

Assessment of Economic Opportunities Along the Afghan–Tajik Border



FINAL REPORT

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International Organization for Migration (IOM)



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EXECUTIVE SUMMARY

IOM Tajikistan has been active in the border region between Afghan Badakhshan and Tajik GBAO through its **Tajik–Afghan Border Security and Community Stabilization** (BSCS) programme, whose first phase came to a close in March 2015. One key finding of its final evaluation was that an important driver of instability in the region was the **lack of livelihood opportunities**. Phase II will thus focus on the border’s potential as a site of economic opportunity. In October 2015, Samuel Hall was contracted by IOM Tajikistan to conduct a study on cross-border economic opportunities in the Badakhshan–GBAO region. The purpose of this assignment was to identify the needs and the economic potential in border communities on both sides, and point out initiatives with the potential to be scaled up to the benefit of local residents. The research questions addressed the potential of cross-border markets and possible synergies in cross-border labor market supply and demand. It considered existing initiatives with an eye to avoiding duplication of efforts.

In November 2015, the research team visited four border towns: Khorog and Ishkoshim in Tajikistan and Shegnan and Ishkashim in Afghanistan. A quantitative survey of 300 households and focus group discussions with women, youth/returned migrants, market sellers/shoppers and community elders were conducted in the locations under examination. Given that the cross-border markets at Tem and Ishkashim were closed at the time of the fieldwork, the research team performed market surveys at four local bazaars in the targeted locations. A number of key informant interviews were carried out with local and national government officials, representatives of local NGOs, representatives of international organizations involved in development efforts in the region and individuals in Kabul and Badakhshan’s capital, Faizabad.

Profiling revealed that both Badakhshans (Tajik and Afghan) host culturally similar “Tajik” populations (97% of all respondents) with high levels of education (between one and two thirds of respondents in all locations had obtained a Bachelor’s degree or higher). Teaching appears to be an important source of livelihood, along with construction in Tajikistan, and agriculture and trade in both locations. The Afghan side is more vulnerable in terms of family size (8.9 members on average versus 6.1), earner ratios (0.15 versus 0.4) and debt (over 50% of respondent households versus 30% in Tajikistan). Residents of Khorog, a significant town, appear better off than those in the other three locations, particularly in terms of income (mean monthly income per household member of over USD 40, compared to less than USD 30 in the other locations). Challenges related to the labour market are acutely felt across all four locations, but the mood is positive owing to considerable development efforts undertaken over the past few years (83% of respondents expect the economic situation to improve further, and three quarters expect the security situation to ameliorate). In spite of this optimistic outlook, an important number of individuals intend to migrate, especially from Afghanistan (40%) and particularly those who do not currently have a stable source of income.

Migration emerges as a common coping mechanism in both regions, but return migrants are considerably more prevalent in GBAO (20% to 30% of respondents). Those who have returned are slightly more likely to have an income today than adults who never left, which might indicate that they have acquired valuable skills while abroad. Those who were previously in the Russian Federation do not often intend to return there, although this might be due to the Federation’s evolving economic crisis. **Women** are less likely to have a job than their male peers in both locations (45% versus 55% in Tajikistan and 14% versus 41% in Afghanistan), with a greater contrast among Afghans than Tajiks. Education among women ameliorates the difference, and with anything less than a university degree, very few women earn an income.

On the **cross-border markets**, sales volumes have increased continuously over the past few years, mostly in the form of transit trade. Nonetheless, the local populations benefit considerably from such trade and over 60 per cent of respondents in all locations regularly frequented CBMs. Markets produce income for local traders, but also serve as a powerful driver of ancillary employment and broadly improved overall living conditions of the local population. The interaction on the markets fosters positive attitudes between border communities and holds non-negligible benefits for vulnerable populations. Problems identified included the limited number of market days, the conscribed opening hours, restricted movement across the border for Afghan participants, resentment among Afghan traders for a number of reasons and frequently a lack of understanding of market regulations.

Transnational exchanges are not constrained to traded goods. Services provided to Badakhshan from Tajikistan include communication, health, and education services. Thousands of Tajik **professionals cross the border** on a regular basis drawn by higher salaries, offered mostly by international organizations. Crossings in the other direction are hardly possible due to strict visa regulations. An analysis of opportunities and skills on both sides of the border revealed that there is a continued demand for the contributions of Tajik experts on the Badakhshan side, but those possessing vocational skills might not be inclined to work across the border for reasons relating to both security and lack of long-term job security. Demand for Afghan labour in Tajikistan appears limited to niches such as car repair, though even these opportunities are hampered by visa restrictions and general circumspection on the part of the Tajik community. **Visa restrictions** are also considered the biggest obstacle to joint entrepreneurship, for which a clear potential has been identified.

IOM Tajikistan has met with considerable success through initiatives for skills training (construction, handicrafts) and the contribution to local livelihoods for women and returned migrants in particular. Future programming should involve coordination with other actors on the ground, large and small. A great deal of development activity is currently underway in the region, and IOM might maximize its impact by contributing to and coordinating with other interventions. Given the demographics of the region, subsistence-level remediation projects should be eschewed in favor of long-term efforts focused on building the agribusiness value chain. The cross-border nature of the situation could be addressed by pushing for common standards and a “Pamiri” label of bio-products. IOM could contribute to these efforts in a coordinating role building on its excellent relations with government stakeholders on both sides of the border.

IOM Tajikistan might contribute to cross-border economic growth by **active advocacy regarding the cross-border markets** on several fronts, and by contributing to infrastructure improvement, especially with regards to storage and warehousing facilities. Market linkages might be improved further by facilitating the exchange between traders on both sides of the border. The BSCS has contributed to the well-being of populations on both sides of the border through the training of female border guards. IOM Tajikistan could further **facilitate the border crossing of Afghans (and Afghan women in particular)**.

In the short term, IOM might **foster exchanges of knowledge** in domains where skills gaps have been identified: car repair, carpentry and construction. A number of value chains such as fruit, honey, livestock or handicrafts could be made viable through access to cross-border infrastructure (warehousing, processing facilities, and so forth).

Finally, IOM Tajikistan is well-placed to facilitate a **high-level strategic dialogue** between Afghan and Tajik Government officials at both the national level and a regional scale. A constructive dialogue among political stakeholders of the region might provide a common factual base for future political discussions and negotiations and lay the basis for sustainable progress under a common security, community stabilization and poverty reduction strategy in the border region.

Table of Contents

EXECUTIVE SUMMARY	3
INTRODUCTION	6
METHODOLOGY.....	9
CONTEXTUAL BACKGROUND.....	12
Country context.....	12
Regional context.....	14
A TALE OF FOUR CITIES.....	19
Profile of the sample	20
Focus on vulnerable populations	27
CROSS BORDER TRADE.....	33
Introduction to the cross-border markets.....	33
Sales volumes.....	35
Products and Prices.....	35
Consumers and traders.....	39
Benefits of the cross-border trade.....	41
Problems identified	43
MOVEMENTS OF INDIVIDUALS AND SERVICES.....	47
Current cross-border labor movements	47
Potential for further labour exchanges.....	49
Local aspirations.....	51
Joint Cross-border Entrepreneurship	53
INITIATIVES FOR GROWTH: AN OVERVIEW	54
Integrated approaches for inclusive growth.....	54
Focus on skills	56
Private sector development.....	57
Women and small businesses.....	59
Handicrafts	60
POTENTIAL FOR ENHANCED COOPERATION	61
Long-term ambitions and need for coordinated action: The agribusiness value chain.....	62
Markets: Active advocacy on a number of fronts	62
Short-term programming I: Border management - Step Two	65
Short-term programming II: Small but scalable livelihoods initiatives.....	65
Coordination at a Government level	67
REFERENCES.....	69
CONTACTS	72

INTRODUCTION

This study was conducted by Samuel Hall for IOM Tajikistan. Its purpose is to assess challenges and opportunities in relation to cross-border economic collaboration between Gorno-Badakhshan Autonomous Oblast (GBAO) and Afghan Badakhshan.

Separated by the Panj River, GBAO in Tajikistan and Badakhshan province in Afghanistan are some of the most remote and destitute areas in the world. Very similar in terms of ethnic, linguistic and cultural background, the communities living on either side of the border are mutually dependent, isolated from the major commercial centres in their respective countries, with the border separating them a geographical and political rather than a cultural boundary. The challenges faced on both sides of the river face are as similar as they are overwhelming. Besides very real security concerns, inhabitants of the Panj River basin are most preoccupied with economic hardship, poverty and lack of employment opportunities.

Given that the two communities face similar development challenges, close economic relations at the community level would appear a natural response. Consequently, a number of programmes have been established to facilitate cross-border movement, including the establishment of cross-border markets, the formation of a scholarship programme for Afghan students wishing to train at the University of Central Asia, and health-cooperation which allows Afghans to be treated in Khorog and Tajik doctors to practice across the border.¹ Yet what exchanges there are remain small in scale, and traffic across the border is for the most part in one direction only.

In the meantime, the region has become increasingly insecure. Once-peaceful northern Afghanistan has emerged as the primary front line of the current conflict² as Afghanistan's northeast now has a higher concentration of Taliban fighters than any other region of the country. The Tajik neighbours are increasingly concerned about the possibility of a spillover effect through the border – a serious barrier for licit activities but famously porous for less official business. The economic context on the Tajik side, meanwhile, has deteriorated to a considerable extent as the Russian economic crisis has reverberated into Tajikistan in the form of drastically reduced remittances from migrant workers.

IOM Tajikistan has been active in the border region through the *Tajik–Afghan Border Security and Community Stabilization* (BSCS) programme. Funded through the UK Conflict Pool, this initiative in its first phase delivered a comprehensive programme on border security. The first organization to have invited female Afghan border guards to Tajikistan for training, IOM Tajikistan worked with border police on both sides to combat smuggling and trafficking, assisted in the updating of a Memorandum of Understanding between the border forces (which had last seen an update in 1962) and trained border officials in humanitarian border management. Over the course of its efforts in the first phase of BSCS, IOM Tajikistan also initiated a fruitful high-level strategic dialogue between governments on both sides of the border.

¹These will be further discussed in section V.

²Taliban forces swiftly captured the provincial capital, Kunduz city, on 28 September 2015 and managed to hold it for three days.

One key learning of this first phase of activities³ was that an important driver of instability in the border region was the lack of livelihood opportunities, and that the key for contributing to local stability along the Tajik-Afghan border was to harness its potential as a site of economic opportunity and cultural exchange and search for ways to create joint livelihood opportunities for communities on both sides of the border. The BSCS first phase's Evaluation Report suggests that *"integrated livelihood generation projects should be considered as a way forward. (...) [The second phase of the programme] could also consider twinning neighbouring settlements from both sides of the border. (...) In relation to their particular economic resources and challenges, such twinning of neighbouring settlements could be supported in certain types of activities, building reciprocal relationships through a structured and targeted way."*

In line with this recommendation, the following study was carried out in November 2015, covering four cross-border sites, namely Khorog and Shegnan (connected by Tem bridge) and the Afghan and Tajik communities of Ishkashim (connected by Ishkashim bridge). This study's main research questions are:

- How could the cross-border markets' potential be harnessed with the goal of enhancing the living standards of the local populations?
- What synergies might be exploited in terms of cross-border labour exchanges for the benefit of the workforce on both sides of the border?
- How could IOM Tajikistan encourage cross-border economic cooperation, creating initiatives which might transcend the border and contribute to mutual economic growth and solidarity?

Given the current discouraging context, it is important to remember that the key to unlocking the potential for cross-border economic development is achieving meaningful results and selected breakthroughs in areas where progress is possible, hopefully setting in motion a dynamic whereby economic development and regional cooperation can be progressively expanded and deepened over time. This research aims to identify some angles of attack which might be scaled up, to the benefit of all border communities but with a particular focus on vulnerable populations including women, youth and Tajik migrant workers. We strive to identify interventions which might improve communities' ability to jointly resolve common problems, reduce levels of poverty and benefit from opportunities for economic development, which in turn should contribute to the stabilization of the border.

³ Which ended in March 2015.

Organized into various sections, this report encapsulates findings from secondary and primary sources with a focus on assessment of the current situation and identification of opportunities with regard to cooperation in the domains of economic and social development in the region.

The following document first presents the methodology adopted for this assignment. It then features six main sections. The first presents contextual regional background, while the second section presents the populations and local economies of Khorog, Shegnan and Tajik and Afghan Ishkashim. The third part focuses on cross-border trade, concretely describing the way cross-border markets at Tem and Ishkashim are used, the challenges they face and perspectives for increasing their potential as a source of livelihoods for the local populations. The fourth section examines the skills and skills gaps of the populations on both sides of the border with the aim of identifying discrepancies between labour supply and demand on both sides of the border. The fifth section sheds light on a number past and current initiatives and programmes in the region which have economically benefited the populations on both sides. The report concludes with programmatic recommendations for IOM Tajikistan on how to facilitate more productive economic local cross-border relations with both immediate and long-term results.

METHODOLOGY

This research is based on a mixed-methods approach combining quantitative and qualitative primary data collection, market observations as well as key informant interviews with a range of stakeholders involved in cross-border programming in GBAO and Afghan Badakhshan, namely Khorog and Ishkoshim in Tajikistan and Shegnan and Ishkashim in Afghanistan. The research team consisted in one international consultant, one Tajik team leader, one Tajik project officer, a set of seven Afghan and seven Tajik enumerators as well as two Afghan researchers who conducted key informant interviews in Kabul and Badakhshan's capital of Faizabad.

The tools used over the course of the fieldwork included questionnaire-based surveys with households on both sides of the border, focus group discussions in selected settlements on both the Afghan and the Tajik side, market observations on local markets in two Tajik and two Afghan locations and a number of key informant interviews. In addition, a comprehensive literature review took stock of the various initiatives under implementation in support of cross-border economic cooperation.

Data collection was carried out in November 2015 in the towns of Khorog, Tajik Ishkashim, Shegnan and Afghan Ishkashim. The Tajik team field team leader travelled to Khorog and over the course of two days trained enumerators (who had been previously selected and vetted by the local facilitator) using Samuel Hall enumerator training materials. Following the training, a half-day pilot was conducted to test both tools and enumerator capacity. Fieldwork in Khorog took place for four days and included both household interviews and focus groups conducted and recorded by the field team leader. The Tajik team proceeded to travel to Tajik Ishkoshim, where fieldwork was conducted over the course of three days. Having obtained his Afghan visa in the meantime, the field team leader then crossed Tem bridge and proceeded to recruit and train previously vetted Afghan enumerators over the course of three days. Fieldwork in Afghanistan took place over the following nine days. Over the course of the fieldwork, the teams travelled together in rented vehicles and stayed in guesthouses approved by Samuel Hall's administrative division.

In parallel, Samuel Hall researchers carried out key informant interviews with traders and local officials in the Badakhshan's provincial capital of Faizabad and in Kabul. These interviews were designed to offer a broader context to cross-border relations

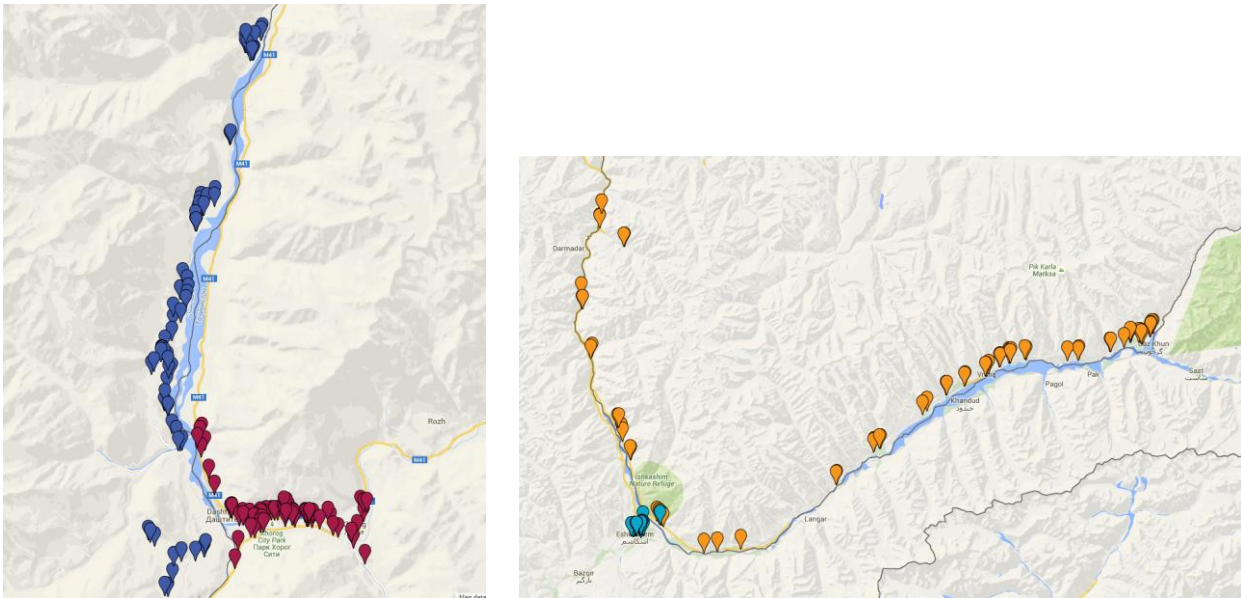
Sample villages for the fieldwork in the border region were purposively selected along the bridges on both sides of the border. In each location, the survey was presented to seventy or more households. The methodology used to select the sample for the quantitative survey was a cluster sampling approach. Primary Sampling Units (PSUs) covering each targeted location were selected, and within these clusters, the number of households to be interviewed was determined based on population. Households were then randomly nominated as respondents. Each household survey contained an individual component which collected answers regarding livelihoods, migration background and migration intentions for individual adults of the household.

Table 1: Household surveys carried out for this project

	Households interviewed	Number of adults covered
Khorog (T)	71	278
Shegnan (A)	70	427
Ishkoshim (T)	85	365
Ishkashim (A)	73	328
TOTAL	299	1398

Data was collected on mobile phones using the industry standard Open Data Kit, to minimize costs and to improve data quality, as well as to ensure that information reach the central research team with minimal time lag.⁴ Ongoing interview results were monitored in real time by project manager, who remained contact with the team leader, advising on referral selection and random selection parameters.

Figure 1: Household interviews in the four locations



In addition to the quantitative survey, focus group discussion guidelines were designed aiming at gathering additional qualitative data on the locations surveyed, collecting information on the population, social aspects (living standards, education, and so on), economy, infrastructure, and main needs. Given IOM Tajikistan’s particular focus on women and youth (especially return migrants from the Russian Federation on the Tajik side), discussions were held with each of those demographics in all locations, as well as with community elders and individuals who used to be involved in the cross-border markets as either sellers or buyers.

⁴ Especially important for this project given the remoteness of the areas accessed for the fieldwork during winter.

Table 2: Focus group discussions carried out for this project

	Youth	Women	Return migrants banned from re-entry to the Russian Federation	(Former) cross-border market sellers	(Former) cross-border market shoppers	Community elders
Khorog (T)	-	1	1	1	1	1
Ishkashim (T)	-	1	1	1	1	1
Shegnan (A)	1	1	-	1	1	1
Ishkashim (A)	1	1	-	1	1	1

Market observations were developed to compare prices of several products across the border with the goal of determining whether price differentials might be exploited to improve well-being of the local populations through free trade. Finally, key informant interviews were conducted with a number of stakeholders actively working on improving the livelihoods of border populations, both the local and national government and NGOs active in the region.

Table 3: Selected key informants interviewed for this project

Name	Organization	Title
Jawid Asharaf	Chamber of Commerce, Faizabad	Regional Manager
Bakhtiyor Azizamadov	AKDN / MSDSP	Deputy General Manager
Zuhro Berdova	De Pamiri	Sales Representative
Muhammadi Boboev	ADB	Economist
Dilovar Butabekov	University of Central Asia	Management Consultant
Nabot Dodkhudoeva	Madina	Director
Ganjina Fazilova	ADB	Regional Cooperation Coordinator
Fawzia Koofi	Afghan Parliament	Member of Parliament
Haji Olia	Chamber of Commerce, Faizabad	Local Business Representative
Maisam Raof	Tajik Consulate, Faizabad	Assistant head of Visa department
Sardar Sahel	Nation Aid	Programme assistant
Ubaid Saidasanov	Sokhtmonchi	Project Manager
Amin Virani	AKDN	Programme Coordinator, ESCoMIAD
Isrorov Isror	GBAO	Deputy Governor
Mahmadulloev Nurullo	Tajik Government	Deputy Minister of Labour, Employment and Migration

In a context where researchers are often met with suspicion and mistrust, the company's strict guidelines concerning a low profile, professional and respectful conduct, guaranteed anonymity of respondents and absolute transparency as to the scope of the research were respected, and no security-related events which might have jeopardized the assignment were noted.

