, though less than half of respondents were currently employed in skilled work in both Kabul and Herat. Tailoring, and to a lesser degree, Livestock, were continually identified in top responses as not only current skills, but also skills most desired to learn, skills considered most employable, and sectors most desirable to start a business in. Existing interest, knowledge, and exposure to these sectors seemed to be the main reason for these preferences. Literacy and gender both played a role in attitudes and opinions, with half of respondents being illiterate and men being more willing to start businesses than women.

On the employer side, more businesses reported they were growing than shrinking, though slight signs of inconsistencies within and across responses indicated a general uncertainty around where the market as a whole was headed. Most respondents acknowledged some level of difficulty finding the skilled workers their business required, but not to such an extent that it became an impediment to growth for most. The sectors of Cakes and Biscuits and Hotel and Restaurants topped the list of those identifying lack of skilled workers as impediment to growth. Importantly, for those identifying a shortage of labor in the market, the shortage existed in the quality of labor available rather than quantity. More than half of businesses stated they could not employ women, primarily for cultural reasons.

Together, these two surveys demonstrate the mismatch between 1) a population willing to learn and be employed in skilled labor fields they are interested in and 2) employers with limited need for more lower level skilled workers. This is most evident in the popular sector of tailoring, which by all indications would not benefit from a further influx of low level skilled labor. To assist this population, DRC will first need to overcome rigidity in sector interest through education and persuasion. Furthermore, there is a demonstrated need to help cultivate demand for skilled labor for any training initiatives to be successful. While over half of employers would be willing to recruit through work placement or vocational training programs, there is limited capacity to absorb additional labor supply in the existing economy. Due to traditional hiring practices, IDPs and Returnees are at a disadvantage when seeking a limited pool of available jobs. Rather than fight these practices at tremendous cost for limited short term benefit, DRC will need to develop a more comprehensive approach towards job creation to help this population in the long term.

This approach could take the form of supporting livelihoods through entrepreneurship. Businesses surveyed in this group were optimistic but faced slowing demand, shrinking profitability, and increasing competition. These respondents need business skills as much as trade skills to weather difficult economic circumstances. While women face similar cultural attitudes in running their own business as obtaining employment, some of these may be more addressable as entrepreneurs with help from DRC. As with employment initiatives, there is need for a whole value chain approach. For Entrepreneurship trainings and support, researches recommend Computer and Car Repair among a list for consideration.

1. Summary of Research Objectives

On December 05, 2016, as part of the Job Creating Initiative Programs Danish Refugee Council and Danish Demining Group with the funding support of FCO for the implementation of a project involving the Market Assessment Consultancy (Market Value) contracted Edgescope Business Consulting to conduct a comprehensive study of market and economic analysis to identify livelihood and economic development opportunities for intervention and development, creating sustainable employment opportunities by facilitating economic growth and stability.

Focused on Kabul and Herat zones, DRC wanted to identify opportunities in the areas of startup, market expansion, and import substitution possibilities that can be exploited by small and medium sized Afghan businesses through studying both consumers and suppliers through desk, quantitative, and qualitative research methods concentrating on the following key considerations.

- ❖ Identifying existing demand and supply trends for various sectors in the target countries; this will be followed by prioritization of each sector considering labor market dependency.
- ❖ Understanding and identifying the current state of the labor market, potential areas for improvement to support expansion of current businesses, and a viable path towards realizing such improvements.
- ❖ Calibrating identified growth factors and developing metrics for effective measurement of growth to help build statistical foundation for next stage.

2. Methodology

2.1. IDPs and Returnees Household Survey

The questionnaire in Appendix A was designed to develop an understanding of what the IDPs and Returnees want to learn, what are the drivers of those opinions, where they see the opportunities, money, and personal interest, and where they see a role for trainings for the DRC 14 set of trainings and those exposed through desk research as skills in demand and most wanted to learn.

This research allows us to develop a thorough picture of IDPs status. Information collected on the IDPs status includes the followings:

- Literacy rate
- Current skills level
- Owned assets level
- Source and monthly income
- Monthly expenditure
- Desire to learn new skills
- Perception of the job market

2.1.1. Sample Size: The survey was conducted with IDPs and Returnees in the regions of Kabul and Herat. A sample of 314 households were interviewed in-person in Kabul and 398 households were interviewed in Herat. Consultants ensured the number of interviewees was representative of both locations within the regions based on the population on each location.

2.1.2. Execution plan:

Four locations housing the desired target groups of formal and informal IDPs and returnees were selected in both zones of Kabul and Herat. In both locations, interviews were conducted in each location to include Formal IDPs, Formal Returnees, Informal IDPs, and Informal Returnees. The household survey was conducted in the below phases:

1. Questionnaire Translation
2. Interviewers Trainings
3. Contacting DOR for the list of IDPs and Returnees contact details and location of residence;
4. Visiting the target locations to identify the desired target groups of interviewees.
5. Mobilizing the survey team;
6. Supervising the survey process;
7. Data quality check;
8. Data entry and analysis.

2.2. Assessing the Labor Demand of Kabul and Herat Market in Key Sectors:

Key Informant Interviews were conducted with businesses to develop an understanding of the state of labor demand and the skills gaps in their sectors.

Sectors which could provide employment opportunities for the IDPs and Returnees were surveyed. These sectors were selected based on their ability to hire employees with skills that (1) DRC is currently providing trainings for and (2) were exposed through desk research to be in demand and most wanted to learn. Those of greatest popularity (e.g. Tailoring) and of greatest focus in desk research (e.g. Jewelry) received the most representation.

Understanding which sectors need more human capital and what set of skills they are looking for, will enable us to complete our study on the labor demand side. Combining studies on IDPs and Returnees and the businesses that could employ them will enable us to form the recommendations that will allow DRC to have IDPs employable through providing the right set of skills training program.

2.2.1. Execution Plan:

1. Questionnaire Translation
2. Interviewers Trainings
3. Locating and finding companies from three sources: AISA directory, concerned ministries, and Edgescope contacts.
4. Calling the CEOs of those companies and taking an appointment
5. Conducting the interviews
6. Data Quality Check

2.3. Assessing Focus Sectors

There exist numerous options for IDPs to start their own businesses with the proper training and support from DRC. For this research Key Informant Interviews were conducted with people engaged in the selected businesses to develop an understanding of the sectors profitability, market performance, barriers to entry, and potential for new businesses in those sectors. Sectors investigated pose opportunities to create jobs for IDPs by helping them to establish their own businesses.

This research will allow the researchers to better understand and compare the sectors and to form recommendation on positioning strategy of each business opportunity for maximized profitability.

Number of KII: KII interviews were conducted with three businesses in each sector in both zones (3 Interviews in each business in Kabul and 3 interviews in each business in Herat).

2.3.1. Execution Plan:

1. Questionnaire Translation
2. Interviewers Trainings
3. Locating and finding companies from three sources: AISA directory, concerned ministries, Edgescope contacts, and random visits of businesses in the market.
4. Contacting the business owners and taking an appointment
5. Conducting the interviews
6. Data Quality Check



SURVEY RESULTS

- 3. Survey Results..... (5 – 43)
 - 3.1. IDPs and Returnees Profile
 - 3.2. Labor Market Study
 - 3.3. Assessing Focus Sectors for
Entrepreneurship

3. Survey Results

In the sections that follow, livelihood of IDPs is explored from the perspectives of the IDPs themselves and the businesses that might employ them. Results are presented for each of these surveys, followed by a summary discussion

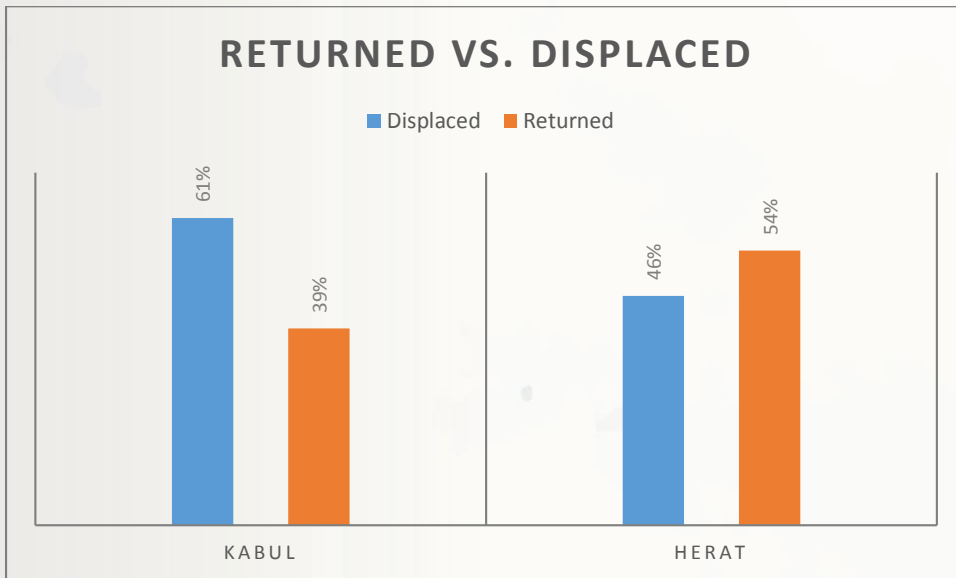
3.1. IDPs and Returnees profile:

In the below charts, data from both Kabul and Herat regions is included. Similar responses on most measures indicate these regions can be considered a single population for purposes of determining aid requirements and DRC programming; the breakdown by region is presented to demonstrate this and for the sake of full transparency.

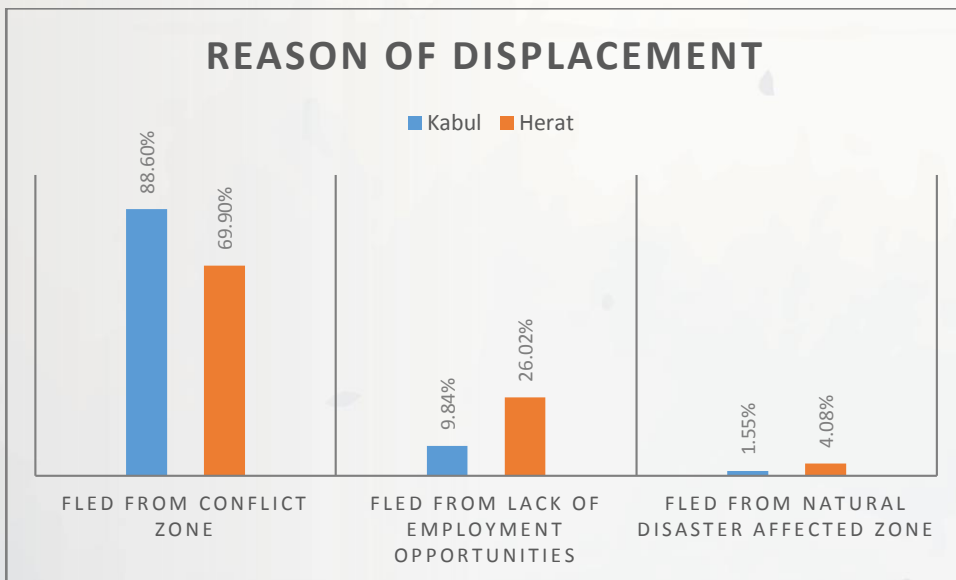
- Number of people in households
 - Most IDPs have large households. As we saw from the desk research, many of these household members are Persons with Specific Needs. The distribution of household size is similar for both Kabul and Herat.



- Displaced Vs. Returned
 - The population includes both displaced and returned persons for both regions. Further analysis comparing the two groups show little practical difference between the two. The same rate of joblessness exists in each, as well as similar distributions among other occupations. While the two groups may have come through different paths, their current plight is much the same.



- Reason for displacement
 - Respondents overwhelmingly fled from a conflict zone, though some noted a lack of employment opportunities. The rate of fleeing from lack of employment opportunities vs conflict zone was somewhat higher among returnees than displaced, though as noted above, present day metrics are more aligned.



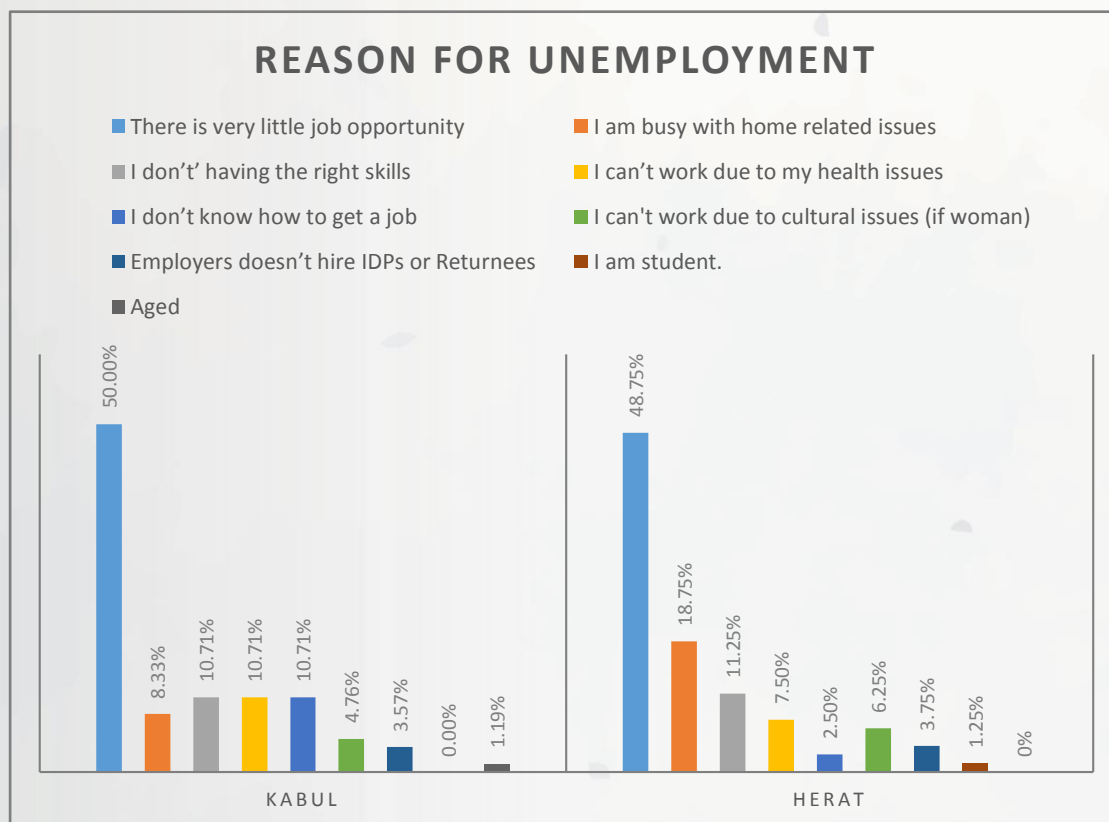
- Current source of livelihood
 - Many IDPs are unskilled and/or unemployed: Over 20% of IDPs are jobless, and a third are labor workers. That labor worker is the most common occupation by a wide margin is consistent with the desk research findings of heavy reliance on day laborers. Of those in skilled professions, employment as a Tailor was most common, followed by Shopkeeper in both regions.
 - Most have income of less than 10,000 per month. The incidence of temporary vs permanent work was high, and existed even outside of labor workers.
 - For those unemployed, half cite lack of opportunity as the reason. As another indication of the vulnerability of the population found in the desk research, many respondents could not work due to home or health issues. Only 10%

answered the cause of their unemployment was due to a lack of skills. Given this, finding and/or creating opportunity may be more useful to this population than further skill training.

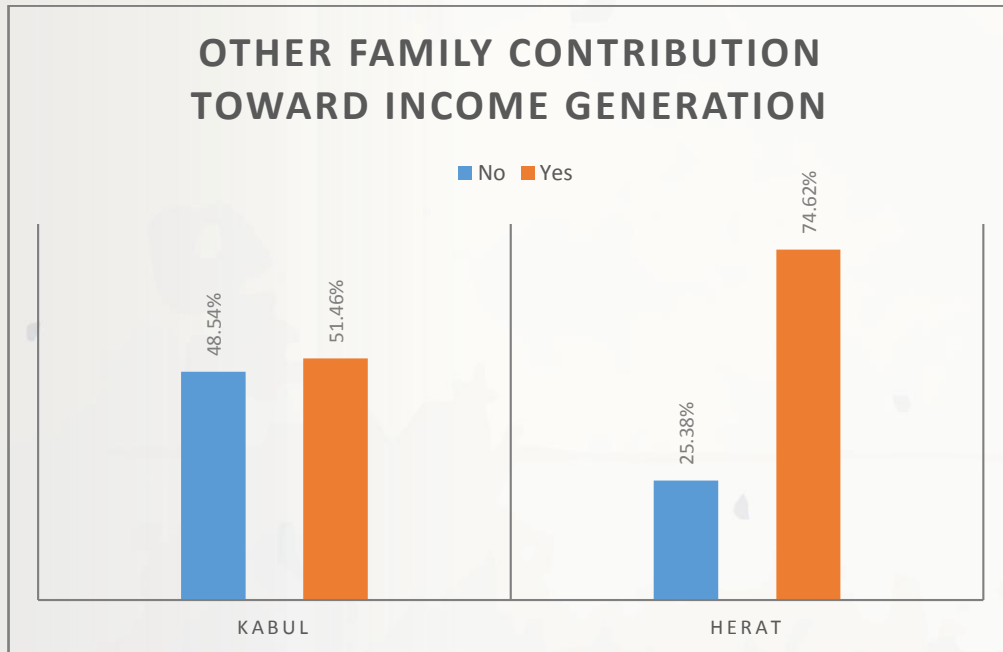
Job	Kabul	Herat
Labor Worker	31.09%	35.77%
Jobless	25.00%	18.39%
Housewife	10.26%	7.56%
Tailor	7.37%	7.81%
Shopkeeper	3.21%	5.54%
Driver	2.88%	1.51%
Cook	1.60%	1.51%
Mason	1.60%	1.51%
Student	1.28%	8.56%
Teacher	1.28%	0.25%
Mechanic	0.96%	1.76%
Carpenter	0.32%	2.02%
Carpet Weaver	0.32%	2.77%
Others:	12.82%	5.04%

Kabul	% jobs	Permnt	Temp	Monthly Income		
				<10,000	10,000-20,000	Blanks
Labor Worker	31.09%	31.58%	68.42%	94.74%	5.26%	2.11%
Jobless	25.00%	16.67%	83.33%	100.00%	0%	93.59%
Others:	12.82%	37.50%	62.50%	100.00%	0%	0%
Housewife	10.26%	43.75%	56.25%	15.63%	3.13%	81.25%
Tailor	7.37%	50%	50%	90.91%	9.09%	0%
Shopkeeper	3.21%	40.00%	60.00%	90.00%	10.00%	0%
Driver	2.88%	66.67%	33.33%	83.33%	16.67%	0%
Cook	1.60%	60%	40%	100%	0%	0%
Mason	1.60%	0%	100%	80.00%	20.00%	0%
Student	1.28%	25.00%	75.00%	0%	0%	0%
Teacher	1.28%	75.00%	25.00%	100.00%	0%	0%
Mechanic	0.96%	100%	0%	100%	0%	0%
Carpenter	0.32%	0%	100%	100%	0%	0%
Carpet Weaver	0.32%	0%	100%	100%	0%	0%

Herat	% jobs	Permnt	Temp	Monthly Income	
				<10,000	10,000-20,000
Labor Worker	35.77%	17.02%	82.98%	94.37%	5.63%
Jobless	18.39%	6.85%	93.15%	100.00%	0.00%
Student	8.56%	23.53%	76.47%	90.91%	9.09%
Tailor	7.81%	48.39%	51.61%	96.77%	3.23%
Housewife	7.56%	20.00%	80.00%	100.00%	0.00%
Shopkeeper	5.54%	85.71%	14.29%	81.82%	18.18%
Others:	5.04%	40.00%	60.00%	88.89%	11.11%
Carpet Weaver	2.77%	18.18%	81.82%	90.00%	10.00%
Carpenter	2.02%	62.50%	37.50%	87.50%	12.50%
Mechanic	1.76%	42.86%	57.14%	100.00%	0.00%
Cook	1.51%	33.33%	66.67%	100.00%	0%
Driver	1.51%	50.00%	50.00%	100.00%	0.00%
Mason	1.51%	33.33%	66.67%	100.00%	0%
Teacher	0.25%		100.00%	100.00%	0%



- Family contribution toward household livelihood
 - This is one area in which Kabul and Herat differ; half of Kabul respondents had some other family contribution toward income generation, while this figure was three quarters for Herat. Yet there were many respondents in both locations that did not have other income support. Given the large household sizes reported in the first question, we can see how the impact from one IDP not finding a livelihood is multiplied.



