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RESEARCH ARTICLE

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The Price of Return: Economic and Governance Impacts of Afghan Repatriation in Khyber Pakhtunkhwa, 2023–2026

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Abstract: Afghan refugees have been residing in Khyber Pakhtunkhwa (KPK) for over forty years, and the province is home to more than half (53.1%) of Pakistan's registered Afghan refugee population. In September 2023, the Government of Pakistan introduced the Illegal Foreigners Repatriation Plan (IFRP), initiating the mass deportation of Afghan refugees to Afghanistan, which continued through 2025 and 2026. Although previous studies have examined the socio-economic and political effects of Afghan refugees on KPK, most rely on pre-2024 information and give limited attention to the economic and governance aspects of repatriation. This research investigates the economic and governance effects of Afghan refugees' repatriation on KPK between 2023 and 2026. A case study research design is employed, combining descriptive analysis of UNHCR and IOM statistics with content analysis of government policy documents and existing literature. Repatriation flows through the Torkham and Ghulam Khan border crossings are also examined. More than 85,000 returns occurred in the second half of October 2023, immediately following the IFRP announcement, while returns increased further in 2025 when holders of Afghan Citizen Cards and Proof of Registration were also instructed to leave. The findings indicate that repatriation can be associated with labor shortages, decreased informal trade activity, and potential fiscal relief for the provincial government. The paper concludes that a gradual and well-coordinated repatriation policy is an effective approach to managing these economic and governance effects.

Keywords: Afghan Refugees, Repatriation, Khyber Pakhtunkhwa, Economic Impact, Governance

Introduction

Afghan refugees have been in Khyber Pakhtunkhwa (KPK) since 1979, and currently the province accommodates the largest percentage of the Pakistani-registered Afghan refugees, with the highest percentage of any province. This presence grew to be tightly integrated into the economy of KPK; over forty years, refugees constituted a significant portion of the informal labor force in agriculture, construction, and small-scale trade, and their expenditure, enterprises, and investment funded by remittances became integrated into the domestic economic life of cities such as Peshawar. This took a new dimension on 26 September 2023, when the Government of Pakistan announced the Illegal Foreigners Repatriation Plan (IFRP), which gave a deadline to undocumented Afghans to exit the country. In 2025, the policy was further broadened by the cancellation of Afghan Citizen Cards and Proof of Registration cards, which further forced even documented refugees back. As of mid-2026, over 2.6 million individuals had re-entered Afghanistan via Pakistan border points since the plan was implemented, the majority of them by crossing KPK's Torkham and Ghulam Khan crossings, which is one of the largest forced economic redresses the province has experienced in decades.

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The literature on the subject of Afghan refugees in KPK is largely pre-repatriation wave, and where it does exist on the subject of the current repatriation process, it is based on political, security, or social orientation and not economic dimension, labor market changes, disruption of informal trade, and the financial stability of the provincial government. This creates an actual gap: an economics-based analysis of what the sudden and massive exodus of a population who constituted a significant portion of the informal economy of KPK actually implies to the province based upon the data it represents as it is today and not what it may have been a decade ago. The paper fills that gap and uses 2023-2026 data to see the economic and governance effects of Afghan refugee repatriation, in particular on KPK.

Objectives

1. To assess the impact of Afghan refugee repatriation on KPK's labor market and informal trade.
2. To examine how repatriation has affected KPK's governance and public resource allocation.
3. To present current (2023-2026) data on repatriation flows through KPK's border crossings.
4. To recommend how KPK can manage the economic transition caused by this process.

Significance of the Study

This work is significant in that it does not consider KPK as a subset of a larger Pakistan-wide image when its economy, although the province takes a disproportionately high number of refugees, as well as the return flow, is unlikely to reflect the national average. It also adds an economic prism to a subject that has been primarily studied in terms of political and security systems, which is important to note, since labor shortages, loss of informal trade, and fiscal relief are tangible, quantitative impacts that should be addressed in their own right, not simply mentioned as part of a larger political discourse. Lastly, the study provides a picture of the economy of KPK that is in fact pertinent to the policymakers and researchers working on this issue today, as the process of repatriation is still ongoing, but the study uses current UNHCR and IOM data, rather than older estimates.

