

Afghanistan: Time to move to Sustainable Jobs
Study on the State of Employment in Afghanistan

“Summary Report”

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Summary Report

Executive Summary

The situation of Afghanistan is today undermined by the convergence of demographic, social, economic, and of course, political challenges. Recent figures released by the World Bank and the Afghan Ministry of Finance indicate that the total amount of aid for 2010/2011 amounted to approximately US\$15.7 billion, which is close to the overall GDP. As such, both the income of the Afghan government and the precarious economic equilibrium of the country are directly dependent on donors' contributions and the country could thus suffer an economic downturn and severe uncertainties as a consequence of a reduction in development assistance funds.

In this context, this study calls for a longer term approach to socio-economic development in Afghanistan, in which employment and decent work take a central role. While this is indeed a major challenge given the economic and political uncertainties facing the country, a balance needs to be found between the urgency of stabilization and creating more sustainable jobs that lift people and their families out of poverty.

Economic context and labour market overview

- **Economic activity** – The local economy mainly relies on the informal sector (including illicit activities), which accounts for 80 to 90% of the total economic activity and largely determines the real income of Afghan households. For this reason, the labour market is still dominated by: 1) an agricultural sector, which performs poorly in providing decent work and income; and 2) a services sector, which has been the main driver of the strong Afghan growth but will probably suffer the most from the progressive reduction of international financial inflows.
- **Economic prospects** – In the long- and medium-run, economic and social prospects will depend on: 1) a satisfactory handover of security responsibilities to Afghan national police and army; 2) a continuous and adequate financial commitment by the international community to stay engaged in support of the country's long-term development; and 3) a positive and actual impact of the promising extraction and mining activities on the local economy, to better foster development in services and productivity gains in the agriculture sector.
- **Unemployment** – Data on unemployment in Afghanistan is as weak as it is controversial. According to the *NRVA 2007/8*, the unemployment rate is only a modest 7.1%. Taking the same rate and an estimated labour force (15+) of 11.59 million for 2012 would suggest that there are currently around 823,000 unemployed Afghans. These figures should be interpreted in the sense that, as often stated, the majority of people simply cannot afford to be unemployed.
- **Lack of decent work deficits** – The predominance of underemployment, precarious/casual employment and working poverty are in fact better indicators of the poor state of the Afghan labour market, as reflected by: i) 60% of the employed workforce are in agriculture working in low-productivity and subsistence-type production; ii) the urban labour market, which is characterized by skills mismatch and problems of job quality in both the informal and the small formal sectors; and iii)

most jobs, that have been generated by international development assistance, tend to be casual or temporary and are clearly not sustainable without continuing aid inflows.

Vulnerable and marginalized groups

- **Youth** – With the labour force increasing by over 400,000 each year, Afghanistan has an increasing need to generate employment opportunities for its new labour market entrants, along with those individuals who are already un- and underemployed. Young employees generally occupy temporary and precarious positions as “apprentices” or “trainees” in a labour market with no contractual or regulatory obligations for employers.
- **Women** – Since mobility outside the home is limited for cultural reasons, women – especially in rural areas – are primarily involved in home-based income-generating activities like carpet weaving, sewing, tailoring, agricultural work and taking care of livestock and selling dairy products. However, even if women are often more involved in basic unskilled pastoral and agricultural activities in rural districts, it should be noted that the female employment-to-population rate in Afghanistan is higher than the South Asian average (based on the NRVA 2007/8).
- **Child labour** – Though the legal age of employment in Afghanistan is 15, enforcement of this restriction is weak, with UNICEF estimating that 30% of Afghan children work. Children tend to work more significantly in rural areas (pastoral and agricultural activities); though, in urban and peri-urban areas, young children – especially boys – from poor households also tend to contribute to the family income (in brick kilns, carpet weaving factories, and also through begging).
- **Returnees** – Since 2002, over 5 million Afghan refugees returned ‘home’ causing increased pressure on local absorption capacities. On average, family members survive on less than \$1 a day and one third of the labour force surveyed falls under the category of unstable and unskilled labour (seasonal daily labour in the agriculture or construction sectors).
- **IDPs** – At a time of record lows in the repatriation of refugees, increased internal displacement and irregular cross-border migration, access to the labour market has become one of the central drivers of mobility. IDP household heads have substantially lower literacy rates and levels of education, directly impacting their labour market outcomes. Subsequently, IDPs’ employment opportunities are primarily in construction, and low quality and unsafe jobs in general.
- **Marginalised communities** – If nomadic Kuchi communities, which account for 1.6 million people in the country according to the NRVA, are often considered as socially and economically marginalized, the Jogi, Jat, Gorbati and Chori Frosh communities are the invisible among the poor: these communities suffer from severe social, economic and political barriers constraining access to education and employment.