- Skills possessed
 - Tailoring and livestock activities top the list of skills IDPs already possess. More modern skills such as business development, computer repair, and electrical skills were nearly nonexistent in both regions.
 - With the notable exception of livestock, most respondents do not feel they possess their chosen skills at a high level.
 - Comparing the below tables of skills possessed with the above responses on occupation shows that for many of these skills, IDPs possess them at higher rates than they are finding jobs in them. This further corroborates the finding above that more IDPs say they are hurt by lack of opportunity than lack of skills.

Kabul

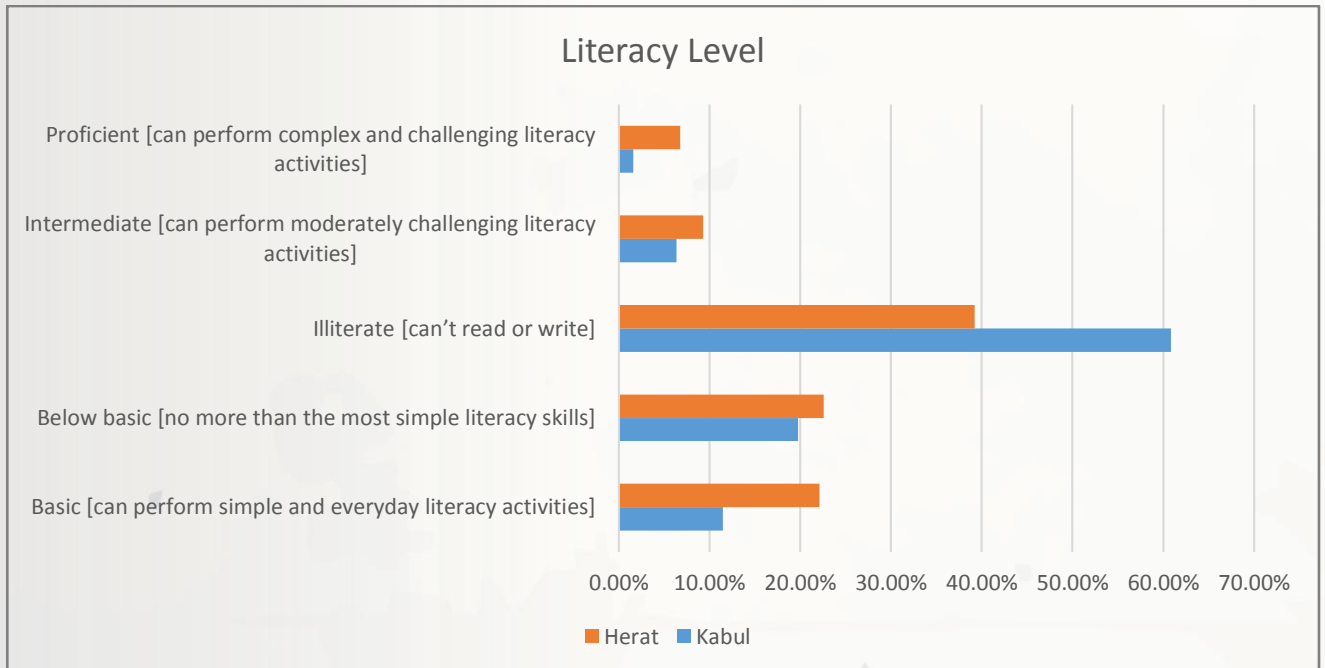
No	Skills	Possessed	Level of Skills			No	Skills	Possessed	Level of Skills		
			Low	Medium	High				Low	Medium	High
1	Livestock Related Activities	20%	17%	34%	49%	16	Vehicle Tire Repair and Replacement	1%	0%	80%	20%
2	Tailoring (Male and Female)	20%	52%	33%	15%	17	Administration	0%	0%	0%	0%
3	Motorcycle Repair	5%	62%	38%	10%	18	Bee Keeping	0%	0%	100%	0%
4	Poultry Raising	5%	43%	48%	9%	19	Business Development and Customer Relation	0%	0%	0%	0%
5	Masonry	4%	10%	45%	35%	20	Computer Repair	0%	100%	0%	0%
6	Rug Weaving	4%	50%	28%	6%	21	Electrical Skills	0%	0%	100%	0%
7	Carpentry	3%	47%	33%	13%	22	Food Processing	0%	0%	0%	0%
8	Handicrafts	3%	33%	33%	27%	23	Hair Style Services	0%	0%	50%	50%
9	Shoe Manufacturing and Repair	3%	27%	7%	53%	24	Jewelry Making	0%	0%	0%	0%
10	Restaurants and Food Service Activities	2%	14%	43%	43%	25	Marketing and Sales	0%	0%	0%	0%
11	Computer	1%	100%	0%	0%	26	Plumbing Skills ²	0%	50%	50%	0%
12	Crochet Handicrafts	1%	25%	25%	0%	27	Purse and Bag Manufacturing	0%	50%	50%	0%
13	English	1%	60%	0%	40%	28	Refrigerator / Washer / Dryer maintenance and Repair	0%	0%	50%	50%
14	Mobile Phone Repair	1%	25%	125%	0%	29	Others	22%	7%	14%	15%
15	Solar Panel Repair	1%	50%	50%	0%						

Herat

No	Skills	Possessed	Level of Skills			No	Possessed	Possessed	Level of Skills		
			High	Medium	Low				High	Medium	Low
1	Tailoring (Male & Female)	17%	17%	42%	41%	16	Hair style services	2%	15%	54%	15%
2	Livestock related activities	8%	27%	27%	45%	17	Vehicle Tire Repair/Replacement	1%	0%	38%	63%
3	Masonry	8%	26%	72%	2%	18	Bee Keeping	1%	14%	29%	57%
4	Crochet Handicrafts	5%	10%	47%	27%	19	Marketing and Sales	1%	0%	14%	71%
5	Rug Weaving	5%	44%	44%	11%	20	Mobile Phone Repair	1%	0%	100%	0%
6	Carpentry	5%	15%	54%	27%	21	Restaurants and food service activities	1%	17%	50%	33%
7	Plumbing Skills	4%	10%	20%	65%	22	Computer/IT, electronics Programming and Repair	1%	20%	40%	20%
8	Motorcycle Repair	3%	21%	42%	37%	23	Refrigerator / Washer / Dryer maintenance and Repair	1%	33%	33%	33%
9	Purse and Bag Manufacture	3%	16%	53%	11%	24	Solar Panel Repair	1%	0%	67%	33%
10	Handicrafts	3%	6%	33%	61%	25	Jewelry Making	0%	0%	50%	50%
11	Poultry raising	3%	18%	29%	53%	26	Management and Administration	0%	50%	50%	0%
12	Shoe manufacturing / Repair	3%	0%	65%	59%	27	Business Development and Customer Relation	0%	0%	100%	0%
13	Learning English	3%	13%	50%	38%	28	Food Processing and Preservation	0%	0%	100%	0%
14	Electrical Skills	3%	7%	36%	50%	29	Other	12%	19%	10%	6%
15	Learning Computer	3%	7%	57%	29%						

- Literacy level
 - Few IDPs have above a basic literacy level, and roughly half cannot read or write at any level. This is likely a contributing factor to the distribution of skills possessed seen above; most of these skills possessed do not require literacy, while the ones that do (e.g. business, computers) are found a very low rates.

- The low prevalence of literacy poses a difficult dilemma to training, as those skills requiring literacy are automatically eliminated from the consideration set for many IDPs. A focus on these skills would thus require a longer term literacy initiative to provide the necessary foundation for learning.



- Employment and training preferences
 - IDPs and Returnees desire to learn Tailoring and Livestock Activities at the highest rates, though lower percentages of respondents in both regions had interest in the less traditional field of motorcycle repair as well.
 - The effects of literacy rates seen above may again be influencing choices here, with respondents self-selecting out of skill paths that require one to be able to read and write.
 - Most respondents desire to learn skills of their choosing to a high level of proficiency. For many, the desire is to increase their proficiency level for skills they already possess at lower levels. While expertise may be more valued in the marketplace, a high level of proficiency cannot be easily achieved in the classroom. Even if it were good practice to provide training in the areas IDPs state they wish to learn (which as indicated in other questions may not be the best approach), DRC itself may not be able to provide the kind of training they want.

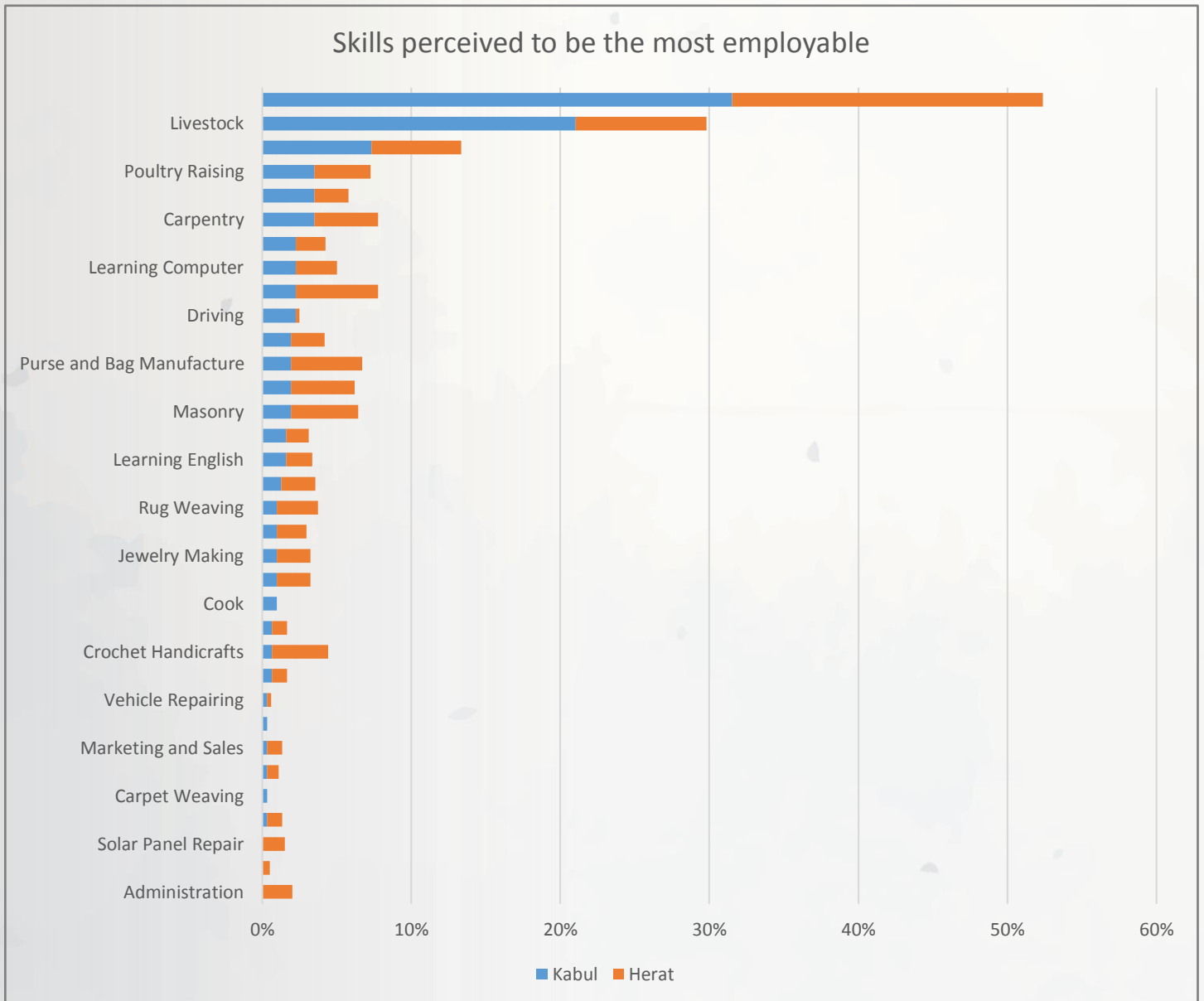
Kabul

No	Skills	Prefers to learn	Low	Medium	High	No	Skills	Prefers to learn	Low	Medium	High
1	Tailoring (Male and Female)	19%	10%	1%	92%	16	Mobile Phone Repair	2%	0%	13%	87%
2	Livestock Related Activities	13%	1%	12%	87%	17	Plumbing Skills2	2%	6%	31%	63%
3	Motorcycle Repair	8%	2%	27%	62%	18	Rug Weaving	2%	0%	6%	81%
4	Poultry Raising	7%	0%	29%	71%	19	Shoe Manufacturing and Repair	2%	9%	0%	91%
5	Carpentry	5%	0%	29%	68%	20	Bee Keeping	1%	0%	33%	67%
6	Computer	5%	9%	0%	76%	21	Computer Repair	1%	0%	20%	80%
7	English	5%	6%	0%	94%	22	Hair Style Services	1%	0%	43%	57%
8	Others	4%	0%	12%	80%	23	Jewelry Making	1%	0%	29%	71%
9	Purse and Bag Manufacturing	4%	3%	14%	59%	24	Refrigerator / Washer / Dryer maintenance and Repair	1%	0%	13%	75%
10	Restaurants and Food Service Activities	3%	26%	5%	68%	25	Administration	0%	0%	0%	100%
11	Vehicle Tire Repair and Replacement	3%	4%	22%	65%	26	Business Development and Customer Relation	0%	0%	50%	50%
12	Crochet Handicrafts	2%	6%	6%	88%	27	Food Processing	0%	0%	0%	100%
13	Electrical Skills	2%	0%	0%	121%	28	Marketing and Sales	0%	0%	0%	100%
14	Handicrafts	2%	0%	15%	85%	29	Solar Panel Repair	0%	0%	0%	100%
15	Masonry	2%	0%	12%	88%						

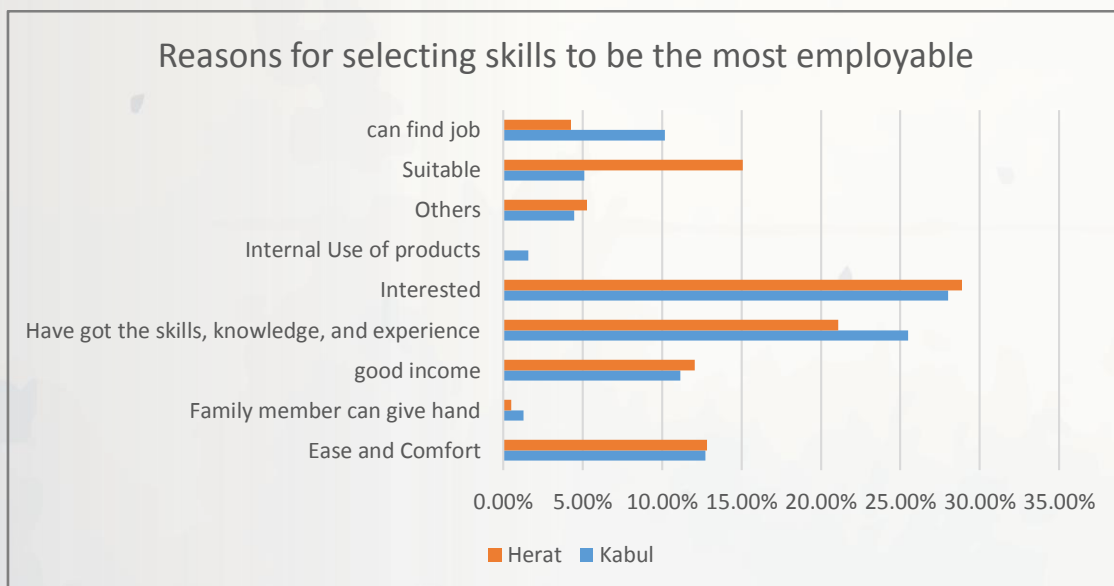
Herat

No	Skills	Prefers to learn	High	Medium	Low	No	Skills	Prefers to learn	High	Medium	Low
1	Tailoring (Male & Female)	18%	87%	13%	0%	16	Plumbing Skills	3%	47%	47%	6%
2	Livestock related activities	7%	88%	9%	0%	17	Electrical Skills	3%	69%	31%	0%
3	Crochet Handicrafts	6%	64%	36%	0%	18	Refrigerator / Washer / Dryer maintenance and Repair	2%	38%	62%	0%
4	Motorcycle Repair	5%	88%	6%	0%	19	Restaurants and food service activities	2%	83%	8%	8%
5	Masonry	5%	61%	39%	0%	20	Computer/IT, electronics Programming and Repair	2%	91%	0%	0%
6	Purse and Bag Manufacture	5%	66%	19%	0%	21	Management and Administration	2%	73%	9%	9%
7	Handicrafts	5%	77%	20%	3%	22	Hair style services	2%	80%	20%	0%
8	Carpentry	4%	71%	21%	0%	23	Jewelry Making	2%	90%	0%	0%
9	Poultry raising	4%	56%	36%	4%	24	Others:	1%	89%	11%	0%
10	Shoe manufacturing / Repair	4%	54%	46%	0%	25	Bee Keeping	1%	50%	50%	0%
11	Learning English	3%	77%	18%	5%	26	Solar Panel Repair	1%	71%	14%	14%
12	Mobile Phone Repair	3%	86%	9%	0%	27	Marketing and Sales	1%	60%	40%	0%
13	Vehicle Tire Repair/Replacement	3%	63%	32%	0%	28	Business Development and Customer Relation	1%	75%	25%	0%
14	Rug Weaving	3%	72%	22%	0%	29	Food Processing and Preservation	0%	100%	0%	0%
15	Learning Computer	3%	82%	18%	0%						

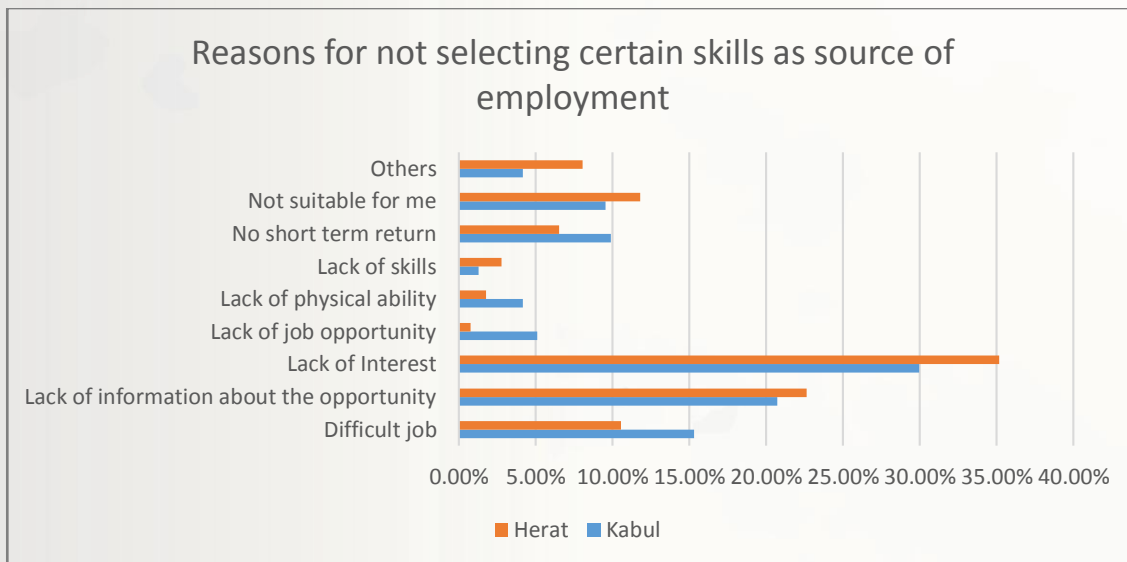
- What skills do the IDPs and Returnees perceive to be the most employable skill?
 - Respondents perceive Tailoring and Livestock Activities to be the most employable skills, followed by motorcycle repair. These responses closely mirror the choices above and indicate that perceived employability drives choice of desired profession to learn.
 - Computers are the exception to link between employability and desire to learn, with higher rates of perceived employability than those wishing to learn the skill. This again reinforces literacy as barrier to otherwise attractive jobs.



