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UNHCR

SMALL AND MEDIUM ENTERPRISE

OUTCOME ASSESSMENT REPORT

2026

AFGHANISTAN

EXECUTIVE SUMMARY

The Afghanistan 2026 SME Outcome Assessment provides structured, descriptive evidence on the status, characteristics, and self-reported outcome-level changes among small and medium enterprises (SMEs) supported by UNHCR between 2023 and 2025. The findings are based on **443 completed interviews with beneficiary business owners across multiple provinces**. Among the beneficiaries surveyed, respondents reported that their enterprises remained economically active at the time of the assessment and highlighted positive changes at enterprise, household, and community levels.

All outcome indicators presented in this report are based on self-reported responses collected through phone interviews, and as such, findings reflect beneficiary-reported perceptions and trends rather than objectively measured or attributable programme impacts.

Most assessed businesses are micro and small enterprises, with an average of **3.3 persons per enterprise**. The 443 sampled SMEs collectively accounted for 1,439 individuals engaged in enterprise activity, including owners, paid workers, and unpaid or part-time labor. Over the previous 12 months, enterprises reported **522 positions added and 82 positions lost**, while **37% reported increased staffing** and **57% reported stable staffing**. These figures reflect reported labor engagement rather than formal job creation, as distinctions between employment types were not systematically captured.

The assessment highlights important inclusion dimensions. Women own **65% of surveyed enterprises, and account for 62% of all individuals engaged in enterprise activity**. Additionally, **37% of positions are held by displaced individuals**, confirming the scope of the UNHCR SME portfolio to actively engage displacement-affected populations within the sample.

Reported business trends are broadly positive. Most respondents stated that their businesses experienced improvements over the

previous 12 months, with **61%** reporting increased revenue, **67%** reporting increased sales, and **66%** reporting growth in customer base.

Interviewed SME beneficiaries reported a median net profit of **AFN 6,000** during the previous 30 days and **AFN 48,000** during the previous 12 months. The corresponding average profits were **AFN 7,930** and **AFN 58,581** respectively, indicating that while most enterprises generated modest profits, a smaller number of higher-performing businesses earned substantially larger returns. Differences between monthly and annual values likely reflect seasonal fluctuations in business activity and require that median and average values are calculated separately for each reporting period.

At the household level, respondents reported positive outcomes associated with business activity. Of respondents, 81% stated that their enterprise contributed to increased household income, while 64% reported a reduction in reliance on humanitarian assistance. In addition, 44% reported that their households had been able to save during the previous 12 months; among those households, median monthly savings were AFN 4,000, while the average was AFN 13,442 saved per month.

Respondents also perceived positive community-level effects as a result of their SME activities. Large majorities reported that their businesses improved the availability of goods and services in local markets (75%), contributed to local economic resilience (89%), and supported households to remain in their current location (79%). More than half (54%) also reported improved interaction between displaced and host communities.

Overall, the assessment identifies a consistent pattern of positive beneficiary-reported outcomes, which beneficiaries largely attribute to the support received through the UNHCR SME program.



CONTEXT AND PURPOSE

In Afghanistan's fragile economic context, access to livelihood opportunities remains critical for reducing vulnerability and supporting self-reliance. SMEs are commonly considered a potential mechanism for supporting income generation and local economic activity, particularly among displaced populations, returnees, and vulnerable host communities.

This assessment aims to generate structured descriptive evidence to track outcomes among SMEs supported by UNHCR, with a focus on:

- labor engagement and retention
- enterprise performance and viability
- household economic conditions
- perceived changes in reliance on humanitarian assistance
- women's economic participation
- perceived community-level contributions

The results are intended to inform programme learning, accountability, and strategic planning.

METHODOLOGY

Assessment Objectives

The assessment aims to track changes in the well-being and economic outcomes of returnee beneficiaries, provide evidence-based insights to support donor reporting and accountability requirements, generate findings that can inform future programming, and follow up assessments.

Assessment Design

The assessment was designed to generate structured descriptive evidence. It does not constitute a causal impact evaluation and does not include baseline data, a comparison group, or counterfactual analysis.

Sampling Approach

The sampling frame included 5,286 supported SMEs. A minimum sample size of 359 was calculated (95% confidence level, 5% margin of error), with a 20% buffer applied. A total of 443 completed interviews were obtained. Sampling was conducted at the national level and stratified by location and gender to ensure proportional representation of beneficiaries by province in the overall sample. Therefore, while the findings are representative of all SME project beneficiaries at the national level, they cannot be reliably disaggregated by province or gender.