CONTEXTUAL BACKGROUND

This section is designed to provide context to the following results. It presents a brief overview of the economies of Tajikistan and Afghanistan in general, and then focuses on the regions under examination for this assignment: GBAO in Tajikistan and Badakhshan in Afghanistan.

Country context

Tajikistan is a largely rural, land-locked country with a population of approximately 8.3 million. Over nine tenth of Tajikistan's territory is covered by mountains, making access to neighbouring countries challenging. The country inherited relatively improved infrastructure from Soviet times and boasts near-universal literacy rates. According to the World Bank, the country's 2014 GDP stood at USD 9.2 billion, and economic growth at a remarkable 6.7 per cent.⁵ At 19 per cent each, trade and agriculture make up the largest share in the structure of the economy.⁶ Official poverty rates in Tajikistan have dropped from 81 per cent in 2000 to 35 per cent in 2013.

With a population of 32 million, **Afghanistan** has sustained a high but volatile gross domestic product (GDP) growth over the past decade. In 2014, Afghanistan's GDP was stood at USD 20.8 billion. GDP growth reached an estimated 2 per cent in 2014, considerably lower than in recent years. Typically, agriculture accounts for around a quarter of GDP of Afghanistan, depending on annual output, and it absorbs close to 80 per cent of the workforce. The official poverty rate in 2011 stood at 36 per cent.

In terms of doing business, both countries are ranked among those where economic activities are challenging to embark upon. Tajikistan ranks 138th out of 187 countries in the World Bank Doing Business 2015 report, while Afghanistan ranks a dismal 175th.⁷

Although their economies are growing at the macro-level, both Afghanistan and Tajikistan are still characterized today by reliance on foreign aid, an overall negative balance of trade and a lack of diversity in their export structure. However, the two countries are important trading partners. Within the broader regional context, connectivity through the Silk Road is historical with regard to trade and cultural exchange with the Islamic Republic of Iran, the People's Republic of China, the Islamic Republic of Pakistan, the Russian Federation, and the Middle East.

Nonetheless, for a long time, **trade relations** between Tajikistan and its neighbour to the South were only maintained as part of existing Afghan-Soviet economic relations. Following the collapse of the USSR, there was a natural convergence between the two countries and commercial opportunities arose. Tajikistan's geographic location offered an opportunity to develop trade with both Afghanistan and China, transforming the social fabric and economic strategies of populations on both sides of the border in the process. Today, trade between the two countries is an important factor in their economic development:⁸

⁵ World Bank Development Indicators 2014, Tajikistan.

⁶ Muhammad, Fida (2013): Cross-border Economic Opportunity Study for AKF Tajikistan Evaluation and Learning Unit.

⁷ World Bank (2014): Doing Business. Measuring Business Regulations.

⁸ This is indisputable, although bilateral trade flows cannot be examined in detail using official sources given that neither country submits trade data to the UN COMTRADE database.

- Tajik exports to Afghanistan include electricity, aluminium wires, oil and oil products, vehicles, fruits (such as lemons) and vegetables (such as onions and potatoes) as well as electrical appliances.⁹ Tajikistan's trade balance with Afghanistan is positive, mainly owing to the absence of a strong manufacturing sector across the border, and Afghanistan's continued reliance on foreign fuel, electricity, minerals and processed products.
- Afghanistan's main exports to its neighbour are building materials (cement), nitrogen fertilizer, vehicles and agricultural products. Most food items are re-exports of Pakistani origin.

Trade between the two countries is very much a transit trade. The great majority of goods traded between the two countries are re-exports. Over three quarters of exports from Tajikistan to Afghanistan (such as metals, timber, grains, wheat flour and sugar) are imported from China, the Russian Federation, Kazakhstan and other countries. Tajikistan's imports from Afghanistan are mainly re-exported.¹⁰ On the Afghan side, of the main exports listed above, only one, nitrogen fertilizer is produced in Afghanistan while products such as agro-chemicals originate in Pakistan, Uzbekistan and the Islamic Republic of Iran.

China's role in Afghan–Tajik trade is particularly important. Despite the unfavourable security environment, China and Central Asia's trade with Afghanistan is on the rise¹¹ as Chinese mining, energy, communication and transport companies strive for unique opportunities available in the Afghan market. The direct Wakhan Corridor between China and Afghanistan is difficult to access, which makes Tajikistan (and GBAO in particular) the missing link in China's access to the Afghan market. Currently most of the consumer products for this region are coming directly from China transported over the Pamir Highway.¹² The local population rarely participates directly in this border trade. The recent trend in trade across border especially between Tajikistan and China has shown significant increase which is likely to continue in the future.

Currently trade between Afghanistan and Tajikistan is overshadowed by security concerns (spreading of militancy, drug trafficking) and undermined by the complexity and volatility of the enabling environment. Nevertheless, improving the economic cooperation between the two countries is not only an opportunity but a necessity. At the strategic level, the "*Afghanistan National Development Strategy (ANDS)*" and the "*Tajikistan Poverty Reduction Strategy Paper*" both underpin significance of the promotion of regional cooperation and improved relations within Central Asia and the adjacent regions.

⁹ Afghanistan Today (23 December 2012): Af-Taj 2012: Changing Frontiers.

¹⁰ OSCE (2014): Impact Review for the Cross-border Markets Resource Center.

¹¹ Asadov, Shokhboh (2012): Tajikistan's Transit Corridors and their Potential for Developing Regional Trade.

¹² Ishkoshim Free Economic Zone Brochure.

Regional context

This research focuses on the economic relations of communities living in the border regions between Afghan Badakhshan and Gorno-Badakhshan Autonomous Oblast (GBAO).

- GBAO is an autonomous region in the East of Tajikistan. High in the Pamir mountains, the region accounts for 45 per cent of the land area of Tajikistan. GBAO borders Xinjiang Province of China in the East, Badakhshan Province of Afghanistan in the South and West, and Osh Province of Kyrgyzstan in the North. Little of it is cultivable and only 3 per cent of the Tajikistan's total population lives there. Livelihoods of the population in GBAO, predominantly depend upon agriculture, livestock, remittances from abroad, and wholesale and retail trading of goods and services. Remittances through banking channels represented about 10–15 per cent of the GDP of the region in 2010.¹³
- Afghan Badakhshan is home to approximately 950,000 people. The province of is located in the north-eastern region, bordered by the province of Takhar in the west and Nuristan in the south, and shares international borders with Tajikistan in the north. Nearly nine tenths of the province is mountainous or semi mountainous. Agriculture is the major source of revenue for most households (55%) who own or crop agricultural land or do orchard management. Livestock is integrated with farming and contributes significantly to household income. The predominant commercial activities in Badakhshan are related to trade in agricultural and livestock products.

These regions are separated by Panj river, a formidable barrier in some places while in others the gentle flow can easily be crossed by wading through sand bars. The Tajik side sports occasional towns and villages, roads and bus stops, while the Afghan side has mere islands of habitation connected by mule paths.

With difficult physical characteristics (physical remoteness, extreme weather conditions), political instability and high levels of poverty, GBAO and Afghan Badakhshan share a challenging environment for economic development. However, the current state of infrastructure, human development and availability of social services are starkly different in the two regions; in this regard, Afghan Badakhshan is at a distinct disadvantage compared to GBAO.

By virtue of their remoteness, both GBAO and Badakhshan regularly experience shortages of several products. On the Afghan side these include (i) fresh fruit and vegetables, (ii) food items (mainly processed), and (iii) household daily use items. On the GBAO side these include (i) household daily use items, (ii) food items, and (iii) construction material.¹⁴

¹³ OSCE (2011): Local Analysis, Strategic and Implementation Plan for FEZ Ishkashim Tajikistan.

¹⁴ Muhammad, Fida (2013): Cross-border Economic Opportunity Study for AKF Tajikistan Evaluation and Learning Unit

The mainstay of the region, **agriculture** has gained in importance in the face of rising food prices.¹⁵ Farming activities are visible throughout the year in the extensive irrigated fields bordering the rivers of the region. In GBAO, the patterns of production still reflect the inter-state dependencies established during the era of the Soviet Union which witnessed the transformation of the local economy to meet external needs, in exchange for supply of all necessary goods. This resulted in low rates of self-sufficiency.¹⁶ Today large parts of the population are involved in subsistence farming. Cereal (mostly wheat but also barley and maize) and potatoes are grown, as well as some fruit, pulses and livestock.

Agriculture in the region is small-scale. The lands are not very large, perhaps 0.07 hectares per household. People grow wheat and potatoes, and every household has a small orchard. They all have livestock as well.

KII Deputy General Manager, Mountain Societies Development Support Programme (MSDSP)

In Afghan Badakhshan, crop production of items such as fruits, nuts and grains are the main source of livelihood for 55 per cent of the households.¹⁷ Irrigated areas are usually double cropped, with wheat as the primary first crop, while rice, cotton, vegetables, and other crops share the second planting and a later harvest.

Other sectors such as industry and manufacturing are lacking in the region. Badakhshan is traditionally focused on agriculture. In GBAO, most of the installed infrastructure is now dysfunctional without permanent funding. For instance, during and immediately after the Soviet period Khorog hosted a textile mill, a bread factory, a milk processing factory, a cement factory and a hydropower station. Only the latter remains.

Handicrafts are a niche activity in both regions. People of Gorno-Badakhshan Autonomous Oblast still pride themselves in mastery of the craft of wood carving, knitting, weaving and embroidery, while those in Afghan Badakhshan traditionally are skilled coppersmiths, weavers, shoemakers and potters. But according to Abdul Ghafoor Farogh, Director of Economic Affairs in Badakhshan, the once thriving crafts industry is on the verge of collapse due to the influx of cheaper products from China and Pakistan. Today, the sale of cashmere is the most promising economic niche.

Figure 2: Local handicrafts, Khorog
© Samuel Hall 2015 (Photo Jovid Juraev)



¹⁵ In 2015, wheat flour prices in GBAO range from 38 to 45 percent above the five year average. Meanwhile in Afghan Badakhshan, the World Food Programme has suspended its distribution after five vehicles were ambushed by gunmen in September 2015.

¹⁶ In the mid-2000s, less than 20 per cent of the cereal needs could be met by local production, a dire situation which prompted the Aga Khan Foundation's Pamir Relief and Development project. See for example Breu (2006).

¹⁷ UNFPA (2003): Badakhshan. A Socio-Economic and Demographic Profile.

One potentially lucrative licit source of revenue for the region is **mining**. The region’s soil contains sizable quantities of gold, silver, tungsten, uranium, nickel, and precious stones such as rubies. Gemstones are often seen on local markets and their trade has been linked historically to the development in the region. However, neither side has been able to extract value at a serious scale. Few if any Tajik domestic companies have the capital and expertise to mount a profitable mining operation, and development of mineral resources is subject to political challenges. Meanwhile on the Afghan side, the Ministry of Mines lists only two mines in the province, neither of which are currently operating. The deteriorating security situation prevents any serious planning for exploitation.¹⁸

Badakhshan can be very important for the economic situation of the entire county. There are so many mines in Badakhshan, but the people who were working in mines can no longer do so due to insecurity. We have maps of mineral deposits here that the Chamber of Commerce, but only warlords ask to consult them.

KII Executive Manager, Badakhshan Chamber of Commerce

Mining does thus not hold the potential to contribute to local livelihoods in either Badakhshan at this point, although micro-mining activities might well become important in the medium-term.¹⁹

Tourism is a decidedly viable prospect in the region, where aside from rare fauna (for instance Marco Polo sheep), the austere beauty of the region could capture the imagination of world travellers. The potential as a niche market for adventure tourism, however, is hardly exploited. On the Tajik side, tourists are hindered by the continuing requirement, a legacy of the former Union of Soviet Socialist Republics, to receive separate permission from the government to enter GBAO, a permission which can frequently be denied (as was last the case in March 2015). Security concerns in Afghan Badakhshan make any sort of tourism illusionary. The considerable efforts²⁰ to promote tourism in the region have had a modest impact thus far, with some 3,000 tourists visiting the region each year and providing a supplementary income to approximately 200 homestays.

Figure 3: Images of the Pamir Eco-Cultural Tourism Association



¹⁸ On 10 April 2015, for instance, more than 25 Afghan soldiers were killed in a Taliban attack on their military posts in Jurm district. It is believed that the army was attacked as it was trying to intervene in an illegal mining site.

¹⁹ Although it should be noted that even if mining were developed, it would not necessarily benefit the local population. In its report on mining, the World Bank states that “experience of mining operations generally leads to cynicism. Only 7 per cent of people who live in villages near the mine site say that their lives have improved.”

²⁰ Made, among others, by the OSCE, GIZ and the Aga Khan network through MSDP.

Just like on the national scale between the two countries, the lack of valid alternatives makes **trade** an important activity in the region despite the paucity of products and consumers. Trade is a relatively new trend in GBAO, where the Soviet proscription of private trading activities as *spekulacija* long remained fixed in the minds of the population. Decades after the turnover of the ideological frame conditions, interviewees still recurred to the negative connotation of private trade and complained of high prices. In Afghan Badakhshan, trade is traditionally more important than in its neighbor to the North and one household in three derives revenue from commerce and related services. The products sold by the local population are mostly horticulture goods and livestock. Trade has had a very beneficial impact on the quality of life of the population:

We did not use to have flour in this area. People would have to go to places such as Baharak or Faizabad to buy it. (...) One month later or less, it was finished and they had to go again. This was about five years ago. We couldn't find soap, matches... We had very basic way of life. But now, life has developed a lot. They import different things from Iran, Pakistan, Tajikistan through the bridge, and we have what we need. Today we can find whatever is found in Kabul. On the other hand, we had plenty of nuts, but now (...) we can't find a single nut because are all being sold elsewhere.

FG shoppers, Shegnan

However, the local populations of GBAO and Afghan Badakhshan mostly benefit from the increased trade flows as consumers. Most of the overland trade passes through Sher Khan Bandar, a border town in Kunduz province which has benefited from 2007 completion of the Tajikistan–Afghanistan 670-metre bridge at Panji Poyon (throughput capacity of 1,000 vehicles per day).

Such trade as there is might well decline in the next years as road improvement projects through northern Tajikistan open up new and much shorter routes from Western China to Tajikistan and on to Afghanistan, bypassing GBAO. Faced with this threat, a strategy was designed to further develop the location of GBAO as trade corridor by establishing a free economic zone in Tajik Ishkoshim, designed to provide tax-free facilities for processing and industrial activities in regional cooperation with entrepreneurs from Afghanistan, China, Pakistan and Kyrgyzstan, and become a logistic hub for transit and cross border trade and small and medium enterprise development.

The FEZ in Ishkoshim will have an important role for future development. The location is strategic: It is located in Vakhon valley, at the cross-roads between Tajikistan, China, Pakistan and Afghanistan. Via Pakistan we might have access to the sea. All of this will play an important role for local development. We are even planning to have an international airport in the FEZ.

KII Deputy Governor, GBAO

However, this project remains dormant and respondents from Tajik Ishkoshim state that they had trouble finding the office of the FEZ when they went there to look for work. Allegedly, the zone faces problems because its location in Tajik Ishkoshim was poorly chosen given the lack of reliable road connections to other locations in the area. In terms of livelihoods, it is small-scale cross-border trade that has the most important effect on the populations of the border region. This will be discussed in more detail in the following section.

Remittances

Labour migration is an important factor in the economies of both Afghan and Tajik Badakhshan. In Badakhshan, many young men leave the region to seek employment in Iran or Pakistan, and in 2012 regional immigration officials estimated that between 35 per cent and 45 per cent of young men in Badakhshan had left for good. On the Tajik side, labour migration is more fluid, with hundreds and thousands of individuals regularly leaving to work abroad while keeping close ties with their communities and returning regularly. According to MIA Migration Service data, in 2010, more than 500,000 labour migrants stayed on the territory of the Russian Federation alone.²¹ The remittances sent by labour migrants to Tajikistan comprise a significant part of Tajikistan's economy and the country's income. According to World Bank, the total amount of annual remittances to Tajikistan in 2012 exceeded USD 3.3 billion (compared to a total GDP of USD 6.9 billion).

The trend has led to a strong dependency on the inflow of cash from abroad.

Not all people have relatives in the Russian Federation who send them money. But many do. Some people stopped their trade because their relatives from Moscow send them money.

KII sales representative, De Pamiri

But amounts have now dropped. As the Russian economic crisis has reverberated into Tajikistan, economic migrants have been less welcome.

I am 52 years old. Currently I am not working. I worked in the Russian Federation as a migrant until five years ago, but they asked me to leave and now I do not work anywhere. (...) There is nothing to do here, there is no work. Nowadays in Tajikistan no one will hire you if you are over 45.

FGD return migrants, Khorog

According to data from the GBAO Department for Economic Development and Trade, labour migrants remitted approximately USD 8.2 million to banks in GBAO during January to April of 2015, 43 per cent less than the amount received during the same period last year.

The economic impact of this drop in remittances has been crushing, especially for female-headed households which are more dependent on external income generation and have comparatively poorer market prospects.²² But the development might well offer long-term economic upsides in the long term. Indeed, the temporary migration of a large share of the population has had mixed consequences for the country's development. The outflow of the most dynamic and educated members of society leads to less efficient domestic agriculture, and slowed-down changes in the political and social sphere. Emigrant workers are increasingly a cause of social concern as more and more workers abandon their families, seeking marriages abroad.

Although the residents of both Badakhshans are famously well educated,²³ external migrants are mainly employed in the construction sector and in factories.²⁴ The demand structure on the labour market in the Russian Federation, reflecting a need for low and medium skills, for construction and industrial workers, for "hands" rather than "brains", compels migrants with a high level of skills to agree to low-skilled work. Return migrant profiles will be further explored in the following sections.

²¹ ILO (2010): Migration and Development In Tajikistan – Emigration, Return and Diaspora.

²² Shariari, Helen et al (2009): Improving Women's Access to Land and Financial Resources in Tajikistan.

²³ Cf. respondent profile section.

²⁴ ILO (2010): Migration and Development In Tajikistan – Emigration, Return and Diaspora.

The Badakhshan and GBAO regions are closely linked by cultural factors and common economic challenges, namely the absence of work opportunities, further amplified by the forced return of migrants from the Russian Federation to Tajikistan. In the absence of a broad industrial base and a favourable environment which might allow to exploit promising sectors such as mining or tourism, agriculture and (transit) trade are the most important sources of livelihood. Cooperation, long dormant, has increased over recent years.

A TALE OF FOUR CITIES

This section focuses on the four towns where the research took place. Through our sample, it introduces the populations of Khorog and Ishkoshim in Tajikistan and Shegnan and Ishkashim in Afghanistan, with a focus on livelihoods and challenges faced.

Figure 4: Border towns under examination, bridge between Khorog and Shegnan

© Samuel Hall 2015 (Photo Jovid Juraev)



- Khorog is the capital of GBAO, as well as the district capital of Tajik Shughnon. It lies 2,200 meters above sea level. With a population of approximately 30,000, it hosts two universities.
- Tajik Ishkoshim is the capital of Ishkoshim district. It lies approximately 2,600 meters above sea level and has a population of some 11,000 residents spread around hamlets rather than a town per se.
- Located at an altitude of 2,100 metres, Shighnan district (often referred to as Shegnan) is also composed of a number of small villages. The district has a population of approximately 24,000.
- Ishkashim is situated at an elevation of over 3,000 metres in a lush valley. There are approximately 20 settlements here, but since the cultivation in the valley is constant it can be considered one single settlement. The total population is approximately 12,000.

Shegnan / Khorog and the two Ishkashims are connected by cross-border bridges which serve as key conduits for humanitarian assistance, commerce and socio-cultural exchange among communities living in one of the most remote and poorly connected places in the world.

Profile of the sample

For this study, between 70 and 85 households were interviewed in the four locations mentioned above. Each household questionnaire contained a short individual section to be filled in for all adults. A total of 1,400 adults were thus covered by the survey. The goal was to be able to draw a socioeconomic profile of the populations of the four towns in order to be able to make cross-border comparisons and identify gaps and opportunities for joint livelihood projects.

The four locations under examination here share many similarities in terms of culture, with 290 out of 300 total household respondents identifying themselves as “Tajik”,²⁵ part of a distinct and closely-knit community.

Foreigner for us often means “from another district”. We recently hired a very educated co-worker from Bamiyan who is Hazara. People only really started talking to him and sharing information after two months!