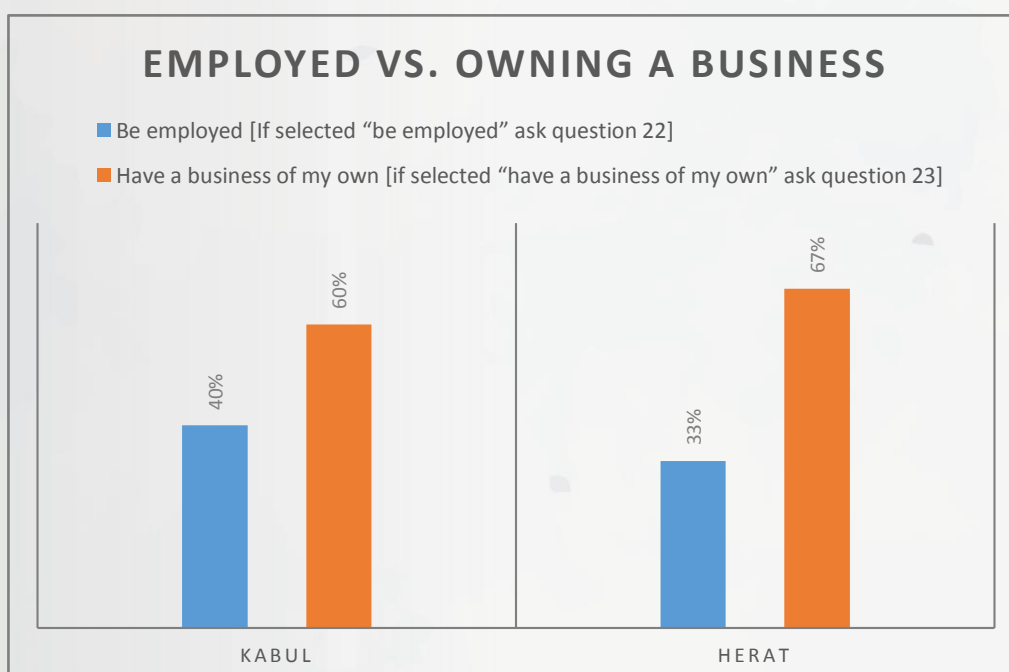
- Why have you selected what you selected to be the most employable sector for you?
 - Respondents state that their perceptions of employability stem from some baseline level of interest or existing knowledge of the field. The ability to actually find a job in the chosen profession is remarkably low in the consideration.
 - These reasons do not vary with choice of skill; interest drives those seeing computers as employable (few as they are) as much as those choosing tailoring. Further analysis shows the impact of literacy again here as well, for while both choices are correlated with interest, interest itself is correlated with literacy. Comparing computers to tailoring, the level of illiteracy was 64% among those selecting tailoring, but only 22% in those selecting computers.
 - That a sector can provide good income is only a consideration for 12% of respondents. This indicates an approach of selling IDPs on the opportunity may not be the best approach to generate participation. Rather, IDPs might respond better to attempts to get them interested in the details of the specific trade.



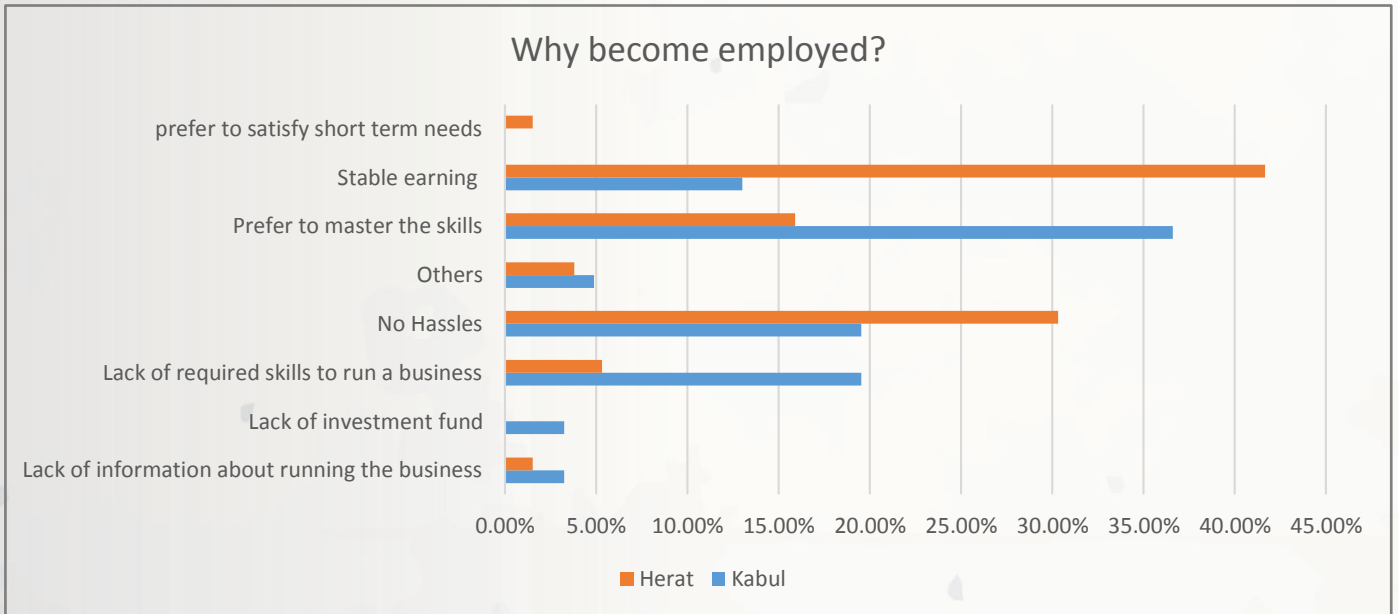
- Why have you not selected what you have not selected as the most employable sector for you?
 - When asked the inverse of the above for skills not chosen as employable, respondents again learn on interest, and few cite lack of opportunity.
 - Lack of information, however, is acknowledged. With over 20% of respondents admitting they don't know enough about other trades, there is room here for career education. Such education may lift the interest level in non-traditional choices for occupation.



- Preference to be employed Vs. owning a business
 - The majority of respondents are interested in having a business of their own. However, these responses are divided sharply along gender lines; most female respondents preferred to be employed, while most male respondents preferred to have a business of their own. Initiatives that make seek to use sole proprietorship of women as an entrepreneurial avenue to livelihood that gets around cultural barriers may have to contend with the fact that most women do not wish to start their own business. Though as seen in later questions, that preference may stem from insecurity in their knowledge of requisite skills to do so.
 - Being jobless or a labor worker did not impact the desire to start one's own business, though displaced persons were more likely to want to start their own business than returnees. Efforts to assist in starting new businesses might thus be more successful when targeting displaced persons than returnees.

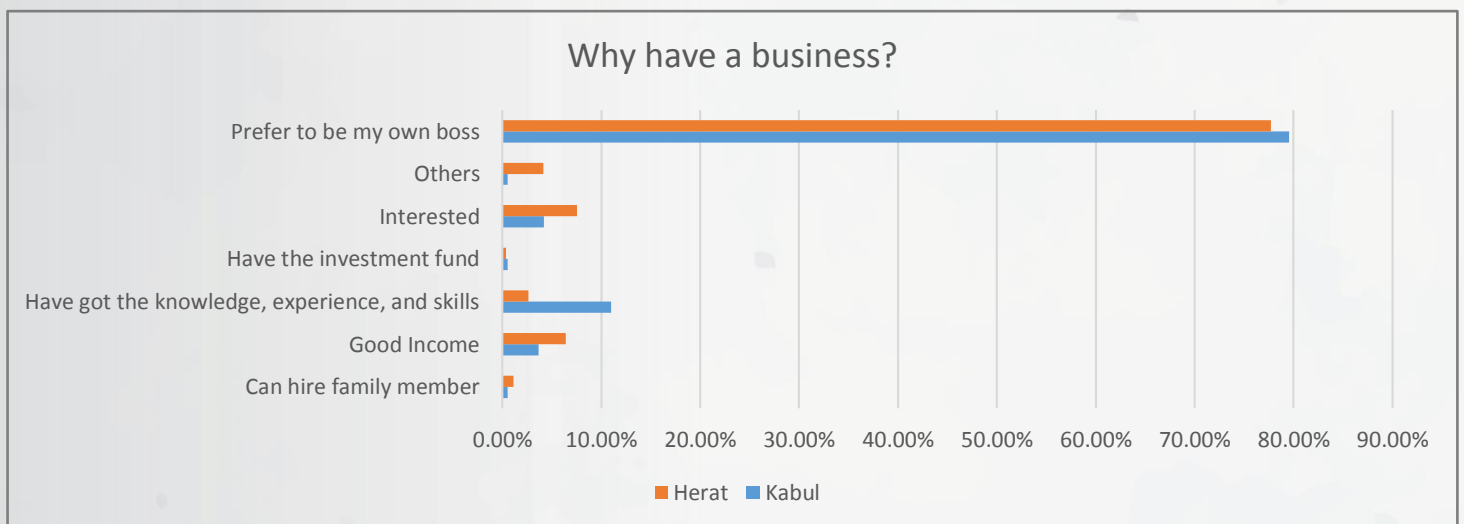


- Why become employed?
 - Stable earnings, a preference to master a given skill set, and the relatively lower levels of responsibility top the reasons for preferring to be employed.
 - Both genders see value in mastering skills. However, a greater portion of men prefer employment due to lack of hassles and stable earnings, while women are more likely to cite the lack of required skills to run a business. This indicates that given the proper education, more women might be willing to start their own businesses.



Why own a business?

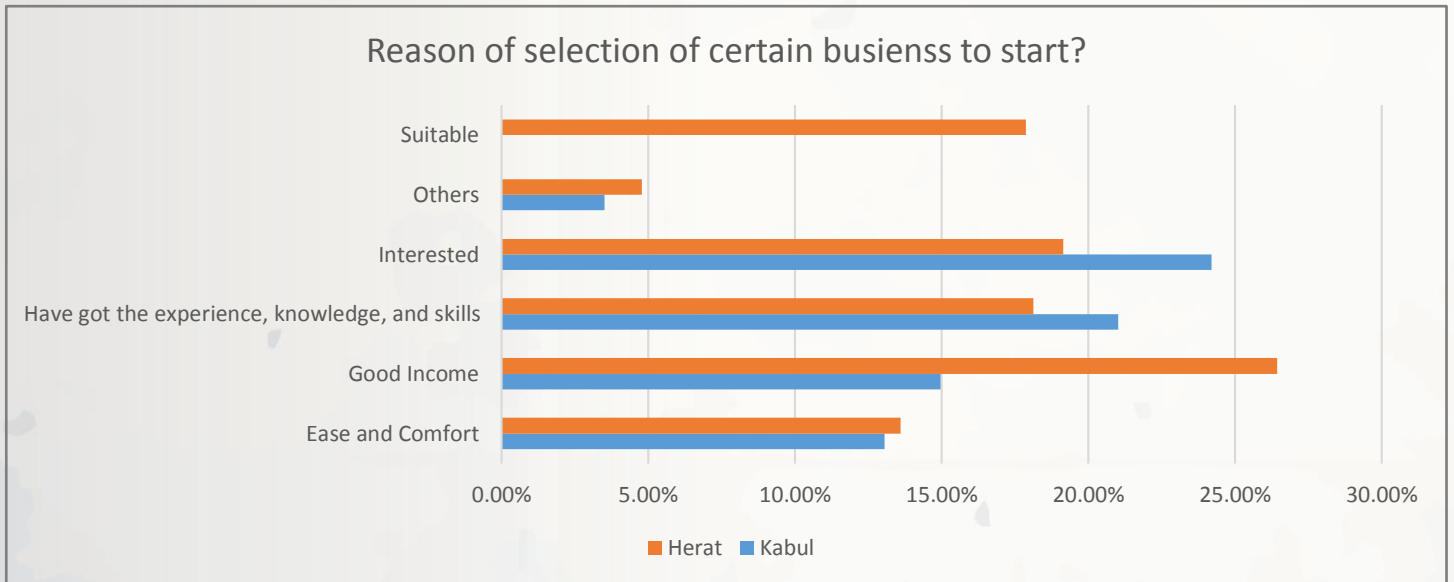
- A preference for being one’s own boss is by far the highest factor in preferring to have a business, for both men and women. It is interesting that the availability of family members does not factor more prominently into the decision, considering the large household sizes in this population. This is perhaps because many in the household are Persons with Specific Needs and possibly unable to assist with a business. Yet, the household counts indicate there should be some available assistance within a household; these results can thus be taken that personal considerations outweigh consideration of whole-household employment when evaluating whether to start a business.



- Preferred business to start provided capital and trainings
 - Provided with requisite training and funding, most of those wanting to start a business would start a Tailoring or Livestock business. These choices mirror those for employment, with the same drivers.
 - While the patterns are similar in both locations, respondents in Herat are more willing to start businesses outside of Tailoring and Livestock.

Business	Kabul	Herat
Tailoring	33.99%	21.86%
Livestock	23.10%	9.55%
Motorcycle Repairing	6.60%	6.28%
Computer Repairing	3.96%	2.26%
Carpentry	3.63%	4.02%
Poultry	3.30%	2.76%
Masonry	1.98%	5.03%
Mobile Phone Repairing	1.98%	4.02%
Purse and Bag Manufacture	1.98%	4.77%
Restaurants and Food Service Activities	1.98%	2.26%
Shoe Manufacturing	1.98%	1.76%
Driving	1.98%	0.25%
Handicrafts	1.65%	5.53%
Rug Weaving	1.65%	2.76%
Electrical Skills	1.32%	2.26%
Hair Style Services	0.99%	2.26%
Jewelry Making	0.99%	2.26%
Plumbing	0.99%	2.10%
Vehicle Tire Repair/Replacement	0.99%	1.51%
Cooking	0.99%	0%
Bee Keeping	0.66%	1.01%
Refrigerator / Washer / Dryer maintenance and Repair	0.66%	1.01%
Vehicle Repairing	0.66%	0.25%
Business Development and Customer Relation	0.33%	1.01%
Crochet Handicrafts	0.33%	3.27%
Food Processing and Preservation	0.33%	0.75%
Hotel and Restaurant services	0.33%	0%
Management and Administration	0.33%	1.76%
Marketing and Sales	0.33%	1.01%
Beauty Parlor	0%	0.50%
Learning Center	0.00%	3.77%
Solar Panel Repair	0%	1.51%

- Why do you want to start that business?
 - Similarly to employment, respondents cite a baseline level of interest or existing knowledge of the field as reasons to start the business, with the additional consideration of income. That the choice of business above and reasons for choosing a business below both mirror those for employment indicate that a choice of desired occupation is made first, followed by a preference for whether to pursue that occupation through employment or entrepreneurship. This is a notably different way of thinking than a pure entrepreneurial mindset, whereby the entrepreneurship decision would be made first, then pursued in whatever field held opportunity.

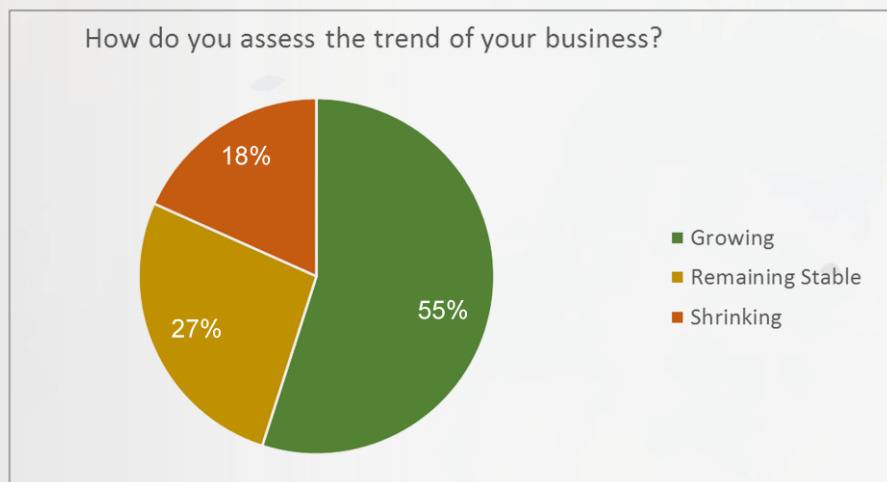


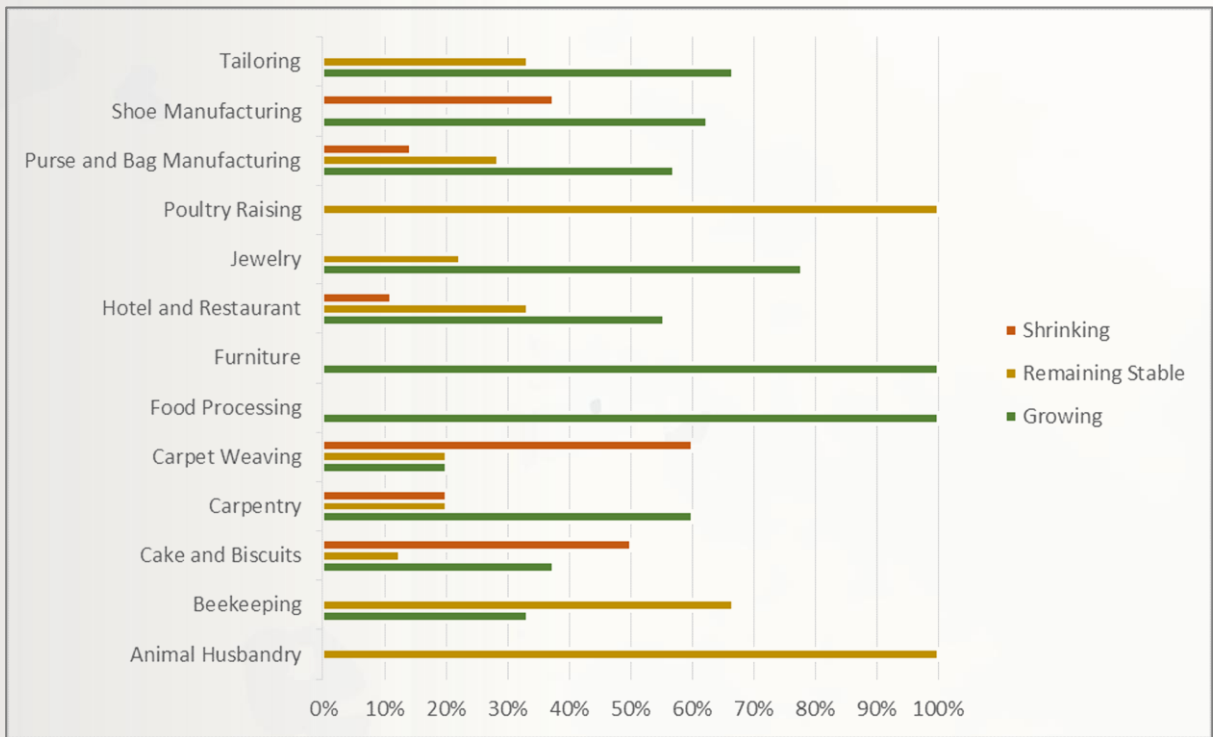
3.2. Labor Market Study

For this study, responses were gathered from Presidents and Managers of companies in the sectors of Animal Husbandry, Beekeeping, Cake and Biscuits, Carpentry, Carpet Weaving, Food Processing, Furniture, Hotel and Restaurant, Jewelry, Poultry Raising, Purse and Bag Manufacturing, Shoe Manufacturing, and Tailoring. Most have been at their jobs several years, with many respondents having 10 or 20 years of experience. Companies ranged in size in number of employees from one to one hundred, with an average size of 12 employees. Each of these sectors employs a skilled labor force; most of the companies surveyed considered all or close to all of their employees to be experts in their given fields. In all, 71 responses were gathered with the following representation:

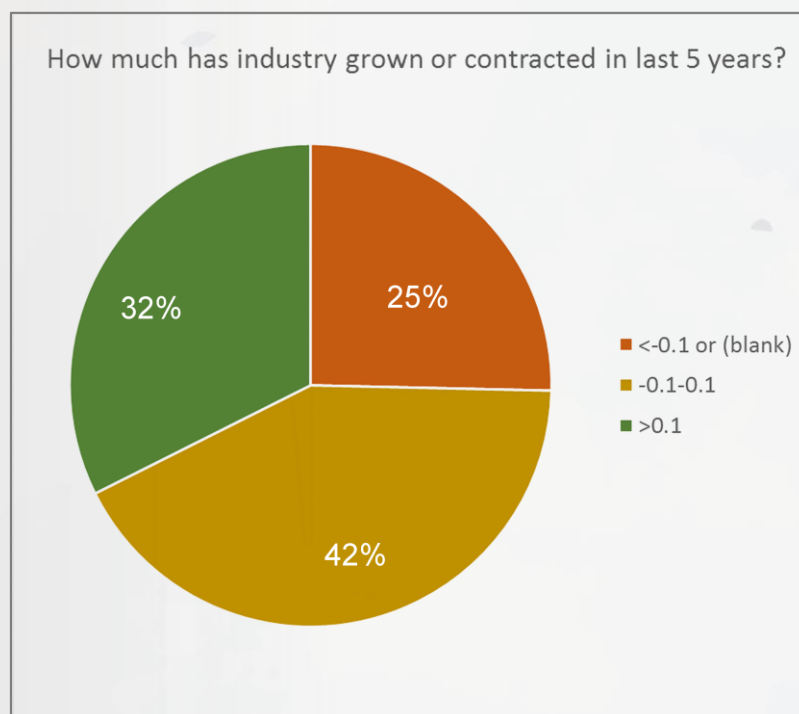
Sector	Count
Animal Husbandry	1
Beekeeping	6
Cake and Biscuits	8
Carpentry	5
Carpet Weaving	5
Food Processing	1
Furniture	2
Hotel and Restaurant	9
Jewelry	9
Poultry Raising	1
Purse and Bag Manufacturing	7
Shoe Manufacturing	8
Tailoring	9
Total	71

- How do you assess the trend of your business?
 - More than half of respondents felt their businesses were currently growing, with only 18% reporting shrinking. Furniture, Food Processing, Jewelry, and Tailoring were found to be growing while Carpet Weaving and Cake and Biscuits were mixed to shrinking.
 - For those businesses reporting growth, market demand was the most cited cause.