Literature Review

Since the 1980s, the trend has been an increase in the number of Afghan refugees in Khyber Pakhtunkhwa relative to any other Pakistani province, and Borthakur (2017) recorded this in successive refugees census, which makes KPK the natural unit of study on the economic impact of their repatriation. In a survey of two villages in the Peshawar area, Asghar Khan et al. (2021) surveyed unskilled labor wages and found the minimum wage in Peshawar was the lowest among the twelve major Pakistani cities, which they attribute to refugee supply of labor in the informal sector; local respondents in the same survey said that job loss and reduced working days followed the entry of refugees into the informal labor market. Another survey on the count of shops in four trading centers of Peshawar by the same study revealed that the proportion of refugees in some of the trades was high, as was the case with 71 percent of the carpet and antique trade and with more than half of the cloth vending trade in the city as a whole, demonstrating how firmly refugees had become established in certain areas of trade, and not in the economy overall.

Not everything indicates economic strain, however. In Peshawar, the same authors discovered, prices increased at a slower rate compared to Karachi, Lahore, or Rawalpindi between 1979 and 1984, whereas in the other three cities, the rate of price increase accelerated; they attribute this to the fact that, unlike the other three cities, Peshawar prices increased at a slower rate, possibly because of the influx of refugee-related aid supplies to local food markets. Anwar et al. (2021) also mention a beneficial impact: refugees introduced some 2.5 million livestock to Pakistan, which increased the local meat and milk markets, offset by more frequently mentioned negative impacts, including evading taxes by Afghan traders in Peshawar, who no longer increased local revenues despite increasing their businesses.

A 2016 Dawn report (cited in Miraj Muhammad et al., 2024, and read directly in this study) recorded a reduction in rent in Hayatabad, Peshawar, of Rs 30,000 to Rs 25,000 for a five-marla house in the same year,

with falling property prices and business owners shutting down operations. This observation is not a one-off phenomenon: IRIN (2002) reported the same falling-rent trend in Hayatabad in an earlier wave of repatriation, and the 2016 Dawn report itself mentions the same trend when writing about the history of the neighborhood, indicating that the relationship between repatriation and local rental markets is recurrent and predictable. The identical report released by Dawn in 2016 also reported, without additional verification that can be found, that the number of employees working in the private clinics might have been reduced as their base of Afghan patients dwindled, which this study considers suggestive but not proven. It also reported that over 12,000 Afghan citizens had bought property in Peshawar with forged documents, which is also in line with broader results related to the use of fraudulent documentation by Afghan refugees in Pakistan (Khalid & Shaheen, 2017). Miraj Muhammad et al. (2024) suggest that the existing repatriation would alleviate the strain on health, education, and sanitation services in KPK and cut international aid to which the province has been dependent, citing more than 273 million dollars in US humanitarian aid.

Research Gap

The majority of sources consulted (four out of five) are older than 2023 or touch upon the repatriation wave only briefly, with no up-to-date information. More recent quantitative research is available: Munir, Rab, and Muntaha (2025) estimate the ARDL, using time-series data on 2010-2025 and find that repatriation leads to short-term labor shortages and wage variability in the informal economy, adjusted by long-term adjustment to formal jobs, and break the data down by KP and Balochistan. Similar findings are made by Mohtasim, Farooq, and Sadia (2025) on a national scale through mixed methods involving a combination of content analysis and workforce data. Both are econometric or workforce-data studies and are narrowly focused on labor measures; neither takes a case study approach with descriptive statistical analysis and content analysis of documentary evidence, nor considers the governance and response of the KPK to the border crossers, nor relies on the border-crossing-level UNHCR/IOM data (2023-2026) that is the data used in this study.

Methodology

Research Design

This paper follows the case study research design (Yin, 2018), and the limited case is Khyber Pakhtunkhwa. The reason behind this design is that it enables merging and cross-checking (triangulating) of various and different types of evidence, statistical reports, and documentary sources to answer the same research question, instead of using one type of evidence. This method is a good fit for the 2023-2026 period of repatriation: not old enough or long enough to yield a useful time-series econometric model by itself but full of evidence, both statistical and documentary, to sustain a systematic, evidence-based case study.

Study Area

The research will particularly focus on Khyber Pakhtunkhwa (KPK), where the highest population of Afghan refugees resides in Pakistan. The province of KPK has received special focus on the two border crossings of Torkham and Ghulam Khan, as only Torkham has been recording most of the returns among all five border crossing points between Pakistan and Afghanistan under monitoring.