KII Bank Director in Faizabad²⁶

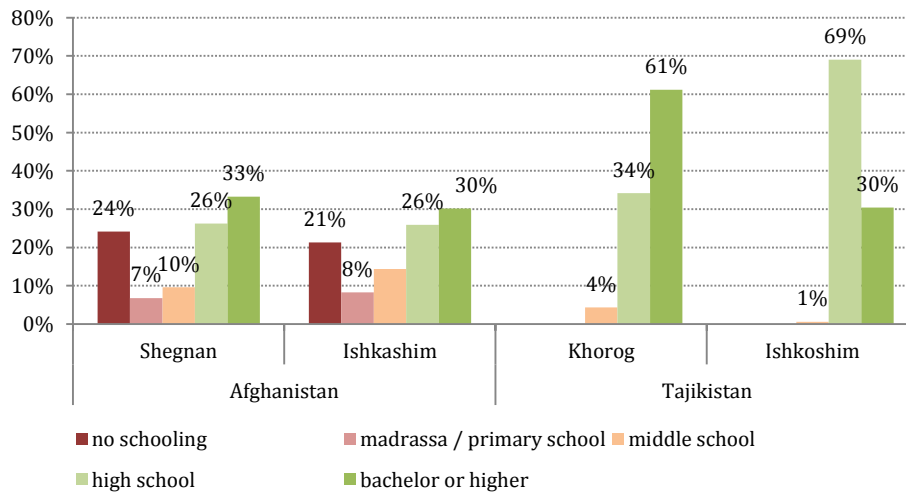
In spite of these cultural parallels, there are important differences between the Tajik and the Afghan side in a number of respects. On the Tajik side, Ishkoshim and Khorog are also quite distinctive, with Khorog presenting more of an urban profile while Tajik Ishkoshim is a collection of hamlets whose inhabitants are commonly engaged in small-scale subsistence agriculture.

Both Badakhshans are famously host to a well-educated population. This was confirmed by this research. A plurality of all adults covered by our survey holds an advanced degree. While this is more frequently the case in Tajikistan (and particularly in Khorog, home to two universities) than Afghanistan, it should be noted that Afghan Badakhshan is quite exceptional for its educational services in the Afghan context. As noted in the 2010 Faizabad Labour market study conducted by Samuel Hall for the University of Central Asia, “many of Badakhshan’s educational institutions remain relatively intact and access to educational services is easier than in many provinces. Badakhshani teachers have a very good reputation throughout the country and the overall literacy rate of 31 per cent is one of the highest ones in Afghanistan.”

²⁵ The options provided for this closed question were Pashto, Hazara, Tajik, Uzbek, Turkmen, Russian, Kyrgyz or “other”.

²⁶ Samuel Hall (2010) for UCA: Faizabad Labour Market Assessment.

Education by town



Households²⁷ in Afghanistan are considerably larger than those in Tajikistan, with an average number of household members of 8.9 (± 0.6) on the Afghan side and 6.1 (± 0.4) on the Tajik side. The number of individuals contributing to household income per family member is higher in Tajikistan than across the border. Close to three households in ten in Khorog and Tajik Ishkoshim have three income earners – this figure is less than 5 per cent in the two Afghan locations. Important differences can thus be noted in the earner ratio, an important indicator of household well-being and resilience.

Table 4: Household size and household earners

	Tajikistan		Afghanistan	
	Khorog	Ishkoshim	Shegnan	Ishkashim
Mean number of household members	5,3	6,8	8,5	9,3
Mean number of household earners	2,3	2,0	1,3	1,2
Average earner ratio	0,5	0,3	0,2	0,1

Shegnan appears to be in a particularly dire situation, with close to one household in four stating that there was no household earner at all (compared to no household at all in Khorog and one in twenty in Tajik Ishkoshim).

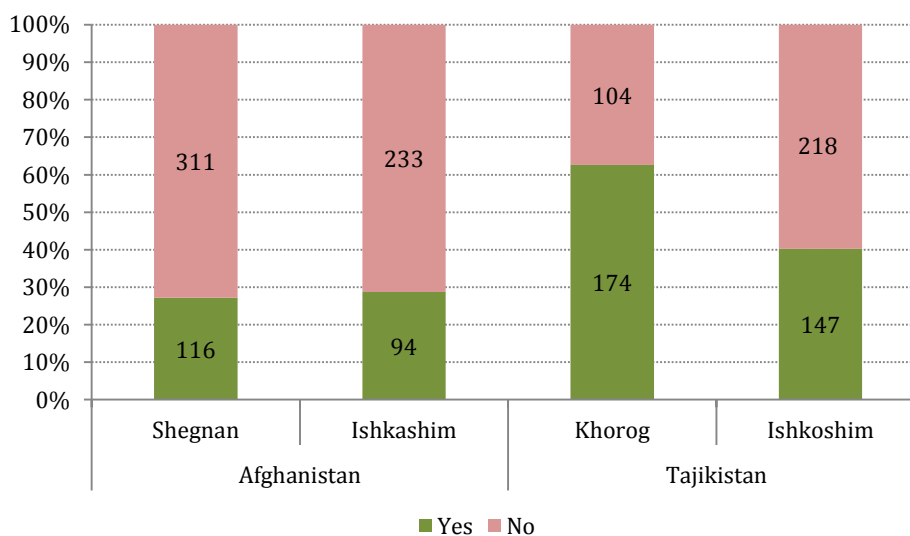
There are very few households who have two income generators. This really is the maximum. We have families with dozens of people, and only one person is in charge of the whole family!

FGD community elders, Shegnan

When asked about the individual household members between 15 and 70 years of age, these findings are confirmed. Six adults out of ten in Khorog have a source of income, compared to four in Tajik Ishkoshim and three in the two Afghan locations. High unemployment rates can be found on both sides of the river, and constitutes the main push factor for labour migration.

²⁷ Defined for the purpose of this study as the number of people who share a kitchen / cooking pot.

Does this adult earn an income today?



For the people who do have work, employment is mostly formal and permanent. Seven adults covered by the sample in Khorog and Tajik Ishkoshim hold a regular job. This figure is slightly lower in the Afghan locations but still remains at around 60 per cent.

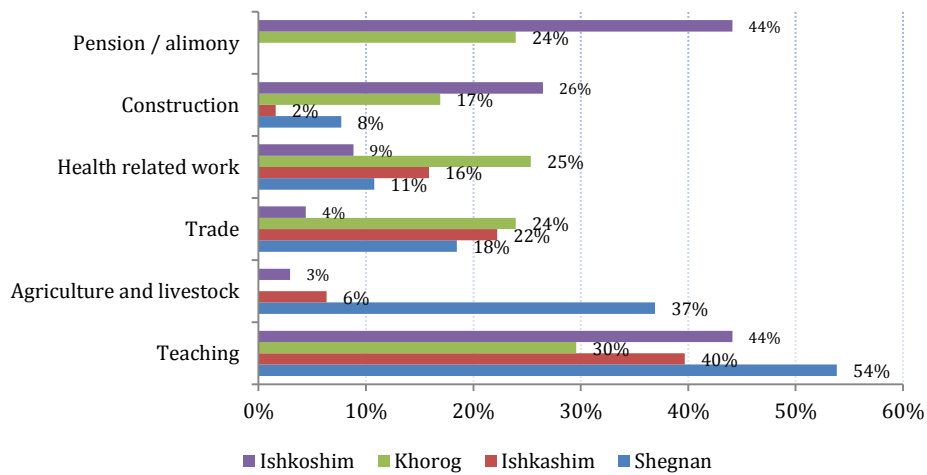
Households were asked to detail the sectors which provided their household income. Interestingly, in all towns, a large percentage of interviewees stated that at least one of their household members earned money in the education sector. This is due to a number of cultural factors, but also the presence of a teacher training centre in the Afghan communities and a number of schools and universities in Khorog.

In field of education we have so many qualified people. This is because we have so many schools, and people care about education a lot. We have a high number of teachers... and considerably fewer engineers.

FG youth, Shegnan

Health-related work is particularly important in Khorog, while agriculture and livestock play an exceptionally important role in Shegnan. Pension and alimony contribute to a significant share of households' income in Tajikistan but are unheard of in Afghanistan. Finally, construction is significantly more important in the Tajik towns than the Afghan ones, with one household in four in Tajik Ishkoshim and one in five in Khorog stating that a family member working in this field contributes to the household income. This figure is significantly lower in the Afghan towns.

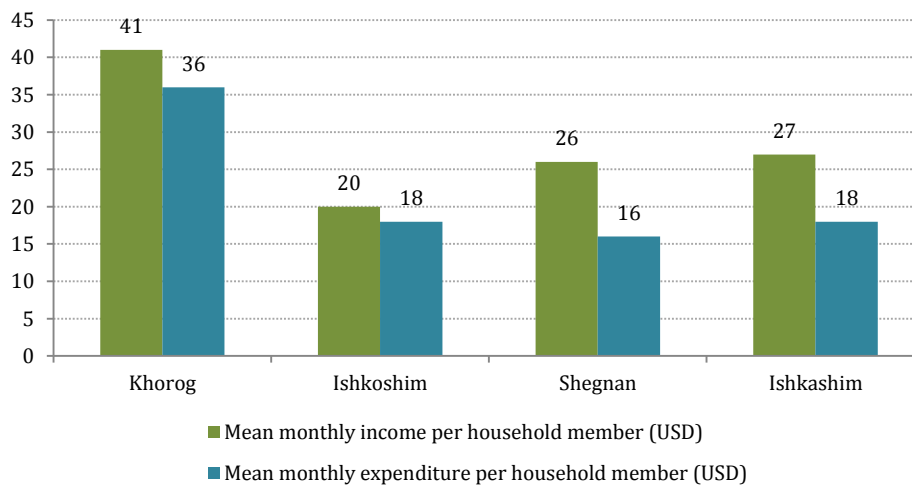
Sources of income



As suspected, not many people are involved in manufacturing. The figure of households whose members make a living through manufacturing stands at less than 4 per cent in Afghanistan, 7 per cent in Khorog and 1 per cent in Tajik Ishkoshim. As befits a more sizable town, transport is a source of income for 13 per cent of households in Khorog but hardly plays a role in the other locations. A minority of respondents also noted that members of their household were employed as civil servants or worked for international organizations such as the Aga Khan Foundation. Remittances as a source of income are considerably more common in the two Tajik locations than in Afghanistan, with a one interviewed household in four in Khorog and one in five in Tajik Ishkoshim benefiting from money sent from abroad. This figure stands at one household in twenty in Shegnan, and is nearly inexistent in Afghan Ishkashim.

Mean income per household member is considerably higher in Khorog at USD 41 per month than in the other three towns (between USD 20 and USD 25).²⁸ Similarly and unsurprisingly, the spending per household member is higher in Khorog than in the other towns.

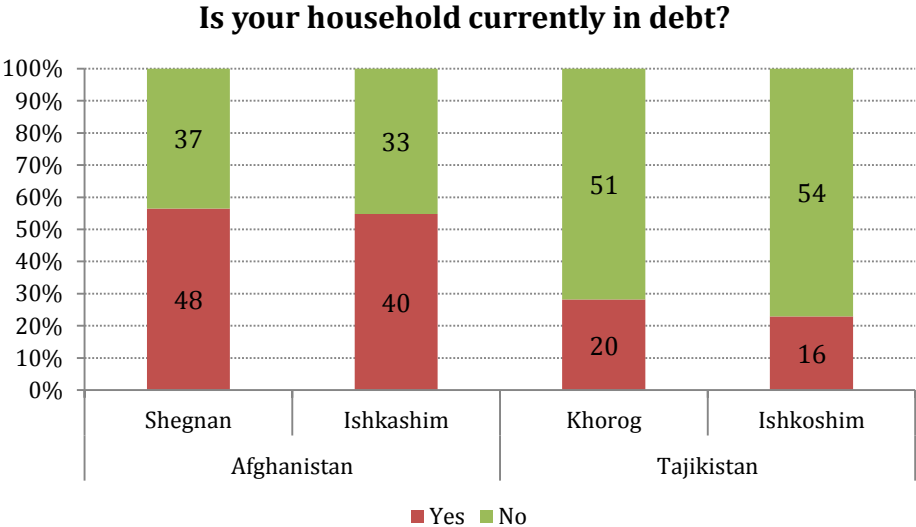
Mean income and expenditure



²⁸ Note for the purpose of this statistic, currencies were converted into USD and the intermediate bracket average was used as an estimate for amounts.

Differences in sectors of activity and income among the sample of towns are also reflected in the composition of household assets. While almost all respondents in Khorog own a fridge (96%) this is only the case for one household out of ten in Shegnan. Respondents in Shegnan are considerably more likely to own land and livestock (85% versus 24% in Khorog). Mobile phone penetration appears to be almost universal in Tajikistan but only six households out of ten in Ishkashim have a mobile phone.

Household debt is considerably more prevalent in Afghanistan than in Tajikistan, with over half of the interviewed households in Shegnan and Afghan Ishkashim carrying debt compared to less than 30 per cent in the Tajik locations.



The average amount of household debt is also higher in Afghanistan, at USD 476 in Shegnan, close to USD 800 in Afghan Ishkashim but less than USD 300 in the Tajik towns. Debt is mostly taken on to cover basic needs (food, shelter, heating). Education however also plays an important role, with three debtor households out of ten in both countries having borrowed money to afford expensive schooling fees.

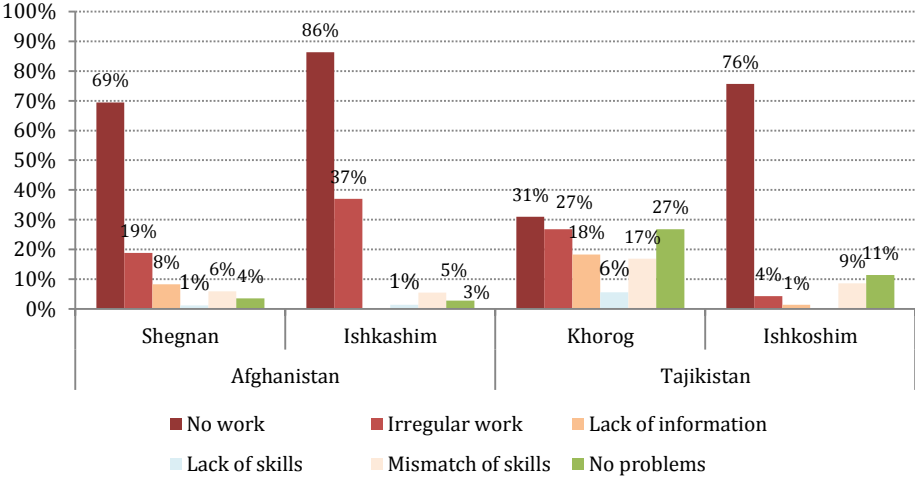
I am a student and I pay USD 500 for my education every year. My brother studies at lyceum and pays USD 500 for one year. My sister pays USD 200 for studding at the gymnasium. My little sister goes to kindergarten and we pay for it.
 FG market shoppers, Khorog

Some households in all four locations face problems covering their basic needs, but this is considerably more common in Afghanistan than in Tajikistan. While in Khorog and Tajik Ishkashim, less than 10 per cent of respondent households stated that they had trouble satisfying their basic needs often or very often, this was the case for a quarter of households in Shegnan and 20 per cent in Afghan Ishkashim. Winter and spring are the seasons when problems most frequently arise.

Our expenses decrease when fruits are in season. Expenses are higher during the winter. Most people are jobless. People gather food items during the spring and summer, and they will save it for winter. Summer clothes are cheaper than winter clothes. The sickness rates are higher in winter, so we have to pay for the doctor.
 FG market shoppers, Shegnan

Challenges related to the labour market are acutely felt across all four towns. Again Khorog stands out. Whereas in the other locations the lack of jobs presents by far the largest obstacle, Khorogis also complain of irregular work, a lack of information concerning job opportunities and a mismatch between the skills and market demands.

Challenges related to work



These concerns are voiced particularly frequently by youth interviewed in Afghanistan.

There is no company, no organization in the area which could employ us. People are intelligent in this area. It is unthinkable that they could not find jobs because they are not qualified. They can't find jobs because there are not work opportunities at all!

FG youth, Shegnan

If we look at our community, so many people studied nursing. But there is only one clinic – there is no place for all of them to work. We have a teacher training centre here which produces 60 graduates a year. In the past they were hiring those with only a primary school degree as teachers, but these days are long gone. Now even people with Bachelor's degrees cannot find jobs.

FG youth, Afghan Ishkashim

The mood, however, is positive. When asked about the expected evolution of the economic and security situation over the next years, an overwhelming majority of household respondents stated that they expected both to improve:

Table 5: Percentage of respondents expecting the situation to improve over the next two years

	Khorog	Tajik Ishkoshim	Shegnan	Afghan Ishkashim
Economic situation	90%	81%	88%	73%
Security situation	73%	73%	87%	71%

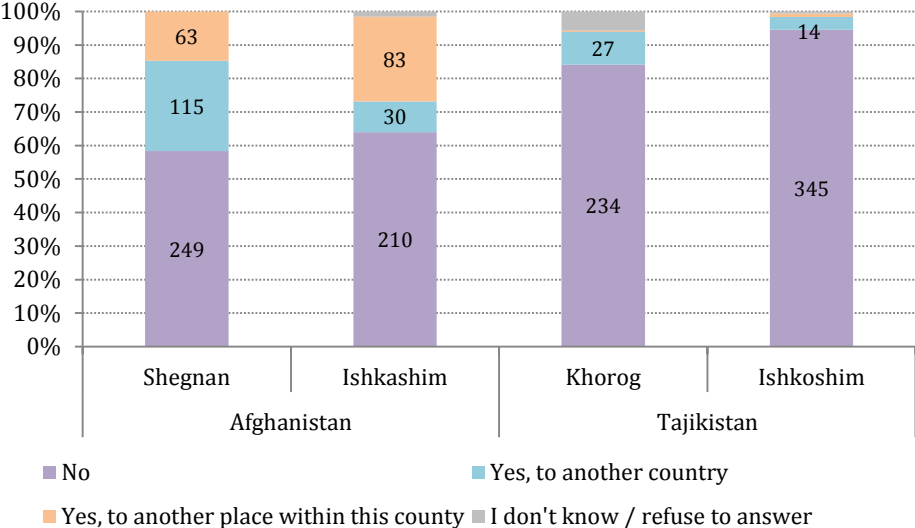
This generally positive outlook is based on improvements witnessed over recent years which were frequently stressed in discussions, especially with Afghan respondents:

The economy has gotten much better compared to three years ago, for all of us. We did not have electricity²⁹ or TVs in the past, we did not even know what they were. Now we have electricity 24 hours per day. Our life condition has been modernized. We could not find anything to eat before, especially during the winter. We would finish our supplies and all the roads would be blocked. People were using donkeys and horses to move around, but now we have roads. So much development has happened!

FG women, Shegnan

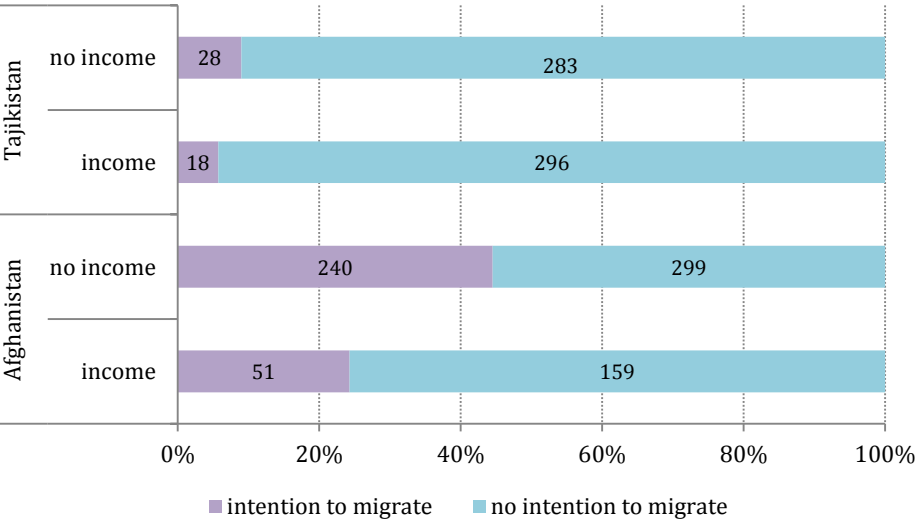
In spite of these positive developments, a non-negligible number of individual respondents are planning on leaving their current place of residence.

Individual migration intentions



Afghans are considerably more likely to want to migrate than Tajik respondents. While an individual’s gender has no discernable impact on his or her migration intentions (supposedly because women would migrate with their families), having an income does.

Individual migration intentions



²⁹ Electricity in the Afghan border region is indeed a major success of cross-border development efforts. Electricity in border areas of Badakhshan is provided under grants financing through “PamirEnergy”, a subsidiary of the Aga Khan Foundation.

The majority of Tajiks who plan on migrating to another country intend to travel to the Russian Federation (73%), while Afghans mostly intend to move to Turkey / Western Europe (45%) or North America (20%).