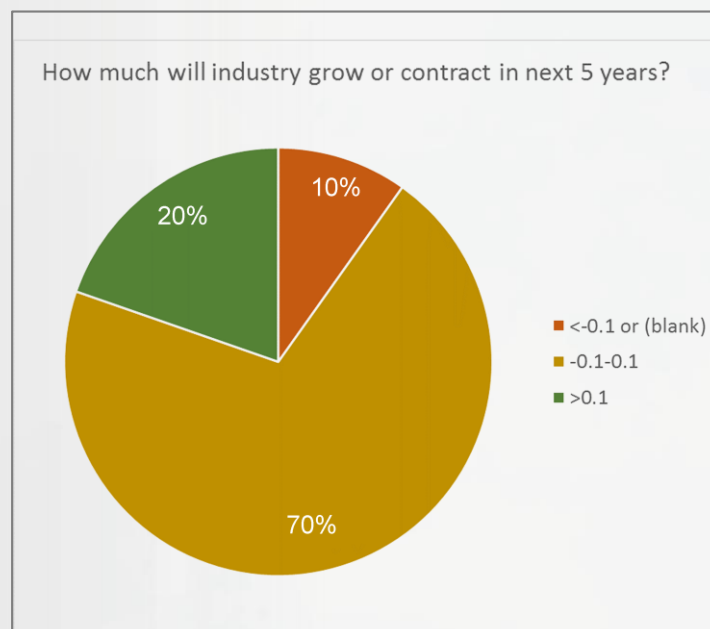


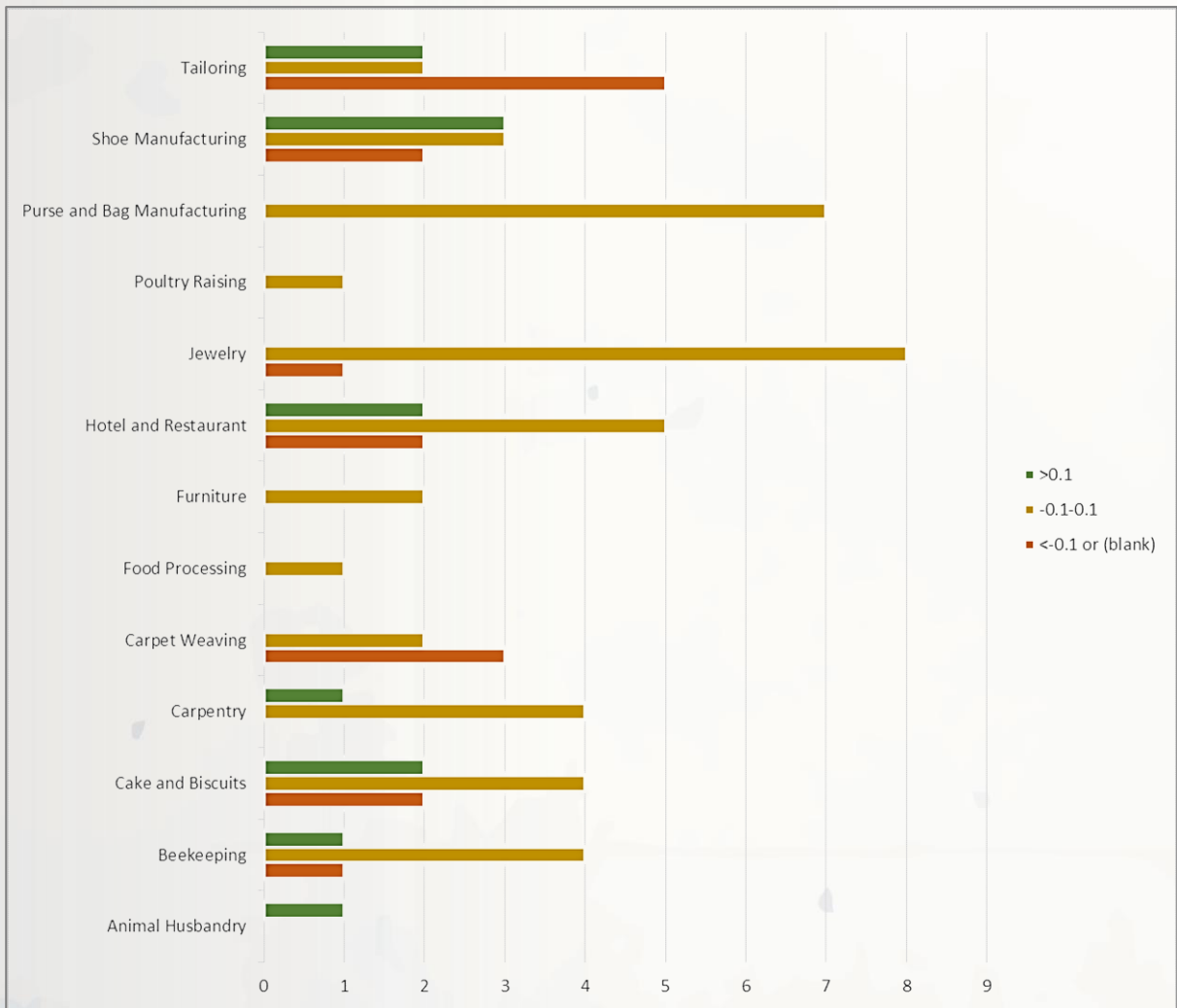
- Despite some current headwinds for some businesses, only two respondents were actively planning to downsize in the future. Of the remainder, just over half planned to remain stable in the future, with the balance planning for future growth. A desire for more income was most frequently stated as the reason for growth, while those planning to remain stable in the future wished to avoid taking risk.
- How much has the industry grown or contracted in the previous 5 years? (%)
 - Respondents within industries provided conflicting answers to past industry growth, indicating a lack of detachment of objective industry knowledge from local observable forces.





- How much will it grow or contract in the next 5 years? (%)
 - Most respondents see relative stability in their industry over the next five years. Given previous responses, this may be interpreted just as easily as an uncertainty over whether the industry will grow or contract.
 - Unemployment is the top reason for expected contraction, with some concerned about security. An expected increase in demand is the main driver for those expecting growth.



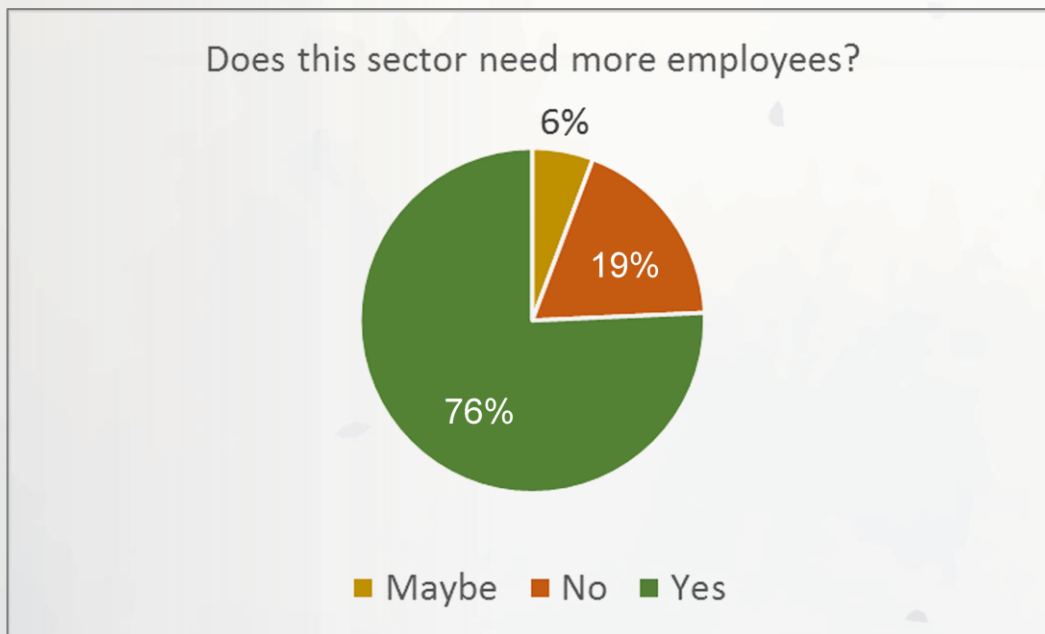


- What are the top challenges facing your company to realize its growth potential?
 - Half of all respondents cited the overall growth in demand for a given sector as a top challenge. Other challenges included lack of funds, competition, and lack of skilled workers.
 - Lack of skilled workers was identified in six of the sectors, with the highest percentage reporting a shortage being Cakes and Biscuits.

Challenge	% Identifying Challenge
Sector Growth/Demand	51%
Lack of funds	37%
Competition	31%
Lack of skilled workers	21%
Lack of raw materials	1%

Sector	% responding lack of skilled workers
Cake and Biscuits	50%
Hotel and Restaurant	44%
Shoe Manufacturing	38%
Beekeeping	33%
Jewelry	11%
Tailoring	11%

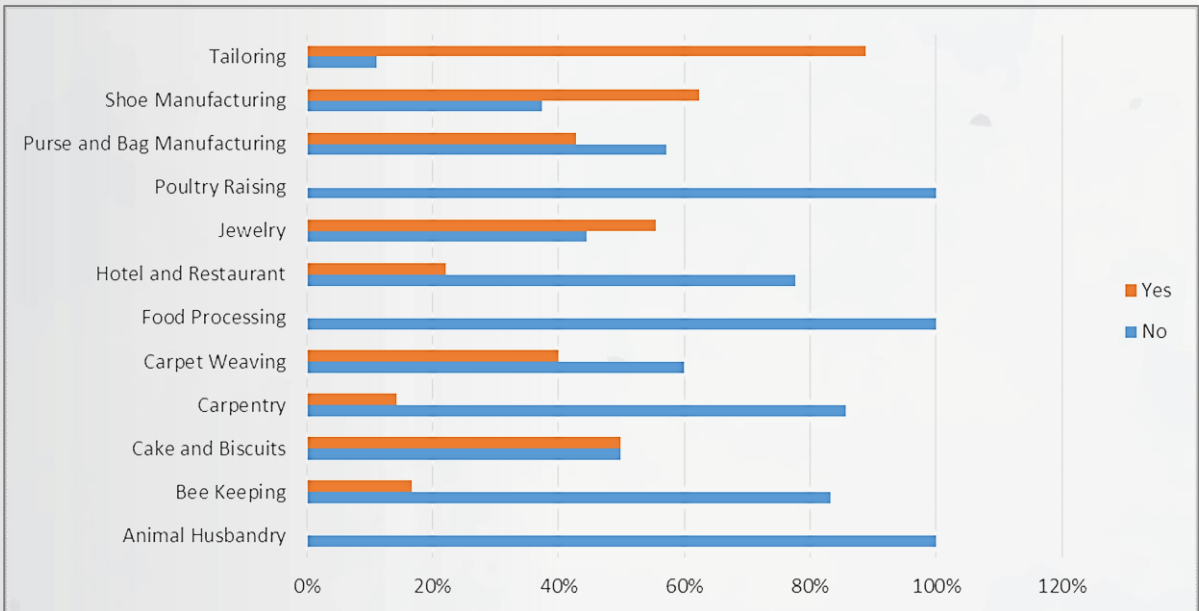
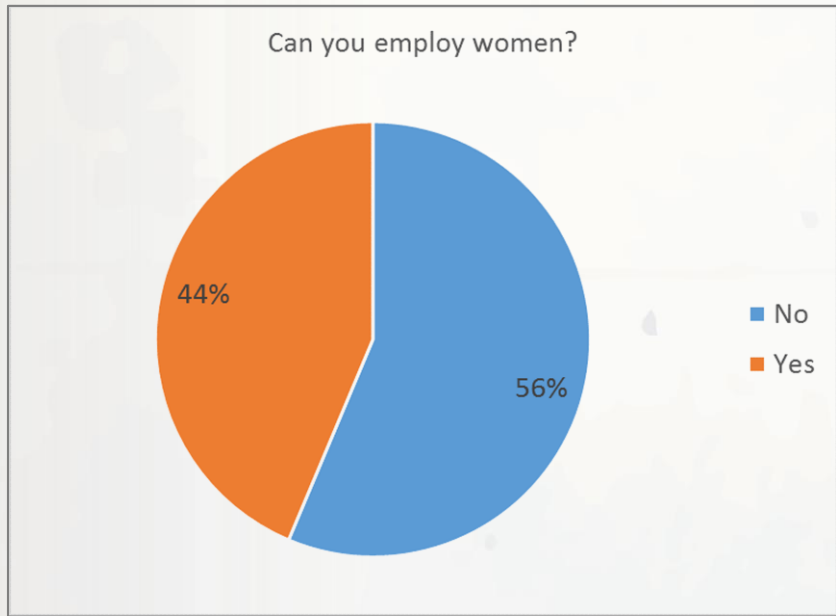
- Do you think this sector needs more employees?
 - Most respondents believed their sectors require more employees, though Animal Husbandry, Beekeeping, Carpentry, Furniture, Hotel and Restaurant, and Tailoring had the lowest percentages answering in the affirmative on a relative basis.
 - While more employees are needed, employers are mixed on whether they have trouble finding them; 46% of respondents had no difficulty finding the workers needed for their business.
 - When asked about future expectations, respondents were again mixed but slightly more optimistic on the whole; 60% said they expect it to become less difficult to find the workers they need, primarily due to the wide availability of people looking for work.



Sector	Maybe	No	Yes
Animal Husbandry	0%	100%	0%
Beekeeping	17%	17%	67%
Cake and Biscuits	0%	25%	75%
Carpentry	20%	20%	60%
Carpet Weaving	0%	0%	100%
Food Processing	0%	0%	100%
Furniture	50%	0%	50%
Hotel and Restaurant	0%	33%	67%

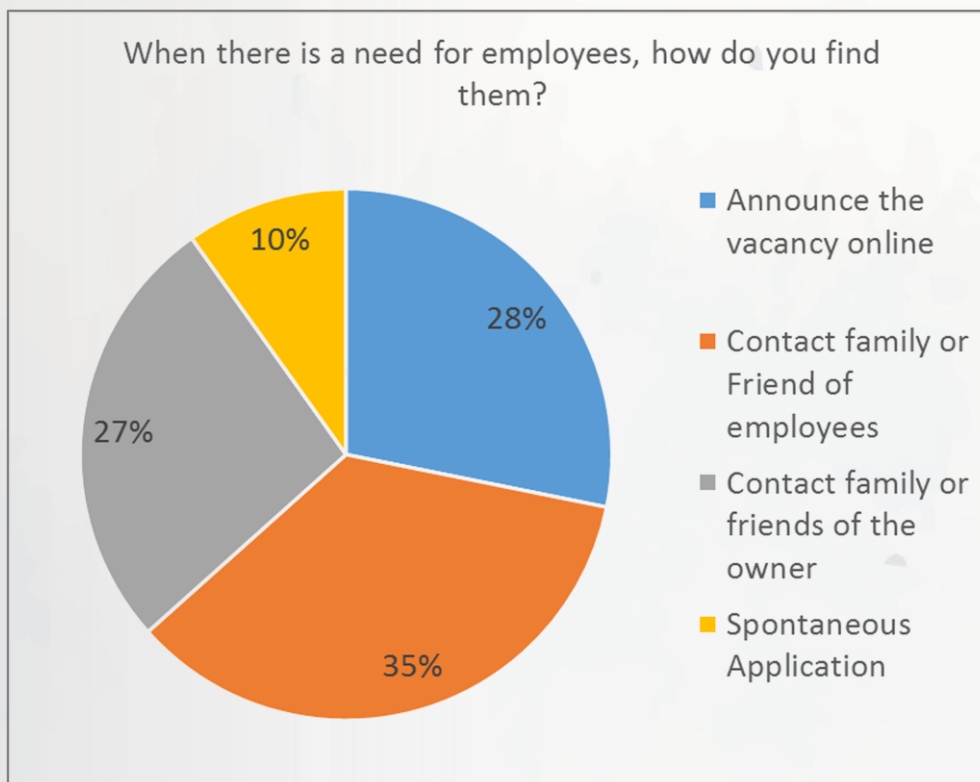
Jewelry	0%	0%	100%
Poultry Raising	0%	0%	100%
Purse and Bag Manufacturing	0%	29%	71%
Shoe Manufacturing	0%	14%	86%
Tailoring	11%	22%	67%
Total	6%	19%	76%

- Can you employ women?
 - More than half of respondents answered they could not employ women. When asked why, most answering no cited cultural reasons. Though while 44% stated they could employ women, only 14% actually did employ women, indicating an even greater degree of bias than this question would suggest.
 - Cake and Biscuits, Jewelry, Shoe Manufacturing, and Tailoring were the sectors most open to employing women.