Data Collection

Data was collected remotely through phone-based interviews using a structured Kobo questionnaire. The survey was implemented collaboratively by the Reintegration Unit, the Information Management Unit, and field offices in Jalalabad, Kandahar, Hirat, Mazar-e-Sharif, and Kunduz.

Data collection was conducted over approximately 21 days, beginning at the end of February 2026. Responses were entered directly into Kobo and synchronized regularly for centralized review and monitoring.

Questionnaire Scope

The questionnaire captured a combination of:

Enterprise-level indicators

- operational status
- employment levels
- ownership characteristics
- sector of activity
- revenue and sales trends
- customer trends
- debt and operational constraints
- staff training and enterprise capacity
- Household- and community-level indicators
- contribution of enterprise to household income
- perceived reduction in aid dependency
- savings capacity
- perceived well-being changes
- perceived community and market effects

Quality Assurance

To support data quality, the assessment included:

- structured enumerator training;
- review of questionnaire logic and definitions;
- digital data capture through Kobo;
- real-time monitoring of incoming submissions by the Information Management Unit;
- checks for completeness and logical consistency.

Phone-based data collection was selected as the most feasible approach for achieving broad geographic coverage in a cost-efficient and operationally manageable way.

Interpretation of Results

The findings presented in this report should be interpreted as beneficiary-reported outcomes among surveyed SMEs. The assessment was designed as an outcome monitoring exercise intended to support learning and accountability. While findings provide useful evidence regarding enterprise performance and perceived household outcomes, they should not be interpreted as demonstrating that observed changes were solely caused by programme support.

LIMITATIONS OF THE ASSESSMENT

Methodological limitations:

The assessment relies on self-reported data collected through phone interviews with reachable beneficiaries, which may introduce recall, response, coverage, and survivorship biases. In addition, reported outcomes were not independently verified and may, in some cases, reflect respondents' perceptions or incentives to report positive results.

Conceptual and analytical limitations:

As an internal follow-up exercise, the assessment was not designed to measure attributable impact. The absence of a comparison group and baseline data limits the ability to isolate programme effects or assess changes over time. Findings should therefore be interpreted as structured descriptive evidence of beneficiary-reported outcomes rather than causal evidence of programme impact.

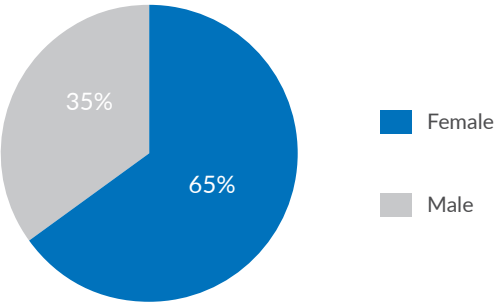
Description of Programme Support

Supported SMEs received different types and levels of assistance between 2023 and 2025, including varying intervention modalities, support values, and implementation periods. As this assessment combines all beneficiaries into a single analytical sample, outcomes are not disaggregated by the type, value, duration, or intensity of support received.

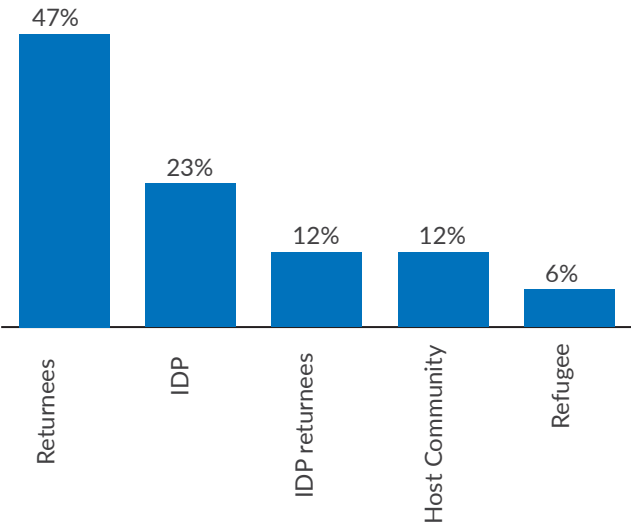
Consequently, the assessment cannot determine whether certain intervention modalities were more effective than others, nor can it assess the relationship between the level of support provided and the outcomes observed. The findings therefore reflect the overall performance of the supported SME portfolio rather than the effectiveness of specific intervention approaches. Future assessments could strengthen programme learning by disaggregating results according to intervention modality, value, and duration of support.