Challenges and trade-offs

- **Lack of reliable data and information system:** Aside from the NRVA data, which methods and data collection have often been criticized, there is neither nationwide data on employment, nor reliable information on skill supply and demand, which clearly undermines the adequate assessment of the current situation.

- **Lack of long-term thinking** – Programmes are too often characterized by short-term initiatives, which are: 1) conducted with limited involvement of key institutions for sustainability; and 2) overly dependent on donors’ funding cycles.
- **Lack of coordination** – There is a clear lack of interaction and coordination between the various Afghan ministries and agencies, which should be working together on the issue of employment. The Ministry of Labour, Social Affairs, Martyrs and the Disabled (MoLSAMD) has developed an employment generation and capacity-building policy within the frame of the National Priority Program (see NPP 1). However, these intentions still need to be translated into a long-term financial commitment from donors and tangible acts from governmental counterparts.
- **Lack of linkage with the labour market:** The link between employment and “political stabilization”, which has been a cornerstone of employment programmes in Afghanistan, has not been successful in creating sustainable jobs. Moreover, a key weakness the existing capacity development and job creation programmes – international and local, public or private, governmental or non-governmental – is the poor link to the labour market. *Government TVET training initiatives*, as well as *international and non-governmental organisations* tend to exclusively focus on direct and visible outputs (e.g. participation in training), without taking into account longer term employment outcomes.
- **Focus on casual jobs** – In addition, most local and international stakeholders have not sought to identify unmet demand in the labour market and are too often focus on strategies that mostly result in the creation of casual and short-term jobs, rather than leading to sustainable employment generation.
- **Lack of financial capacity:** The on-going transition is likely to significantly impact on government employment and capacity building strategies, as socio-economic priorities still lag behind security and civil service wage bills. In the long run, the lack of financial capacity on the skills supply-side may significantly hamper national employment strategies.

Creating more sustainable jobs through coordinated and coherent policies and programmes

- **Holistic approach rather than fragmentary interventions** – In the long-run, only coordinated, sustainable, market-driven, and contextualized initiatives will contribute to the economic and social growth of the country. In this respect, the July 2012 Tokyo conference on Afghanistan has to be ambitious with regards to: i) the necessity for the international community to reaffirm its assistance to employment strategies over the medium and long run (2015-2024); ii) the creation of sanctuarized, guaranteed and dedicated financial commitments from international donors; and iii) the mainstreaming of employment objectives in long-term programming cycles, through the National Priority Programs that specifically focus on job and skills creation, to enable sustainable implementation strategies through multiyear capacity building and employment generation strategies (including a national employment policy). To better coordinate and streamline the several existing employment strategies, each and every programme (either bilateral or multilateral) should rely on a set of guidelines and principles.
- **Promote social dialogue** – Since sustainability is a key factor for any employment strategy, it is important to develop programmes, methods, and instruments that promote ownership among

employers and workers organizations through social dialogue. Thus, the development of both national policies and programmes should be built on dialogue between the government and social partners. However, this in turn requires that the employer and worker organizations are further supported through capacity building initiatives.

- **Pragmatic market-driven employment and capacity-building policies** – To build stronger linkages to the labour market, priority should be given to: i) longer term employment strategies, which address institutional capacity building through technical and financial support (e.g. Employment Service Centres – ESCs); ii) the informal economy including agriculture, micro enterprises and other self-employment activities; and iii) making both public and private higher educational institutions more market responsive to the manpower needs of the economy.
- **Specific support to vulnerable and marginalized groups rather than “one-size-fit-all” approaches** – Taking specific groups’ concerns into account is critical for promoting social justice and equity in the transition process. In part, this will involve addressing the participation of groups that have traditionally had restricted access to employment (women, youth, nomadic people, returnees, IDPs, etc.) through education, credit schemes and professional development.
- **Research- and evidence-based policies** – A major impediment to the development efforts has been the lack of adequate information on the Afghan labour market. To fill this important gap, research priorities must be defined, in partnership with the management and staff of the Central Statistical Office (CSO) and the Ministry of Labour Social Affairs Martyrs and Disabled (MOLSAMD), to gather accurate data on the labour market to provide: (a) a solid basis for the formulation of relevant vocational training programmes; and (b) inform a wide range of policy and programme responses to improve the functioning of the labour market and other key areas of decent work and related economic and social services. Overall, national and international employment generation programmes should rely on rigorous analyses of local social and economic environments, which then lead to the design of employment and capacity building strategies that create permanent jobs and additional skills in local labour markets.

Ultimately, most stakeholders will have to rethink their objectives, organization, design and implementation of programmes to pave the way for renewed parameters of partnership between Afghanistan and the international community in the “decade of transformation” from 2015 to 2024, which should situate sustainable employment generation at the forefront of a multiyear non-politicized economic development and employment generation agenda.