Sector	No	Yes
Animal Husbandry	100%	0%
Beekeeping	83%	17%
Cake and Biscuits	50%	50%
Carpentry	80%	20%
Carpet Weaving	60%	40%
Food Processing	100%	0%
Furniture	100%	0%
Hotel and Restaurant	78%	22%
Jewelry	44%	56%
Poultry Raising	100%	0%
Purse and Bag Manufacturing	57%	43%
Shoe Manufacturing	38%	63%
Tailoring	11%	89%
Total	56%	44%

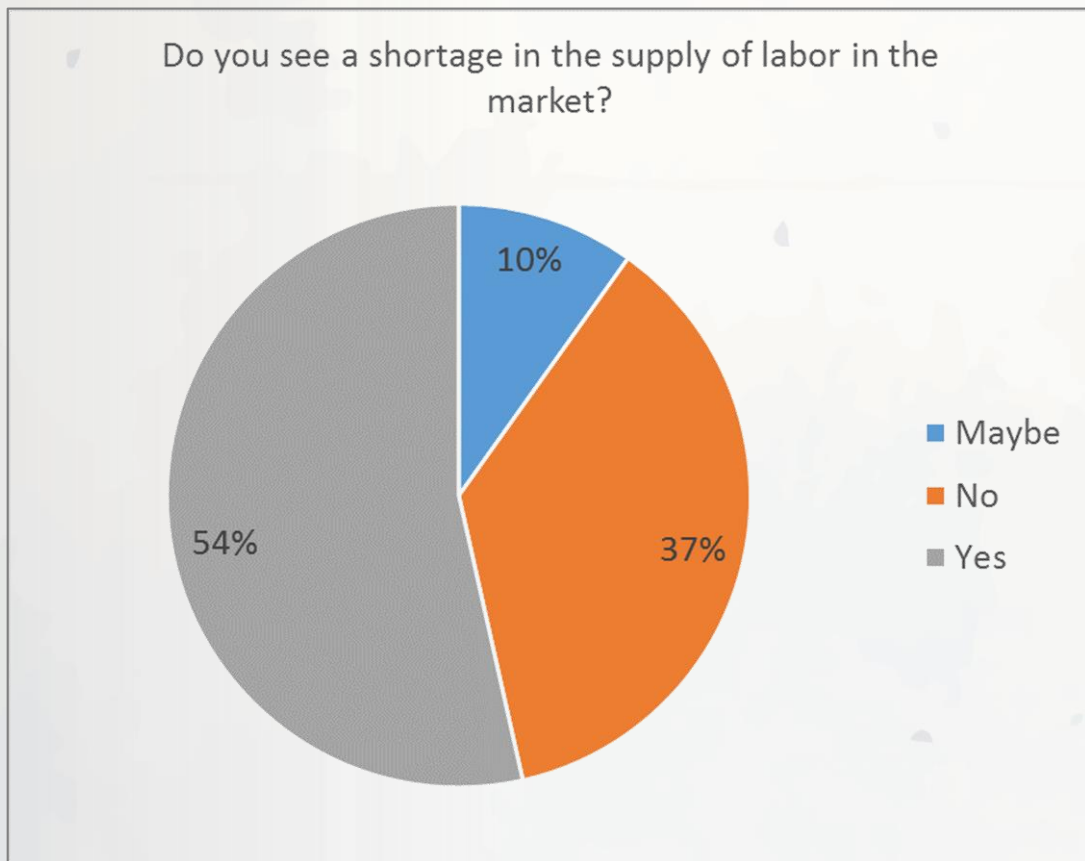
- When there is a need for employees, how you find them?
 - Most respondents find new employees through family and friends connections.



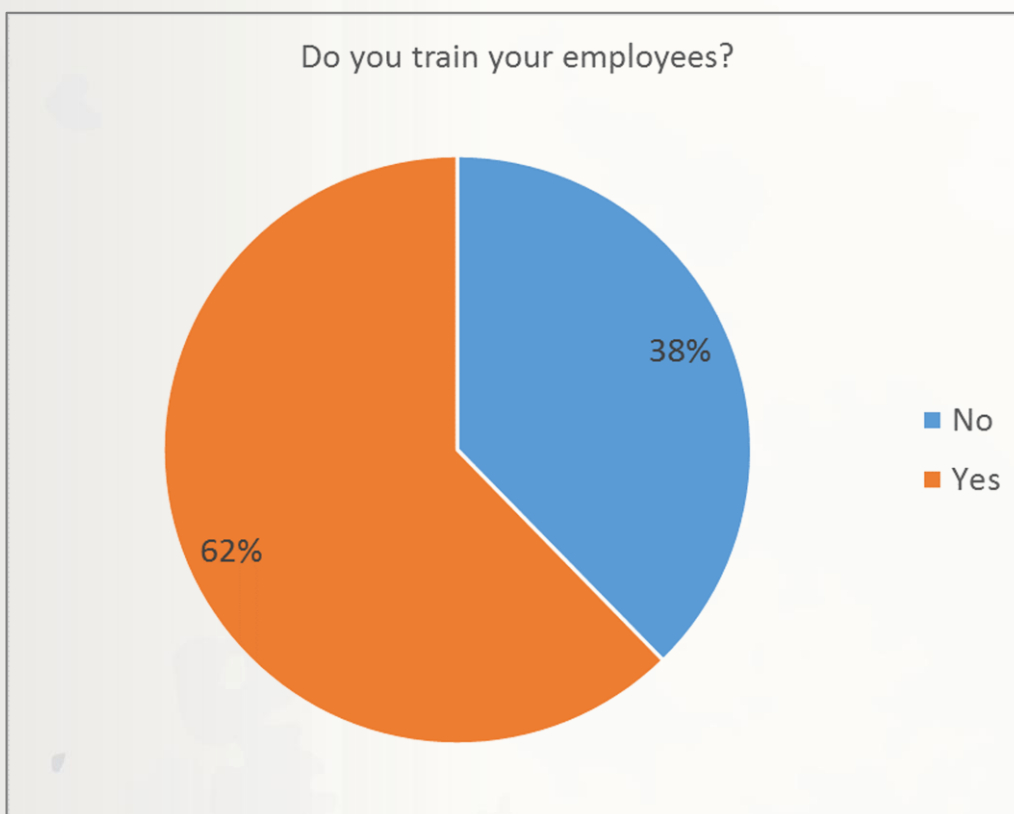
- Rank of qualifying criteria you look for when hiring a new employee?
 - Qualification and skills was the clear winner in most important criteria when hiring a new employee. Trustworthiness, existence of guarantor, and commitment were all relatively close for second most important consideration.

Criteria	Relative Importance (1=highest)
Qualification and skills	1
Trustworthiness	2
Existence of Guarantor	3
Commitment to working for a long period of time	4
Low benefits	5
Culturally fit	6
Obedient	7
Age	8
Gender	9

- Do you see shortage in the supply of labor in the market?
 - Just over half of respondents see a shortage in the supply of labor in the market. For those answering yes, that shortage was more in quality (77% of “yes” respondents) than quantity (23% of “yes” respondents).

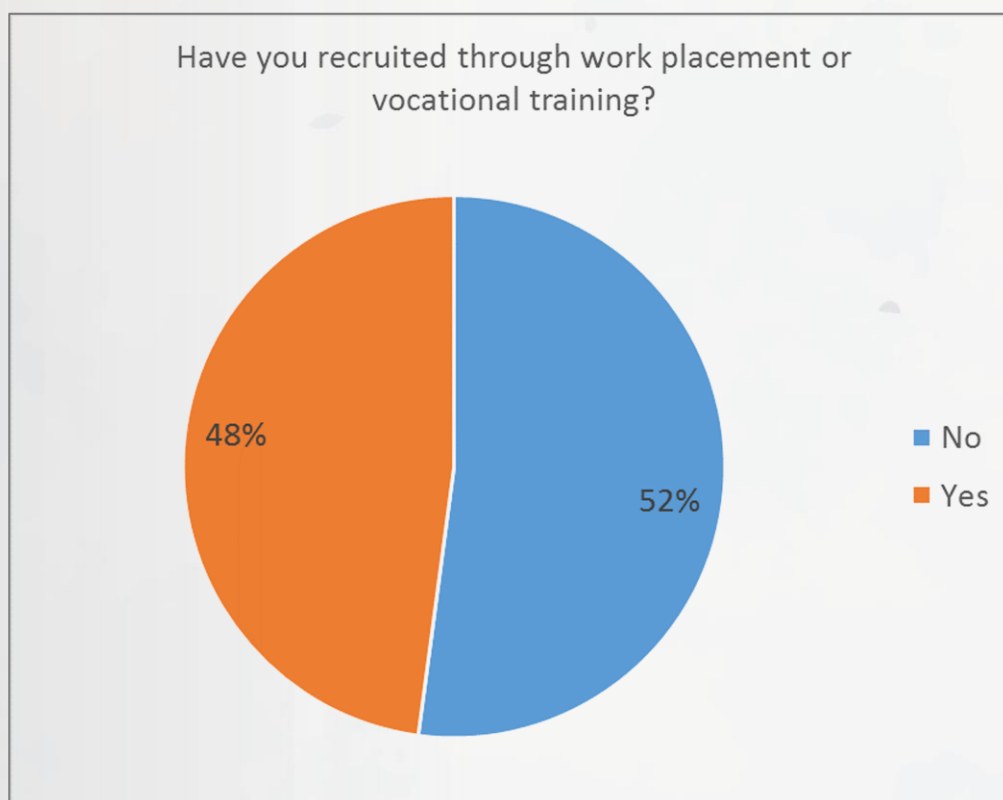


- Do you train your employees?
 - 62% of companies provide training for their employees.



- Have you recruited through work placement or vocational training?

Almost half have recruited through work placement (20% of respondents) or vocational training (23% of respondents). Of those who haven't, 56% would be interested in doing so.



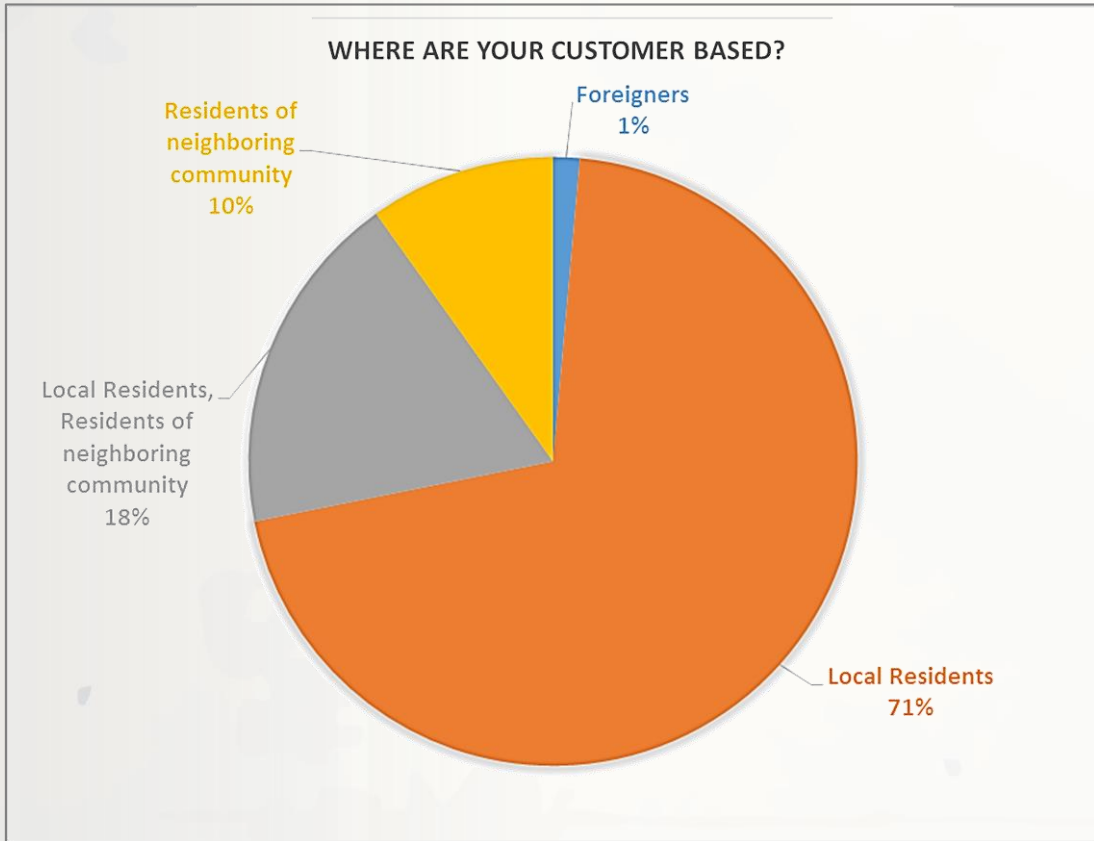
3.3. Assessing Focus Sectors for Entrepreneurship

For this section, researchers focused on the opportunity for establishing livelihoods through entrepreneurship as an alternative to employment in existing businesses. The businesses surveyed represent sectors IDPs and Returnees could conceivably start a small operation in themselves.

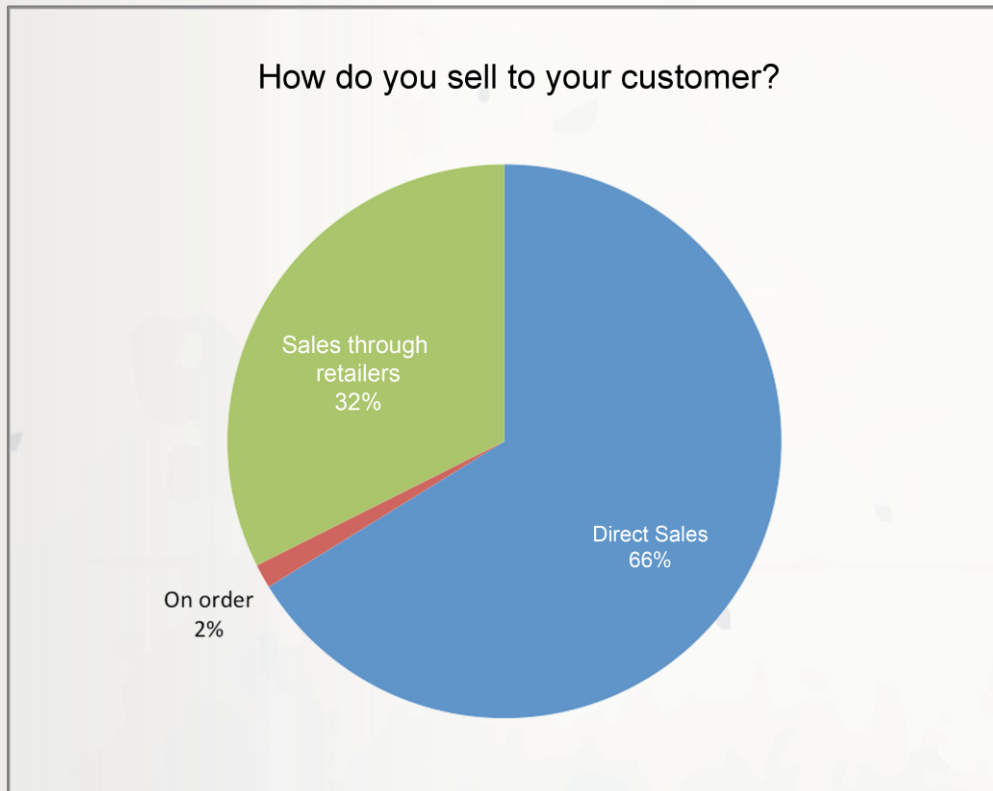
- Sectors represented
 - Six interviews (3 in Kabul and 3 in Herat) were conducted for each (with the exception of computer repair) of the sectors listed below. Those surveyed knew their businesses well, with an average of over six years of experience.

Sectors	# of Interviews	Average Years of Experience
Barber	6	4
Bicycle Repair	6	3.8
Car Mechanical Engineering	6	8.3
Computer Repair	5	3.4
Electrician	6	7.5
Handicrafts	6	5.7
Masonry	6	8.7
Mobile Phone Repair	6	3.2
Paint	6	6.3
Plumbing	6	12.8
Purse and Bag Manufacture	6	4.8
Appliance Repair/Workshop	6	5.8
Grand Total	71	6.2

- Where are your customers based?
 - Business surveyed catered almost exclusively to local and neighboring communities, with most sales coming from local residents.
 - Handicrafts were the only sector surveyed to have foreign customers, and even there, only one of six respondents reported having foreigners for customers.
 - Appliance repair, Purse and Bag Manufacturers, Paint, and Handicrafts sold to neighboring communities the most. All sectors sold to local residents the most.
 - Regardless of which sector IDPs may look to start a business in, that business will likely need to be supported at the local level.

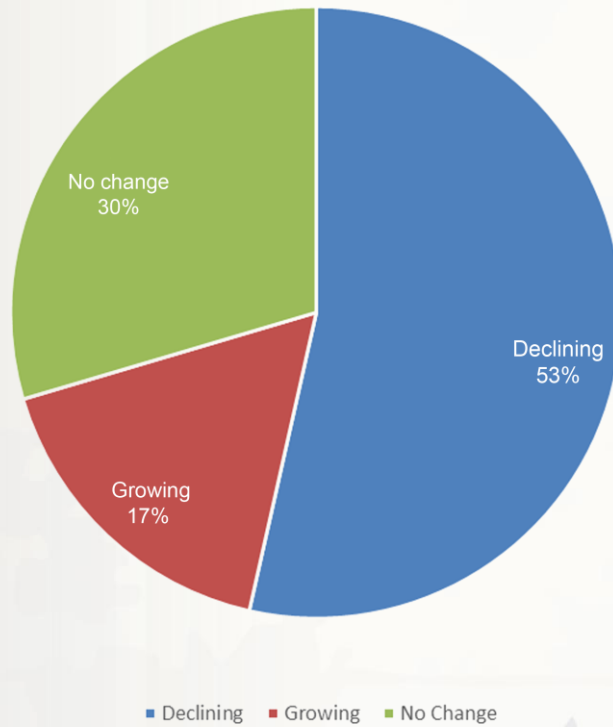


- How do you sell to your customer?
 - Most business reach their customers through direct sales, with a third utilizing retailers.
 - Especially as business first start out, their founders will have to master business to consumer marketing and selling proficiencies.

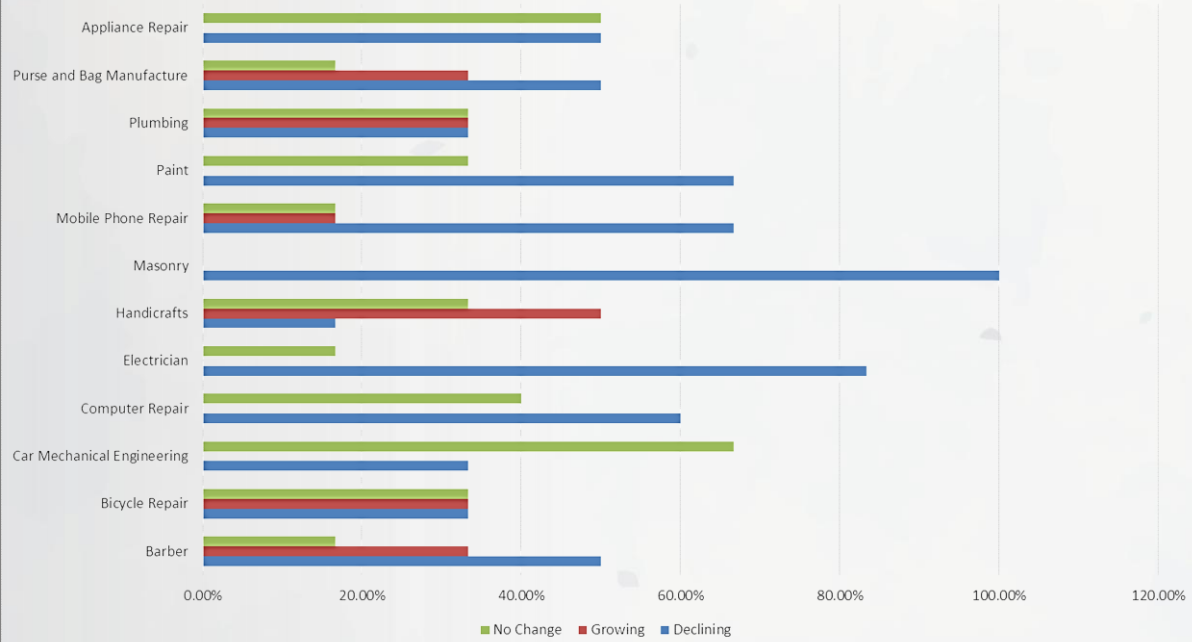


- How do you assess the trend of your business?
 - Just over half of respondents reported their businesses were declining, while only 17% stated they were growing. On a macro view, this paints a much tougher picture compared to more established business from the previous survey, where we found nearly the opposite of over half growing and only 18% shrinking.
 - Masonry stands out as the only sector with all respondents businesses' declining, while Handicrafts was the most promising with half of respondents stating they were growing. All other sectors had mixed to negative outlooks.
 - The high rate of business decline, especially compared to more established businesses, demonstrates the difficulty of being one's own boss. To be successful, IDPs need to not only know their chosen trade, but also carry out their business management proficiently and be able to weather the market.

