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Competitiveness for job creation

- Afghanistan agricultural value chains -

Stakeholders' Meeting
MoLSAMD, Kabul, 25 February 2015

Hideki Kagohashi, Senior Coordinator, ILO Office for Afghanistan

Khairul Islam, Research Coordinator



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Objective of the workshop

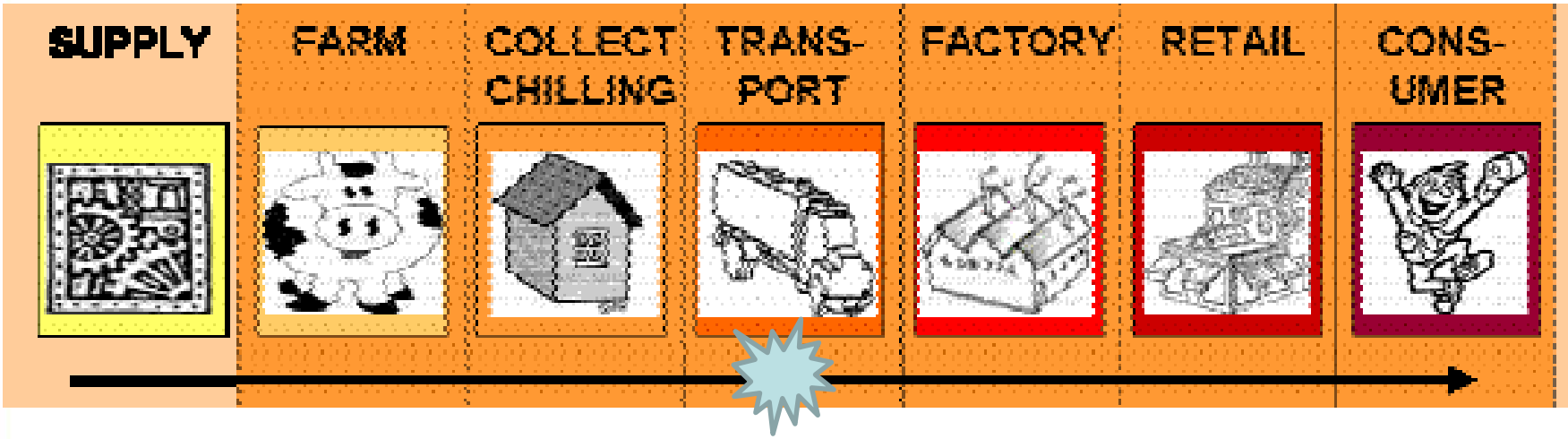
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- **To share key findings, preliminary conclusions and recommendations with the national stakeholders (concerned ministries and representatives of employers and workers) in order to receive feedback prior to the finalization of the technical report of the cross-country agriculture value chain study.**
- **After the workshop, some information, conclusions and recommendations may be modified/added in the final report.**



Why work on value chains?

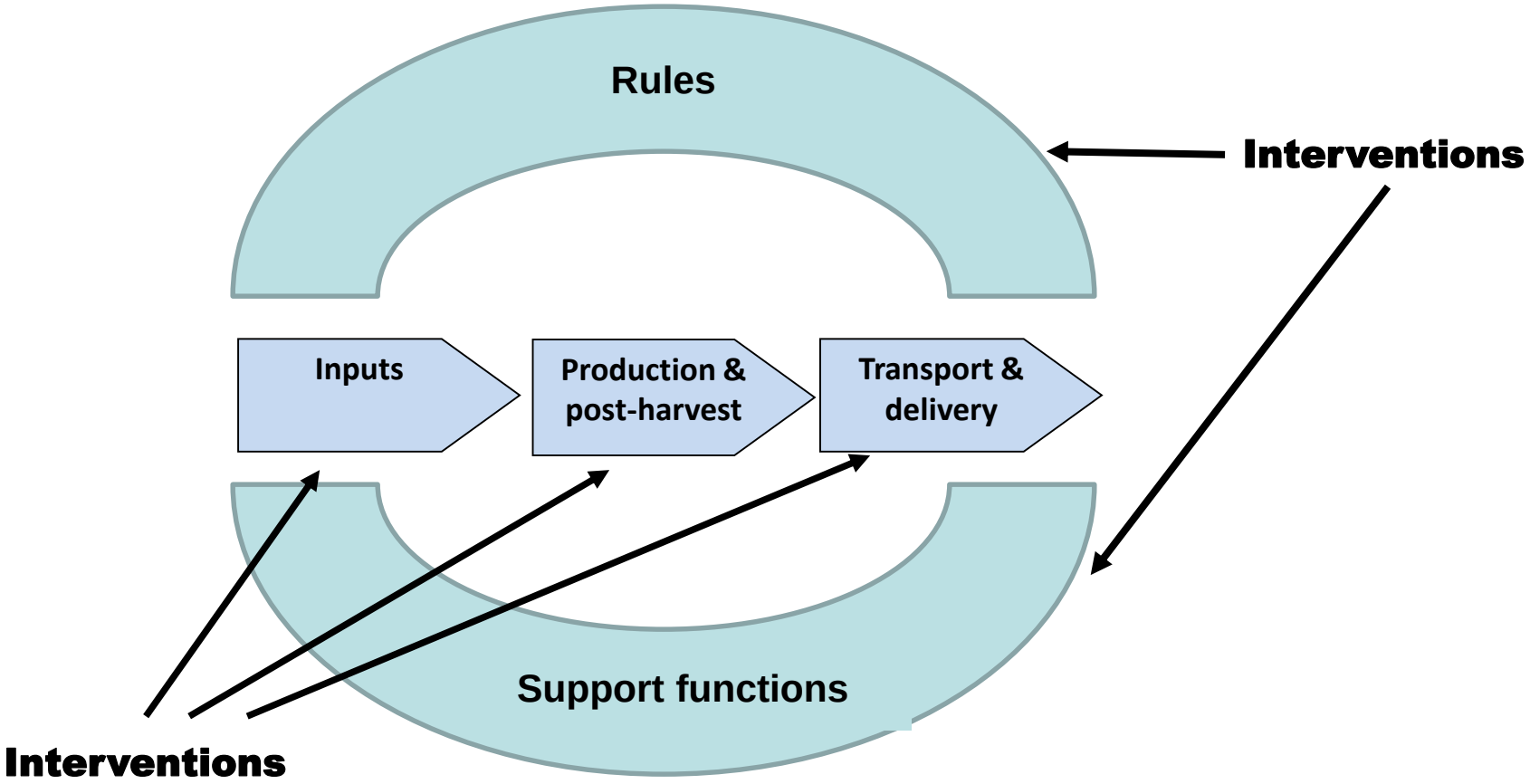
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Improve the overall efficiency of the value chain