Data Sources

The period of the collection of two types of secondary data was September 2023 to 2026. The quantitative data were obtained based on the operational reports on the Operational Data Portal of UNHCR, the Displacement Tracking Matrix by IOM, and the 2020-21 and 2024-25 Labour Force Surveys of Pakistan Bureau of Statistics. Qualitative data were extracted in the form of government policy announcements concerning the Illegal Foreigners Repatriation Plan (IFRP), reporting in Dawn newspaper played a narrow, exemplary role, and supplementary reporting provided by other sources, and peer-reviewed literature researched. There was no primary data (interviews or surveys) taken.

Data Analysis

The quantitative data were analyzed in a descriptive manner, computing totals, percentages, and changes between time periods. Content analysis was used to analyze qualitative data, and the data were coded into two predetermined subsets, which are economic impacts and governance/policy impacts, using thematic coding methods (Braun & Clarke, 2006). The two streams of data were subsequently triangulated: statistical tendencies of Section 4 were read and the coded qualitative results compared to establish whether they were leading in the same direction. In those cases where a documentary statement was not supported by an independent source, it is stated in the Discussion as a proposed research area in the future, but not as a research finding.

Presentation and Analysis of Quantitative Data.

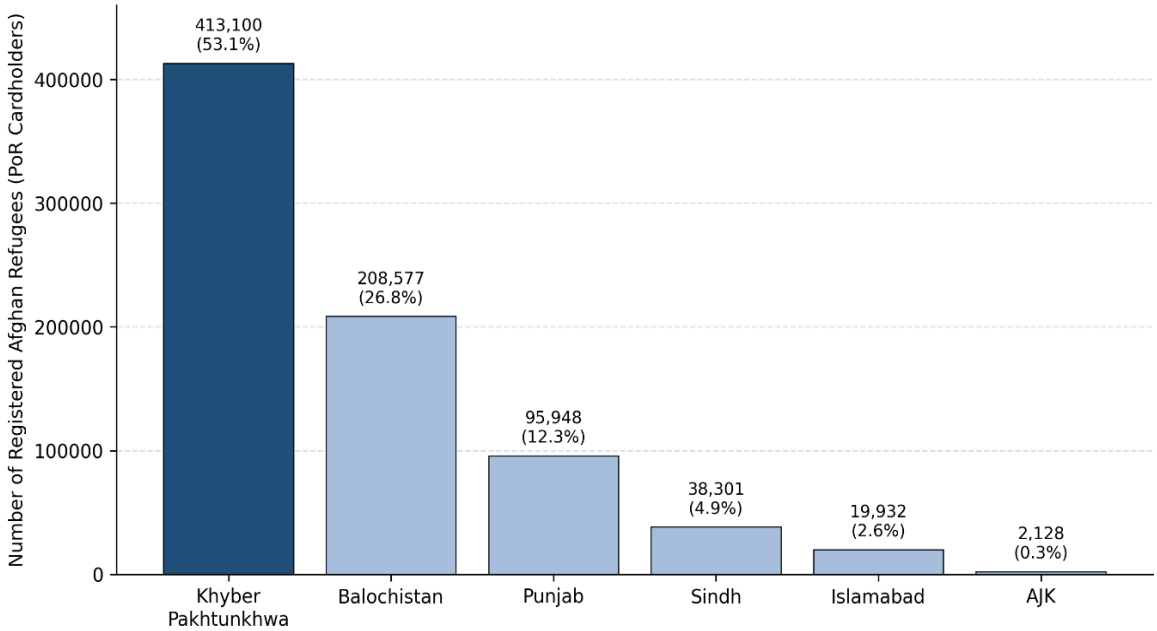
This section will provide the quantitative data gathered in this case study based on UNHCR and IOM reporting with the addition of Pakistan Bureau of Statistics data, which will be triangulated with the qualitative data.

Afghan Refugee Population: National vs. KPK, and the Decrease with Time

Pakistan has over half the total number of registered Afghan refugees in Khyber Pakhtunkhwa. In Figure 4.1, KPK has 413,100 registered refugees (53.1% of the national total of 777,986), which is more than twice the proportion of any other province.

Figure 1

Distribution of Registered Afghan Refugees Across Pakistan's Provinces



Source: UNHCR Operational Data Portal, Pakistan Country Page (data.unhcr.org/en/country/pak), as of 30 June 2026.
Total registered refugees: 777,986. Figure excludes undocumented Afghans and Afghan Citizen Card (ACC) holders.