Respondent profile:

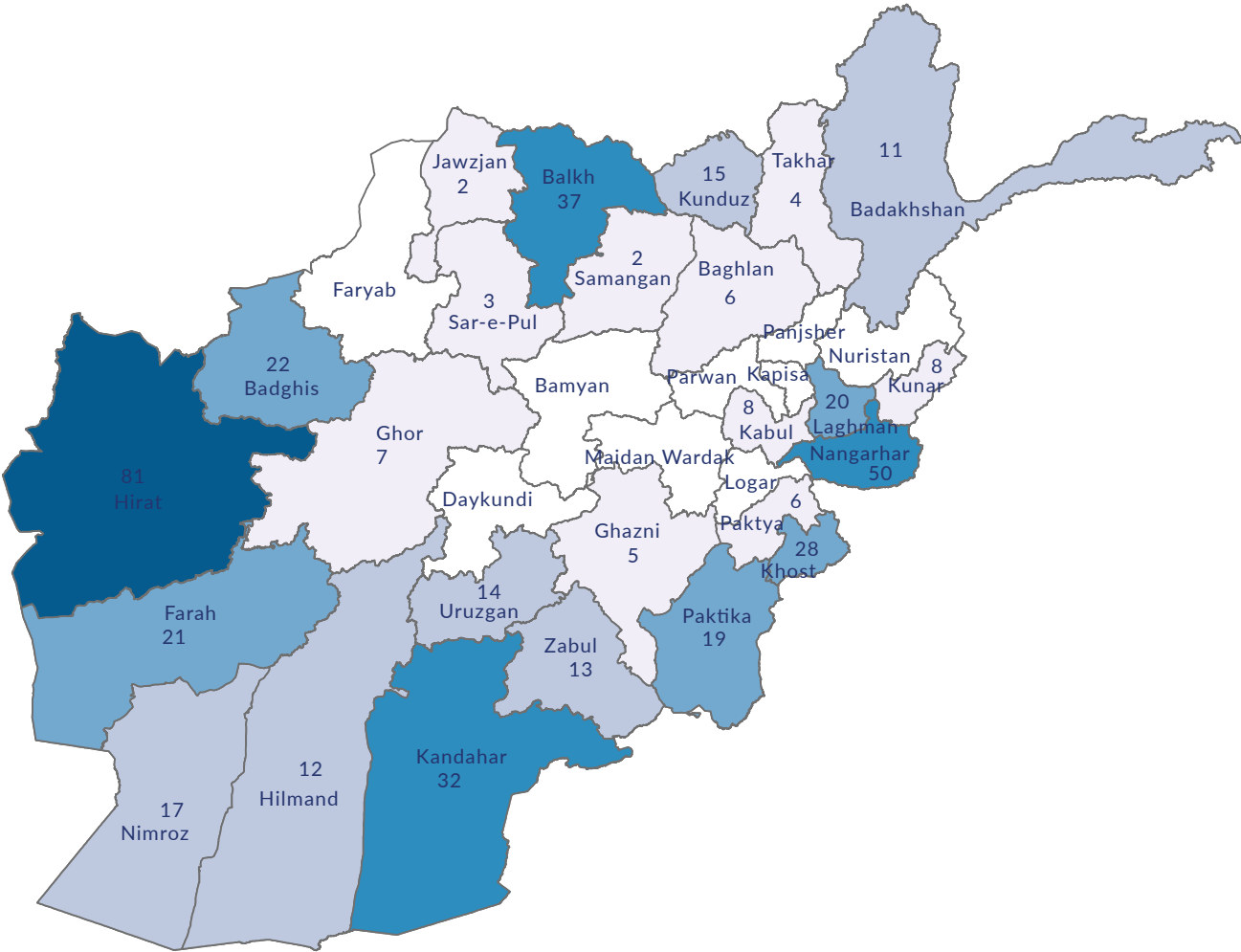
Gender distribution of the respondents



Population Group of the owne/manager of SME



Geographical distribution of SME interviews



FINDINGS

Enterprise Profile

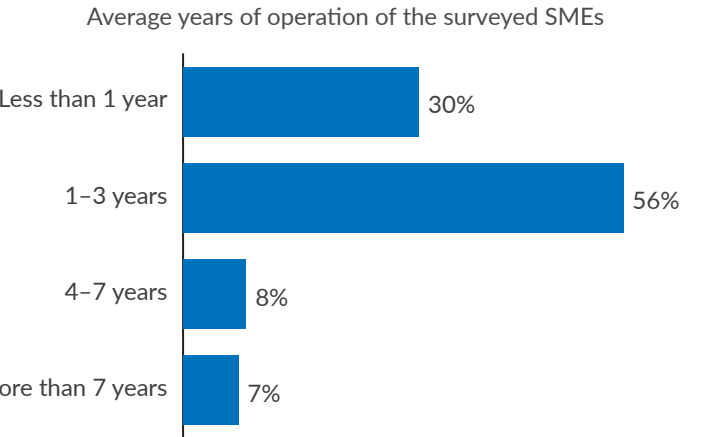
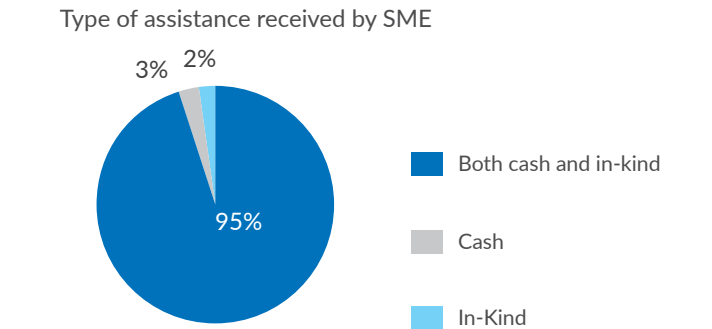
At the time of the assessment, all the respondents reported that their enterprises were operational. The survey indicates that the supported portfolio is predominantly composed of micro and small enterprises. Most businesses report an **average of 3.3 persons per enterprise**. Only a small proportion of enterprises report more than 10 individuals engaged, including a limited number of larger cooperative-type businesses.

This profile suggests that the SME programme is primarily reaching small-scale enterprises. While individually limited in scale, such enterprises may contribute to aggregate livelihood outcomes when supported at sufficient scale.

Approximately **30% of enterprises reported having been in operation for one year or less**, indicating that the portfolio includes a substantial share of businesses in early stages of establishment, recovery, or stabilization.

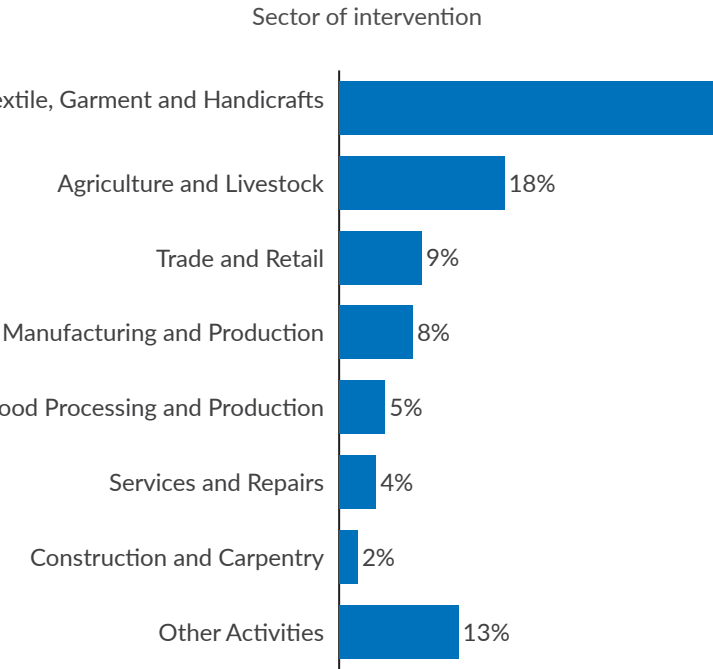
The ownership profile highlights a level of inclusion of women in enterprise activity. Of those surveyed, **65% of enterprises are owned by women**, indicating broad outreach to female entrepreneurs.

The portfolio also appears to engage displacement-affected populations. Respondents reported **530 displaced individuals involved in enterprise activity**, representing **37% of all reported positions** (including owners, paid workers, and unpaid or part-time contributors).



Occupation and Sector of Activity

Textile, garment, and handicraft activities represent the largest sector group, accounting for approximately 41% of all supported enterprises. Agriculture and livestock-related activities constitute the second largest sector (18%), followed by trade and retail businesses (9%). Smaller proportions of enterprises operate in manufacturing and production, food processing, repair and service provision, and construction-related activities.



Employment outcomes

Labour engagement is a prominent reported finding in the assessment. Across the **443 enterprises surveyed**, respondents reported a total of **1,439 individuals engaged in enterprise activity**.

Over the previous 12 months, employment trends were reported as follows:

- 37% of enterprises reported an increase in employment
- 57% reported stable staffing
- 4% reported a decline

Percentages are based on all enterprises surveyed, including 2% that preferred not to respond.

In total, respondents reported an estimated **522 additional labour positions and 82 positions lost over the previous 12 months**, indicating a net increase in reported labour engagement. For clarity, employment figures reported in this assessment include business owners, paid employees, unpaid family members, and part-time or seasonal workers. For the purposes of this assessment, labour engagement includes any individual contributing to enterprise activity, regardless of remuneration level, duration, or intensity of work.