by addressing a bottleneck

VC Development model – chain and doughnut



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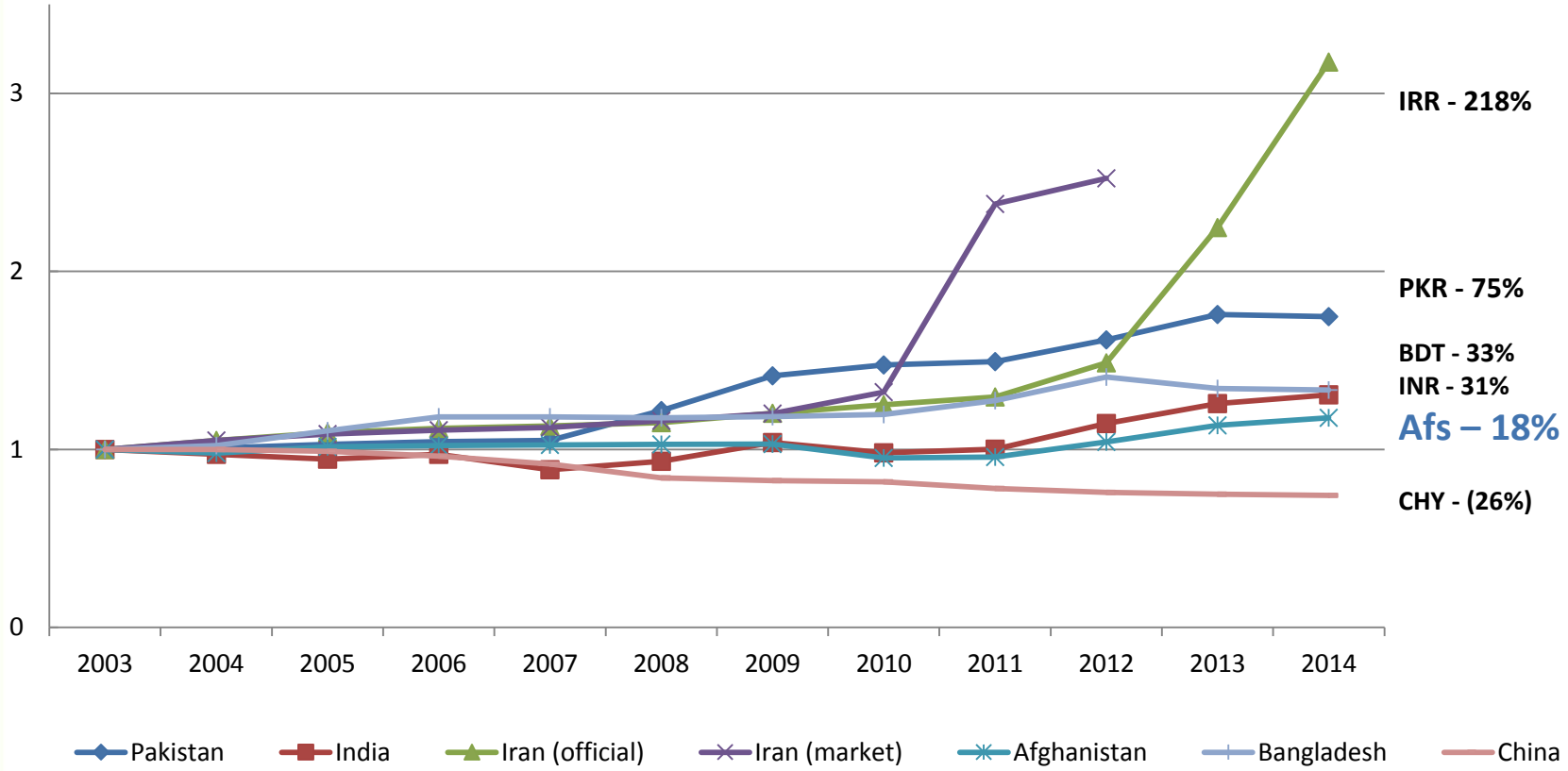
Why we are concerned?



