

Note on Afghanistan Enterprise Survey 2008-9

Summary of Approach and Observations

Prepared for: World Bank, Financial and Private Sector Development Unit

Prepared by: Altai Consulting, Kabul, Afghanistan

February 2009

Background

The Enterprise Survey 2008-9 was a nationwide survey to gather information and opinions about the business environment in Afghanistan. The survey covered over 1000 businesses including all key urban sectors across ten cities and a range of business sizes. The last Enterprise Survey was conducted in 2005 comprising of 338 companies.

The objective of the Enterprise Survey was to generate establishment-level quantitative and qualitative information that will help evaluate the performance of business enterprises and identify constraints to doing business. The survey was designed to provide indicators of Afghanistan's investment climate and business performance that can be used to identify reform priorities to track changes over time.

The World Bank Group (WBG) commissioned the work in partnership with a local Afghan organization, and two local firms, Altai Consulting and Noma Consulting implemented the fieldwork.

Sampling

The sample target was 1000 companies but on completion of fieldwork, 1066 companies had been successfully interviewed.

Sectors

The sample was split between five sectors. The World Bank advised on four sectors: manufacturing, retail, construction, and 'other services', comprising of hotels and restaurants; wholesalers; transport, storage and communications; IT services, and repair of motor vehicles. The local partner introduced an additional sector of 'professional, scientific and technical', comprising of legal and accounting services; business and consulting services; architecture and engineering; advertising; research and media companies; private education institutes, and private health clinics.

Formality

The sample proposition was split between 60% formal companies and 40% informal companies, as follows:

Formality	Sector	%	Nos.	Total
Formal	Manufacturing	12%	120	600
	Retail	12%	120	
	Construction	12%	120	
	Other services	12%	120	
	Professional,scientific and technical (PST)	12%	120	
Informal	Manufacturing	8%	80	400
	Retail	8%	80	
	Construction	8%	80	
	Other services	6%	80	
	Professional,scientific and technical (PST)	6%	80	

Formal referred to a business registered with a central government body i.e. AISA (Afghanistan Investment Support Agency) and / or any Government Ministry, such as the Ministry of Commerce, Ministry of Economy, Ministry of Education, and so on.

Informal referred to a business not registered with a central government body. This meant that businesses not registered with any organisation or only registered with the local municipality, business association or union were considered informal.

Difficulties encountered

Given the small number of retailers registered centrally, combined with the unavailability of a comprehensive list of registered retailers, the decision was made to accept some retailers which were only registered at the municipality level as 'formal' for the purposes of this study.

Location

Ten cities were covered for this survey, weighted according to the size and level of industrial activity in the city, as the table below indicates:

City	Proposed no. of businesses surveyed	Actual no. of businesses surveyed
Kabul	300	306
Herat	125	131
Mazar	125	142
Jalalabad	125	129
Kandahar	125	121
Ghazni	45	45
Khost	45	71
Pule-Khumri	45	48
Kunduz	45	50
Bamyan	20	23
TOTAL	1000	1066

Size

Whilst there were no fixed quotas for company size, preference was given to the larger companies from the AISA lists used to source formal companies. In addition, there was an interest from the local Afghan partner to cover micro businesses with less than five employees. Consequently, the sample proposition indicated a minimum of 5% of the sample should cover this size group.

Questionnaire

The questionnaire used for this survey was comprised of the World Bank's core questions, as well as some additional questions introduced by the local partner.

Translation

Noma Consulting's translation team translated the questionnaire into the two local languages, Dari and Pashto. Both the Dari version and the Pashto version of the questionnaire were subsequently back-translated into English by a mother tongue Dari and Pashto speaking colleague from Noma Consulting and a mother tongue English speaking consultant from Altai Consulting.

Difficulties encountered

For the most part, these translations were both clear and a fair reflection of the English original. However, there was one significant ambiguity, surrounding question L1: 'At the end of fiscal year 2007-8, how many permanent employees did this establishment employ?'. The word for 'employ' in Dari and Pashto can be interpreted as either 'have in your employment' (the meaning intended) or 'hire' (i.e. recruit). Therefore, the first wave of questionnaires that were returned to Kabul had suspiciously low numbers for the number of permanent employees. These companies were re-contacted, the answer updated, and the correct interpretation of this question was clarified with all members of the interviewer team.

Questionnaire types

Three versions of the questionnaire were generated in order to provide more tailored tools to the fieldwork team:

- The Core questionnaire was used for the construction, other services, and professional, scientific and technical sectors
- The Manufacturing questionnaire, was only used for manufacturers. It contained all the questions on the Core questionnaire, as well as some manufacturing specific questions
- The Services questionnaire, was only used for retailers. It contained all the questions on the Core questionnaire, as well as some retailer specific questions

Difficulties encountered

Conducting the fieldwork with three different types of questionnaire opened up the possibility for the incorrect questionnaire type to be used. For example, there were instances where the Services questionnaire was used when interviewing a wholesaler (where the correct type would have been Core).