As such, employment figures should be interpreted carefully since the assessment did not systematically distinguish between:

- full-time and part-time workers;
- permanent and seasonal workers;
- paid workers and unpaid family labour.

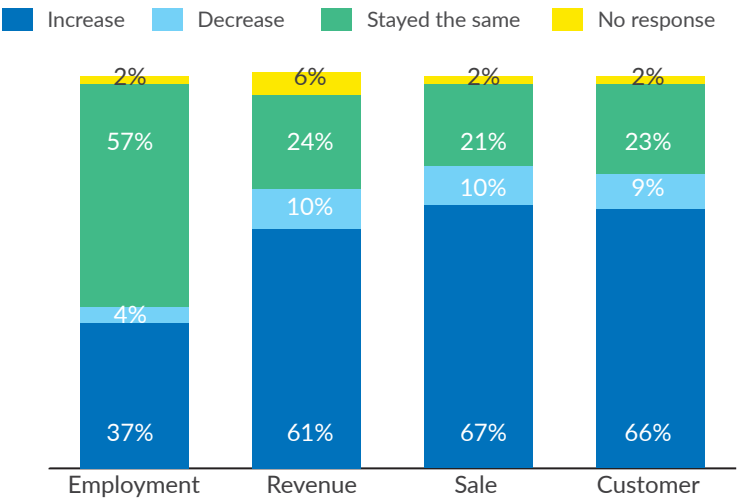
Respondents reported a median monthly remuneration of **AFN 3,000 per worker**, while the average remuneration was AFN 5,290. The difference between the median and average suggests that wage levels vary considerably across enterprises, with a smaller number of businesses paying substantially higher wages than the majority. While modest, this remains an important source of earned income in a fragile labour market.

Business Performance

Respondents reported broadly positive business performance trends over the previous 12 months.

A majority of respondents indicated that their enterprises had experienced positive changes in key business performance indicators. Overall, 61% reported increased revenue, 67% reported higher sales, and 66% reported growth in their customer base.

Business performance over the last 12 months

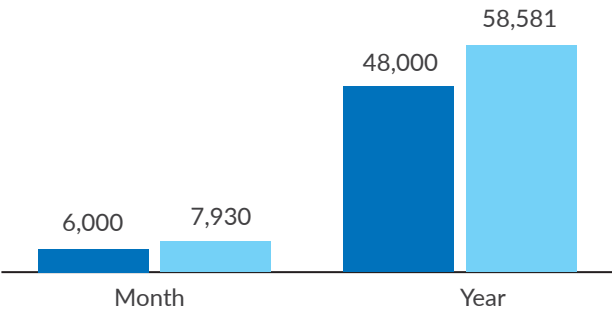


In contrast:

- 10% reported revenue decline, indicating that not all enterprises experienced positive trends.
- a smaller share reported declines in sales or customer trends

The consistency of reported improvements across revenue, sales, and customer indicators suggests that many respondents perceived their businesses to be performing better than in previous periods. Reported profitability remains modest in absolute terms.

Median and Average profit



Differences between monthly and annual profit figures may occur because business performance varies throughout the year. Some enterprises experience seasonal increase or decrease in income and expenses, meaning that profits reported for a typical month may not directly correspond to annual profit estimates.

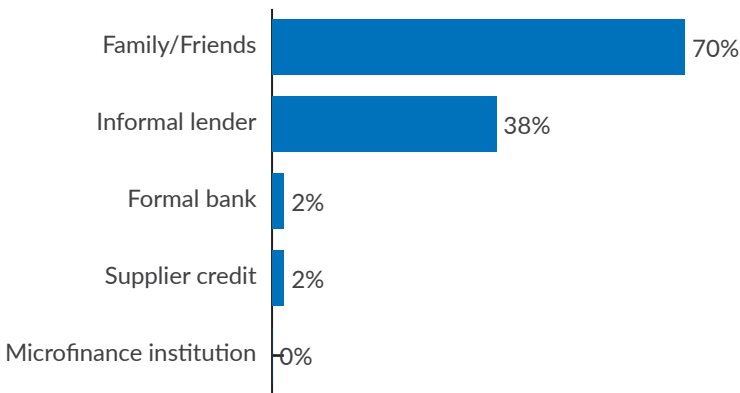
These figures indicate that surplus generation is possible for many supported businesses, although gains remain relatively small and likely sensitive to market volatility, inflation, and operating constraints.