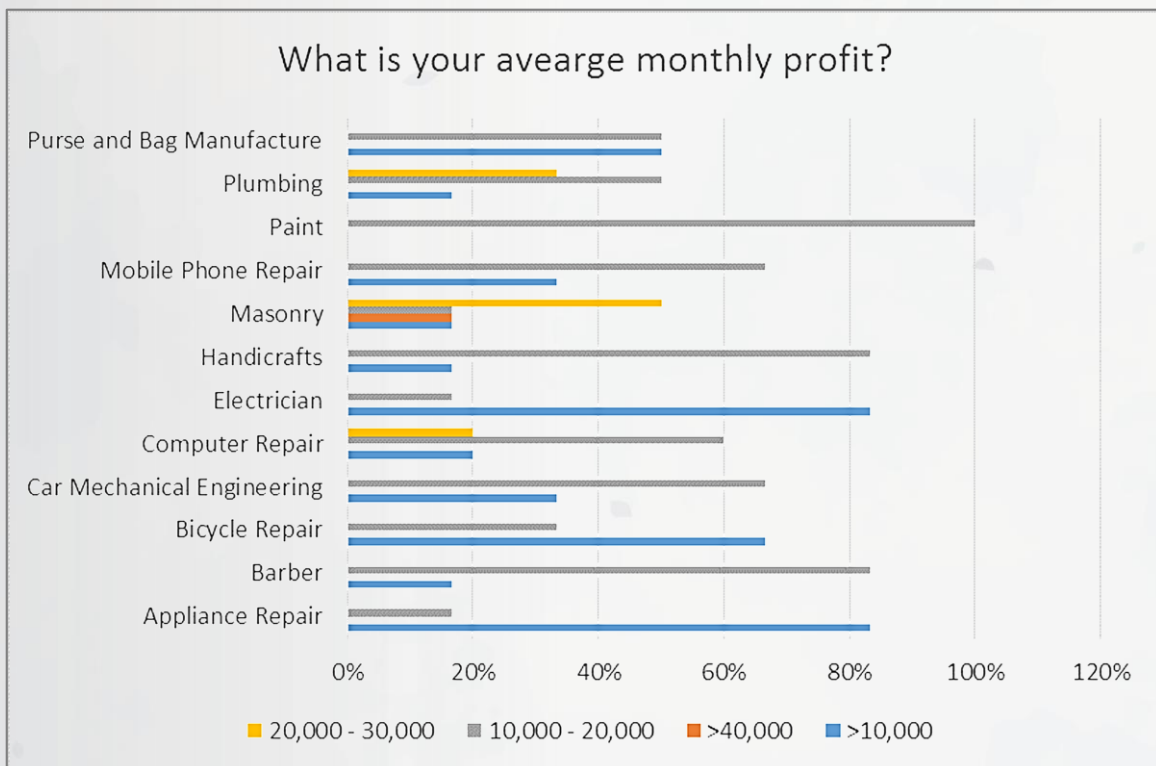
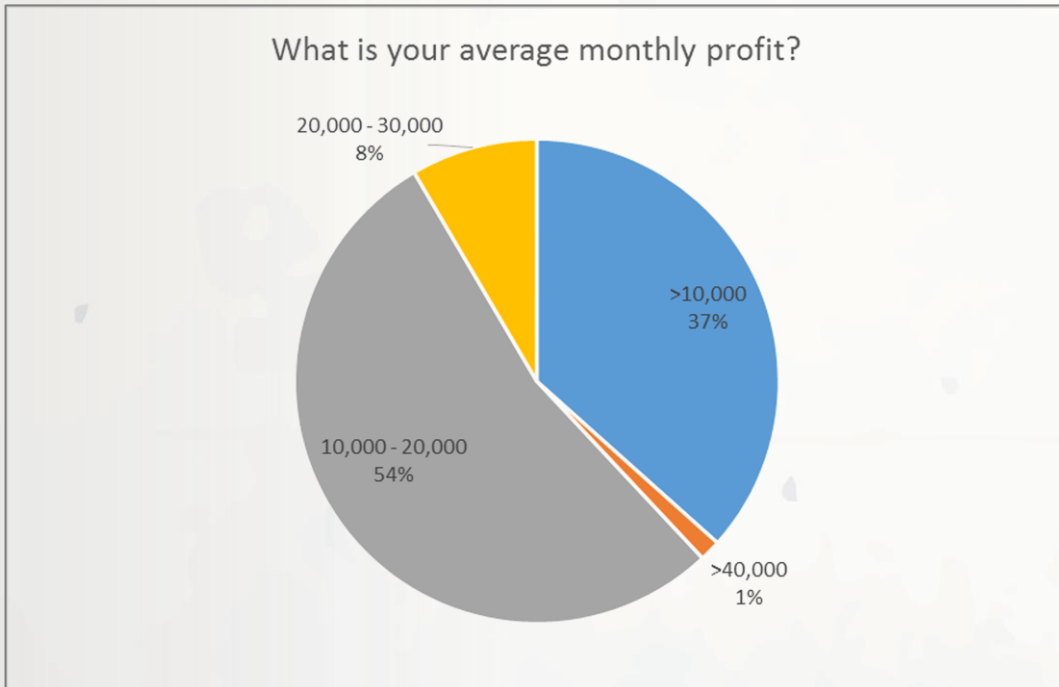
How do you assess the trend of your business?



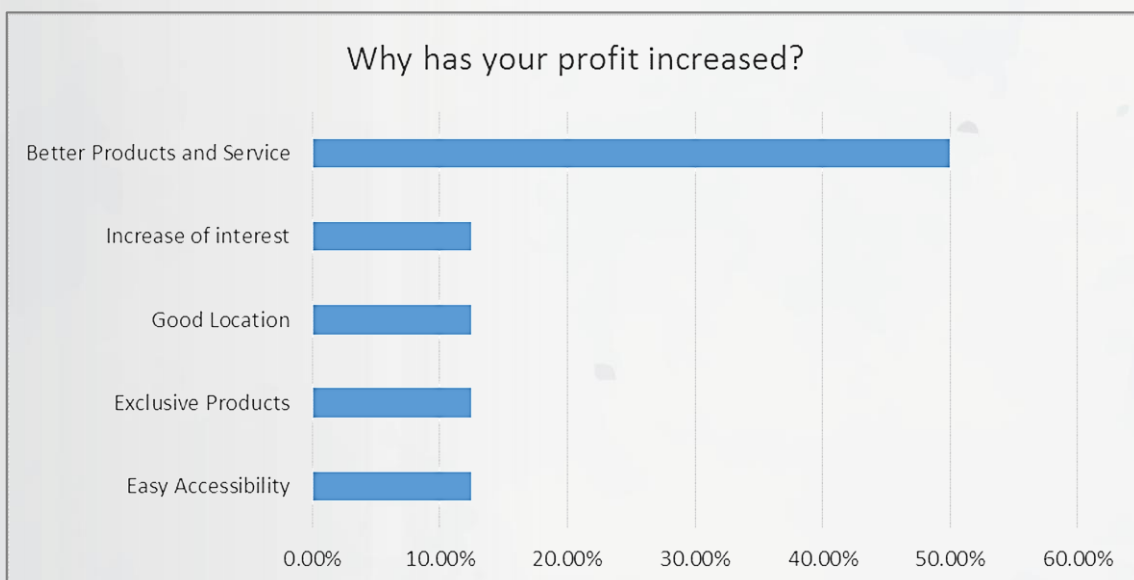
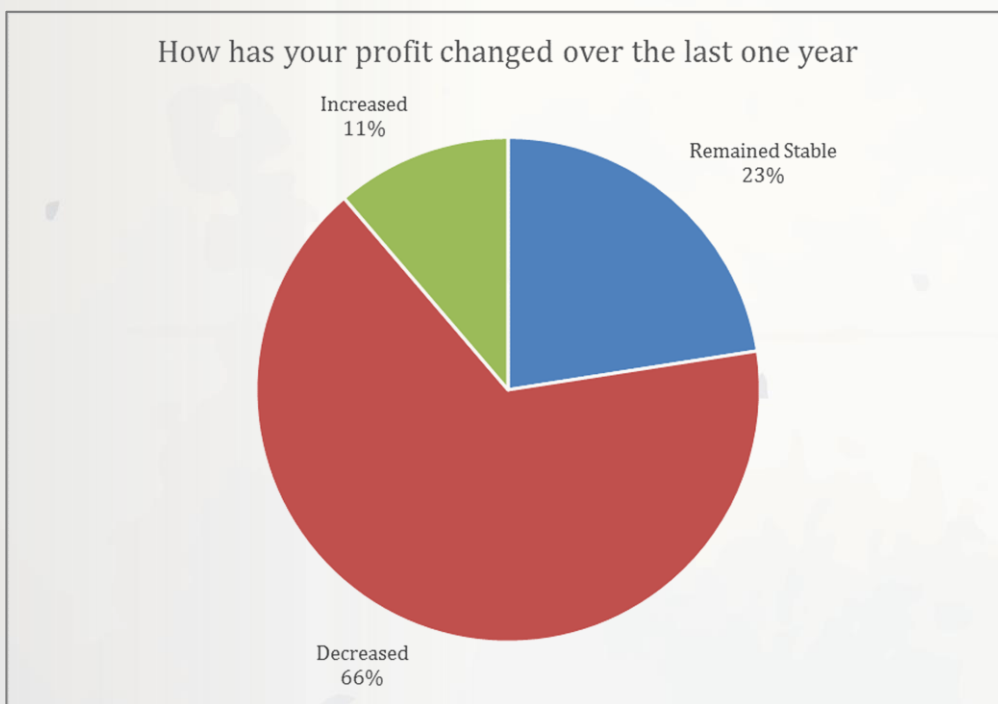
How do you assess the trend of your business?

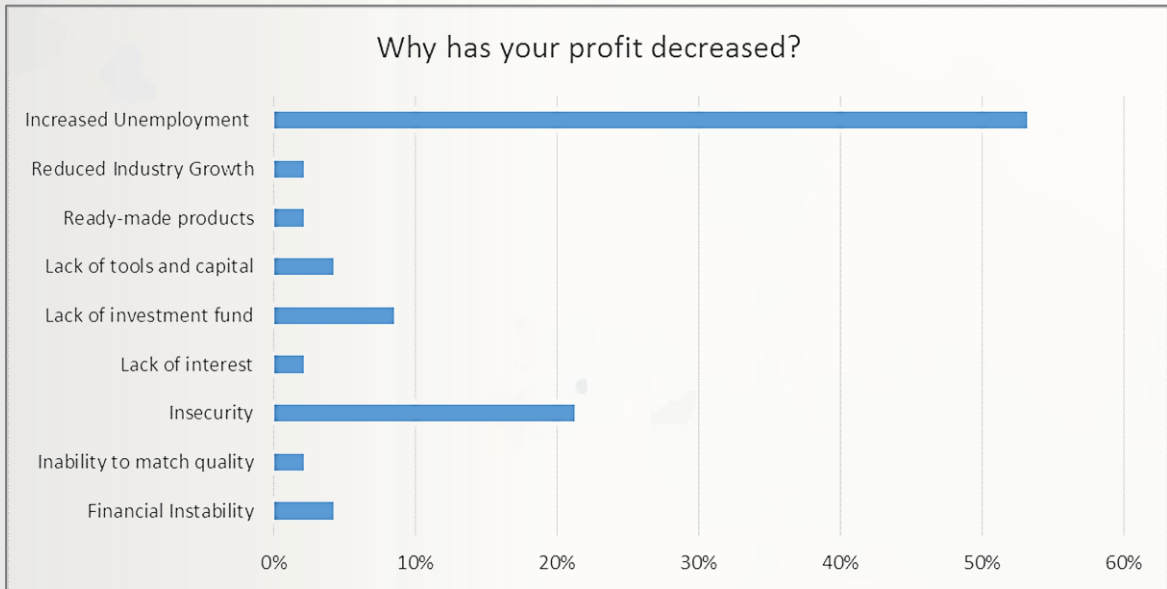


- What is your average monthly profit?
 - Most businesses operated at a small but existent profit of less than 20,000 per month.
 - Masonry was the most lucrative sector on average and also had the only respondent making over 40,000 per month. It is interesting that this is also the only sector reporting 100% decline. It is perhaps the case that high profits drew too many players into the sector, putting increased competitive pressures on all businesses.
 - Appliance repair, Electrician, and Bicycle Repair were the least profitable on average. Painters had the least variation among respondents, with all reporting between 10,000 and 20,000 per month.

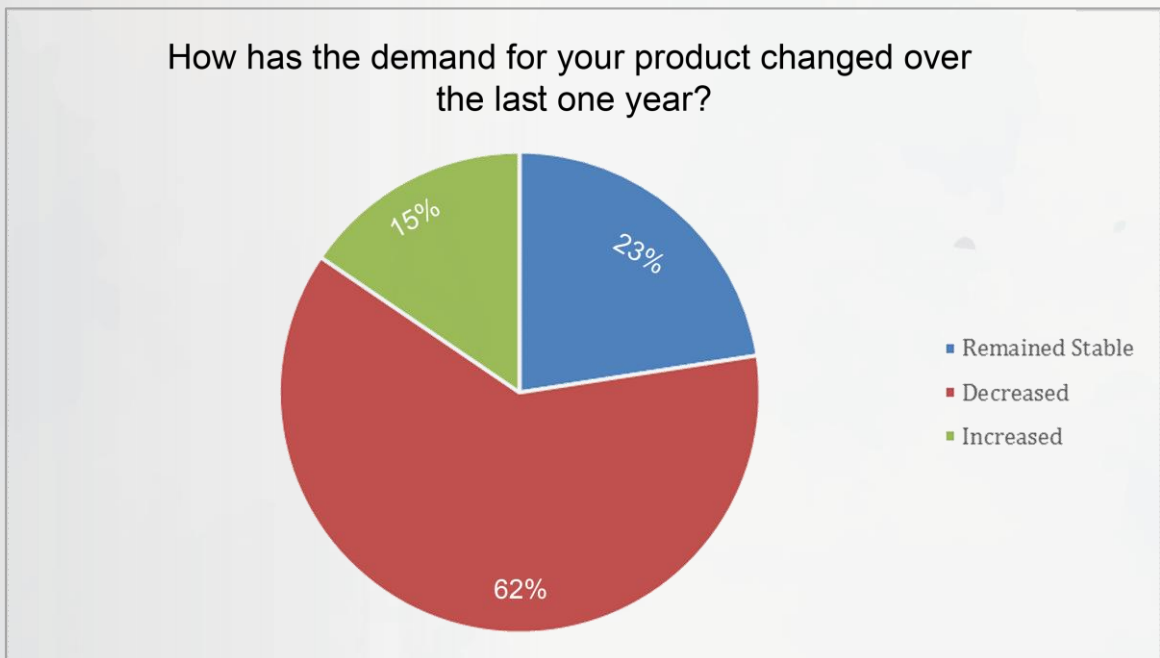


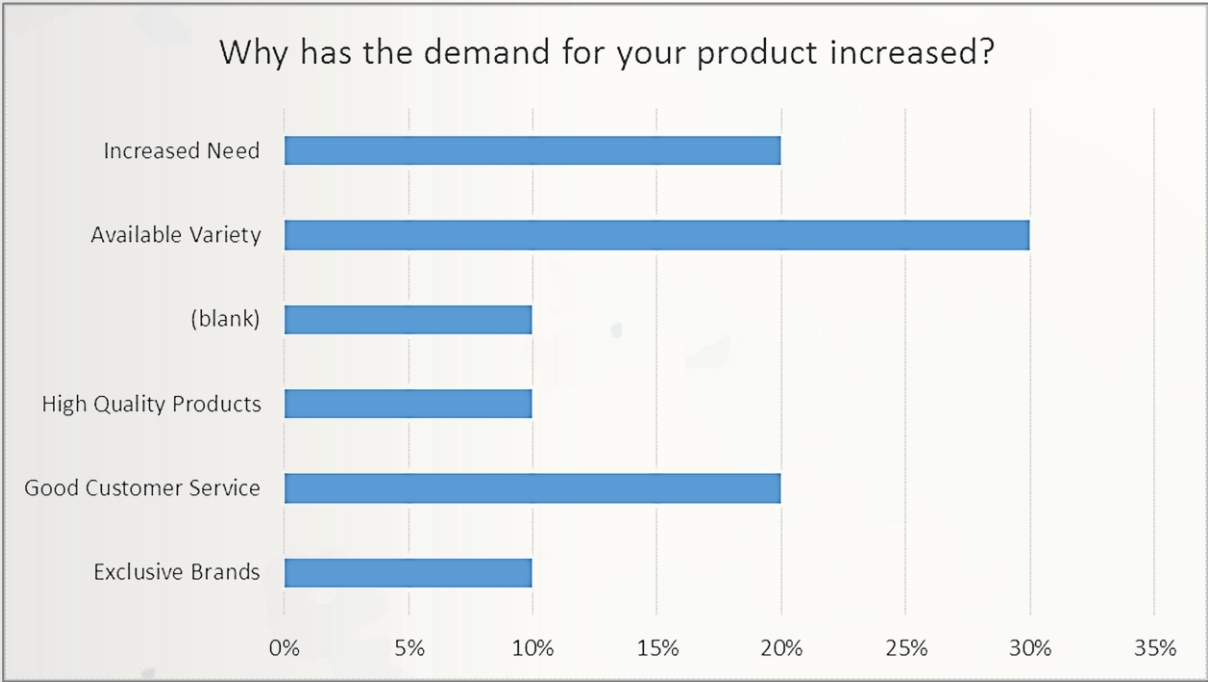
- How has your profit changed over the last one year?
 - Most businesses have seen decreased profits over the last year, consistent with the above responses of businesses reporting decline but with slightly increased magnitude.
 - When asked why profits have increased for those businesses reporting increase, most businesses point to having better products and services.
 - For those businesses reporting decrease, most cited increased unemployment, with insecurity second. Lack of investment funds was third in the list but at less than 10%. In the employers' survey, lack of funds was cited second as a challenge to growth, indicating this problem is not unique to small businesses.
 - Interestingly, all of the reasons given for increase of profit were internal to the company and thus controllable, while the majority of reasons given for a decrease in profit were external factors.