Cards

Interviewer cards were used where there was a large set of answer options (such as the example below):

Q140	What was the main reason why this establishment did not apply for any line of credit or loan in fiscal year 1386?	Prompt One answer (show card) <ol style="list-style-type: none">1. No need for a loan - establishment has sufficient capital2. Application procedures for loans or lines of credit are complex3. Interest rates are not favorable4. Collateral requirements are too high5. Size of loan and maturity are insufficient6. Did not think it would be approved7. It is prohibited in Islam8. <i>Other</i>9. <i>Don't know</i>
------	---	---

Each card listed the answer options (excluding 'don't know') in large clear text, enabling the respondent to review the options and pick the most appropriate answer for his / her business, rather than having the interviewer read out the answer options, leaving the respondent to rely on memory.

Difficulties encountered

In the context of Afghanistan with an adult literacy rate of 24%¹, a number of respondents were unable to read the cards. It was therefore not always possible to use this tool.

¹ UNDP, National Human Development report for Afghanistan, 2007

Fieldwork procedure

Contacting formal companies

The fieldwork team aimed to find formal companies from the following two sources:

- World Bank Panel list (the 338 businesses interviewed in 2005)
- AISA list (1st, 2nd and 3rd choice companies provided by the World Bank, based on size)

Each of these lists contained telephone numbers and addresses for registered companies which allowed the fieldwork team to target specific businesses that fit with the sample criteria.

Screener

A screener document was also used to ensure that potential respondents fit the sample frame. It contained basic questions relating to location, sector, size and current operations. Whilst the screener was typically conducted over the phone, there were some instances where interviewers were obliged to go the physical address to ask the screener questions, owing to the inaccuracy of phone numbers provided for specific firms.

Difficulties encountered

World Bank Panel List

It proved extremely difficult to reach the World Bank Panel List companies for the following reasons:

- After three years, many of the phone numbers listed had changed so it was not possible to contact them via the phone.
- When interviewers went to the physical address listed, the address was not specific enough to pinpoint the specific business. In some cases the address merely consisted of the city name, for example 'Mazar e Sharif'. In some cases the company was misidentified and the wrong establishment was interviewed.
- Twenty of the Panel List companies that were reached refused to answer the questionnaire, having been surveyed not only in 2005 but numerous times in between by a range of organisations.

AISA list

Whilst an improvement on the World Bank Panel List, the AISA list also contained inaccurate information, including out-dated or incorrect telephone numbers, contact names, addresses, and number of employees. This again made it difficult for the fieldwork team to access specific companies listed.

Retailers

It proved challenging to reach a sufficient number of formal companies from the retail sector. In part this was because there are proportionally fewer registered retailers in Afghanistan, compared with other sectors. However, it is also due to the fact that retailers are not registered with AISA, but with the

Ministry of Commerce and Industry whose privacy policy prevents the distribution of company lists of this nature. This meant that alternative methods had to be adopted to fulfil the sample criteria for retailers, as outlined below.

Alternative lists used

Due to the difficulties accessing lists solely through the Panel list and AISA list, it was necessary to use other sources to reach companies. Local contacts were therefore used, including relevant NGOs (such as the Peace Dividend Trust), local AISA and /or ACCI (Afghanistan Chamber of Commerce and Industries) lists obtained by supervisors.

To reach retailers, either locally obtained Ministry of Commerce lists were used or, more commonly, local knowledge of large retailers was drawn upon to reach the retailer quotas.

Contacting informal companies

To access around a quarter of informal companies, supervisors were able to contact local organisations, including municipalities, local business associations, unions and NGOs to obtain lists of informal companies that fit with the sample proposition. These were then used to conduct the informal interviews. However, where this was not possible, the fieldwork team used the 'snowball technique'. In other words, after a successful interview with an informal business, the interviewer asked the respondent to direct them towards other unregistered businesses that fit with the sample criteria, in different locations across the city.

Security

Security was a significant factor in carrying out fieldwork across Afghanistan, where political unrest and criminal activity present notable risks and obstacles to effective. However, risks were minimised by

- Engaging local staff in each of the cities, where possible; with the exception of Bamyan (a relatively peaceful part of the country), interviewers operated in their 'home town'.
- Flying members of the fieldwork team for training in Kabul, rather than going by roads that are known to be partly controlled by insurgents and / or bandits. This was the case for supervisors and interviewers from Kandahar and Herat.
- Providing sufficient authority to the interviewers, including a Noma Consulting photo ID card, a letter from the Ministry of Commerce and Industry, and a letter from the World Bank, to allay concerns and potential hostility from prospective interviewees.