Debt, Constraints, and Enterprise Capacity

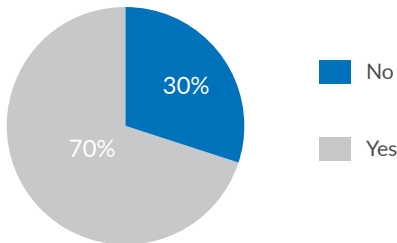
Only 11% of enterprises surveyed reported having outstanding debt. Low reported indebtedness may reflect limited access to credit rather than strong financial resilience.

Among those with debt, none reported severe repayment difficulties, although 70% indicated that debt affects operations or growth. This may reflect limited access to formal or informal credit rather than the absence of financial constraints, suggesting that many enterprises may not be borrowing due to lack of access rather than low need

Out of the 11% borrowing, debt source varies



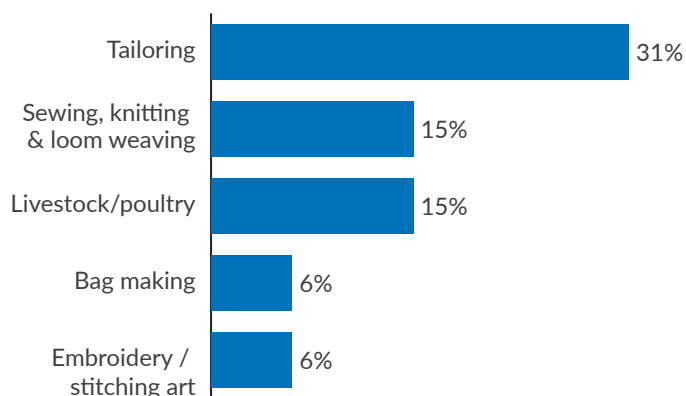
Among indebted firms, debt affecting operations/growth



Only **2% of enterprises** reported having faced business restrictions in the previous 12 months, suggesting that direct operational restrictions were limited within the survey sample.

A positive finding was an emphasis on skills training and capacity building among SME beneficiaries, with **43% of enterprises reported having provided some form of training or skill development to staff during the last 12 months**. This suggests that a meaningful share of businesses is investing in workforce capacity.

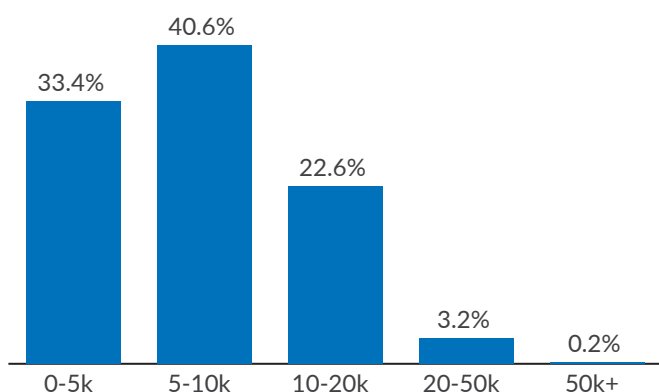
43% of enterprises provided training in last 12 months



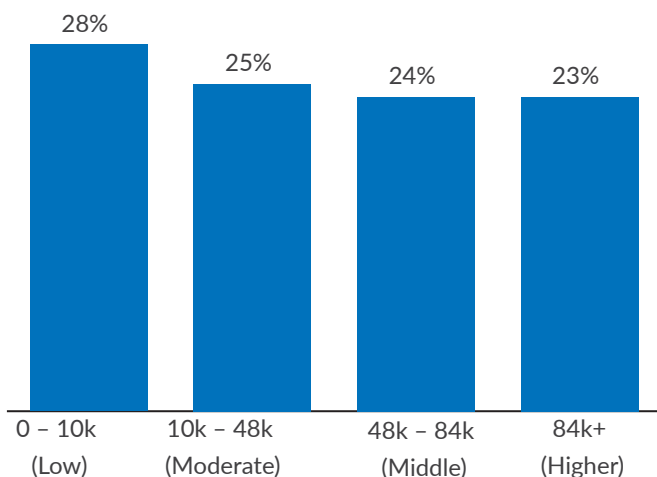
Household Economic Outcomes

The household-level findings suggest that business activity is associated with positive reported changes beyond the enterprise level. A large majority of respondents (81%) stated that their business contributed to an **increase in household income**. This is one of the strongest findings in the dataset and suggests that respondents associate enterprise activity with improvements in household income security.

Household income last completed month (AFN)



Household income last 12 months (AFN)



Similarly, **64% of respondents** reported a **reduction in household dependency on humanitarian assistance**, which they associated with business activity. This may indicate movement toward greater economic self-reliance as perceived by respondents, although the assessment did not independently verify aid receipt histories or measure household expenditure in detail.