This scale is a lot smaller than it used to be. According to Borthakur (2017), the population of Afghans in KPK was approximately 1,878,170 people after the 2005 census, and Asghar Khan et al. (2021) estimate the Afghan population of KPK to be more than 1.9 million only in 2021. The decrease between 1.9 million (2021) and 413,100 registered refugees (2026) is due both to the repatriation wave and a broader way of calculating the number (the current figure includes only PoR cardholders, whereas the previous one included even unregistered Afghans), so the two numbers are not exactly equivalent, but the trend and magnitude of the change is obvious.

Repatriation Flows, 2023-2026 (National Totals)

Table 1 presents the total number of returns and deportations in Pakistan as a whole and relating to the entire study period. These statistics are a direct copy of UNHCR-IOM Flash Update reports and include a combination of all five border crossings of Pakistan-Afghanistan (both KPK crossings and Balochistan crossings).

Table 1

Total Returns, Returnees, and Deportations from Pakistan to Afghanistan, 2023–2026

Period	Total Returns	Total Returnees	Facilitated PoR Returns	Total Deportees
15 Sep – 31 Dec 2023	490,891	436,600	24,971	29,320
1 Jan – 31 Dec 2024	315,100	280,512	25,634	8,954
1 Jan – 31 Dec 2025	1,125,946	783,736	187,547	154,663
1 Jan – 1 Aug 2026	723,268	529,958	119,953	73,357
Total	**2,655,205**	**2,030,806**	**358,105**	**266,294**

Source: UNHCR-IOM Flash Update, as of 1 August 2026. Note: Total Returns = Total Returnees + Facilitated PoR Returns + Total Deportees.

As you can see, the highest year of the repatriation process was 2025, when more returns were registered than in 2023 and 2024 combined (1,125,946). There were also significant increases in deportations in 2025 (154,663) compared to less than 30,000 in both the previous years.

Estimated KPK-Specific Returns

The reports used to study indicate returns across provinces (Khyber Pakhtunkhwa and Balochistan) in chart form but do not print out the specific numbers of each province in the text. In estimating the share of KPK, this study uses the ratio verified by previous, more detailed, bi-weekly reports (April 2024), where Torkham and Ghulam Khan (two out of five crossings by KPK) constituted an estimated 89% of total returns in a sample period in April 2024.

Table 2

Estimated KPK Returns, 2023–2026 (Based on an April 2024-Derived Estimate of 89% of National Total)

Period	National Total Returns	Estimated KPK Returns
2023	490,891	~436,900
2024	315,100	~280,400
2025	1,125,946	~1,002,100
2026 (Jan–Aug)	723,268	~643,700
Total	**2,655,205**	**~2,363,100**

Note: KPK values are estimated, not directly reported, with an 89 percent share based on one reporting period, in April 2024. This ratio might not be true throughout the study period; the limitation of this is fully discussed in Section 4.5.

Status and Policy Timeline of Documentation

Among the 2,388,911 individuals who returned without deportation (Total Returns less Total Deportees), the majority (63, or 1,503,879 people) of them were undocumented, 30 (or 721,467 people) of them had Proof of Registration (PoR) cards, and 7 (or 163,565 people) of them had Afghan Citizen Cards (ACC). Out of the 266,294 individuals who were not returned but deported, the highest number (191,473) were the undocumented individuals deported during April 2025 and August 2026, indicating enforcement had become more stringent after early 2025.

The statistics are in alignment with three stages of the Illegal Foreigners Repatriation Plan (IFRP) of Pakistan. The initial period, which was announced in September 2023, is equivalent to a steep increase in returns in November 2023 (262,473 during the month). The second stage, which is presented in early-to-mid 2025, corresponds to an increase in returns throughout this time. The third phase, which will be introduced in mid-to-late 2025, coincides with another peak of 253,671 returns in September 2025. Return numbers are closely based on government policy announcements as opposed to moving independently.

KPK Labour Market Indicators, (2020).-21 vs 2024-25

As an extra background on the economic situation in KPK at the time of the repatriation and the period before, Table 3 shows the labour market data, as compiled by the Pakistan Bureau of Statistics, of the province in 2020-21 (pre-IFRP) and 2024-25 (the latest data available).

Table 3

KPK Labour Market Indicators, 2020-21 vs 2024-25

Indicator	2020-21	2024-25	Change
Unemployment Rate	8.8%	9.2%	+0.4 pp
Employment-to-Population Ratio	36.0%	38.9%	+2.9 pp
Labour Force Participation Rate	39.5%	42.9%	+3.4 pp
Employed Population	9.4 million	11.8 million	+2.4 million
Labour Force (total)	10.3 million	13.0 million	+2.7 million
Average Monthly Wage	Rs 24,172	Rs 39,974	+65.4%

Source: Pakistan Bureau of Statistics, Labour Force Survey 2020-21 (District Level Report) and Labour Force Survey 2024-25 Annual Report. The two years involve the th ICLS methodology of comparability.