Incentives

A number of gifts were offered to respondents, to encourage participation, including a leather bound notebook and pen, and a simcard. In addition, a small pamphlet in Dari, containing information from the 2005 Enterprise Survey, was distributed to help explain how the information derived from the Enterprise Survey is used.

Difficulties encountered

Whilst the majority of respondents were interested in the survey and engaged by the questions (no interview was terminated mid-way through), there was still a notable minority who did not agree to answer the survey. This was especially true of respondents who had been interviewed before in a similar capacity. In such cases, the feeling was one of impatience at what is considered a waste of time, as well as disillusionment, having given their time and consideration to such surveys in the past, but never received any tangible benefits in return.

Length of interview

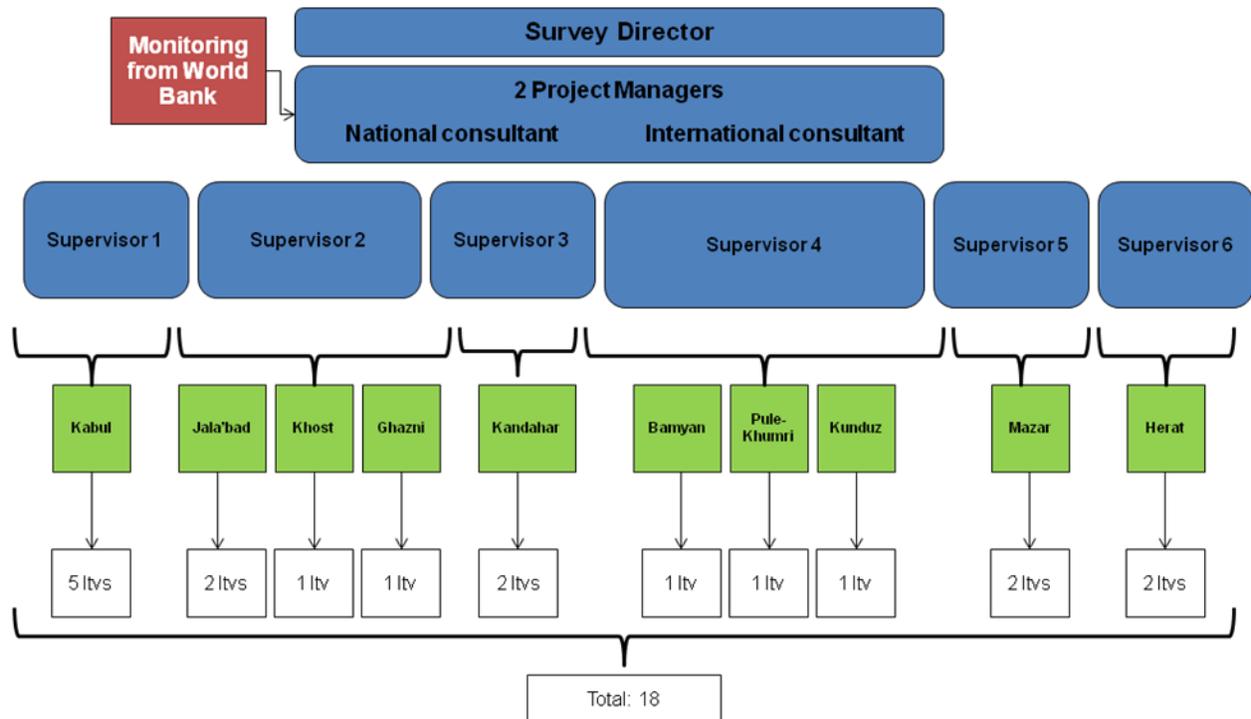
Interviews lasted anywhere between one hour and two hours. In a small number of instances, the length exceeded two hours, but this was often due to numerous phone calls or interruptions

Difficulties encountered

Due to length of the interview it should be expected that the quality of the data might have declined towards the end of the questionnaire.

Staffing solution

The fieldwork team comprised of 24 members of staff: 6 supervisors and 18 interviewers. The diagram below indicates the distribution of the team across the ten cities:



Interviewers

The interviewers trained for the survey were generally college educated in Afghanistan or a neighboring country and/or had previous experience with conducting interviews in the country. Each interviewer had

a set quota of businesses to interview. In order to achieve this, the interviewer was required to make the first contact with companies (except in a few cases when the supervisor did so), complete the screener document (in the case of formal companies), and conduct the interview.

Difficulties encountered

Notwithstanding their interviewing experience, the level of business or financial concepts used in the questionnaire proved a significant challenge for the interviewers. Concepts such as indirect exports, ATM and credit cards, and terms relating to the business' legal status were the most prominent examples of where interviewers struggled. In some cases, calculating percentages also proved difficult, and support was required from supervisors and consultants based in Kabul.