Focus on vulnerable populations

This section presents a brief overview of the situation of demographics of particular interest to IOM Tajikistan, namely returned migrants, women and other vulnerable individuals.

- Return migrants**

Migration is a common coping mechanism in both GBAO and in Afghan Badakhshan, but whereas Afghanistan often sees entire families migrate, Tajik households frequently send only one or two members abroad. In spite of recent political turmoil, this phenomenon remains unchanged.

*Do you have a member of your family working in the Russian Federation at the moment?
Yes, of course! [laughing] All families here have someone who is working there.*

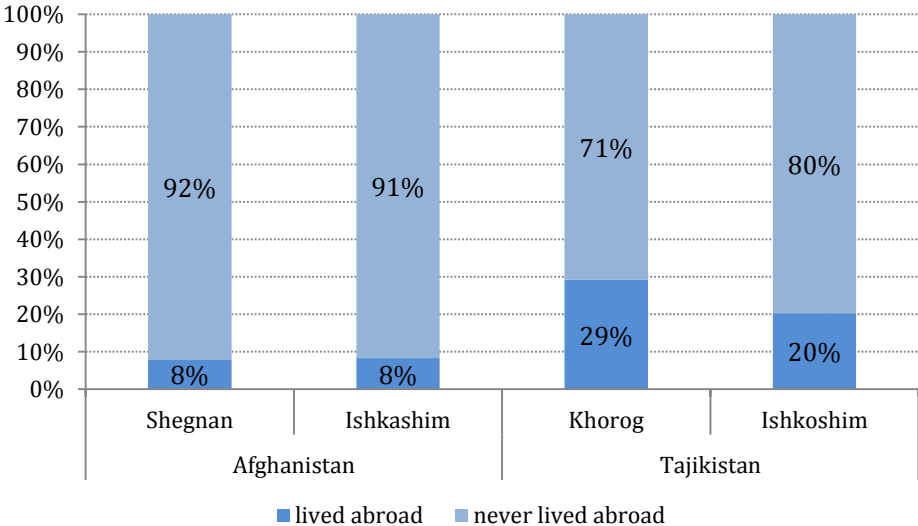
FG return migrants, Tajik Ishkoshim

The share of individuals who had previously lived abroad was considerably higher in Tajikistan than in Afghanistan, with one person in three having lived in another country in Khorog, 2 out of 10 in Tajik Ishkoshim but only 8 per cent in Shegnan and Afghan Ishkashim.

According to our observations, around 25,000 to 32,000 people migrate to the Russian Federation every year. A lot of money used to come in from abroad. Before, the amount of remittances were around TJS 42 million per month. These days it has been reduced to around 32 million.

KII Deputy Governor, GBAO

Return migrants by town



Those who lived abroad were more frequently male than female. In Tajikistan, over one third of male individuals between the ages of 15 and 70 had lived abroad, compared to 15 per cent of female respondents. In Afghanistan, 13 per cent of male adults had migrated before, versus 3 per cent of women.

Of the 155 Tajik former migrants in our sample, 146 (96%) had previously lived in the Russian Federation, while the majority of Afghan returnees had returned from Pakistan. More Tajiks than Afghans worked while abroad: 86 per cent of Tajik individuals who had lived abroad earned an income there (mostly in construction), compared to 57 per cent of Afghans (mostly as day labourers). Close to half of the former migrants have an income today: 44 per cent in Afghanistan, 54 per cent in Tajikistan.

In our sample, of the 152 Tajik individuals who had formerly lived in the Russian Federation, only 17 (11%) have allegedly been banned from re-entry into the Russian Federation. Families of the remaining 131 maintain that they are allowed to return to the Russian Federation to work should they so choose (although cases have been known where the banned migrants were not aware of their situation until attempting to return there). The qualitative research paints a more nuanced picture, indicating that respondents might be reluctant to admit that a person of their household was banned from re-entry to an unknown enumerator, but discuss it in a more confidential setting.

Even in the absence of a straight-out ban, discussions revealed that the conditions for finding work in the Russian Federation had deteriorated significantly:

A lot of money came from the Russian Federation to Badakhshan. But recently there have been changes in regulation and getting a work license as an individual is more difficult. Now you need to pay 18,000 Rubles to get it, and pay 4,000 more every month. If you do not pay a bill, even if it's just a phone bill, they will check at the border and ban you from coming back for a certain period of time.

FG return migrants, Khorog

The fact that most of the Badakhshanis who worked in the Russian Federation held a job below their qualifications³⁰ does not prevent a number of them from intending to return as soon as possible. They do however worry that the economic crisis will not only affect their prospects on the job market there, but also result in considerably lower salaries due to the staggering devaluation of the Ruble. Unsurprisingly, even families who still rely on a migrant family member for remittances have noted a strong decrease, as the workers get paid less, find fewer work opportunities and have to cover considerably higher costs for their work permit.

The household interviews did not result in findings which would support the assumption that a significant majority of individuals who had previously lived abroad intend to return there (in our sample, four out of five Tajiks having lived in the Russian Federation allegedly have no such plans), although it is unclear whether this points to improved living conditions and opportunities in GBAO or the deterioration of conditions in the Russian Federation.³¹ This is confirmed in conversations with the concerned demographic.

Our situation is not bad. I started doing some business here. Insh'allah, it will get better. I am not going to go to the Russian Federation anymore. I am trying to settle here.

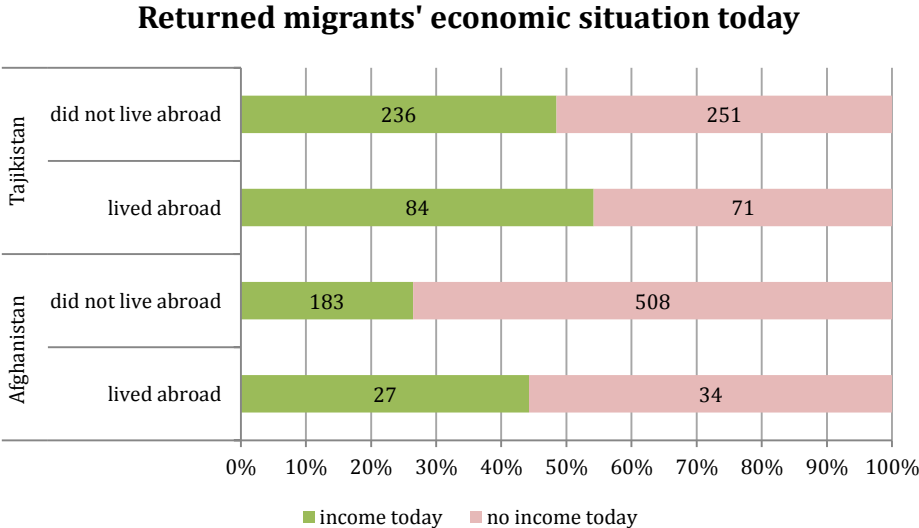
FG return migrants, Khorog

³⁰ The sample for this research included, among others, a linguist and an economist who worked on construction site, and a lawyer who found work as a security guard.

³¹ If such decisions are made based on external factors, it indicates an overall lack of resilience of the concerned individuals.

Furthermore, speaking only to returned migrants present in GBAO at the time of the fieldwork means that the research could not include individuals who have returned to then migrate to a third country. The Deputy Minister of Labour, Employment and Migration notes that while the number of economic migrants to the Russian Federation had decreased, the number of migrants to Kazakhstan had risen considerably.

Returned migrants are somewhat more likely to have work today than those adults who have never lived abroad:



Although the evidence is anecdotal, this might indicate that return migrants are rewarded on the local labour market for having acquired skills during their stay abroad. This coincides with information provided by the Deputy Director of MSDSP:

Most people who migrate are well educated, but it is not the case for all of them. Some go to the Russian Federation just after High School, for instance to avoid being drafted into the army. When they get there, the men mostly work in construction and the women in the service sector. Is it a waste of potential? Perhaps. But often it is positive, too. Over the years, we have noticed that the returnees had an improved skillset. We saw this especially in the construction sector, but also with services.

KII General Manager, MSDSP

However, given that 57 per cent of Afghan adults and 86 per cent of Tajik adults who had previously lived in another country did work while abroad, it is evident that the livelihoods situation of these individuals often deteriorated upon return. Tajik individuals who had work abroad made an average income of USD 413 per month³²— considerable in a country where the average GDP per capita stands at USD 211.³³

In the meantime, however, the situation stands to deteriorate. The Mayor of Dushanbe has warned the legislature that due to the Russian Federation’s declining economy Tajikistan is likely to see their largest return of migrants yet in 2016.

³² Exchange rate of 6.92 as observed in late December 2015.
³³ World Bank Development Indicators 2014, Tajikistan.

- **Women**

Overall and in spite of many cultural similarities, the situation of women in general and female-headed households in particular in Tajikistan and Afghanistan can hardly be compared. On UNDP's 2014 Gender Inequality Index,³⁴ Tajikistan ranks 69 out of 155 countries, while Afghanistan ranks a dismal 152. But in Tajikistan, the socioeconomic position has deteriorated over the years as a consequence of war and the transition process. In 2009, a World Bank study noted a "feminization of predominantly low-paid segments of sectors such as agriculture, and an onsequent exposure of women to high poverty levels."³⁵ The war and growing levels of male emigration³⁶ also resulted in an increase of female-headed households. Finally, women's labour often tends to go unreported and unrewarded: "In Gorno-Badakhshan Autonomous Providence almost 50 per cent of working women declare to be unpaid workers."³⁷

In Afghanistan, while considerable efforts have been made to educate and empower women, they still face a variety of social, political and security challenges. AREU notes that there has been no substantive surge in their economic participation since 2002.³⁸ In Badakhshan too, women's work is often unaccounted for as they are frequently engaged in unpaid labor, part of an informal and unregulated economy.

Where women are actively and officially involved, it is usually at the bottom of the value chain in an array of farm-based activities ranging from seed bed preparation, weeding, horticulture and fruit cultivation to a number of postharvest crop processing activities such as cleaning and drying vegetables, fruits and nuts for domestic use and for marketing.³⁹

Can you also work in offices? I am really interested in working in offices, but my family will not let me. My husband doesn't allow me to work in organizations and offices.

FG women, Afghan Ishkashim

Women work less frequently than men in all the communities visited for this research.

³⁴ A measurement of gender disparity.

³⁵ Shariari, Helen et al. (2009): Improving Women's Access to Land and Financial Resources in Tajikistan.

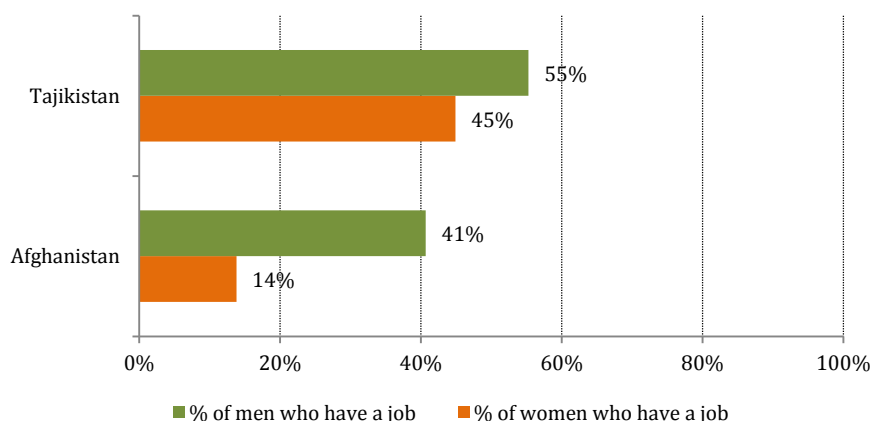
³⁶ According to the General Manager of MSDSP, it is only over the past five or six years that women have joined their male peers in labour migration at a large scale.

³⁷ Shariari, Helen et al. (2009): Improving Women's Access to Land and Financial Resources in Tajikistan.

³⁸ Ganesh, Lena (2013) for AREU: Women's Economic Empowerment in Afghanistan: Creating Spaces and Enabling the Environment.

³⁹ UNEP (2009): Women and Natural Resources in Afghanistan.

% of adults who have work



While the populations of all communities visited for this project are comparatively well educated, men enjoy a higher level of education on average in both countries. Among the Afghan sample, the share of women who hold a Bachelor’s degree or higher is 22 per cent, compared to 41 per cent of men. In Tajikistan, the distance is smaller, with 42 per cent of women versus 46 per cent of men stating that they hold a University level degree. The women who are economically active mostly have a higher education in both countries. One woman with a Bachelor’s degree (or higher) in three in Afghanistan and two in three in Tajikistan earns an income today.⁴⁰ This figure drops considerably for lower degrees of education: For those who have a High School degree only, one woman in ten in Afghanistan and one in four in Tajikistan have an income of their own.

In Afghanistan, the obstacles are at least partially cultural, due to sociological reasons as well as traditional customs. In practice, there are simply not many types of professional activities women can partake in. While female teachers and midwives are well accepted by the communities, these positions are limited in number.

Our economic situation is good, but I am really concerned about my prospects. I studied really hard in school, and I would like to become a teacher. But we are all housewives (...) There are just not many job opportunities here. So many graduate every year, but there is no work for them. Currently we have about 800 women here in Shegnan who have studied until 14th grade, and all of them are unemployed.

FG women, Shegnan

Women are also encouraged and eager to pursue handicrafts (weaving in particular was mentioned on several occasions, featuring prominently especially in the minds of the women in Shegnan), but the market for those products is limited.

Women in Tajikistan frequently do work, and the percentage of working women who hold a permanent and formal job is slightly higher than for their male peers (38% versus 33%). The problem for women in Tajikistan is that there are few job opportunities, and the work there is very poorly paid.

⁴⁰ Inversely, this means that two thirds of Afghan and one third of Tajik highly educated women do not work – a severe waste of talent on both sides of the border.

I'm a teacher. My salary is 230 somoni.⁴¹ I am the only one working in my family. My husband is jobless. We are both educated, but there are no jobs.

FG women, Khorog.

- **Other vulnerable groups**

When asked about particularly vulnerable members of their communities, Afghan respondents very frequently spontaneously referred to drug addicts. In Badakhshan, opium remains available relatively easily, and UNODC laments that many lack both easy access to health services and awareness about the harm of opium addiction. Mistaking the disease for a cure, opium is frequently taken to fight off headaches and calm children, with devastating consequences as lamented by community leaders in both Afghan locations.

Our main problem is drugs. They really hurt every aspect of life in this community. They do not just hurt the drug addict but also the people around him(...) Their number is high. There are some families in our area, and all their members are addicted. The number of addicts in the community had gone down in the past, but it is on the rise again.

FG community leaders, Afghan Ishkashim

Both Badakhshans (Tajik and Afghan) host culturally similar “Tajik” populations with high levels of education. Teaching, agriculture and trade are the most important sources of livelihood. The Afghan side is more vulnerable in terms of family size, earner ratios, debt and income. Challenges related to the labour market are acutely felt across all four towns, but the mood is positive owing to considerable development efforts undertaken over the past few years. In spite of this optimistic outlook, an important number of individuals intend to migrate. Migration emerges as a common past coping mechanism in both regions, but return migrants are considerably more prevalent in GBAO. Those who were previously in the Russian Federation do not often intend to return there, although this might be due to the Federation’s evolving economic crisis. Women are less likely to have a job than their male peers in both locations, with a greater contrast among Afghans than Tajiks.

⁴¹ For context: a bag of flour costs TJS 200.

CROSS BORDER TRADE

*In your opinion, what are the advantages of living near the border?
 Just trade. Nothing else. They benefit only from trade. I honestly don't see anything else.*

KII Director, De Pamiri

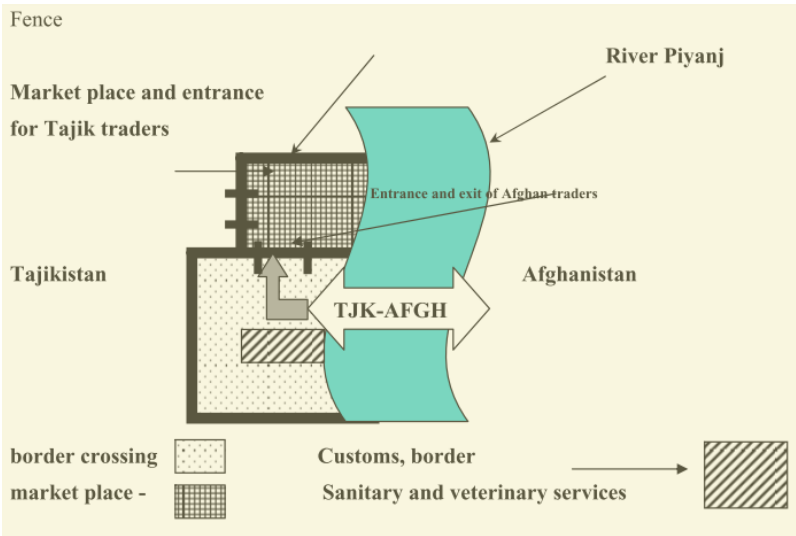
This section examines the cross-border trade between GBAO and Afghan Badakhshan in order to shed light on livelihoods opportunities in the realm of commercial exchanges between the Afghan and the Tajik sides.

Introduction to the cross-border markets

In line with World Bank standards, cross-border trade is defined as “a flow of goods and services across international land borders within an easy reach of up to 30 kilometres.” Cross-border trading is usually carried out by individual producers as well as transit traders. The quantities involved are small in terms of weight and value of the traded goods. This kind of trade mostly concerns agricultural products and consumer goods for which price differentials exist. The unique feature of cross-border trade lies in the geographical proximity between the involved communities which renders transportation costs almost irrelevant. This allows traders to take advantage of differences in the supply, demand, and prices of various goods and services available on either side of the border. Most cross-border trade activities are not reported in foreign trade statistics.

To facilitate this type of trade, cross-border markets (CBMs) were set up between Afghanistan and Tajikistan around the four bridges over the Panj River at Tem, Darvaz, Langar and Ishkashim. They are duty-free zones where traders from neighbouring countries can sell and buy goods with a restriction of a maximum value and volume of imported goods, without the need for a visa. The rules governing the markets are well established. No taxes are payable, provided that total trade volume remains below USD 1,000.

Figure 5: Layout of a cross-border market



The volume of goods traded must not exceed 50 kg. The categories of products which may be traded here include processed food,⁴² unprocessed food, products for immediate consumption, non-food items,⁴³ construction materials and goods of mass consumption. It is forbidden to trade cigarettes, alcohol, precious stones and narcotics.

⁴² Such as flour, sugar, oil, tea, milk products and meat.
⁴³ Such as textiles, carpets and pharmaceuticals.

Afghan citizens do not require a visa to enter the CBM but most provide a valid form of identification to the border control officers. They are not allowed to leave the market to enter Tajik territory.

Two markets were studied for this research: Tem market (Khorog / Shegnan) and Ishkashim market. Tem market takes place on the Tajik side of the bridge, while Ishkashim market is held on an island between the two sides. Both markets were closed at the time of fieldwork.⁴⁴

- Tem market is located five kilometres north Khorog city. The number of traders usually ranges from 80 to 150, and it attracts around 2,000 to 3,000 customers from the rather densely populated neighbouring areas of both Afghanistan and Tajikistan. In early 2014, MSDSP launched a reconstruction of the market, with more space for shelters, shops, storage and an area dedicated to Afghan female traders. Water and electricity provision was improved by *Tojikmatlubot*.⁴⁵ This construction was supposed to be finalized in October 2014 but took considerably longer, much to the chagrin of the local populations.

You know, it's a small place. It is only something like 20 by 30 metres large. Construction has been going on for over a year. They could have done it in one week!

Focus group traders, Khorog

- Ishkashim market is the largest of the Tajik-Afghan CBMs, weekly attracting between 150 and 200 traders and with an average number of customers between 3,000 and 4,000. Afghan traders dominate this market, which is well-connected to the provincial capital of Faizabad. Ishkashim market was closed for security reasons several months ago and remains so for the time being.

Figure 6: Ishkashim market when open

© Travelwakhan.com 2012



Ishkashim market at the time of fieldwork

© Samuel Hall 2015 (Photo Jovid Juraev)



Although the markets could not be visited by the field teams, given their importance to the local economies, the following section explores their functioning, and their economic and social impacts in greater detail.

⁴⁴ Tem market was closed for construction but will open again in early 2016. An opening ceremony was held on Saturday, 5 December 2015. Ishkashim market is closed until further notice for security reasons.

⁴⁵ Tajik consumers' organization in charge of bazaars.

Sales volumes

The cross-border markets at Tem and Ishkashim are modest in scale, constrained by the low incomes of consumers on both sides of the river. However, before they were shut down, both markets clearly experienced a strong increase in turnover:



Source: OSCE.