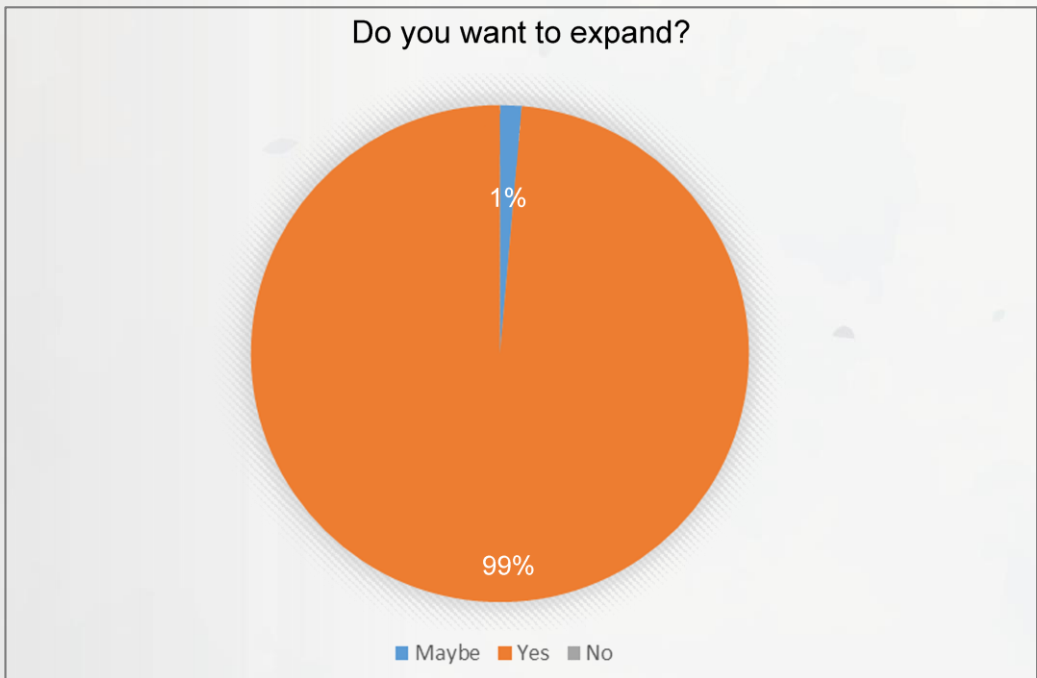


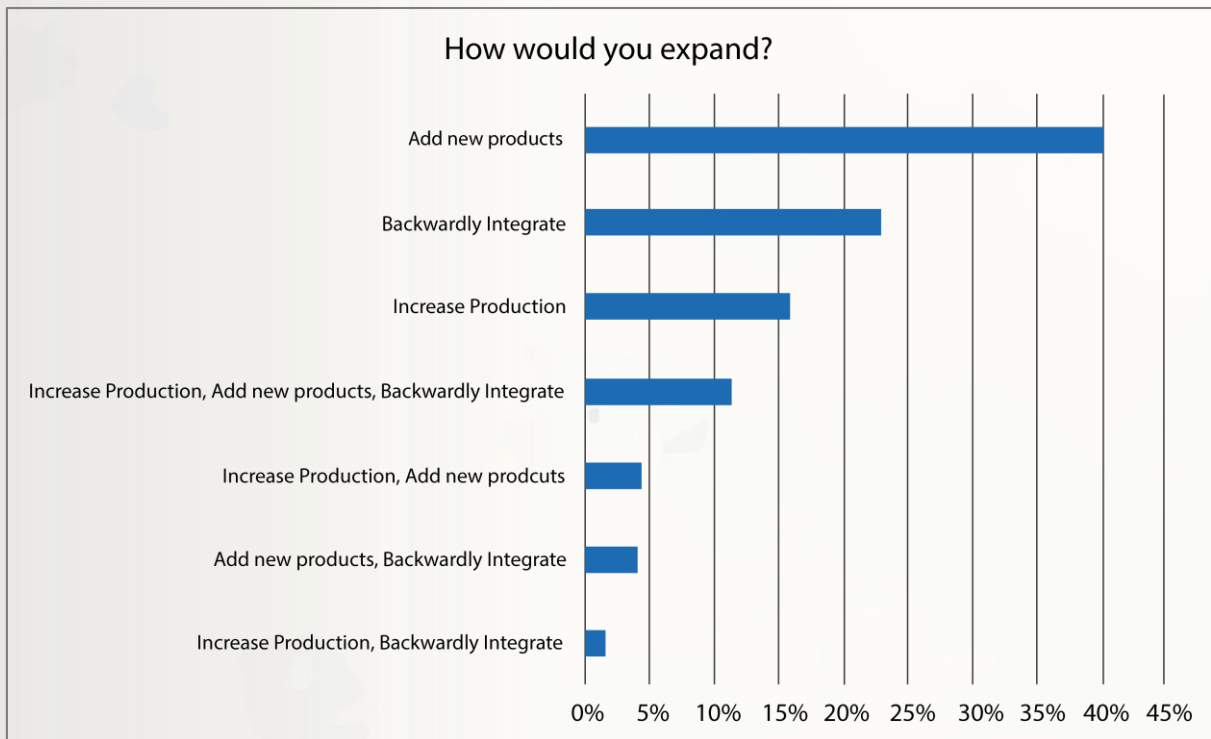
- How has the demand for your product changed over the last one year?
 - Similar to profitability responses, most businesses have seen decreased demand, while only 15% report an increase. This emphasizes that consumer demand is a large driver of profitability for these businesses. Focus on educating IDPs on ways to increase demand for their products should thus be a core part of any training for those seeking to start their own business.
 - Respondents attribute what little increased demand they have seen to available variety, increased need, and good customer service.
 - Decreases in demand are again largely attributed to increased unemployment. An inability to match quality was cited by just over 10% of respondents. This indicates that while there may be a small portion of respondents needing to increase their trade skills, increasing their general business skills may provide even more impact to their business.



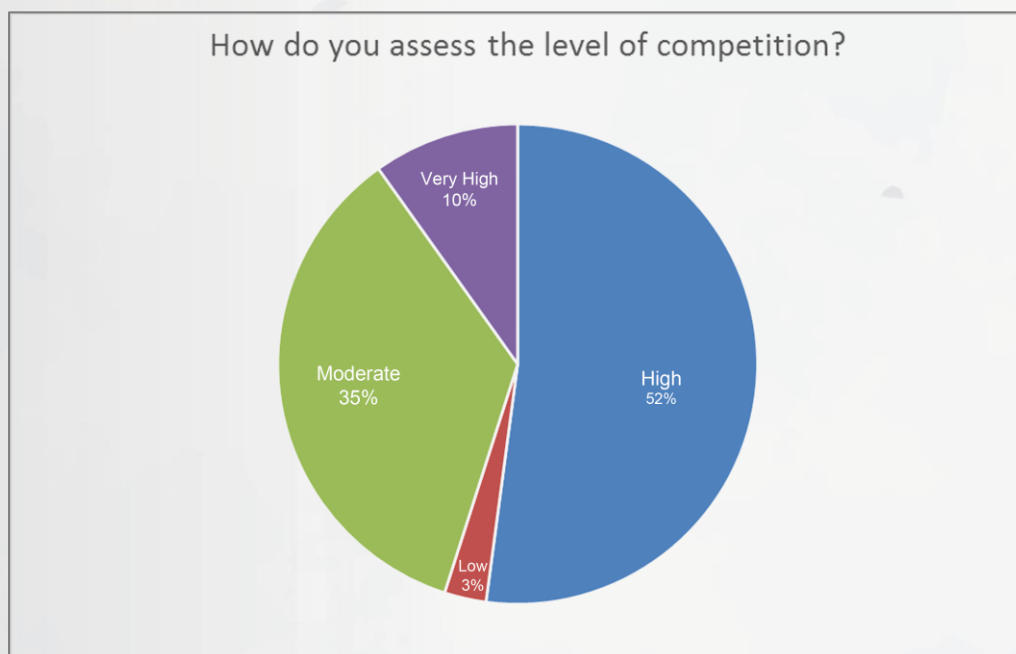


- How would you expand?
 - Almost all businesses want to expand, and are looking to do so through adding new products or backwardly integrating. Integration would be towards the suppliers business for most since most businesses sell directly to customers, as seen earlier.

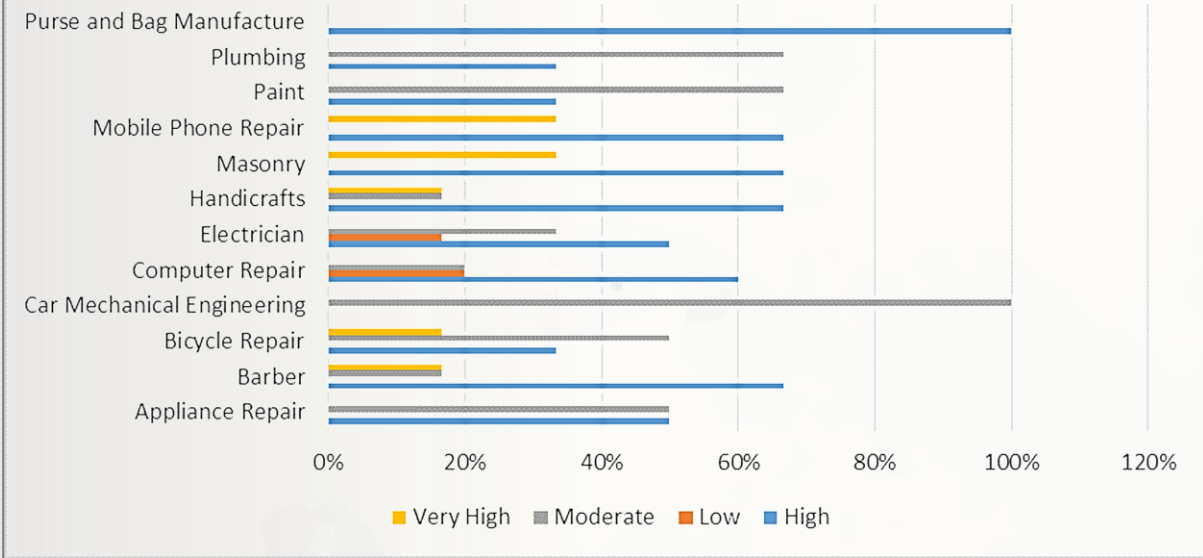




- How do you assess the level of competition?
 - More than half of respondents assess the level of competition as being high or very high. Few respondents seem to have found a niche where competition is low.
 - Masonry, Mobile Phone Repair, Purse and Bag Manufacturing, Handicrafts, and Barbers are the most competitive sectors.
 - That handicrafts was the highest growing of sectors as seen above while being highly competitive as seen here bodes well for the health of the sector.
 - That Masonry is tied with Mobile Phone Repair for the most competitive sector backs up the earlier stated hypothesis for this sector's evolution. Given the high competition, the Masonry sector is likely to have continued downward pressure on profitability.

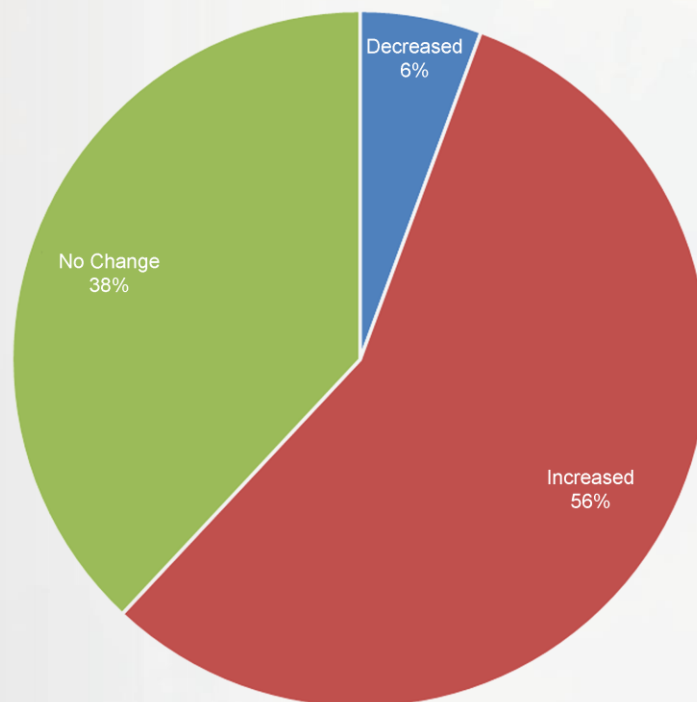


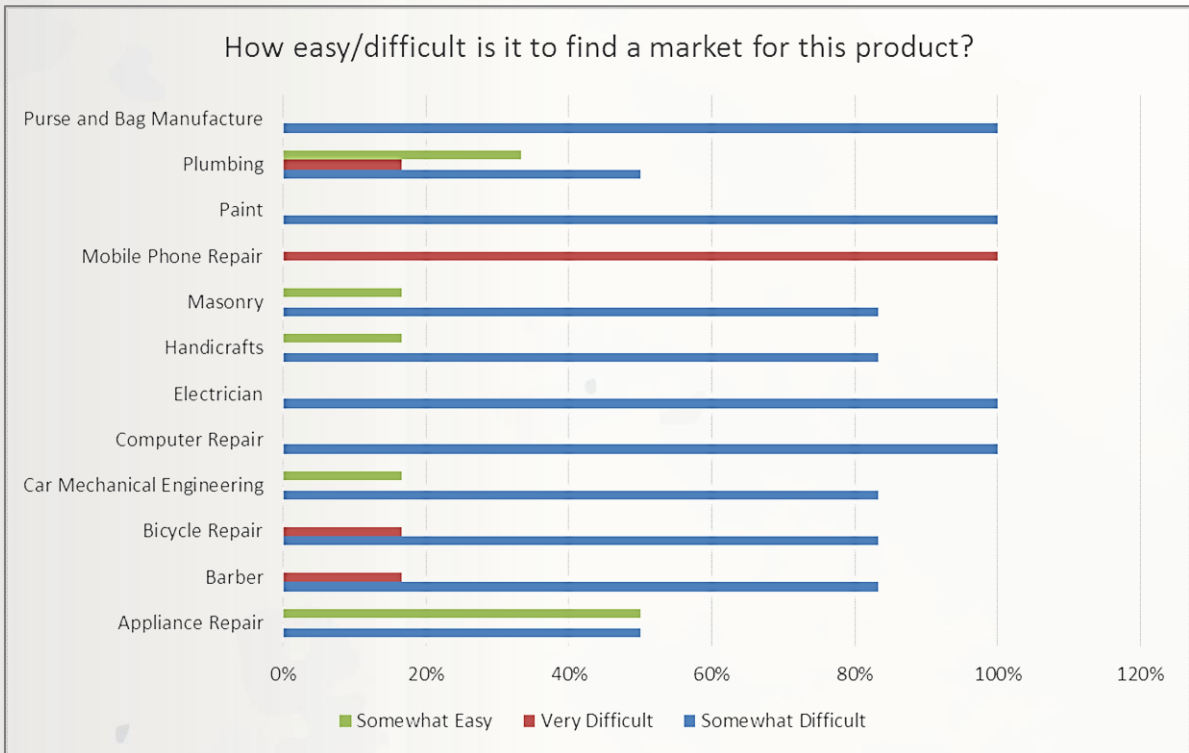
How do you assess the level of competition?



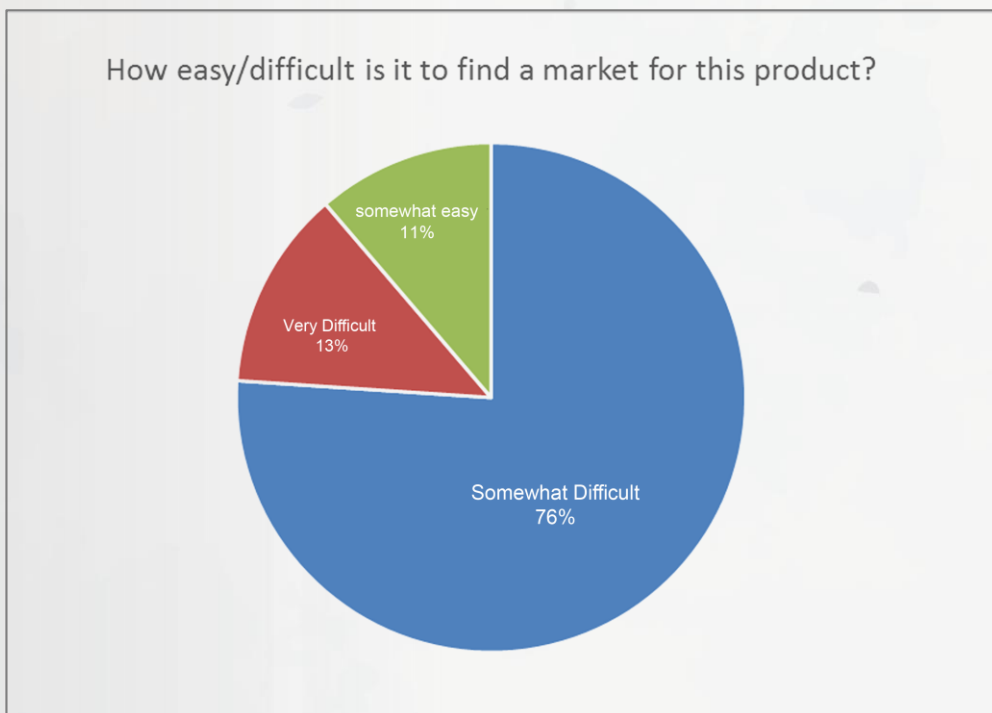
- Has the competition increased?
 - Most feel competition has increased, while only six percent report a decrease.
 - The sectors with the highest levels of competition are mostly the sectors reporting increases in competition: Purse and Bag Manufacturers, Mobile Phone Repair, Masonry, Computer Repair, and Barbers.

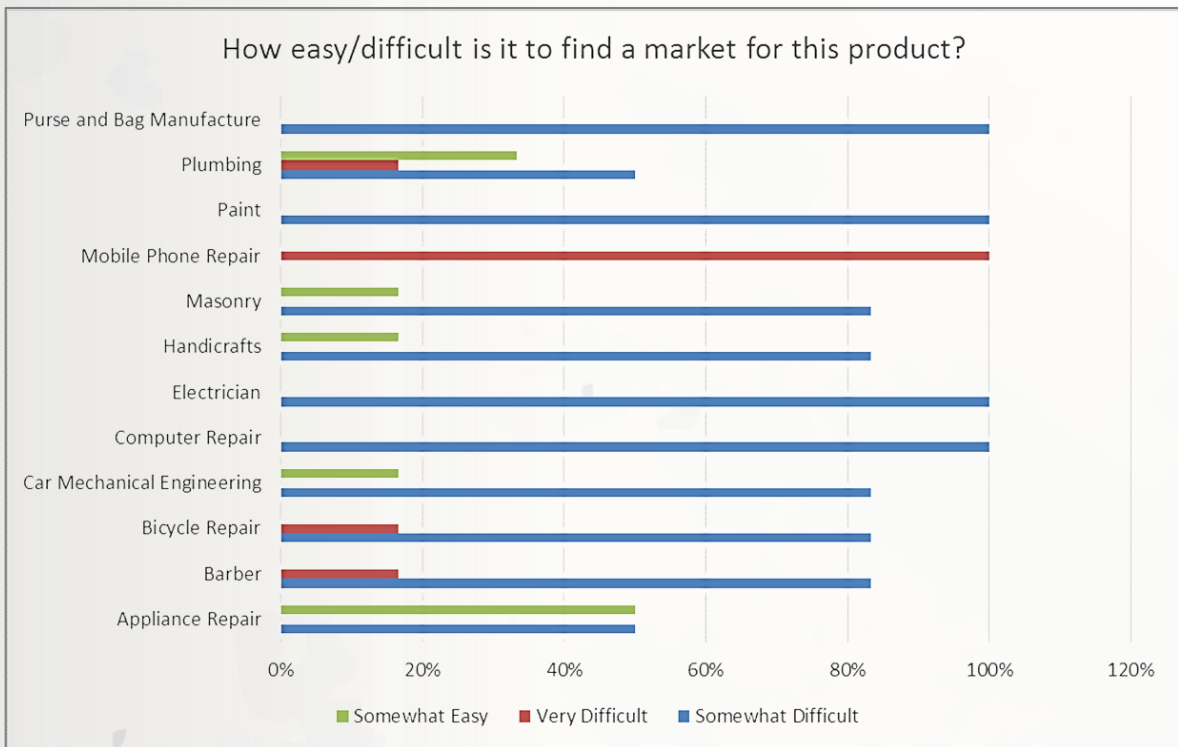
Has the competition increased or decreased over the past one year?