It is important that this be acknowledged as a common and significant restraint in conducting surveys and in carrying out private sector research in Afghanistan.

Supervisors

Supervisors were more experienced interviewers, typically with a professional background, such as a doctor or engineer. They essentially acted as managers for the city or cities for which they covered, co-ordinating their interviewer team, including all the tools (questionnaires, cards, screeners, incentives, phone cards, and so on); reviewing each questionnaire to be sure it was complete and consistent, and observing some interviews to ensure that the interviewers were asking the questions in the right manner and recording the answers correctly. They were also required to undertake interviews for larger companies, where their experience and gravitas was an important factor in securing the interview.

Finally, supervisors met with municipalities, local business unions, trade associations and NGOs to request lists of businesses in the region, registered at the local level.

Training

Training for the fieldwork team came in two phases.

First, the World Bank delivered one day's training to the supervisors. This exercise covered the principles and objectives of the survey and clarified correct procedure in detail (for example, four digits for recording years, monetary quantities in local currency, and so on).

Altai and Noma Consulting led a further five days of training for the whole fieldwork team of 24. This reiterated principles and objectives, outlined fieldwork procedure (use of company lists, cards, screener, and so on) included a question by question review of the questionnaire to ensure comprehensive understanding of the Enterprise Survey, and clarified 'ground' rules for interviewer safety.

Pilot interviews in Kabul

Each supervisor and interviewer undertook a pilot interview in Kabul, amounting to 24 in total.

Data entry team

The data entry team consisted of four members of staff; a data entry manager and three clerks who inputted the raw data from the paper questionnaires into EPI format. One data entry clerk had the additional responsibility of inputting the data from the screeners into the master Panel and AISA lists to track which companies on the lists had been interviewed and, for those that had not been successfully contacted, an explanation as to why not.

The data held in EPI, was then converted to SPSS by the data entry manager.

Timelines

All training was completed by the 15th October, with the day of pilot interviews taking place on 16th October in Kabul. Fieldwork across the full spread of ten cities commenced from either 18th or the 19th October, depending on the location. The final interviews were conducted in Kabul in early December.

Key steps	Sept					Oct					Nov					Dec				Jan	
	30_5	6_12	13_19	20_26	27_3	4_10	11_17	18_24	25_31	1_7	8_14	15_21	22_28	29_5	6_12	13_19	20_27	28_3	4_10	11_18	
	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11	W12	W13	W14	W15	W16	W17	W18	W19	W19	W20	
Questionnaire preparation / translation																					
Enterprise databases collection																					
Sampling preparation																					
Team recruitment / testing																					
Tools finalisation																					
Training							T1	T2													
Fieldwork																					
First data check																					
Second data check																					
Third data check																					
Data entry & cleaning																					
Monitoring																					
Final data delivery																					
Validation event																					

Difficulties encountered

Fieldwork in Herat was delayed by three days due to local unrest (the kidnapping of a prominent businessman had prompted strikes and protests from businesses in Herat which precluded any fieldwork activity). Fieldwork in this city therefore started on the 21st October.

Monitoring

Mid-fieldwork monitoring

The first layer of monitoring was with local supervisors who reviewed questionnaires completed by interviewers, question by question. In the event of any errors, they instructed interviewers to clarify, complete, or redo any errors in the questionnaire.

The second layer of monitoring was directly ensured by national and international consultants who reviewed the questionnaires received in Kabul before passing them forward to the data entry team.

The third layer of monitoring came from World Bank monitors, whose software checks picked up anomalies in the data. The aim was for these checks to take place at key points of data gathering.

After fieldwork

On completion of fieldwork, 130 companies in total were randomly selected from each interviewer and re-contacted in order to verify that the interview took place in the correct manner and to confirm that accurate information was collected. The majority, 100, of these re-contacts was conducted by a member of the Noma Consulting team. However, to ensure impartiality, 30 re-contacts were undertaken by an independent monitor from Altai Consulting, with no previous involvement in the project.

Specific Additional (for internal use at the World Bank for subsequent surveys)

Use of words / phrases:

Questionnaire

Questionnaire type: 'Services' was found to be confusing, as it appeared to refer to the 'services' sector (such as hotels, restaurants, motor repair specialists, and so on), rather than for retailers for which it was designed. From this experience, we would suggest changing the name of this questionnaire type to 'Retailer'.

Screener

Question S1 of the screener document uses the term 'other services' under the umbrella category of 'other', which was presumed to refer to 'repair of motor vehicles'. This confused the fieldwork team as they had understood 'other services' to be the broad umbrella group of wholesalers; transport and storage; IT services. Here again, it would be useful to be more specific, and use the term 'repair of motor vehicles'.