The volume of turnover was seasonal with high demand for processed and unprocessed food in winter and spring, but low demand in summer and autumn when there is an abundant supply of fresh vegetables and fruits. In autumn, the number of traders at the CBM also decreases due to preparations for the winter season and harvesting of the crops. Afghan consumers increase their demand for processed and unprocessed foods before winter and spring, when natural disasters such as avalanches, landslides and river floods may cause the roads to the CBMs to close.

Business is better in winter in general because those people who want to sell their livestock will sell them in winter, farmers have to buy what they need from bazaar when their savings are finished.

FG traders, Afghan Ishkashim

Products and Prices

According to residents who used the cross-border markets, products purchased there rarely came from their own county – indeed, why go to the cross-border market to purchase goods one could just as easily obtain on the local bazaar? Tajiks were more likely to claim that the products came from Afghanistan, but frequently added that they also come from Pakistan, and, to a lesser extent, Iran. Afghans frequently purchased products from the Russian Federation and the People’s Republic of China, as well as other Central Asian countries such as Azerbaijan.

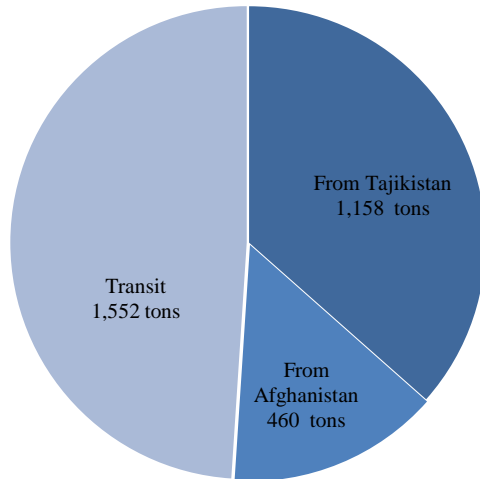
Afghans don’t want our products. They want good quality and cheap ones. (...) Few local products are sold there, like socks and some other things. (...) They want quality and cheap prices. They are quite smart.

FG traders, Khorog

I think Pakistan is getting the most benefit out of it. They even have onions and potatoes in their stocks which were originally produced by Afghans. These products will be kept in Pakistan until spring, and then they will bring them back to us and sell them for several times the price they bought them for!

KII Badakhshan Chamber of Commerce

Origin of goods traded on CBMs



Based on data collected by the GBAO customs Department in 2013,⁴⁶ close to half of all goods traded on the CBMs near the AKDN-sponsored bridges was transit trade. But as the World Bank notes, “Don’t disparage bazaars! Large present of imports in bazaar trading should not be regarded as a curse.”⁴⁷

Source: Muhammad, 2013.

As remarked upon quite frequently by respondents, trade on the CBMs is limited in scale both by the scarcity of consumers and the scarcity of resources and the main function of the markets is for the populations to meet basic needs. Products sold on the CBMs include food, non-food, clothing and garments, shoes, utensils, construction material, and so forth. According to data recorded by Milal-Inter, among the six categories⁴⁸ of products allowed on the market, the proportion of non-food products is the highest, followed by sale of processed food products.

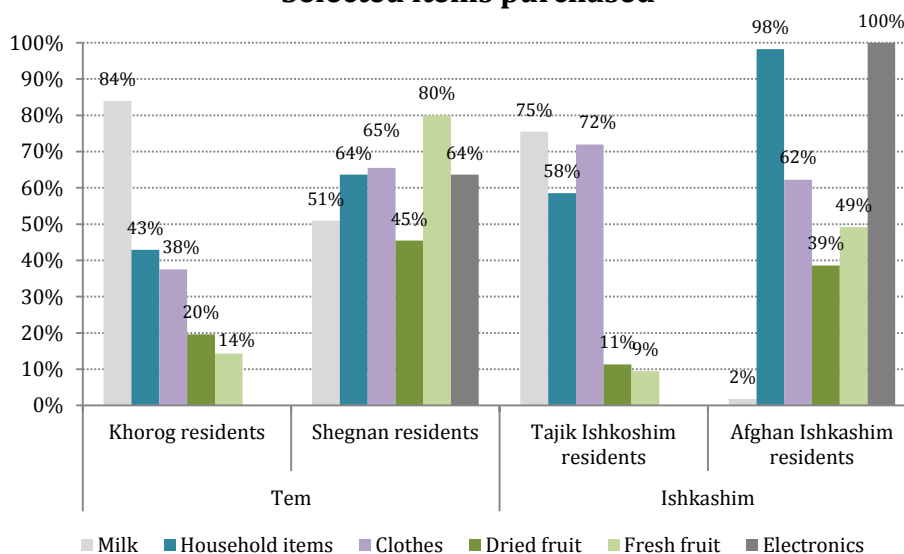
Our research shows that only Afghans use CBMs to buy electronics, which implies that those were available on the Tajik markets at a cheaper rate, while available in Afghanistan at higher prices or not at all. Afghan customers would buy fruit both fresh and dried, while Tajik customers would come to the market to purchase sterilized milk. Other items commonly purchased by Tajiks include Cola, tea and soap. Clothes and household items, supposedly imported, get traded both ways.

⁴⁶ Muhammad, Fida (2013): Cross-border Economic Opportunity Study for AKF Tajikistan Evaluation and Learning Unit.

⁴⁷ World Bank (2010): Skeins of Silk - Cross-Border Trade and Borderless Bazaars in Central Asia. Presentation on the book of the same name.

⁴⁸ Six categories of products include; (i) processed food products (wheat, sugar, oil, tea, packed milk, confectionary, juices, jams, canned produce); (ii) Unprocessed food (potatoes, fruit and vegetables); (iii) food services (food for immediate consumption in the market); (iv) non-food items (all type of dresses, boots, textiles, carpets, perfumes, pharmaceuticals, article of domestic utilities, equipment etc.; (v) construction material (timber, beams, paint, nails and hardware, zinc, asbestos, glass, doors, windows, cement, alabaster, construction glue, electric equipment, furniture, etc.; and (vi) Others (other products than mentioned above).

Selected items purchased



Notable absents from the list of items which get traded on the markets are handicrafts (such as scarves, robes⁴⁹ or rugs), as well as large bulk items such as cement. Based on focus group discussions, potential demand exists for the sale of livestock by Afghan traders⁵⁰ and fruit (both fresh and processed), potatoes, hides and aluminum by Tajik ones.

Market observations could not be carried out at the CBMs for reasons mentioned above, but the research team visited the local bazaar in all four towns under examination to obtain an overview of pricing for products commonly available in the cross-border markets. This exercise led to the following results:

Table 6: Market observations (Price in USD)

Item	unit	Khorog	Shegnan	Ishkashim TJ	Ishkashim AFG	
Sugar	1 kg		1.03	0.85	1.03	0.91
Rice	1 kg		1.47	1.44	1.47	3.26
Oil	1 lt		2.21	1.52	1.91	1.52
Oil	5 lt		8.53	7.58	8.09	7.58
Tea	1 kg		3.68	3.64	2.94	3.64
Milk	pack (24 pcs)		7.06	6.06	7.06	5.61
cucumber	kg		1.47	-	2.94	1.67
tomato	kg		2.21	-	2.94	1.82
onion	kg		0.37	0.53	0.37	0.76
potato	kg		0.44	0.45	0.37	0.76
Flour	50 kg		26.47	30.30	25.74	27.27

⁴⁹ Traders in Afghan Ishkashim mentioned that there used to be a strong demand for Tajik handicrafts, with traders from Kabul and Faizabad reaching out to them asking for Tajik-produced robes and hats. Those appear to have since been replaced with products of Chinese origin.

⁵⁰ This is not currently allowed for reasons of food safety.

Prices are commonly lower on the Afghan side of the border except for flour, fruits and vegetables. A particularly large discrepancy was observed for milk, which explains its importance to Tajik CBM consumers.

Table 7: Price differentials

Item	unit	Khorog versus Shegnan	Tajik versus Afghan Ishkashim	Shegnan versus Afghan Ishkashim	Khorog versus Tajik Ishkashim
Sugar	1 kg	121%	113%	93%	100%
Rice	1 kg	102%	45%	44%	100%
Oil	1 lt	146%	126%	100%	115%
Oil	5 lt	113%	107%	100%	105%
Tea	1 kg	101%	81%	100%	125%
Milk	pack (24 pcs)	116%	126%	108%	100%
cucumber	kg	-	176%	-	50%
tomato	kg	-	162%	-	75%
onion	kg	69%	49%	70%	100%
potato	kg	97%	49%	60%	120%
Flour	50 kg	87%	94%	111%	103%

When analysing the differences in pricing both across the border and for communities on the same side of the border, it emerges that not only could Tajiks benefit substantially from buying products such as oil from their Afghan neighbours, and Afghans by purchasing flour from across the bridge, but that the terrain visibly prevents a perfect harmonization of prices even within the region. Tea, oil and potatoes are considerably more costly in Khorog than in Ishkashim, while on the Afghan side rice appears to be more than twice as expensive in Ishkashim compared to Shegnan.

There is no formal source of market information concerning prices of merchandise available on the CBMs. Milal-Inter has been collecting and consolidating information regarding turnover in the cross-border markets, but access to the collected information is limited. In spite of the absence of official data, it emerges from the qualitative fieldwork for this research that even if the local populations did not sell many products of their own making, the markets were popular because of the lower prices⁵¹ and higher availability of goods.

Interviewees frequently noted that the prices were lower when the markets first opened but rose soon thereafter. While most blamed the traders, accusing them of collusion and raising their prices to fit local standards, others had a different explanation. Trade took place only in dollars or Tajik Somonis.⁵² The fluctuating exchange rate led to a drastic increase in prices in the markets for Afghan customers and was remarked upon on several occasions in the qualitative interviews for this research.

⁵¹ Milk which was available at the local Khorog market for TJS 40, for instance, could be purchased on the cross-border market for TJS 30. A bag of sugar would cost TJS 210 instead of TJS 400. Tajik respondents noted that during the winter, tomatoes and cucumbers would cost half as much on the "Afghan market" as they would in Dushanbe (6–7 somonis versus 12–15).

⁵² Which could lead to its own problem, as money changers were accused of short-changing Afghans (and in particular Afghan women) trying to convert Afghani to Somonis or USD.

The trade is based on dollars. They do not accept Afghanis, because it is more beneficial for them to trade in dollars. Dollars are cheaper for Tajiks. This translated into an increase in price for us. For instance, a carton of milk used to cost Afs 200 in the past, but now it costs Afs 340!

FG shoppers, Ishkashim

Figure 7: Exchange rate TJS per 1 AFN, November 2013–2015



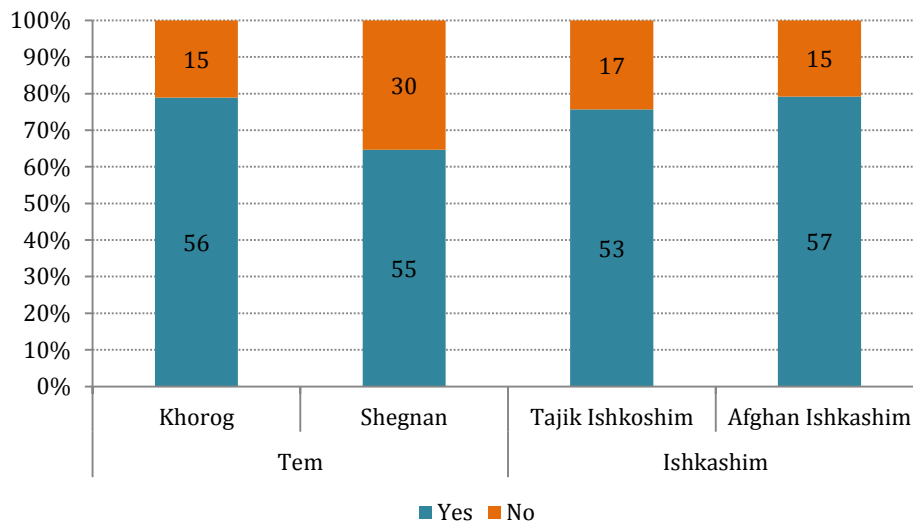
Source: XE.com

The minutes of the last meeting of the Joint Commission between GBAO and Badakhshan acknowledge this challenge: among the priorities for 2015, mention is made of “assessing opportunities for transfer and exchange of national currencies among Afghanistan and Tajikistan in cross border regions.”

Consumers and traders

The markets were hugely popular with consumers on both sides of the border, and the majority of respondents in all locations stated that their family had frequented them regularly when they were open.

Use of cross-border markets



Both men and women would shop at the cross-border markets, though given that the bridge had to be crossed and checks endured, it was more common for Tajik than for Afghan women to access the CBMs:

Men are in charge of purchasing things for the household, but sometimes women would also go. For example, if they needed clothes, they would go and buy what they needed. Some women would go to the common market, not so much in Ishkashim but certainly in Shegnan. Only a few women would frequent the market in Ishkashim. (...) It isn't our custom. If women went to the bazaar, others would say bad things behind their backs.

FG shoppers, Afghan Ishkashim

Afghan consumers mainly purchased products for their own consumption, while over half of the Tajik buyers resold their purchase in the local markets.

Markets used to take place once a week. Traders would buy up the products and then resell them to us at the local markets, at a higher price. When we arrived at the market there was nothing left!

FG women, Khorog

According to an impact assessment performed by ACTED in January 2014,⁵³ Tajiks spent more money at these markets than their Afghan counterparts. Close to half of Afghan consumers spent less than USD 100 per visit, while in Tajikistan 70 per cent of consumers reported spending USD 100-200 per visit.

Figure 8: Trader in Khorog

© Samuel Hall 2015 (Photo Jovid Juraev)



Traders were very happy with the cross-border market. Some moved here because of it. Their livelihood depended on this market. They came from different places such as Mazar, Kunduz and Takhar. When the market closed down, they moved away again.

FG community elders, Afghan Ishkashim

Participation in CBM trade has generally been confined to smaller traders and producers with weak linkages within formal supply chains. For a large majority of traders on both sides of the border, trading on the CBMs was an important source of income. An average turnover for small traders was TJS 50–100 per week, while medium sized traders earned TJS 1500–2000 per week.

Small traders sold seasonal food items and food for immediate consumption. Medium sized traders offered processed food, textiles, household and construction items. The markets were reserved for Tajik and Afghan traders, with Chinese traders being prohibited from selling their wares directly.⁵⁴

⁵³ ACTED (2014): Impact Assessment and Opportunity Analysis of Cross-Border Economic Relations between Tajikistan and Afghanistan.

⁵⁴ This has changed - the newly opened Khorog market will allegedly also be open to Chinese traders.

However, local traders were mostly involved in small-scale trade. Those with higher turnover and stocks to sell were not permanent residents of the surrounding towns and villages but would arrive on market day from places such as Mazar-e-Sharif, Kunduz and Kabul in Afghanistan and other larger hubs in Tajikistan. The same traders could be found on the CBMs and the local bazaars.

One of the benefits is that people would come here from different places such as Khorog, Takhar, Kondozi and others. The other benefit is that when traders were bringing their products for the common market. They would sell some of them, but not all, and the remainder would be sold at the local bazaar at a lower price. This was another advantage for us.

FG traders, Afghan Ishkashim

Tajik female traders appear to have been considerably more common than Afghan ones, as no interviewee could recall seeing Afghan women trading at either CBM. Community leaders in Afghanistan mentioned that a woman trading goods was by no means unthinkable, as long as the market took place on the Afghan side of the border.

Benefits of the cross-border trade

As noted by the World Bank, employment and income effects of cross-border trade are more significant in rural areas in remote locations, where they provide an opportunity to move beyond subsistence farming and gain access to desired services that are not available locally. Indeed, the benefits of cross-border trade for the local communities around Tem and Ishkashim bridge are real. In these remote corners of the world, where employment is scarce and salaries low, cross-border trade can generate income for entire households and is more profitable than most other economic activities available.

- Cross-border trade as a driver of income for local traders

Interviewed traders noted that the markets had led to an important expansion of their businesses, a higher demand for their goods and an increased number of business deals with the other side. Even though access to the markets was easier for Tajik entrepreneurs (since the CBMs take place on Tajik territory), ACTED found that participation in the cross border trade formed about a quarter of a monthly income for majority of the surveyed Afghan traders, and over 50 per cent for a third of them.⁵⁵

- Cross-border trade as a driver of employment

Representatives of local authorities report the creation of a number of job opportunities due to the cross-border markets. The types of jobs created include the merchants themselves but also taxi drivers and other transportation service providers, market support and administration personnel, security or police officers and many others. The World Bank notes that CBMs were not simply sites with one or two buildings used by customs and border guards but that the border crossings were surrounded by one-storey buildings with small stores, bars, hairdressers, repair shops and exchange offices.⁵⁶

⁵⁵ ACTED (2014): Impact Assessment and Opportunity Analysis of Cross-Border Economic Relations between Tajikistan and Afghanistan.

⁵⁶ World Bank (2007): Cross-Border Trade Within Central Asia. Regional Economic Cooperation.

- Access to cheaper goods, access to previously unavailable products

Money saved from buying goods at the cross-border markets improved the living conditions of the local populations, contributing to the food security of households and freeing funds for education and healthcare expenses. Indeed, for Tajik consumers the cost of the products purchased here was reportedly 30 per cent lower than local rates, while Afghans could purchase goods at a 10 per cent to 20 per cent discount.⁵⁷

Furthermore, consumers at the CBMs benefited from access to a greater variety of products. The CBMs thus functioned as a means to prevent monopolization on what used to be isolated markets. Massive imports of citrus fruits from Afghanistan and Pakistan became a permanent stabilization factor for prices of fruits (including apples and pears), even of those that are grown in Tajikistan.⁵⁸

- Fewer incentives to smuggle goods

By providing a licit and regulated way to exchange goods, the markets reduced the incentives to smuggle wares across the border.

Smugglers take both good things and bad things. But if we have legal trade in the markets, we will only trade good things. This will have a positive effect on both sides and help our economies grow.

FG community leaders, Afghan Ishkashim

- Improved cross-border relations

Given that the markets were the only opportunity for the inhabitants of both sides of the border to meet and interact, their function was always not only economic but also social in nature. One of their stated goals was to facilitate contact between the communities, and resources were put in place to assist individuals with tracing their extended families.⁵⁹ In this respect, the markets were clearly a success. The interaction on the markets stimulated positive attitudes towards the communities on the other side of the border, feelings which had been lost during the separation of Soviet times.

Our first impression of Afghans was negative. We imagined that they were wild people. But this has changed completely. They are respectful, and they never raise their voice. It is easier to bargain with them.

FG women, Khorog

They used to think that Afghans were murderers and terrorists, and very crude and rude. But after some time, after actually interacting with us directly, they could see what kind of people we are. They changed their views about us.

FG Shoppers, Shegnan

Both Tajiks and Afghans freely mentioned the improvement in relations, appreciated all the more since the Imam states that all Ismaelis ought to respect each other and help each other whenever possible. At the height of cross-border trade, it was not unusual for traders to sell items on credit to their foreign customers.

⁵⁷ As noted by ACTED, this difference might be due to the fact that Afghanistan already benefits from a very liberal trading regime which facilitates the inflow of goods from other countries at relatively low prices.

⁵⁸ For instance, Afghan fruit and vegetable suppliers responded quite promptly to price increases in the Tajik market, by increasing supplies of Afghan produce, which led to the stabilization of prices. In the course of recent years, this trend became apparent in the trade of crops such as potatoes, onions, carrots, oranges and tangerines.

⁵⁹ In this spirit and funded by OSCE, Milal Inter set up consultation centres to assist Afghans and Tajiks trying to trace their relatives.

A certain admiration was voiced at times, with Tajiks appreciating the positive outlook, trade skills and eloquence of their Afghan neighbours, while Afghans praised the just and stable society across the border, as well as their cherishing of local traditions. Tajik women frequently expressed their hope that interaction with them would empower their Afghan counterparts.

- Benefits for vulnerable groups

Labour migrants were involved on these markets by selling goods which they had purchased in the Russian Federation. Even if the bulk of cross-border trade at Tem and Ishkashim was reserved for (male) traders who came in from other locations, it clearly had a gender dimension. In particular, Tajik women were more actively involved in border trading activities than they were at the local level.

There are many unemployed women in our community. During market days, they would prepare food and sell it and make some money.

FG shoppers, Khorog

Members of the “Public-Private Dialogue Bilateral Commission” interviewed by ACTED on both sides in 2013 noted that markets “...are there for the vulnerable people, as they do not have access to large markets. Sometimes they are not able to cover their transportation costs. The cross border markets help ordinary people of the border areas. There they can buy needed goods, do barter and sell their agricultural produce. These markets also allow them to expand the variety of goods they purchase at affordable prices.”⁶⁰

Finally, one could argue that *all* the inhabitants of the border region are vulnerable in winter when they risked being cut off from supplies. The markets would act as insurance against severe food shortages in the lean season.