Both of these years saw KP experience the highest unemployment rate among all four provinces: 8.8 percent in 2020-21 and 9.2 percent in 2024-25, always higher than Punjab, Sindh, and Balochistan during these years. Meanwhile, all indicators in Table 3 increased instead of decreasing: employment, participation, and wages have increased. This is not to be interpreted as an indication against economic pressure due to repatriation, as the highest year of return movement in this study (Table 1) is 2025, which completely postdates the range of this survey. It implies that this particular dataset cannot, in itself, prove the labor market impacts.

Data Limitations

Four limitations apply. To begin with, KPK-specific data (Table 2) has been based on an approximated 89 percent ratio based on one two-week reporting period in April 2024, as subsequent reports only display the KPK/Balochistan split as an unlabeled chart. Previous validated information of September-October 2023 indicates that this ratio might have been lower then, between 68-78%, and no known ratio has been confirmed in 2025-2026. The 89% number is then to be understood as the indication of a rough estimate at a single point in time rather than the confirmed, unchanging average throughout the duration of the study. Second, until February 2024, Ghulam Khan (one of two crossings of KPK) was not monitored, so initial KPK numbers are largely dependent on Torkham. Third, the population analysis relies on the data compiled by other sources in different ways (total Afghans vs. registered PoR holders only) and, consequently, does not indicate the precise, like-for-like value but, instead, displays the definite direction of change. Fourth, Table 3 draws a comparison of labour markets, based on 2020-21 and 2024-25 data, whereas the year 2025, where the highest returns have been recorded in this study, falls completely beyond the period covered by the 2024-25 survey. This implies that the indicators of labour used are not in a position to reflect the impact of the year that has the highest level of repatriation activity.

Economic Impact

Labor and Wage Impacts: As explained, the presence of the Afghan refugees in the informal sectors of KPK has been associated with low wages in the past. Since it is estimated that 2,363,100 Afghans have left KPK via Torkham and Ghulam Khan in 2023-2026 (Table 2), a significant portion of the informal workforce was fleeing in a very short period of time, as opposed to decades of gradual flight in the past. In their study based on national data, Munir, Rab, and Muntaha (2025) identified short-term labor crises and wage growth in the informal sector of Pakistan after repatriation.

Table 3 includes real numbers to this picture; however, this picture is not easy. During 2020-21 to 2024-25, the unemployment rate of KP increased slightly, to 9.2 percent, with employment and labor force participation increasing and the average wage also rising during the same period. KP had the highest unemployment rate of any province in both years. Repatriation alone cannot be attributed to this change. It was also the time of the 2022-2023 economic crisis of Pakistan under the IMF program, high inflation, and the 2022 floods, which impacted not only jobs and wages in the entire nation but also in KPK. These numbers may have been influenced by a combination of factors (not just) Afghan repatriation. Also noteworthy, the year that had the most returns in this study (Table 1), 2025, is more recent than when the data used in this labour survey was collected, and may yet not even have an observable impact on Table 3.

With this, it is reasonable to expect a labor market impact of repatriation in KPK, but it cannot be disaggregated using the data available to conduct this study. Given that KPK alone has a ratio of estimated returns of 89 percent of the recorded returns, as per the available 2024 statistics, any repatriation-specific effect will be more likely to be observed in KPK than elsewhere.

Informal Trade and Business Activity: Historical studies put the Afghan workers at the core of the informal economy of KPK, especially cross-border trade, orchards, and small-scale mining, where Miraj Muhammad et al. (2024) estimate that 99 percent of the unregistered labor force in KP and Balochistan jointly comprised Afghans. This fact is even more significant when the information is read: 63 percent of all KPK returnees at this time were undocumented (1,503,879 people). However, as in previous studies, undocumented Afghans were the group most closely allied to informal trade; their large proportion of total returns indicates that informal, unregistered activity, as opposed to registered business, was the largest recipient of this shock, a finding that could only be identified after these two data points are read jointly.