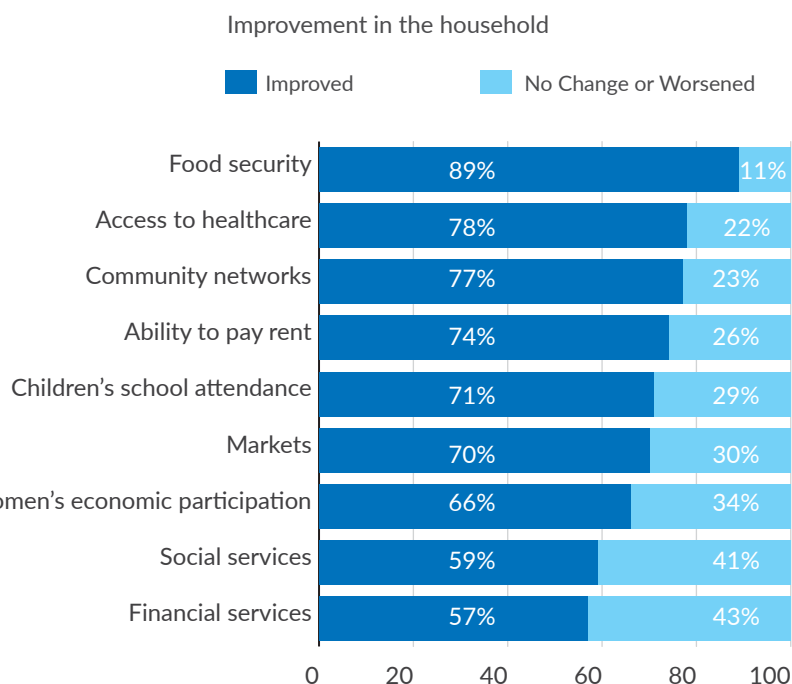
Savings capacity provides another useful indicator of resilience, with **44% of respondents** reporting that their households had been able to save over the previous 12 months. Among those who reported savings, median and average monthly savings were respectively **AFN 4,000 and AFN 13,442**.

These indicators are based on respondent reporting and should therefore be interpreted as **perceived household outcomes associated with enterprise activity**, rather than direct measurement of poverty reduction or household welfare status. These findings are based solely on responses from enterprise owners and may not fully capture household-level or community-level conditions beyond the perspective of the respondent.

Well-Being Outcomes

Respondents also reported positive changes in several dimensions of household well-being.

Across all the nine well-being outcome areas measured, more than half of respondents associated enterprise activity with perceived improvements in household coping capacity and daily living conditions.



Community and Local Economic Effects

Respondents reported several positive community-level effects associated with their businesses.

Large shares of respondents reported that their enterprises:

- helped their households remain in their current location (79%);
- improved access to goods and services in local markets (75%);
- reported perceiving their businesses as contributing to local economic resilience (89%).

In addition, **54% reported improved interaction between displaced and host communities.**

Taken together, these responses suggest that beneficiaries view their businesses as contributing not only to household welfare but also to local economic activity and, in some cases, to improved coexistence.

At the same time, these indicators should be interpreted carefully. Community resilience and social cohesion are complex phenomena that were not measured through independent community-level tools. The findings should therefore be understood as **beneficiary perceptions of community-level contribution**, rather than conclusive evidence of wider systemic change.

Only **2% of businesses reported any negative effects on the surrounding community.**

Environmental and Risk Considerations

Reported environmental and social risk indicators were generally low across the sample. Small proportions of respondents reported:

- risky open waste disposal (3%),
- discharge of untreated wastewater (1%),
- unsafe disposal of hazardous materials (6%),
- environmental complaints or warnings (1%).

No respondents reported daily use of fuel-powered generators.

This finding likely reflects the predominance of small-scale and home-based enterprises with limited energy requirements, rather than the absence of broader energy access constraints.

These results suggest that reported environmental risks are limited within the current sample. However, they are based on self-reported practices and may not capture all environmental management issues or compliance gaps. Future rounds could strengthen this component through more detailed environmental screening or spot verification for selected enterprise types.

Areas of Constraint and Limited Progress

While many respondents reported positive trends, several constraints and limitations are evident within the dataset.

A majority of enterprises remain small in scale, with limited workforce size and modest profit levels. Over half of respondents did not report any savings during the previous 12 months, indicating continued economic vulnerability.

Many supported businesses operate in tailoring and textile-related activities within the same communities. This may lead to increased competition for customers and could limit opportunities for some enterprises to expand and increase their income over time.

Enterprises with Limited or Negative Performance

While many respondents reported positive trends, a subset of enterprises experienced limited or negative outcomes.