We would bring 20-30 trucks of flour from Mazar, but by the end of the month it would be finished. The prices would increase day by day. A trader would buy a bag of flour in Mazar for Afs600, and resell in in Shegnan for Afs 1800-1900! When the common market is working, there is no need to bring flour from far away. The other point is that these trucks carrying flour were coming from Shiwa or Yaghurda, and the road is now blocked because of the snow. Then these trucks have to come through Wardoj, which is now under control of the Taliban. We did not get anything out of farming, there was hardly a harvest. The only way for us to get flour is through this bridge.

FG community elders, Shegnan

Problems identified

We can talk about problems when market is open again for now we only want the market to be re-open.

FG Traders, Afghan Ishkashim

The overwhelming problem identified with the markets resided, of course, in the fact that they were closed. But cross-border trade hinges critically on a number of factors, including the free movement of people and goods, enabling regulation and adequate infrastructure. A number of the necessary conditions did not hold while they were active, which resulted in important welfare costs for the communities living on both sides of the border.

⁶⁰ ACTED (2014): Impact Assessment and Opportunity Analysis of Cross-Border Economic Relations between Tajikistan and Afghanistan.

Potential trade volumes across these bridges could easily be substantially increased from their current level of approximately USD 1 million per year if the following problems were addressed.

- Market days

While the cross-border bridges are open for six days a week, the markets were operational only on Saturdays. This in itself was a serious limitation on trade activities. But they would frequently be closed altogether. According to national regulations, the CBMs can be closed by the State Committee on National Security in case of security reasons, infectious diseases, natural hazards and national holidays. In 2013, the CBM in Tem opened 42 days and the one in Ishkoshim 32 days (out of 52).⁶¹ Local authorities would sometimes provide advanced notice of market closure; however this was not always the case.

We would come on Saturday and up to 10 am it was not clear whether the market would open or not. I buy 16 kg of chicken, prepare it, make a fire and wait. When the market does not open, it is very bad for me. Other people can take their stuff back...but I make fire, prepare food. For me it is difficult.

FG traders Khorog

Since the market days are limited and all markets are held on the same day, it imposes a limitation for many self-managed small businesses hindering participation in all markets. If markets were organized on alternate days, many traders indicated that they would participate in more than one market.

At the last meeting of the cross-border commission held in May 2015, it was decided to increase the number of market days to two or more per week. Implementation of this measure has been put on hold pending an improvement of the security situation in Afghanistan.

- Market times

The markets' opening hours for traders and customers were de facto restricted by customs and border control checks. Delays were often due to the late arrival to the markets of the employees charged with keeping order in the markets.

Citizens of Afghanistan were obliged to pass through customs and border controls. This normally takes 15-20 minutes for market customers, in practice, however, the process would often take considerably more time. At the opening hour of the market (8 a.m.) queues were already visible on the Afghan side and many customers and traders had to wait for hours before they could enter the market. On a busy market day, some of the traders never got the chance to get to the market and would have to forfeit their business for the day. Moreover, Afghan female traders would have to wait until the male traders had passed customs. The limited opening hours were lamented by Tajiks and Afghans alike.

⁶¹ OSCE (2014): Impact Review for the Cross-border Markets Resource Center notes that Ishkoshim CBM suffered from many closures in 2013 because of continuous health and security issues. The whole month of March, for instance, the market was closed due to security issues in Afghan border areas. In June and July, the market was closed due to a typhoid outbreak in Afghanistan and two Saturdays in August the market was closed when cholera was discovered across the border. An AKDN representative interviewed for this research remarks that earlier in 2015, the border (and markets) were closed for fear of an outbreak of Ebola (!).

When the market works, the selling starts from 9:00 a.m. up to 2:00 p.m. It isn't enough for us. You can enter from 9 to 10 and then actually have four hours for trading. That is not enough time.

FG traders Khorog

Furthermore, no one could leave Tem market once it was in progress. Opportunity cost was high in terms of time spent, and the market was compared to a prison by Afghans and Tajiks alike.

It is like prison, they will allow people to go inside the market and then will close the door and will open it once when the market is finished. But between these times, when the door is closed, you aren't allowed to enter or exit from there. It's like a prison.

FG shoppers Shegnan

People should be able to buy whatever it is they need, and then leave. But they are not allowed.

FG traders, Khorog

This problem was limited to Tem market only, while Ishkashim's traders and customers expressed their satisfaction with the proceedings. This discrepancy results from the particular geographic location of Ishkashim CBM on an island between the two sides of the border.

Rules and regulations were very good on our market. They did not ask for money, and they did not bother us. It was free and we could leave the market whenever we wanted. It was not like Shegnan where people would go to the market and not be able to leave.

FG traders, Afghan Ishkashim

- Moving across the border

The free movement of Afghan market participants was hampered by many restrictions, and there were considerable more costs and difficulties associated with accessing the markets than for their Tajik counterparts. Entering the markets required an ID card, an obstacle in and of itself as many Afghans do not have a *tazkira*. Physical access to cross border markets differs, depending on the side of the border. On the GBAO side, access road and means of transportation exist. However on the Afghan side, access roads are poor, disconnected and means of transportation are scarce. The further the Afghan settlements, the less likely participation in cross-border trading became.

The absence of vehicles further aggravated the situation. Trucks cannot cross into respective customs territories, and cargo thus had to be offloaded before being submitted to customs inspection. The process not only took a long time but was also very costly. Afghan traders could only bring to the market what they could carry across the bridge. Bulk items could not be traded under these circumstances, limiting the markets' benefits to the local population.⁶²

The first problem is that they don't allow cars. For example if a person has many products, he has to hire workers to transfer the products for him from this side to other side. This is because cars aren't allowed.

FG traders, Shegnan

- Tension between traders

The fact that the markets only took place on Tajik territory was criticized by respondents of both nationalities. Tajiks merely considered it inefficient, whereas for Afghan traders and community leaders it was a notable source of resentment.

⁶² Community elders point out that on a free market, one should be able to obtain whatever is needed and traders are willing to sell. Wood beams are mentioned as an example. Demand exists but they cannot be purchased on either market given the impossibility to transport them into or out of the confined market spaces.

Not only would Afghan traders be obliged go through the arduous process of transporting their unsold goods back to Afghanistan, but they also suffered a comparable disadvantage given that Tajik traders would usually arrive at the markets well in advance, reserving more attractive spots for themselves.

In my opinion, the common market is more beneficial for them. For example, if one trader goes to other side of the border from this side with his products, if his products don't get sold he has to bring them back, which is very difficult. We, the people of Shegnan, want the common market to be once in this side of the border and next week to be on the other side of the border. This way we would keep a balance and the benefits would not be one-sided.

FG community leaders, Shegnan

The General Manager of MSDSP notes that facilities to hold a market day on the Afghan side exist but are not currently in use due to the security situation.

- Regulation

The Ministry of Economic Development and Trade (MEDT) coordinates the cross-border markets, and several other government departments are responsible for different operational aspects. The State Committee of National Security, for instance, is in charge of Security and Supervision, while the Ministry of State Income and Tax is charged with Custom control and the Ministry of Public Health is responsible for Sanitation. *Tojikmatlubot* (Union of Consumer Societies), a public organization and governance structure inherited from Soviet Union times, is responsible for the management of markets, namely cleaning, safety and reporting to the local government (*khukumats*).

In spite (or because) of this large array of stakeholders, it was not always clear to respondents where particular responsibilities resided. With regard to the rules and regulation, it was reported during FGDs that rules applicable at the border including customs and tariff are unknown and very much depend upon the border officials. The general lack of awareness among traders and communities from both sides regarding the regulations results in the potential for more dynamic trading remaining unexploited.

Another thing is that this is not regulated. There is no agreement among authorities yet on how to deal with those who violate the rules in the cross border markets. Which administrative regulations are applied? I mean, it is in Tajikistan and local regulation should be applied... but how do you deal with those who get drunk and harass others if they are Afghans? According to our regulation, such people should be isolated for 12 hours. But this cannot be applied for Afghans. Or can it?

FG market shoppers, Khorog

Afghans who felt that they have been wronged on the markets did not know who to turn to. If someone got beaten or robbed, the local Afghan police did not feel responsible. On the other hand, Afghan market participants expressed trust in the Tajik authorities and appreciation of their efforts to keep smuggling at bay and ensure security. They warn that the Tajik side should not rely on the Afghan authorities to keep the markets safe.

The apple of discord: Alcohol

In spite of the fact that the sale of alcohol is officially banned on the CBMs, almost every discussion of the cross-border markets in Afghanistan contained strong comments on its sale and abuse on market days.

Both countries are Islamic countries. Whiskey should be forbidden on both sides of the border, because it is prohibited by Islam. But unfortunately, it is a custom on the other side of the border. And they are addicting Afghans with it.

FG community elders, Shegnan

The wine destroyed everything. I will tell everyone who asks, whether they are from the government or someone else. The trade of wine really hurt our people. This is why I hate the common market right now.

FG shoppers, Afghan Ishkashim

Female focus group participants were particularly concerned about the harassment they risked by men who had consumed alcohol, and considered the sale of wine and whiskey one of the major impediments to their active participation in the cross-border marketplace.

Support for cross-border trading is a “win-win” strategy for each country. Cross-border trade contributes to food security, creates economic opportunity and brings people together. Hence it alleviates poverty and improves the (social) wellbeing of communities on both sides. On the cross-border markets, sales volumes have increased continuously over the past few years, mostly in the form of transit trade. Nonetheless, the local populations benefit considerably from such trade. Markets produce income for local traders, but also serve as a powerful driver of ancillary employment and broadly improve overall living conditions of the local population. The interaction on the markets fosters positive attitudes between border communities. Problems identified included the limited number of market days, the conscribed opening hours, restricted movement across the border for Afghan participants, resentment among Afghan traders for a number of reasons and frequently a lack of understanding of market regulations.

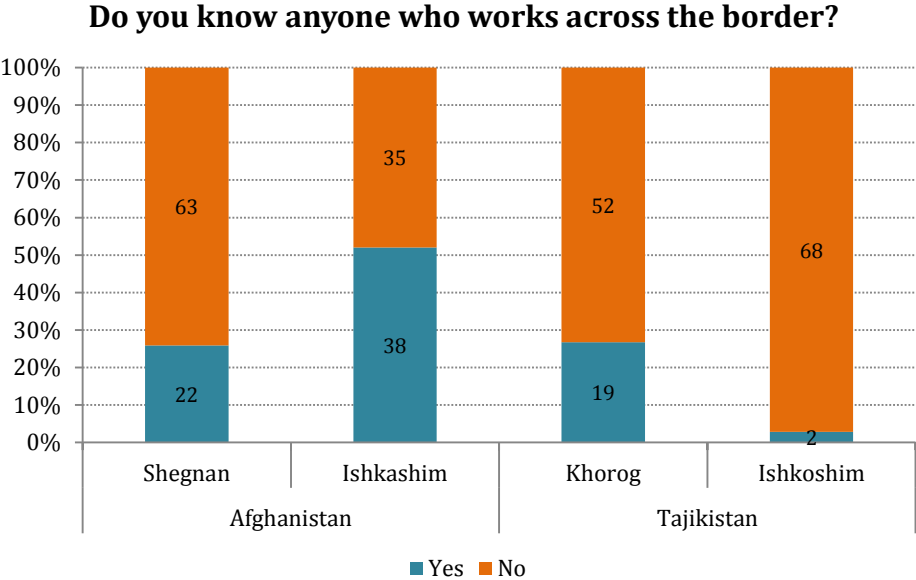
MOVEMENTS OF INDIVIDUALS AND SERVICES

Communities on both sides live in areas characterized by remoteness and marginalization. However, access to services such as communication, health, education and transportation are relatively better on the GBAO side compared to Afghan Badakhshan, and a number of services are provided across the border. Such services include communication (by mobile phone companies of Tajikistan), electricity (by Pamir Energy), health (including immunization campaigns by Tajik Health Agencies) and education services (notably by University of Central Asia-UCA). Furthermore, a number of Afghans regularly cross the border to benefit from the better road network on the Tajik side, traveling from Faizabad or Kunduz to Shegnan or Afghan Ishkashim through Tajik territory. Finally, a small number of individuals works across the border regularly.

Current cross-border labor movements

Cross-border labour exchanges are a reality along the border between GBAO and Badakhshan, with 38 per cent of Afghan respondents and 15 per cent of Tajik respondents to the household survey stating that they knew someone who worked across the border.

However, while Tajik respondents were generally referring to doctors, engineers and NGO workers, Afghans were mostly referring to traders, both those who crossed into Tajikistan to purchase goods to take back into Afghanistan and those who had settled in Khorog and Tajik Ishkoshim.



Tajik professionals cross the border regularly, drawn by considerably higher earning opportunities. In 2012, approximately 2,000 Tajik individuals regularly worked across the border. NGO workers (mainly AKDN and AKF’s health services) and engineers from Tajikistan regularly work in Afghanistan, making several times the income they could earn at home.

Are the salaries higher than in Tajikistan?
Yes. Teacher, doctors earn up to USD 500-600 per month. It is much higher than our salaries here.
 FG women, Khorog

The impact of Tajiks working in Afghanistan is judged very positively by the local Afghan communities, with respondents pointing out that Tajik professionals were experts whose services were sorely needed and much appreciated.

We really appreciate the Tajik doctors in our hospital in Ishkashim. They really work hard and are honest in their field. They do their job without having any other expectations
 FG community elders, Afghan Ishkashim

Afghan professionals on the other hand either live in Tajikistan already⁶³ and are mainly active as traders on the local markets⁶⁴ or only tend to cross into Tajikistan under special circumstances (for transit). Strict visa regulations effectively limit their ability to access the Tajik territory (and labour market).

Some Afghans have visa. They have shops in Khorog, and they frequently move across the border. Otherwise no one can go there for work except for on special occasions.
 KII chamber of commerce, Faizabad

⁶³ In 2000, as the fighting between the Taliban and the Northern Alliance intensified, approximately 100,000 Afghans were displaced to Tajikistan, many of whom fled toward GBAO. Most of them returned or were resettled by UNHCR, but a number of them made Tajikistan their home.
⁶⁴ A permanent group of 20 to 25 Afghan traders is a fixture on the Khorog local market.

But overall, existing cross-border labor exchanges today are very rare, limited by the very real lack of job opportunities on both sides.

There are no work opportunities on either side of the border. There is only small-scale farming and daily labour for Afghans now.

KII consulate, Faizabad

It is very difficult to find jobs in Tajikistan. Why would our people want to go there? On the contrary, Tajiks come to Bakakhshan to work.

KII Nation Aid

Potential for further labour exchanges

According to AKDN’s 2013 Cross-Border Economic Opportunity Study, “potential exist in the labour exchange between Tajikistan and Afghanistan whereby labour from Afghanistan can contribute in agriculture and construction sector while professional services from Tajikistan can be provided to Afghanistan in health, education and energy sectors.” This section examines whether this theoretical assertion holds true in practice, both in terms of skills gaps and aspirations of the local populations.

In order to determine overlaps and discrepancies between the reality of a location and its reputation across the border, respondents to the household survey were asked to state which sectors offered job opportunities both in their location and in the community across the river.

Table 8: Opportunities at home, perceived opportunities across the border

	Afghanistan		Tajikistan	
	Perceived local opportunity	Perceived opportunity by population across the border	Perceived local opportunity	Perceived opportunity by population across the border
Agriculture	33%	0%	32%	1%
Trade	20%	20%	76%	78%
Construction	5%	50%	58%	1%
Teaching	23%	15%	44%	3%
Health related work	11%	25%	27%	4%
Transport	0%	10%	31%	3%
Repairing	3%	25%	22%	0%

A quarter of Afghan respondents claim that no sector offers professional opportunities in their home region. Tellingly, this number is nil for Tajik respondents. About one respondent in three judged that agriculture was a sector which could provide income for those looking to work in his or her community. However, this opportunity is local – hardly anyone believes that one could work in agriculture across the border. Trade, on the other hand, is perceived to offer perspectives as an income-earning activity both at home and abroad. Perhaps due to extensive experience with construction work in the Russian Federation, construction features prominently in the imagination of Tajiks both as an opportunity at home and, potentially, for Tajik workers across the border in Afghanistan.

Afghans in Ishkashim and Shegnan do not share this optimism, considering construction neither a valid source of livelihoods at home nor a possible income-earning opportunity for labour migrants to Tajikistan. To a lesser extent, the same can be said for the transportation sector and repairs.

There is thus a market for construction, repairing and transport in Tajikistan which Afghans with adequate skills could fill (but are not aware of). However, very few Afghan respondents in Shegnan and Ishkashim have ever worked in these sectors. Community elders in Afghan Ishkashim note that Tajikistan's was more of a knowledge economy, while the labour market in Afghanistan was still focused on low-skilled jobs which required physical strength rather than a particular skillset. Even if one were to indulge the thought experiment of an open, Schengen-style border, it cannot be concluded that the local population of Afghan Badakhshan could easily find work in the communities across Panj river. Certain exceptions to the rule exist only in niche fields such as traditional skills, carpentry and car repair.

We need people to repair cars. We also need carpenters and iron forgers. We used to have iron forgers, but now we don't anymore. There are very good ones in Afghanistan. They are also better than us at processing skin and hides.

FG community elders, Tajik Ishkashim

Skills that do not exist here? Perhaps the traditional skills. Herbs, traditional medicine, handicrafts. Also, the irrigation and pasture management systems are stronger in Afghanistan. These are old skills, handed down for generations.

KII General Manager MSDSP

When asked the same question, female focus group respondents in Shegnan intuitively voiced the same opinion, stating that if they could actively participate on the CBMs or share their knowledge with Tajik counterparts, the most useful information they could impart would concern medicinal herbs.

Tajiks on the other hand are clearly well-placed for contributing to the Afghan economy. In spite of the high levels of education in Afghan Badakhshan, 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 and mechanics to meet the needs of reconstruction, economic growth and poverty reduction. Quoted in Samuel Hall's 2012 study for the University of Central Asia, the head of Faizabad's department of education states that: *"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."*

When inquiring into what kind of professionals were needed but not available through the local labour market, the research revealed that the Afghan border regions continued to have a need for specialists such as electricians, construction engineers, doctors and teachers qualified in languages such as English.

However, for most of these, the difference in script as well as resources limits the possibilities of exchange. Furthermore, incentives are lacking to attract those possessing much-needed vocational skills. Indeed, while a doctor funded by an international organization might well be offered a competitive wage to induce him to cross the border temporarily, this is hardly an option for a craftsman. There is thus little to entice skilled Tajik professionals to work in Afghan Badakhshan.

Local aspirations

Our results show that the residents of Sheghan and Afghan Ishkashim would gladly work in Tajikistan, considering it vastly preferable to working in other provinces of Afghanistan which are deemed unsafe.

If the border were open, we would be interested in going to Khorog. This would enable us to meet our needs and solve our economic problems. If there were more interaction and movement between two regions, and countries, there would be more opportunities for sure.

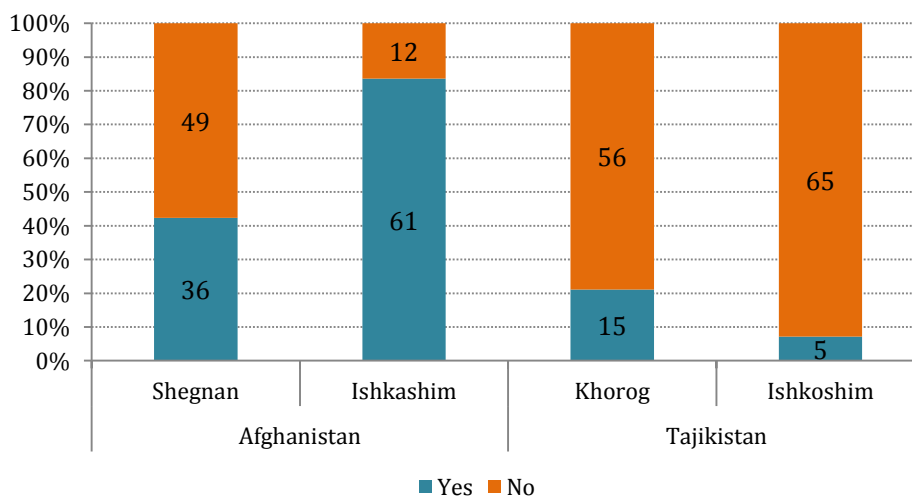
FG youth Sheghan

The majority of respondents argue that with proper training **Afghans** could fill any gap in the labour market across the border. Qualitative interviews revealed considerably more scepticism among some community leaders, however, who note that an Afghan crossing into Tajikistan to work would not have much to offer the labour market. While in Afghanistan one can well be a teacher without knowing how to use the computer, they point out, one would not be able to find work without that skill across the border. According to them this would not only be the case for academic work, but even for trades such as carpentry. Another group opposed to the idea of Afghans pursuing wage opportunities across the border is the Tajik workforce. Tajiks are weary of foreigners coming to work in their communities, noting for instance the construction of a large building in Ishkoshim which was entirely constructed by labourers brought in from Dushanbe.