Property and Rental Markets: This is a trend observed in Hayatabad, Peshawar, where rents and property values have dropped in at least two separate repatriation waves, in 2002 and 2016, when a wave of repatriation much smaller than the present one was sufficient to reduce rents and property prices in this Afghan-majority neighborhood. Eight years on, total returns are now over 2.6 million in the country (Table 1), with KPK holding nearly 89 percent of that number based on available 2024 data (Table 2); it is likely that the strain on rental demand in other similar neighborhoods will be greater this time. This study did not have up-to-date rent data in 2023-2026, which could be a gap to fill in instead of relying on the assumption that the pattern will replicate in the future.

Remittances and Cross-Border Investment: Miraj Muhammad et al. (2024) explain the process in which Afghan families abroad, especially those in Europe and the Gulf countries, remitted money to family members in KPK, part of which was reinvested into local business, as a form of foreign investment. This medium is not like labor or trade, as it relies on settled households that are documented and not on daily wage earners. The number of 358,105 facilitated PoR returns in 2023-2026 (Table 1) is precisely this more established group, registered, and frequently long-settled families as opposed to recent undocumented arrivals. Their exit is an indication that this remittance-related investment channel has also declined, distinct from the informal labor impacts mentioned above.

Effect on Local Businesses which are reliant on Afghan Clients: In addition to Afghan-owned businesses, other Pakistani-owned businesses could develop a section of their customer base with Afghan customers. A single news item about an earlier, smaller repatriation wave related that a private clinic in Peshawar lost employees when its Afghan patient flow declined, but this particular statement could not be confirmed by any other source and is viewed here with reservations and not as a fact. The impact on resident Afghan client bases, clinics, retail stores, and local transport services, and experienced a similar or greater impact during the significantly greater 2023-2026 repatriation, requires confirmation by the data of this study, unlike what this study has assumed, and is noted here as an area of future investigation.

Benefits of Employment to Local Population: Not all the effects are against the local population. Miraj Muhammad et al. (2024) observe that leaving the refugees behind opens up job opportunities that the local workers can occupy, which might reduce joblessness. This should be read carefully, as the same paper observes it is contingent upon whether local workers are willing and able to take over the jobs that refugees occupied, usually manual or hotel-sector jobs.

Table 3 provides some reinforcement to this notion, however only marginally. Between 2020-21 and 2024-25, the employed population of KP increased to 11.8 million (as compared to 9.4 million) and the proportion of employment to population increased to 38.9 percent (as compared to 36.0 percent). At least this growth is consistent with the notion that jobs are filled by local workers. However, as has been discussed, this increase cannot be attributed solely to repatriation, as there are other national economic changes that have occurred in the same time frame, and thus does not provide clear evidence of a net increase in employment due to repatriation.

The net employment increase on the local population of KPK resulting from the 2023-2026 repatriation, on top of what this set of national trends would otherwise have allowed us to estimate, is a question that this data cannot directly answer, and is mentioned here as a future research area.

Governance and Policy Impact

Fiscal Relief and Public Service Burden: The provincial government did not bear the cost of refugee hosting in KPK. According to Cheema (1994), the Government of Pakistan used to subsidize half of the expenses of keeping the Afghan refugees, and the rest of the amount was financed by international donors; thus, KPK is not at liberty to repatriate since there is no longer a government subsidy on that half, as well as the government savings. A 2013 statement by then-Minister for States and Frontier Regions Abdul Qadir Baloch (as cited in Anwar et al., 2021) estimated Pakistan's total spending on Afghan refugees at $200 billion over thirty years, which is such a big sum when compared to the Pakistani economy that it probably combines direct spending with a wider security and infrastructure burden, and should not be interpreted as an accurate accounting value. Contextualized with the scale of departure that is captured in this paper, more than 2.6 million returns at the national level in 2023-2026 (Table 1), every fiscal relief that KPK obtains is merely real but partial, as the relief cut already identified in the literature review works against it simultaneously.

The border closure makes this economic image even more complicated in the reverse direction: Pakistan and KPK lose customs revenue and trade-based economic activity as long as Torkham is closed to commercial traffic, an extra expense that any savings on refugees would have to make up. This study has revised current province-level budget data, but it was too aggregated across unrelated spending in isolation to identify a repatriation-specific fiscal effect, so this section uses the historical pattern of cost-sharing identified in the literature, and the qualitative relationships identified above, instead.