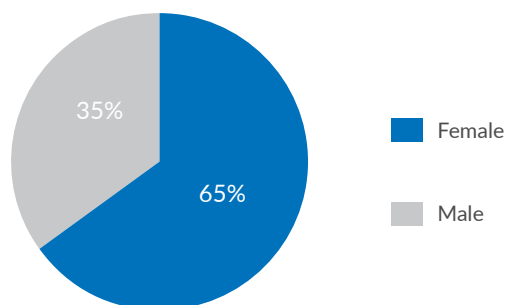
Approximately **10% of respondents reported declining revenue**, and a portion reported stagnant staffing levels.

However, due to limitations in available data, the characteristics and constraints of lower-performing enterprises could not be analyzed in detail.

Gender of Business Owner

Female-owned enterprises account for **65% of all surveyed businesses** and support a large share of reported activities. Reported outcomes among women-led enterprises appear positive across employment, income, and enterprise performance indicators.

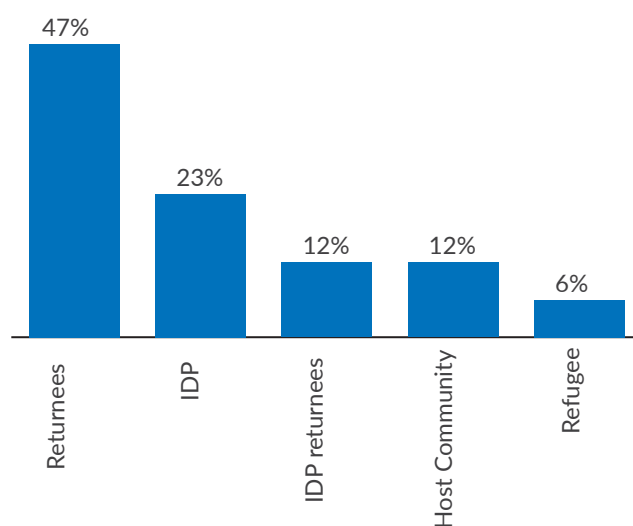
Distribution of the owner/r by gender



Population Group

The portfolio includes a substantial share of returnees and displacement-affected households. Returnees appear to represent a large share of enterprises, while host community businesses report relatively high average worker numbers. Returnees and IDP returnees also appear to report strong household income improvements.

Population Group of the owner/manager of SME



Geographic Variation

Results vary across provinces. Hirat appears to host the largest number of surveyed enterprises. Some provinces reported more positive outcome indicators than others; however, subgroup sample sizes may limit the reliability of direct provincial comparisons.

Interpretation of Findings

The assessment presents a consistent pattern of positive reported outcomes among supported SMEs. In particular, the findings suggest that many supported enterprises are:

- operational and labour-engaging;
- associated with positive business trends;
- associated with reported contributions to household income generation;
- relevant to women's economic participation;
- associated with reported perceptions of reduced reliance on humanitarian assistance; and
- perceived by beneficiaries as contributing to local market resilience.

At the same time, the evidence should be interpreted within the methodological limits of the study. The absence of a comparison group, reliance on self-reported indicators, possible survivorship bias, and lack of baseline data mean that the assessment cannot fully isolate the effect of the intervention from other factors. Accordingly, the report should be read as **strong descriptive evidence of positive trends among supported enterprises**, rather than a definitive causal impact study.

Conclusion

The 2026 SME Outcome Assessment provides structured descriptive evidence based on a stratified sample of reachable beneficiaries regarding the status and reported outcomes of SMEs

supported between 2023 and 2025. Across multiple indicators, beneficiaries consistently reported positive trends in enterprise activity, labour engagement, household income, and self-reliance.

At the same time, the assessment identified important challenges, including limited savings capacity among many households, continued business constraints, and uneven growth across enterprises. These findings highlight both the potential and the limitations of small enterprise support within Afghanistan's challenging economic environment.

Given the absence of baseline data, a comparison group, and independent verification of outcomes, the assessment does not establish direct causal attribution. Rather, it provides evidence of reported outcomes and beneficiary perceptions associated with supported enterprises.

Despite the methodological limitations outlined in this report, the assessment provides structured descriptive evidence that surveyed beneficiaries frequently reported positive enterprise, household, and well-being outcomes following participation in SME support activities. While the assessment cannot establish attribution or causal impact, the consistency of reported positive outcomes across multiple indicators suggests that supported enterprises continue to play an important role in the livelihood strategies of participating households. Future assessments incorporating baseline measurement, longitudinal tracking, comparison groups, and stronger verification mechanisms would further strengthen the evidence base.





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