If there are any vacancies, local people need to be recruited. We have very qualified young people who are masters in their field. (...) We are not against Afghans. If we needed unskilled workers, by all means they would be welcome to come and work. But our people are jobless, they are in need. That is the very reason they migrate!

FG Return migrants, Tajik Ishkoshim

Could you imagine yourself of a member of your household working across the border ?



Tajiks are considerably more reluctant to consider the possibility of working across the border due to security concerns.

My sister worked in Afghanistan.

And what did she say about it?

That she would not go back. The security is the problem. Other than that, the people are very nice.

FG youth, Khorog

If you had an opportunity to work across the border as an English teacher, would you do it? – No. [laughter]. We might not come back. There is always war there, the situation is bad.

FG women, Tajik Ishkashim

But even if hypothetically their security were guaranteed and a competitive wage offered, Tajik respondents would think twice before working in Afghanistan. Compared to the Russian Federation, the prospects offered by Afghanistan seem limited. Although the salaries offered to expat professionals are quite appealing, respondents are aware that contracts for projects do not offer the same kind of long-term security that years in the Russian Federation can provide.

If I go there, I will be used for 1 year and that's all. You won't be employed for longer period. They would never let you work for a long time. They just lack skills and education. They will use you until they learn from you, and then they just kick you out. That's why it is not possible to go for work there. The Russian Federation is different...

Return migrants, Tajik Ishkoshim

Finally, the risk of becoming addicted to drugs features prominently in the discussions with Tajik women, many of whom would discourage their children from pursuing professional opportunities across the border.

From an Afghan perspective, an inflow of Tajik professionals would theoretically be welcome. However, in practice, Afghan employers most frequently recruit friends and family for both traditional and financial reasons.

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.

Carpenter in Baharak⁶⁵

No desire end on either side to ease visa restrictions

Would it be better if there were no need to have a visa? –

No! It is better to keep the visa. Otherwise, the Taliban can enter Tajikistan!

FG traders, Tajik Ishkoshim

If the visa requirement were removed, we would certainly go. We could move around easily without any problems. But if people were able to cross the border without a visa, anyone could enter the country. The situation would get worse there.

FG youth, Afghan Ishkashim

You know, the visa regime is not a big problem. It can be easily addressed. They want us to ease it. This is not a problem. The visa cost can be reduced to USD 50 and the procedure can be simplified. But we cannot do it unless the security issues are addressed.

KII Deputy Governor of GBAO

⁶⁵ Quoted in Samuel Hall (2010) for UCA: Faizabad Labour Market Assessment.

Joint Cross-border Entrepreneurship

Cross-border business will get better if the security improves. Tajiks would invest in Afghanistan! Their businesses would become more sustainable with the help of our expertise.

Deputy Minister of Labour, Employment and Migration

Decades of disconnect have led to the development of different styles of entrepreneurship, market systems and trading patterns. The culture of entrepreneurship is weak on both sides with limited openness and risk aversion behaviour a common phenomenon. In spite of the continuous existence of trust gaps⁶⁶ the potential for joint cross-border ventures is real, especially in agricultural production and processing, livestock farming and storage / warehousing. Since transportation infrastructure and the energy supply is more consistent on the Tajik side of the border, the latter (for instance for onions, potatoes and apples) presents a particularly important opportunity.

Joint cross-border entrepreneurship does exist but remains in its infancy. Examples include a project funded by the International Fund for Agricultural Development and managed by MSDSP which incentivizes women's groups on both sides of the border to cooperate on wool processing. The dehairing and cleaning of the raw wool takes place in Afghanistan while further processing and sale are managed in Tajikistan.

While this is clearly a step in the right direction, more ambitious cross-border initiatives, notably in agribusiness, remain lacking in spite of important efforts (UNDP,⁶⁷ GIZ, and so on) to facilitate overarching value chains.

If a person wants to create a joint venture, he needs to interact with the other side a lot. But getting a visa is an issue. It is not such a problem to get a visa from here, but for them it is difficult. They need to travel to Faizabad, or sometimes even Kabul. And even there sometimes they cannot get it. Recently we wanted to send an Afghan man to Khujand, but he did not get a visa and we had to abandon the project.

KII Director, Madina

Thousands of Tajik professionals cross the border on a regular basis drawn by higher salaries, offered mostly by international organizations. Crossings in the other direction are close to impossible due to strict visa regulations. An analysis of opportunities and skills on both sides of the border revealed that there is a continued demand for the contributions of Tajik experts on the Badakhshan side, but in the absence of highly enticing salaries, those possessing vocational skills might not be inclined to work across the border for reasons relating to both security and lack of long-term job security. Demand for Afghan labour in Tajikistan appears limited to niches such as car repair, though even these opportunities are hampered by visa restrictions and general circumspection on the part of the Tajik community. Visa restrictions are also considered the biggest obstacle to joint entrepreneurship, for which a clear potential has been identified.

⁶⁶ See AKDN cross-border economic opportunity study.

⁶⁷UNDP (2014): UNDP increases regional cooperation in agribusiness with Afghanistan and Kyrgyzstan.

INITIATIVES FOR GROWTH: AN OVERVIEW

Afghan Badakhshan still mostly benefits from the delivery of humanitarian services (emergency shelter, food and non-food items, health nutrition and WASH programmes, and so on), while support to GBAO has begun to take the form of development aid. Donors along this stretch of the border are dominated by the Aga Khan Development Network (AKDN) and Aga Khan Foundation (AKF), but a host of development oriented international organizations have begun targeting issues such as community mobilization and capacity building at the local and regional level. IOM, the World Bank, ADB, EBRD, the OSCE and UN agencies are the main multilateral providers of grants, loans, material and technical assistance. Non-traditional donors such as the Russian Federation, the People's Republic of China, the Republic of India and Iran are increasingly active. The following list is not designed to be complete, but to briefly present the most important actors, as well as those who IOM Tajikistan has worked with directly in the past, and provide examples of the types of initiatives which have brought important dividends for the economic well-being of the populations in the area.

Integrated approaches for inclusive growth

The idea behind our efforts is that development will have a greater impact if it is attacked from all angles.

KII Programme coordinator, AKDN

- **AKDN**

Worth some USD 12 million over a five-year horizon on the Tajik side (and 60 million on the Afghan one), AKDN's Multi-Input Area Development for Tajikistan (ESCoMIAD) moves on two parallel tracks: The social development angle works across major sectors that influence quality of life (economic growth, household financial security, governance and civil society, health and education), while the second track focuses on investments in private companies in order to create jobs and stimulate the economy.

Within this framework, AKDN implements a number of projects through its affiliate agencies: The University of Central Asia (UCA), an agency of the AKDN, has been offering scholarships for students of both sides of the river at its School for Professional and Continuing Education (SPCE).⁶⁸ PamirEnergy, another affiliated agency based at Khorog, has been extending electricity to Badakhshan-Afghanistan, with plans to expand its services in Afghanistan. Through its cross-border health programme, Aga Khan Health Services (AKHS) has provided emergency, routine and surgical treatment and vaccination services to communities across the border in Badakhshan. Aga Khan Foundation-Tajikistan (AKF-T) and Aga Khan Foundation-Afghanistan (AKF-A) are also undertaking collaborative activities in the area of rural development and economic cooperation among communities from both sides.

⁶⁸ See next section for more detail.

- **GIZ**

GIZ's programme "Framework and Finance for Private Sector Development in Tajikistan" aims at increasing economic growth and strengthening the private sector.

GIZ is supporting the government and the private sector in Tajikistan in raising economic growth in rural areas and developing sustainable and profitable businesses. The project's activities focus on strengthening value chains for the production of agricultural and non-agricultural products. It is currently facilitating the introduction of private, low-cost, agricultural advisory services to provide farmers with information on locally appropriate crop cultivation methods, and supporting capacity development activities for farmers' associations and enterprises.

The project promotes cross-border dialogue between local authorities, entrepreneurs and traders on both sides of the border. Efforts also focus on cross-border trade: GIZ provided funds for the rehabilitation of market infrastructure, provision of legal advisory services and the monitoring of turnover by Milal Inter. The agency has supported the development of micro-trader groups, helping the members to devise their own business plans, and assists associations of farmers, entrepreneurs and financial organizations in better representing the interests of their members, particularly when in dialogue with politicians.

The Joint Badakhshan-Badakhshan Commission

Chaired by the provincial governments, JBBC is a forum comprised of official representatives of the government of GBAO and Afghan Badakhshan, as well as representatives of the private sector (Milal Inter), the Afghan Chamber of Commerce and development agencies active in the region (MSDSP, GIZ among others). The commission meets once or twice a year to discuss issues and potential for cross border cooperation. Its agenda is usually overshadowed by the security concerns and matters relating to border administration.

But JBBC also contains working groups which focus on resource management, trade, infrastructure, and so on. It produces cross-border cooperation plans which serve as guiding documents for the regional governments when negotiating with their national-level counterparts. Among the priorities for 2015 figure the development of joint companies in the Ishkashim FEZ, the creation of CBMs in Langar and Shurabad, increasing the number of working days of existing CBMs, and an assessment of opportunities for the direct transit of goods from China to Afghanistan. The Commission also decided to lobby for Tem CBM to be open more than once per week.

However, the structure lacks the institutional framework necessary for pushing its agenda. No concrete action plans appear to be developed in the aftermath of its deliberations, and in the absence of results monitoring its efficiency cannot be ascertained.

Focus on skills

We need to learn how to be good masons. We need to study carpentry, electricity, plumbing, farming and agriculture. Our youth should go across the border for theoretical and practical training.

Community elders, Afghan Ishkashim

As established in the previous section, there is a strong demand for skills development on the Afghan side of the border, and a large number of un- or underemployed teachers, trainers and professionals in GBAO. The public university (Badakhshan University) has remained traditional in its approach (specialized rather than integrated), in the content and curriculum of programmes it offers, and in the delivery system it employs (theory- rather than market-centred). 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.

The **University of Central Asia** has developed a range of programming to strengthen human and institutional capacity in the cross-border region. In 2009, its School of Professional and Continued Education (SPCE) launched the Cross-Border Vocational Education in Badakhshan (CVEB) programme to foster employability and job creation in GBAO and Afghan Badakhshan. With the support of the USAID and AKF, SPCE had by 2014 awarded 234 scholarships to Afghan and Tajik learners to take advanced level courses (including English, IT, and Accounting) at its Learning Centre in Khorog. In its 2014 Cross-Border Brief, AKDN notes that *“CVEB is helping young graduates achieve greater employment opportunities: 63 per cent of alumni received a promotion, found a new job, or received a better salary upon completing SPCE courses.”* At the TTC in Shegnan, SPCE is delivering courses in English and IT. UCA plans to offer entry and intermediate level courses in applied English, accounting, IT as well as vocational skills (to be determined based on the findings of a needs assessment). By March 2018, SPCE expects to enroll over 10,000 learners.

IOM Tajikistan contributed to these efforts by supporting the training of twenty Afghan students at SPCE. Youth from Ishkashim, Shegnan and Darvaz began their six-month course in Khorog as planned intending to specialize as plumbers and electricians. However, they could not finish their course as intended.

We were running a small project with the support of IOM Tajikistan. We wanted to train ten plumbers and ten electricians from Badakhshan. It started out fine, but there were problems with the visa. They got a visa for one month from Faizabad, which was supposed to get extended. But the longer-term visa was refused. They had to finish their training in Shegnan. Visa are an issue now, more than they used to be.

KII Management Consultant, UCA

UCA and its partners, including IOM Tajikistan, have continuously found creative solutions to obstacles faced. When graduates of its Professional Technical Education Programme (PTE) could not find employment, UCA assisted graduates in founding a company.

Started in 2010, **Sokhtmonchi** is a commercial construction company which hires mainly PTE students, helping them earn money and, in the process, pay for their university fees.⁶⁹ IOM Tajikistan became involved with Sokhtmonchi by financing a training on the production of energy-effective wooden doors and windows on both sides of the border. 45 masters were trained by company trainers in Shegnan, Rushan and Ishkashim. Today, the links have been created and the collaboration continues.

We did not forget them, we keep the connection. Those masters, who work across the border, have our instructors' contact information. When there is a cross-border market, we assist them. We bought tools and parts for them and gave it to them on market day. Now they produce windows on their own. They have begun to produce things that bring comfort, beauty and heat to their homes.

KII Project Manager, Sokhtmonchi

According to Sokhtmonchi there is scope to expand the collaboration. Observers note the lack of warm isolation walls and floors, and the potential usefulness of supplying masters across the border with a woodworking machine, which would make their craftsmen more efficient. This lack of modern construction skills was already noted by SH research teams in a study conducted in Badakhshan in 2012:

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, and so on.

Aman, NGO, Faizabad

The demand on the Afghan side clearly exists, with respondents continuously expressing the desire to learn as much as they can. Strikingly, the demand is for advanced skills rather than basic ones.

While UCA is the most important actor in skills development in the border region, other organizations also have ambitious plans for TVET provision. For instance, the **Asian Development Bank** (ADB) is currently planning to contribute to improving technical and vocational skills in Tajikistan. The project is expected to modernize and improve the methodology, infrastructure, and teaching quality of the TVET system. It will also establish a Skills Training Fund to increase access of training to disadvantaged and vulnerable groups, including women. A key feature of the project is the institutionalization of mechanisms for engaging the private sector in technical and vocational education and training at the policy and operational levels. The project aims to fully support of the government's TVET reform programme.

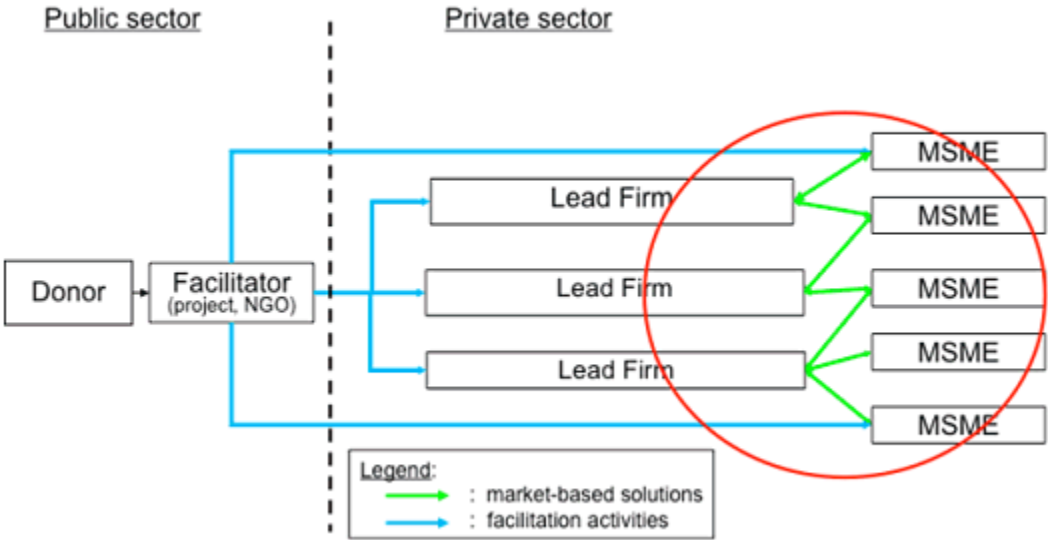
Private sector development

A number of initiatives strive to improve value chains and empower the private sector on both sides of the border, but those generally do not yet contain a cross-border component. One important example is **AKDN / MSDSP's** "lead firm approach".⁷⁰ This method consists in identifying companies of different sizes and a comparative advantage/market potential which can have a significant impact in strengthening and uplifting value chains. These firms are supported with interventions that enable the expansion of their operations and greater quality production. By promoting relationships between these firms and micro, small and medium scale enterprises, the approach can improve industry competitiveness and have an exponential impact on local communities.

⁶⁹ Which are quite high for the local population, as established in the livelihoods section.

⁷⁰ Field Facilitation Working Group (2008): Defining Lead Firms and Principles of Facilitation.

Figure 9 : Action for Enterprise’s “Lead Firm Approach”



Source: Action for Enterprise.

Examples of support include access to market (trade shows, contact with potential clients, certifications and so on), access to finance, the improvement of management systems and staff capacity, resolution of regulatory issues, and so forth. Equipment and materials such as refrigerator trucks, sowing machines, fruit drying apparatus are provided to eligible candidates.

Following an initial push phase with new entrepreneurs, MSDSP has begun to shift its tactics with a smaller group of growth-oriented micro enterprises with proven markets and keenness to expand operations. For instance, in the case of Pamir Travel, a dried fruit enterprise, MSDSP is now working to build their supply chain through an expanded agent network. This work, in turn, involves identifying and supporting additional entrepreneurs who can source and aggregate produce from additional smallholder suppliers. This approach has been so successful that spontaneous replication is happening in other parts of Tajikistan.

We aim to assist lead firms in acquiring different techniques for agricultural and dairy production. How to keep it so it does not spoil? If we have high-quality dried food, we can make Tajik granola bars. (...) We are seeing evidence of progress coming along. Replication of this approach has happened in Rasht Valley for dairy production.

KII Programme coordinator, AKDN

Another promising axis of AKDN’s efforts for private sector development are the community savings groups. Designed to build up financial liquidity and provide small-scale access to finance, these groups function as a communal saving mechanism through regular minor financial contributions by the members. Loans can then be taken out by members of the group. Over time, it was observed that loans shifted from one-off expenses (weddings, funerals and so on) to more sustainable investments (for instance to buy money for seeds). After the first phase of trust-building, savings groups can shift and turn into common interest groups (for instance in the handicrafts sector). The cross-border markets serve as a platform for these common interest groups in the border region, encouraging the meeting of individuals from both sides whose interests align and whose knowledge is complementary. This brings large benefits in terms of economy of scale, and may in turn allow common interest groups to turn into microenterprises.

It is notable that this approach, which has also seen spontaneous replication, is inherently inclusive of women. Indeed, most community savings groups are dominated by female participants.

On a smaller scale but in a similar spirit, **IOM Tajikistan** has contributed to local livelihoods and private sector development through the provision of grants to vulnerable populations such as returned migrants, youth and female heads of household. Successful applicants were provided with resources used to grow their business. Materials distributed to the 108 beneficiaries ranged from carpentry machinery and beautician equipment to livestock. The focus of this programme was on sustainability as well as cross-border stabilization, and a grading system was developed to attribute particular weight to applications which showed significant promise in that regard.

The last programme of IOM is a great programme. People get training and get equipment, raw materials. It is a very good push to create a small business which then can grow into a big business. (...) All programmes should work like this. If there is poverty, money disappears fast. There is a poor man with so many vital problems. When you give him money and tell him to open a bakery, he thinks: Why open this bakery? My son needs a coat, it's already winter.

KII Director, Madina

Women and small businesses

MSDSP focuses on market and economic development in the cross-border area, particularly for (potential) female entrepreneurs aiming to become involved in cross-border trade. One example of its activities involves the provision of skills to female breeders of cashmere goats. The advanced spinning and knitting groups exported yarn and products to the United States, earning an income of USD 4,000 in 2013.

Another structure working in gender and poverty reduction is **Madina**. Since 2002, Madina has had a long-standing collaboration with **IOM Tajikistan** focusing on return migrants and other vulnerable populations. The goal was to create jobs through trainings, informational sessions and, occasionally but rarely, small grants. Madina branched out to Afghanistan in 2014, again with the support of IOM, and conducted a training in Shegnan on how to create an NGO for women. Trainings were held on embroidery, knitting and pastry production with the goal of enabling Afghan women to start their own business.

Our goal is to help women produce things that the market demands, like shawls and bags, but also enable them to make things for their families so that they will not have to buy them. (...) We also taught them to cook pastries for their families, to enrich their nutrition... And these things they can also sell. The trainings were very successful, they enjoyed them.

KII Director, Madina

But the exchange was not one-way. Madina's Tajik envoys also saw products (beads) that they decided local artisans might want to learn how to make. But like in the case of UCA, movement in the opposite direction (i.e. from Afghanistan towards Tajikistan) were impeded by ever-stricter visa regulations.