Patterns of Policy Implementation and Enforcement: The causes of departure provided by people demonstrate that the rate of returning was not simply due to the policy announcements but rather to enforcement. Based on the same UNHCR-IOM Flash Update data utilized, fear of arrest ranked as the most common reason among undocumented and ACC-holder returnees (85 percent), and those with PoR cards

(33 percent) during the reporting period around April 2025, but the former cited fear of arrest (85 percent) more frequently than the latter cited stricter border entry requirements (26 percent), a difference that demonstrates that enforcement pressure was not evenly applied across the documentation categories. It was also noted in the same reporting period that almost all deportations were of ACC holders in particular, at a time when the second phase of the IFRP was just commencing against this population. There was also a physical, logistical aspect of the enforcement: the same monitoring data record showed that the Torkham crossing itself had been closed almost two weeks prior to opening on 19 March, i.e. the main return route of the province was temporarily unavailable even at a time when return volumes were high, a fact that indicates a disconnect between policy schedules and what the border infrastructure was physically capable of handling. A much greater upheaval will occur later in 2025. In early October, Pakistan launched airstrikes within Afghanistan to attack Tehrik-e-Taliban Pakistan militants, and the Afghan Taliban responded by launching attacks on Pakistani border posts, which resulted in several days of armed conflict (Radio Free Europe/Radio Liberty, 2026). In mid-October 2025, Pakistan shut its border points with Afghanistan, and soon after, a ceasefire was declared in Doha. In early November, Torkham was reopened, though it was reported that this was limited to movement of refugees only; trade and general travel were still closed. This difference is instructive: the government viewed the policies of repatriation and trade as independent, and did not hesitate to reopen one and continue keeping the other closed. Trade was not reopened rapidly; NPR (2026) said that the crossing remained closed to commercial traffic over three months after the war started, and traders were reporting losses of millions of dollars a day. This episode demonstrates that the exposure of KPK to the disruption of repatriation cannot be untangled from the exposure of KPK to the wider relations between Pakistan and Afghanistan in diplomacy and security, as one single episode of conflict defined both the trade and migration policy in the months to come.

Status of Documentation and Administrative Difficulties: As it has been previously mentioned, there was weak checking of Afghan identity and residency documents in KPK before this wave of repatriation. What is new here will be the manner in which the monitoring system itself evolved. Early Flash Update reports (April 2025) combined both ACC holders and undocumented individuals as one category of deportees. According to their separate reports as of the latest reporting period (August 2026), 191,473 undocumented deportations and 18,881 ACC-holder deportations were recorded as separate counts as of the period after April 2025, and 39,329 were recorded as a single count as of the period before it. This change implies that the administrative reaction of KPK and Pakistan to repatriation was not a predetermined system that was used initially, but a system that evolved its record-keeping and, probably, its verification methods as the magnitude and complexity of the process of returning people increased.

The Disproportionate Exposure to the National Repatriation Trend of 5.3 KPK

KPK is home to 53.1 percent of all registered Afghan refugees in Pakistan, but an estimated 89 percent of all national return traffic crosses at its two crossings, a value much larger than its refugee-hosting value would suggest, although this 89 percent value is only a single one of several reporting periods, as discussed further. Balochistan exhibits the opposite trend: 26.8 percent of the refugee population, but merely an estimated 11 percent of returns.

This disparity probably has more to do with geography than policy. The shorter, older route into Afghanistan is Torkham for a large portion of the refugee population, irrespective of registered province, i.e., KPK is a transit route to individuals leaving other than its resident refugees. This is important to correctly interpret: the pressure reported there is not only that of the refugees who lived in KPK, but also the built-up pressure of dealing with a return flow greater than would be indicated by the hosting share of the province in general, and this same disproportionate exposure probably increased the effect of the October 2025 border closure on KPK in particular, given that it is the crossing it relies on that was the most heavily crossed.

Conclusion and Policy Recommendations

Conclusion

This overview of the economy and governance of the KPK in the 2023-2026 repatriation leads to three general conclusions.

To begin with, this repatriation is so large that it is unlike anything KPK has gone through before. Previous research explained the impacts of an established population of refugees residing in the province over decades; the current research reports a condensed, massive exodus with an approximation of 2.36 million individuals departing via KPK crossing the border in less than three years. It is this lag rather than the figures that makes the labor market, informal trade, and rental housing sectors in the province worth following in the coming years as opposed to expecting the historical trends of slow adjustment to prevail.