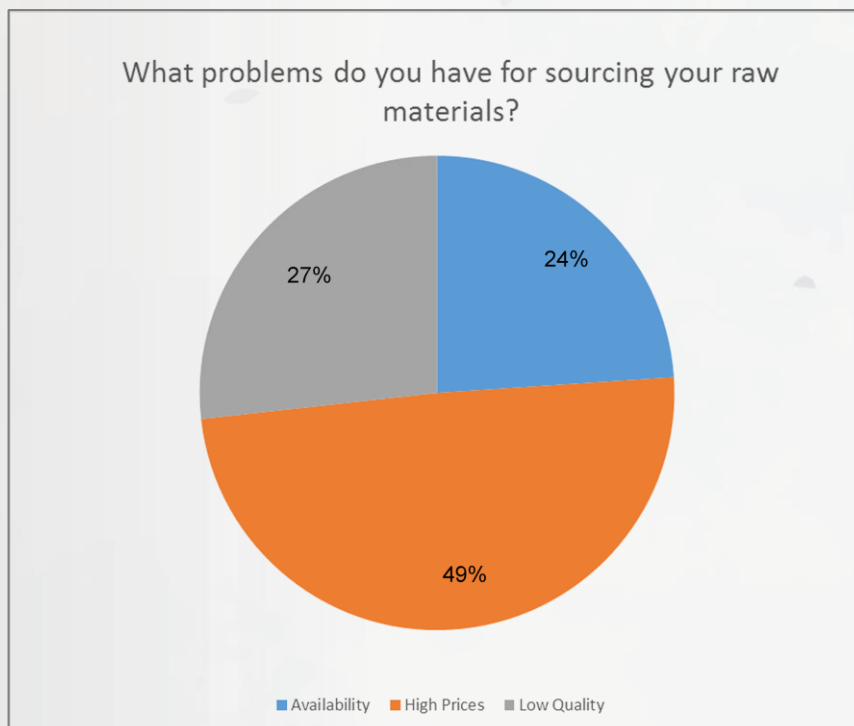


- How easy or difficult is it to find a market for this product?
 - Most businesses reported some difficulty finding a market for their products, though relatively few found it very difficult. This indicates some challenges connecting with customers, but access to markets does not appear to be a major obstacle for businesses with enough effort and knowhow to connect with customers.
 - The Mobile Phone sector by far had the most difficulty finding customers, while appliance repair businesses had the least difficulty.

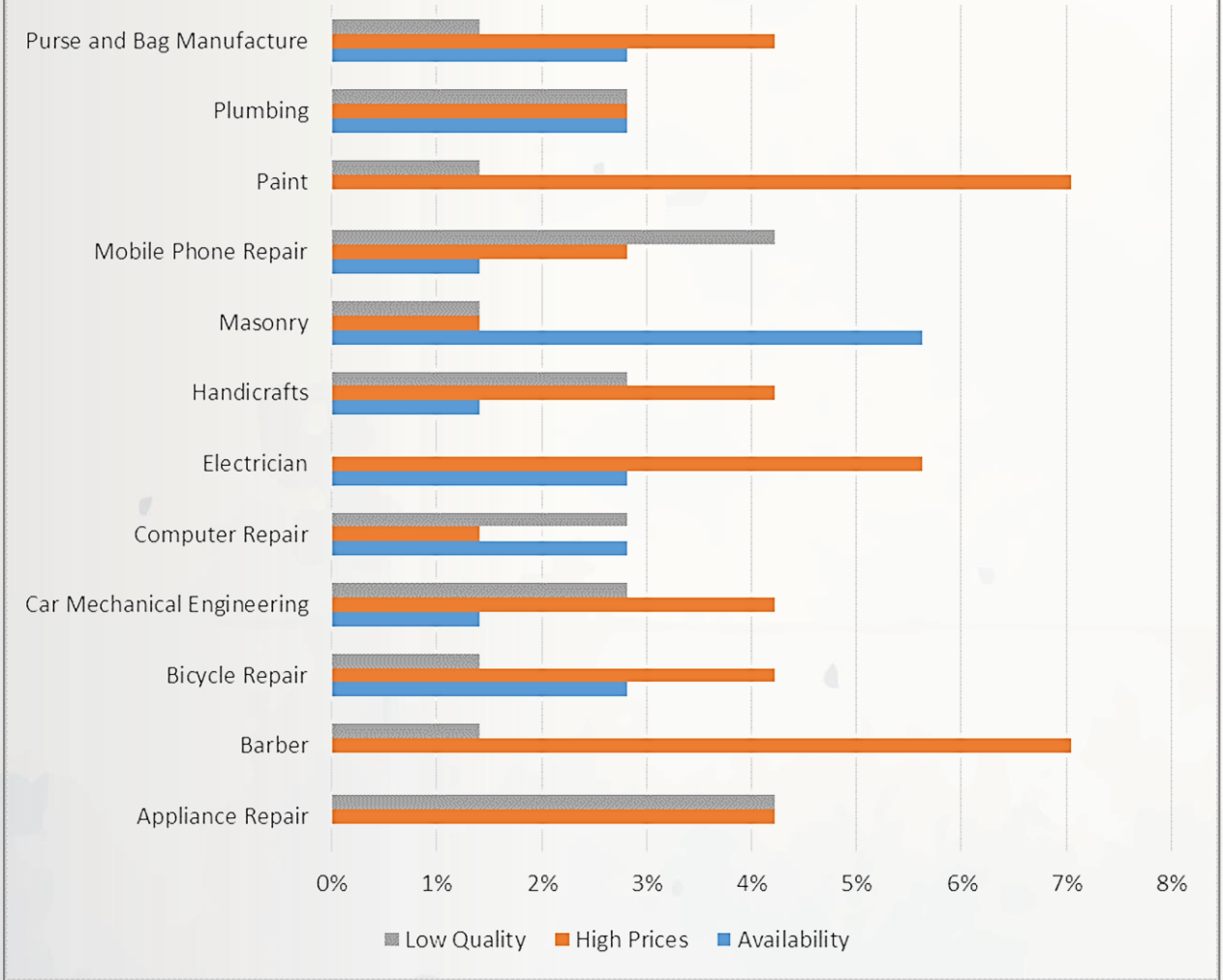




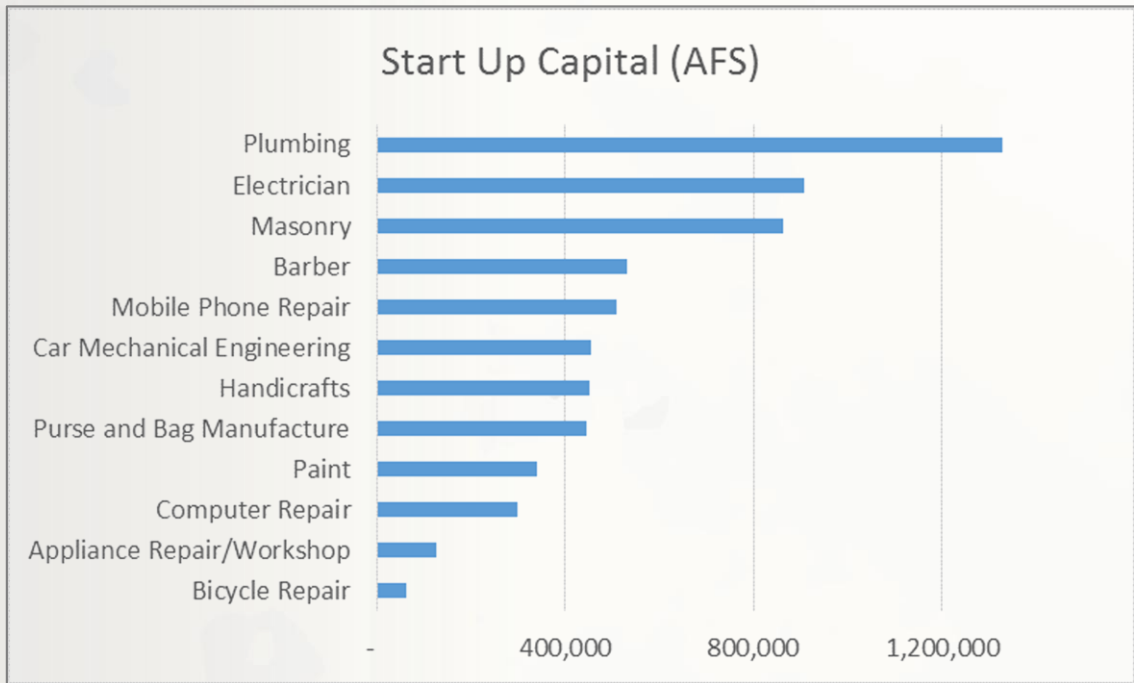
- What problems do you have for sourcing your raw materials?
 - High prices were the biggest problem for businesses when sourcing raw materials, followed by low quality and availability. The rate of respondents siting high prices was slightly higher among those looking to take over the business of their suppliers.
 - High prices were the biggest problem for Paint and Barber sectors; low quality was the biggest problem for Mobile Phone Repair and Appliance Repair; and availability was the biggest problem for Masonry.



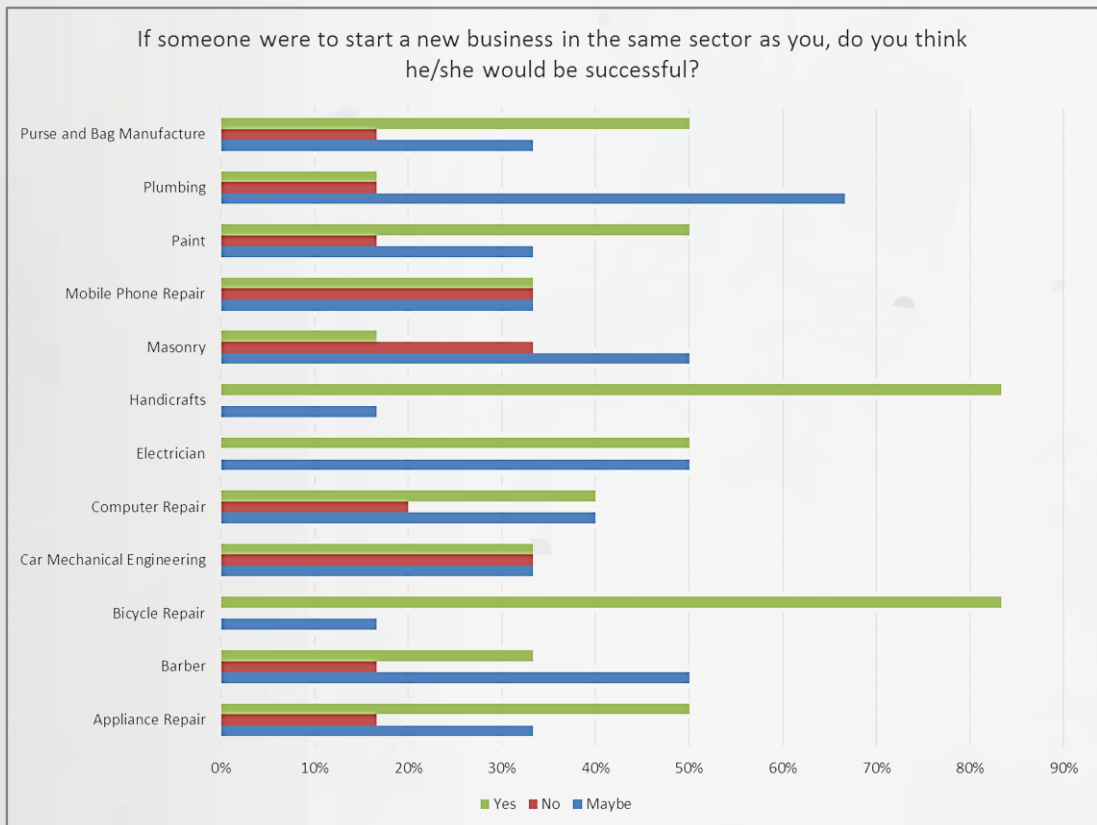
What problems do you have for sourcing your raw materials?



- What amount of capital is required to start this business?
 - Plumbing was found to be the most expensive business to start, followed by Electrician and Masonry. Repair shops were found to be the least expensive to start. The below figures represent the average of responses for each sector.



- If someone were to start a new business in the same sector as you, do you think he/she would be successful?
 - Most respondents thought prospects were good for new entrants into their sector, with Handicrafts and Bicycle Repair having the best chances. Masonry was the sector respondents were least positive about.
 - Respondents overall answered yes to this question at a much higher rate than would be indicated by the earlier responses showing most saw their businesses shrinking and profitability declining, indicating relatively high optimism among this group, a helpful trait for any entrepreneur to have.



Summary Discussion

- 4. Summary Discussion..... (44 – 47)
 - 4.1. IDPs, Returnees and Their Potential Employers
 - 4.2. Focus Sectors for Entrepreneurship

4. Summary Discussion

4.1. IDPs, Returnees, and Their Potential Employers

From the data, both IDPs and employers would seem to be in agreement that lack of skills is not a main issue. This would indicate that a broad based approach to provide more training, resulting in more skilled workers, would not itself be sufficient assistance to the target population.

We see from the IDP responses that the perception of employability drives industry choice. Piecing the responses together, the reasoning and mentality of the respondents seems to follow a chain of observing what others are employed as, recognizing interest and/or aptitude in themselves for that skill, and thus concluding that if they develop that skill, they too will be able to find work in that field. Unfortunately, the opportunity may not be there even with the requisite skills.

It is tempting to view the high prevalence of labor workers together with the lower rates of skills possessed and conclude that with more skills, more people could find employment in skilled positions. However, the fact that the rate of skills possessed among the population is already higher than the rates employed in those professions indicate lack of skills is not the primary problem. This is further substantiated in the employer's survey.

The overwhelming focus on interest over opportunity indicates a rigidity in what IDPs are willing to consider, though that may be helped by better education on available opportunities, since a large portion of those stating a particular skill was not employable acknowledged a lack of information about the field.

The desire for so many respondents to be their own boss may be an opportunity to increase recruitment and engagement of IDPs, and possibly even to persuade them to consider other paths than their primary interests if those hold greater opportunity. For those not willing to start their own business, there is the somewhat crowded and inaccessible option of existing employers, the subject of the second survey.

Responses around industry trends among employers indicate an uncertainty, lack of consensus, and perhaps lack of knowledge among those in leadership positions. There further appeared to be little relationship between industry and individual business activities. For example, of those in the tailoring sector, half of respondents expected the industry to contract, yet none of the respondents reported their own businesses currently shrinking (and most said they were currently growing).

A lack of skilled workers was not highest among the top challenges to growth for these businesses. Demand, lack of funds, and competition were all ranked higher, with lack of skilled workers being present for 21% of respondents. While more than half have some difficulty in finding the skilled workers needed for their business, and more than half believe there is a shortage of quality labor in the market, it appears this difficulty is not severe enough for it to be an impediment to growth.

Skills are important, however, with Qualifications and Skills ranking the most important criteria when hiring. Yet despite this assertion, most hiring is done through friends and family, and women are not even considered for some jobs. Almost half of respondent have recruited through work placement or vocational training, with many in the remainder stating they would be willing to do so, indicating this may be a viable path to providing employment.

Most respondents expected the popular and more traditional industries of tailoring and carpet weaving to contract in the next five years, though respondents in both industries agreed on a need for more employees now. This shows that while a short term need may exist here, these may not be the best places to increase the supply of skilled workers for the overall economy.

Taken together, the IDP and employer surveys reaffirm the fundamental mismatch found in the desk research. Opportunity, unfortunately, does not appear to lie where IDPs are seeking it. Given the strong interest specifically in tailoring seen in the IDP survey, it is important to note that of those reporting a lack of skilled workers, tailoring was the lowest at 11%. These surveys show that there is a present but relatively small shortage of skilled workers, and certainly not for more tailors.

These findings indicate that catering to the interests of the IDP population and increasing the supply of available skilled labor in popular sectors is not a viable long term strategy. Rather, the focus must be shifted to long term value creation if DRC is to make a sustainable impact. To do this, there needs to be narrower focus on fewer, likely less traditional industries, such that adequate resources can be invested in the elevating the entire sector along the whole value chain.

Going back to the desk research, researchers then recommended taking a portfolio approach and striking a balance between longer-term, riskier, value-creating plays and shorter term, easier involvement, presenting selected sectors along a risk/reward spectrum. With the further guidance from this phase of research, we can now make further recommendations. Cakes and Biscuits, Jewelry, and Shoe Manufacturing all reported shortages in skilled labor and hit both ends of the risk/reward spectrum presented in the desk research. Hotels and Restaurants should also be considered given the need for skilled labor and reported growth of this sector, as a fourth, but last option given the natural volatility of this sector combined with possible cultural barriers to getting hired for customer facing positions. Researchers thus recommend focusing on these three to four sectors for training programs geared towards employment.

4.2. Focus Sectors for Entrepreneurship

This group of businesses in key sectors was found to be optimistic on prospects for new entrants despite facing some strong headwinds themselves in declining profitability and increasing competition. High levels of unemployment in the market as a whole kept demand depressed in these sectors as well. They serve primarily local residents and make modest profits. In true entrepreneurial spirit, all wish to expand.

There are many areas where DRC could intervene to help IDPs start and sustain these businesses, including skill development, assessment of the location and business plan of the beneficiary, contribution to the purchase of tools and machinery, and support with marketing. Of these, the results of this survey point towards business skills and support as a primary need. A small percentage of respondents citing an inability to match quality shows that skill training can help this group, but it alone is not sufficient, and may not even product the greatest impact. Rather, developing the business skills to handle challenging environments may carry greater marginal benefit. Marketing support is crucial because two thirds of businesses sell directly to consumers, and most business report some difficulty finding a market for their products.

When evaluating the potential for women to take on these businesses themselves, the situation is mixed. On one hand, conversations indicated the same cultural attitudes coming into play as with the employer surveys. On the other, female entrepreneurs can bypass the

cultural attitudes of a hiring manager when starting their own business. What they cannot bypass, however, are the cultural attitudes of the market that may prevent them from gaining enough customers or procuring supplies. To this extent, until such attitudes change, DRC could assist with establishing channels for procurement of needed materials and for distribution to reach end consumers they may not be able to sell to directly.

These business have to contend with and rely on a host of suppliers, many of which they consider highly priced. Yet high prices alone are not alarming. More telling is the fact that nearly half of respondents cited the raw material problems of availability or quality. These are serious impediments to conducting good business that cannot be overcome as easily as price without further intervention. These reasons contribute to why many business are looking to take over the business of their suppliers. These findings on integration and sourcing concerns further validate the need for a more comprehensive value chain approach regardless of whether the focus on IDP livelihood is solved through employment or entrepreneurship.

To assist in evaluating which sector to focus on for these efforts, the following summary table has been prepared:

Sector	Profitability	Growth	Market Availability	Level of Competition	Startup Capital	Overall Prospects (Rank)
Computer Repair	High	Low	Moderate	High	Very Low	High (1)
Car Mechanical Engineering	Moderate	Low	Moderate	Moderate	Low	Moderate (2)
Handicrafts	Moderate	High	Moderate	Very High	Low	Moderate (3)
Paint	High	Low	Moderate	High	Low	Moderate (4)
Appliance Repair/Workshop	Low	Low	High	High	Very Low	Moderate (5)
Bicycle Repair	Low	Moderate	Low	High	Very Low	Low (6)
Plumbing	High	Moderate	Moderate	High	Very High	Low (7)
Purse and Bag Manufacture	Low	Moderate	Moderate	Very High	Low	Low (8)
Barber	Moderate	Low	Low	Very High	Low	Low (9)
Masonry	Very High	Very Low	Moderate	Very High	High	Low (10)
Mobile Phone Repair	Moderate	Low	Very Low	Very High	Low	Low (11)
Electrician	Low	Very Low	Moderate	High	High	Very Low (12)

The above ranked results are derived from equal weighting of key factors of Profitability, Growth, Market Availability, Level of Competition, and Startup Capital. As mentioned in the charted results, Masonry was very profitably, yet the growth prospects combined with increasing competition and high startup costs do not make entry justifiable, especially for resource-strapped IDPs and Returnees. Rather, Computer Repair, Car Mechanical

Engineering, and Handicrafts are more desirable businesses to enter on a holistic basis. Computers and Cars specifically have the benefit of already having some interest in them among potential trainees as seen in the IDP and Returnee survey results.

This chart is presented here as a guide to be a starting point for evaluating which sectors to enter and is flexible to accommodate difference priorities; simply run down the list until finding a sector that scores well in the important category. For example, for a growth-focused approach, the sectors would be Handicrafts and Bicycle Repair. Alternatively, the best high intensity, high risk, high reward option from the above would be plumbing. Absent further direction on capabilities and priorities from DRC, the researchers would recommend for entrepreneurship programs taking at least two of the top three ranked sectors, plus one or two of the next four to capitalize on good profitability, growth, or market availability. As noted above, for an entrepreneurship effort to be successful, training in these skill areas must be supplemented with business skill training.



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