Handicrafts

De Pamiri began its work in 2004 with the support of AKF / MSDP. The aim of this social project is to support the creative production of handicrafts (based on traditional techniques and designs), opening new economic opportunities and promoting Pamiri culture and identity. The project works with dozens of regular partner artisans in GBAO, some of whom benefited from trainings and were encouraged to pass on their knowledge. Preference is given to craftsmen from disadvantaged families who do not enjoy the support of relatives working in the Russian Federation – although, as noted by De Pamiri interviewees, there is also a self-selection process.

Only people with low incomes make handicrafts. I think that when the conditions improve here, people will stop... And we will lose our traditions.

KII sales representative, De Pamiri

The products produced are mainly woolen. Well-connected both in Tajikistan⁷¹ and abroad, De Pamiri has made trade links abroad and sells products to Europe, the Russian Federation and the United States of America by mail.

Exchanges of artisanal know-how has occurred in both directions. Focus Afghanistan sponsored a project which allowed De Pamiri artisans to cross the border and train their Afghan counterparts in the making of Tajik hats and woolen Pamiri socks. **IOM Tajikistan** became involved with De Pamiri's operations when it sponsored two Tajik artisans who went to Afghanistan to learn how to make the national man's coat, *Gilem*, a success worthy of repeating on a larger scale according to De Pamiri respondents who enthusiastically related the hospitality and know-how of their Afghan hosts.⁷² For some time, the cooperation also included the sale of Afghan products in De Pamiri's shop, but this initiative appears to have come to an end for the time being.

Operations today remain small-scale, to the chagrin of those who would like to see more ambitious operations. Part of the problem is that traditional Tajik products are not valued by international buyers (Americans, in particular) who prefer softer wool. Part of the problem is limited economic means. (*"We say: first food, then clothes..."*) But the real problem is lack of infrastructure.

There is no development in the border region. We cannot build factories and workshops like the ones they have in Khujand, for example... like a leather factory, a wool factory, a jewel factory⁷³ that would enable people to produce products from local raw materials. (...) When it comes to the lowest level, to the individual level, what can one person do? The only solution is creating work places, workshops. (...) It would be good to create a wool production workshop. It does not have to be as big as the Yavan concrete factory. No, just a small workshop for about 10 returned migrants. Those who left Russia can go there and get a job. We do not have other opportunities. Look around you!

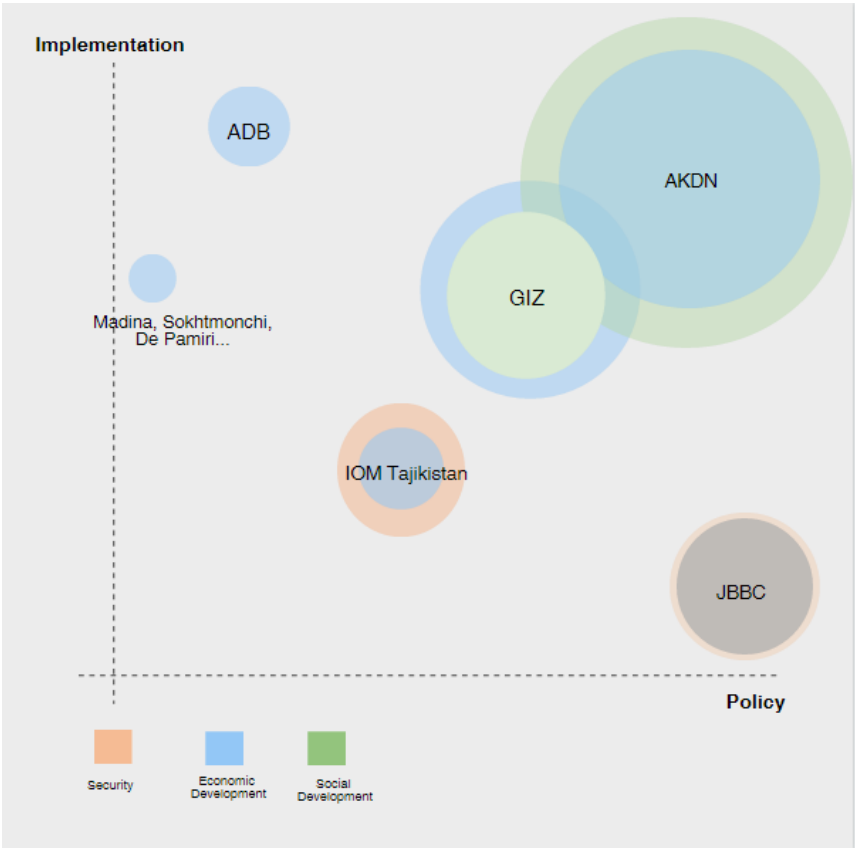
KII sales representative, De Pamiri

⁷¹ Where the President himself visited and advised on the design of a number of patterns.

⁷² However, in order to produce the *Gilem* on a regular basis, artisans would need to purchase Cashmere wool – a raw material which has become hard to afford, allegedly because the presence of American buyers has led to a drastic increase in cost.

⁷³ It is of note that Tajikistan's Deputy Minister of Labour, Employment and Migration argues that factories are not the solution to GBAO's economic troubles and that public works projects are the only viable way forward.

Figure 10: Selected stakeholders in the border region



A great deal of development activity is currently underway in the region, some of it involving multi-year approaches for inclusive growth, with other initiatives focus on niches such as handicrafts and particular demographics. IOM Tajikistan has met with considerable success through initiatives for skills training (construction, handicrafts) and the contribution to local livelihoods for women and returned migrants in particular.

POTENTIAL FOR ENHANCED COOPERATION

The purpose of this research was to assist IOM Tajikistan in uncovering what initiatives would allow to harness the border’s potential as a site of economic opportunity and cultural exchange and create joint livelihood opportunities for communities on both sides. Special attention was to be paid to the role of the cross-border markets and possible labour market synergies. As established in previous sections, large-scale initiatives are already in place to achieve these outcomes. In close cooperation with AKDN, GIZ, UNDP and others, and vigilant of the risk of duplicating or overlapping with other project activities,⁷⁴ IOM Tajikistan should focus on an advocacy role while implementing a number of originally modest but ultimately scalable pilot projects, building on a number of successful projects it has been involved in in the past.

⁷⁴ This may be avoided by participating in and contributing to the existing coordination platforms such as Interagency Secretariats, the Border International Working Group (BIG) and the JBBC.

Long-term ambitions and need for coordinated action: The agribusiness value chain

The populations on both sides of the border are exceptionally well educated, which opens interesting perspectives in terms of assistance modalities, programming, sustainability of development efforts and community-based monitoring. Striving only to provide the target demographic with survival jobs would amount to a missed opportunity. In the medium term, the most promising way forward is a learning agenda around agribusiness. An initiative should map not just today's market, which suffers from the uncertain security situation and the general lack of funding and market linkages in the region, but take into account long-term projects in terms of transportation and infrastructure development.⁷⁵ The agribusiness value chain should be developed vertically, including not only the production of raw products but their transformation, packaging and marketing. To generate new jobs and opportunities, programmes involving private sector actors (much like AKDN's "lead firms") should promote cooperatives, self-help groups (like the aforementioned savings groups), training for technical semi-skilled jobs and skills such as accounting and management for potential entrepreneurs. Agricultural fairs involving the Ministries of Agriculture as well as international actors such as FAO, WFP, AKF, USAID and the private sector should be organized on a regular basis to foster exchange and communication between stakeholders.

While this long-term approach is not inherently "cross-border", it could take on an international facet through the definition of a "special agricultural zone" where specific types of cooperatives could specialize, cooperate across the border and produce output which meets regional and international standards. Agricultural products from "Badakhshan" could be marketed under the Pamiri brand.

We are thinking about developing a brand for "Pamiri products" – fruits, vegetables, livestock products... everything would be organic. IOM Tajikistan could assist on this front, as it requires experts and outreach.

KII Deputy General Manager, MSDSP

Indeed, IOM Tajikistan could contribute to these efforts in a leading, coordinating and delegating role depending on the angle of attack it decides on in collaboration with other stakeholders. It is in IOM Tajikistan's interest to rely on AKF local expertise, benefit from its network and ensuring that its activities are in line with those of other actors. The same attitude should prevail with other stakeholders both large (GIZ) and smaller (SDC, Mission East, ACTED and so on) who an interest in co-developing a short-term or niche project. All activities should be sanctioned by local official counterparts, who can provide great benefit through non-ambiguous support... or constitute a considerable obstacle.

Markets: Active advocacy on a number of fronts

Experience both at the cross-border markets examined for this research and other countries amply demonstrates that cross-border trade not only benefits traders' lives and incomes, but also strengthens local production and fosters service provision.

⁷⁵ Keeping in mind that a road around Faizabad which was built ten years ago continues to have a substantial impact on the local economy.

The World Bank points out that employment and income effects of cross-border trade are more significant in rural areas and remote locations, making the crossroads between Afghan Badakhshan and GBAO an ideal location for such a bazaar. Active advocacy is needed to improve a number of factors that were identified as hindrances to optimal CBM utilization:

1. Ishkashim market should be re-opened as soon as possible

It was established throughout this research that Ishkashim market functioned better than Tem market in many respects, mainly due to its particular location on an island in Panj river. Yet Ishkashim suffered from unannounced closures more frequently, and remains closed until further notice to this day. IOM should actively lobby for this to be remedied.

The only thing we want is for the market to become active again. There is no need for any other specific action to improve our lives. A person would have a small shop at first, and after that they would find more customers. People started out with one carton of milk, later they brought a whole truck!

FG traders, Afghan Ishkashim

2. Markets should be held more often, reliably, at fixed hours, on both sides of the bridges

Strong arguments can be presented that more possibilities to trade increase the well-being of the local populations. IOM Tajikistan should lobby for the CBM to take place at least two days a week, once on the Afghan and once on the Tajik side. This is possible in theory since adequate facilities already exist in Shegnan, for instance. Such a step would both increase trade volumes and decrease resentment, simultaneously contributing to enhanced cultural and economic relations. The JBBC has reached the same conclusion, but its efforts thus far have been hindered by security considerations.

3. Physical improvements need to be continued

As much as the markets were appreciated, a number of concerns were voiced concerning the hygienic and environmental conditions (lack of running water, absence of adequate sanitary facilities especially for women, dust and dirt...). Women traders and shoppers from both sides stated that they would greatly benefit from separate facilities (in particular toilets), a female-only vending area and a childcare facility. The absence of electricity was noted to be a great obstacle to trade activities.⁷⁶ Furthermore, the markets were negatively affected by a lack of shelter and roofing adequate for the cold season.

A number of these concerns were addressed in Khorog over the course of 2015:

Tem market first opened in 2002. It was an open market in a harsh climate, and the number of outlets was limited. There were water and sanitation problems. The market was remodelled in-depth with the support of the Patrip Foundation. Now there are toilets for men and women, there is a teahouse for cultural dialogue and a venue for social interaction.

KII, AKDN Senior Programme Officer

UNDP is planning to renovate Ishkashim's CBM in the coming months. IOM Tajikistan should liaise with other stakeholders to determine the best way to contribute to these very necessary efforts – while advocating one important point:

⁷⁶ Electronic items for instance have been known to be sold, found to be defective later and buyers were unable to track down the seller the next week.

The markets should not be closed during additional infrastructure improvements. In line with the “highway repair dilemma”, trade should continue while repairs are underway. Tem market’s closing for over a year has implied a considerable cost to the local population, which limits the undeniable future benefits of improved market facilities.

Perhaps the largest problem is also the one most easily addressed: Storage and warehousing. Many Afghan traders would spend days to reach the market and have to carry all goods every time due to lack of storage facilities, passing multiple checkpoints. This considerably added to their operational cost. If secure storage facilities could be set up, the efficiency gains would greatly outweigh the comparatively small cost. Muhammad (2013) reported that almost 50 per cent of traders interviewed would have opted for retaining the produce to subsequent market days if warehousing and storage options had been available.

4. Light vehicular traffic should be authorized

As established in previous sections, allowing minibuses and passenger vehicles registered in bordering regions to ply freely within certain geographical limits would go a long way to relieving constraints on cross-border trading.

5. Continue to improve neighbourly relations by addressing points of conflict in the market

While the markets have had a very positive effect on the relations between the border communities, a number of points of friction were identified during the interviews. By far the most important one is the sale of alcohol. Officially forbidden, it nevertheless occurs frequently, allegedly decreasing security... and definitely alienating Afghan community elders, women, traders and shoppers. IOM Tajikistan should lobby for its prohibition on the markets to be strictly enforced. Furthermore, in order to avoid Afghan traders feeling disadvantaged compared to their Tajik counterparts, space should not be allocated on a first-come-first-served basis. Afghan traders should be reserved dedicated spots.

6. Contribute to market linkages

At the micro-level, IOM should provide advice and support to small businesses and producers involved in cross-border trade. One initiative applauded by focus group participants were seminars held by Milal Inter which linked Afghan and Tajik traders, allowing them to meet, build trust and render services to one another. Traders in Tajik Ishkashim would thus deliver products to their Afghan counterparts upon request. Still in touch with former trainees, Sokhtmonchi company performs a similar service. There is clearly a strong demand for the exchange of products which cannot be directly purchased on the markets. IOM should contribute to meeting it.

At the same time, consumers of both countries report that there are some goods/services that they would be interested in buying at the cross border markets, but that are unavailable.

These include construction materials, petrol and, particularly for the Afghan consumers, books in Farsi and English.⁷⁷ If aware of these supply gaps, the market would surely fill them. Exchanges should be organized between traders and shoppers on both sides to see where supply does not meet demand.

Short-term programming I: Border management - Step Two

To fully exploit the potential of the border, ideally, the Korgas model combining liberalization in movement of people and goods restricted to residents of contiguous regions would be considered for adoption by the governments of Afghanistan and Tajikistan. However, under the current circumstances not even the populations which would most benefit from opening the border wish to see an end to the visa regime. Along with donor communities, UN agencies and other international organizations, IOM has successfully begun to contribute to improved security around the border through the last stage of the programme focused on border management. Further continuing down this path is an excellent way to contribute to economic development in the region.

In this regard, a clear need for initiatives which would benefit one of IOM's target demographics, namely women, has been identified. Today, there is a lack of adequate facilities and trained border officials able to facilitate women's crossing the Tajik-Afghan borders. It is estimated that only 1–2 per cent of the approximately 1,800 people who cross the Ishkashim Border Crossing Point per year are women.⁷⁸ The movement of Afghan women across the border is restricted due to lack of special checking facilities for women. Establishing separate facilities and lines would facilitate women's access to the CBMs and their economic participation in cross-border trade. Phase III of IOM's BCSC programme will involve joint patrols and the training of female border guards, which will be a step in the right direction for cross-border livelihoods as well as security and stabilization.

Furthermore, building on the networks it has established, IOM could contribute to Afghans' access to the CBMs, reducing delays at border crossings on market days. Today with only two "check-in counters", it takes several hours to check 300 Afghan traders wishing to trade on Tem and Ishkashim. As a result, their time on the market is severely limited. Customs procedures should be streamlined and shortened for everyone's benefit... without lessening security procedures. This can be achieved through both enhanced border control capacity, and by lobbying for supplementary manpower.

Finally, there is little information provided by the border and custom officials with regard to the rules, regulation and duties especially on the Afghan side of the border. For transparency purposes, it would be useful to display this information at the border crossing points.

Short-term programming II: Small but scalable livelihoods initiatives

The following section presents a number of small-scale initiatives which IOM Tajikistan could conceivably implement within its limited timeframe and which have the potential to have a longer-term impact on the target populations.

⁷⁷ Cf. ACTED (2014), p.15.

⁷⁸ UNDP (2014): Project document - Promoting Cross-border Cooperation through effective management of Tajikistan's border with Afghanistan.

1. Exchanges of labour and knowledge

Programmes ought to be extended to encourage, facilitate, and incentivize the employment of Tajik professionals in reconstruction activities in the border area, where local Afghan expertise is absent. This will solidify connections between the communities, advance reconstruction activities, transfer capacity to the Afghans, and help address unemployment in Tajikistan. Even the Deputy Governor of GBAO acknowledges that while Afghans “make good traders, they lack skills in areas such as gardening and processing wood. We should learn from each other.” IOM Tajikistan has been involved in a number of very promising projects including Sokhtmonchi. It should continue down this path, for instance by instigating labour exchanges and workshops on issues where skills gaps have been identified: Car repair, carpentry and construction.

2. Value chains

In order to really build sustainable livelihoods in the border region, it will progressively need to have the capacity to develop its own industrial environment, with its traditional sectors, luxury niches and mass-productions. The value chains mentioned in this section are selected because they offer potential for a scalable intervention.⁷⁹

- Processing of livestock and related products

Close to 1,000 tons of wool, skins and hides are produced in Afghan Badakhshan every year, but generally transported to Pakistan for processing. A processing facility on the GBAO side might reverse this trend and instead channel wool and skins from the Afghan side into Tajikistan.

In addition, livestock can be channelled from Shiva pastures in Badakhshan after grazing season in the form of fattened live animals that could be slaughtered and processed on the GBAO side. This potential is estimated at 100,000–150,000 heads per year. In order for this potential to be realized, quality zoonotic testing laboratories for livestock should be set up on both sides of the border.

- Fruit

Both Badakhshans produce excellent fruit but lack the capacity to preserve it.

Let's talk about those women who are staying at home doing nothing. It would be better if we had a small structure for canning fruit. We have a lot of fruit trees. Fruit falls on the ground and spoils. But there is no such factory! [Laughter] I'm sorry, I put all of my problems on your head.

FG women, Tajik Ishkoshim

Participating in efforts to augment local capacity to can and dry fruit would not only contribute to local livelihoods but also hold the potential to augment food security in the region. A cross-border component could easily be envisaged, linking producers of fruit on both sides and allowing them to share facilities.

⁷⁹ Gemstones are excluded as the sector is constrained by non-conductive policies of both governments (Tajikistan and Afghanistan) and more importantly is under the clutches of the strong informal trade channels.

- Honey

Honey would be a good candidate for a small-scale pilot, as beekeeping only requires a low initial investment and promises a relatively quick return thereon. IOM Tajikistan could learn from the experiences of WHH, whose courses on beekeeping and drying fruit in Veshab have met with success and set in motion a process of local small-scale development. New organizational forms such as associations and cooperatives might have the potential to increase collective bargaining power.

- Handicrafts

But this research has shown that there are both the necessary skills and, importantly, an appreciation of local handicrafts traditions on both sides of the border. De Pamiri has proven that niche markets can be defined to establish a positive image of tradition, quality and luxury. Afghan artisans should share in and build upon De Pamiri's success. Products in demand are knitted socks, woolen coats (*gilem*), woolen mats, *patubofi*, *kashmirbofi* and the like. Artisans on both sides of the border could build upon their complementarities. The example of the Pakistani *patti* (a thick solid color woolen cloth that has a strong added value) could serve as an example for the local silk, cashmere, and carpet weaving activities.

Coordination at a Government level

IOM Tajikistan should benefit from its excellent contacts at the government level to initiate and facilitate a high-level strategic dialogue between Afghan and Tajik officials at both the national level (Ministries of Agriculture, Ministries of Labour, MRRD) and at a regional scale. Indeed, a policy dialogue of government authorities is essential for finding solutions to regional challenges of all kinds, be they security-related or economic. A constructive dialogue among political stakeholders of the region ought to provide a common factual base for future political discussions and negotiations and lay the basis for sustainable progress under a common security, community stabilization and poverty reduction strategy in the border region.

After more than a decade of active collaboration with Tajik Government counterparts on a number of fronts (border security, trafficking, and so on) and in coordination with its sister agency in Afghanistan, IOM Tajikistan is particularly well-placed for this coordinating role. This national and regional policy dialogue should be carried out through existing platforms if possible, and be established as a regular exchange designed to outlast IOM Tajikistan's direct involvement.

Future programming should involve coordination with other actors on the ground, large and small, as IOM might maximize its impact by contributing to and coordinating with other interventions. Given the demographics of the region, subsistence-level remediation projects should be eschewed in favour of long-term efforts focused on building the agribusiness value chain.

In the short term, IOM Tajikistan might contribute to cross-border economic growth in a number of ways:

- A) IOM should engage in active advocacy regarding the cross-border markets on several fronts, participate in further infrastructure improvements and improve market linkages.
- B) The BSCS has already contributed to the well-being of populations on both sides of the border. IOM Tajikistan should further facilitate the border crossing of Afghans (and Afghan women in particular). Informational campaigns might inform visitors and hosts of the regulations and authorities governing cross-border activities.
- C) IOM Tajikistan might foster exchanges of knowledge in domains where skills gaps have been identified: car repair, carpentry and construction. A number of value chains such as fruit, honey, livestock or handicrafts could be made more viable through investments in processing facilities and the encouragement of shared facilities.
- D) Finally, IOM Tajikistan is well-placed to facilitate a high-level strategic dialogue between Afghan and Tajik Government officials at both the national level and a regional scale.

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