Second, the impacts are not one-way only, but may be multi-directional at any given time, although they may not be fully ascertainable in this study. Certain channels lead to loss on the side of KPK, informal trade activity and investment based on remittances among others, and the long-term closure of the border as seen contributed to an additional loss in terms of customs revenue and trade activity. Other possibilities like freed-up employment for local workers or lessening the burden on public services are plausible and in line with increased KP employment during the study period (Table 3), but cannot be attributed to repatriation in particular due to other national economic changes during the same years. The fiscal relief KPK can get is only partial when international aid and lost revenue in trade are added in. The economic picture at the province level, that is, cannot be reduced to either a negative or a positive narrative, and most of the individual channels cannot be ascribed to repatriation with any good level of assurance.

Third, the economic outcome was as influenced by governance, enforcement, and security events as the repatriation policy itself. The increase and decrease in return numbers also corresponded with certain phases of IFRP enforcement, indicating that administrative capacity, rather than the policy intent, dictated the process of repatriation on the ground. The other, greater shock was not part of the repatriation policy, but instead an armed border conflict in October 2025 that resulted in an extended shutdown of Torkham as a trade route, demonstrating that the KPK has more economic exposure to the repatriation policy but also to the wider, less predictable relationship between Pakistan and Afghanistan.

The study is constrained by its reliance on secondary data and estimates of the KPK share of national returns, as not all provincial breakdowns were regularly issued. Despite this shortcoming, the results provide a real-world image of a rapidly evolving situation based on the latest information.

Policy Recommendations

From these findings, four recommendations can be made.

1. Keep a Record of Informal Sector Wages and Prices in the Transition Period

The results established the fact that in previous studies the group that was the most closely associated with informal trade was the undocumented Afghans, who constituted 63 percent of all KPK returnees. This implies that the largest economic impacts of repatriation probably occur in markets that are hardly ever described in detail by official statistics. A simple, regular monitoring system, including a quarterly survey of wages and prices in agriculture, construction, and small trade in the main districts of KPK, should be established by provincial labor and commerce departments, instead of depending solely on the national-level impact of repatriation as evidenced by existing data. This would provide real, up-to-date figures to the policymakers rather than waiting for national data, which can turn out to be too late to act.

2. Fiscal Savings Directly to the Most Impacted Areas of the Districts by the Return Flows

As Torkham and Ghulam Khan contribute to a share of the known Pakistan returns amounting to no less than 89 percent of the total returns recorded, it is the districts of these two crossings that are bearing very much more of the pressure and possible relief of repatriation than the rest of the province. Budget savings incurred

due to the cost of hosting refugees lower than the cost incurred should be allocated initially in these specific districts, to expenditures such as healthcare capacity, community infrastructure, and assistance to informal workers who have been impacted by the labor shortages mentioned above, as opposed to being distributed evenly across the entire KPK. Distributing the relief evenly would imply that the districts with the largest burden will get the least aid based on the actual need.

3. Enhance the Capacity in Terms of Border Processing before Subsequent Phases of Policy

The Torkham crossing itself was shut down for almost two weeks in March 2025, during one of the most active weeks of returns volume. This demonstrates that enforcement decisions were at times announced quicker than the infrastructure in place could manage the crossing. The government must consider the capacity of the staffing, processing systems and back-ups at Torkham and Ghulam Khan to realistically handle the anticipated volume before any future phase of the repatriation policy is announced and must have a clear contingency plan in place in case a crossing should be forced to close again. The nature of the bottleneck that this study was able to record would be diminished by planning capacity in advance of the announcement, and responding to problems as they arise.

4. Enhance the Interaction of Documentation with Verification Systems

Revealed that the earliest reports (approximately April 2025) combined ACC holders and undocumented people into one group, but subsequent reports (as of August 2026) separated them. Such a mid-process change would imply that, even after the repatriation process had begun, the record-keeping system in Pakistan was still being changed. The provincial and federal authorities are urged to strike a common ground on the uniform method of categorising and documenting the status of the documentation prior to a later repatriation phase, preferably via a common, unified database linking the departments concerned and international organisations such as UNHCR and IOM, as opposed to perfecting the categories of the system in the middle of the process, as was the case here. An initial system would also enable future researchers to learn more about these patterns without the type of definitional holes that this study was forced to contend with.

The data that was used in the study is publicly available. The UNHCR Operational Data Portal (data.unhcr.org) and the IOM Displacement Tracking Matrix (dtm.iom.int) can be used to access the data on the number of people who have been repatriated and the number of refugees. The academic literature and news reports used as evidence to support particular findings can be found publicly via the publishers of such works. A complete reference and direct connection to each source are made in the References list.

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