Has the country lost price competitiveness vis-à-vis regional trade partners? -1

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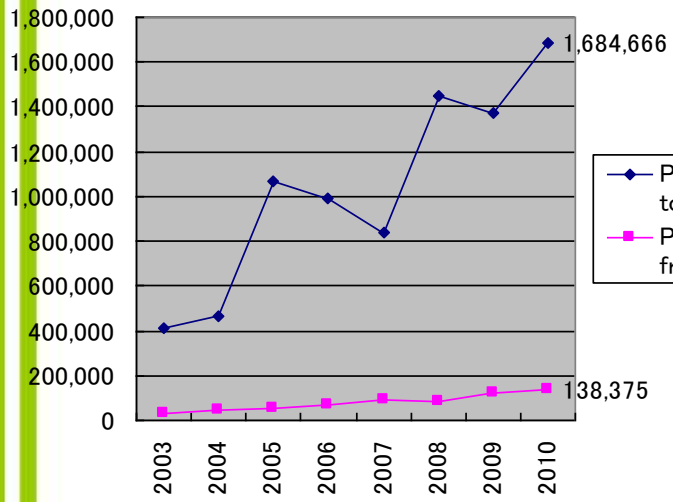
Compared to 2003, the currencies depreicated against USD by



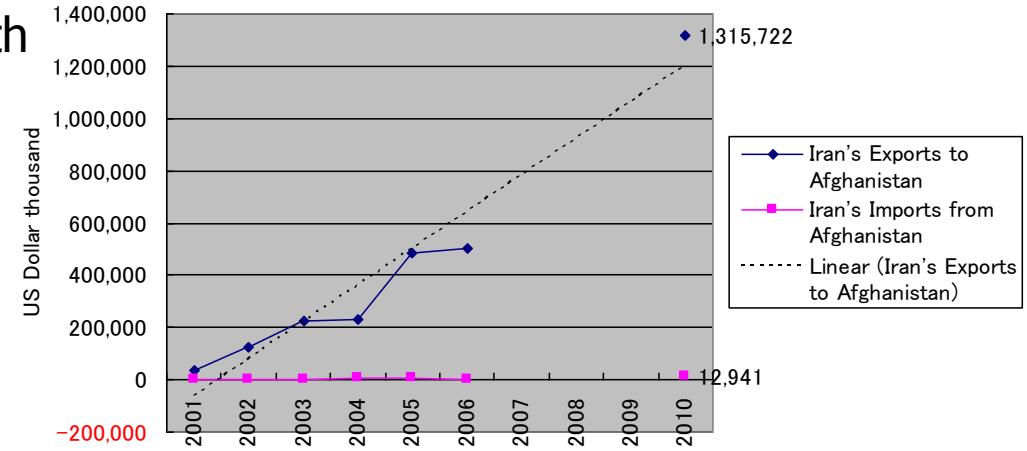
Has the country lost price competitiveness vis-à-vis regional trade partners? -2

International Labour Organization

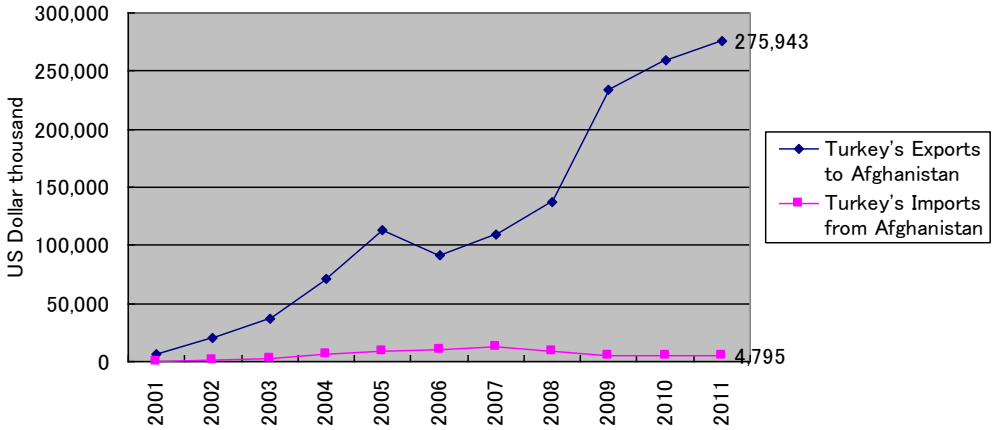
Trade with Pakistan



Trade with Iran



Trade with Turkey



Source) UN COMTRADE

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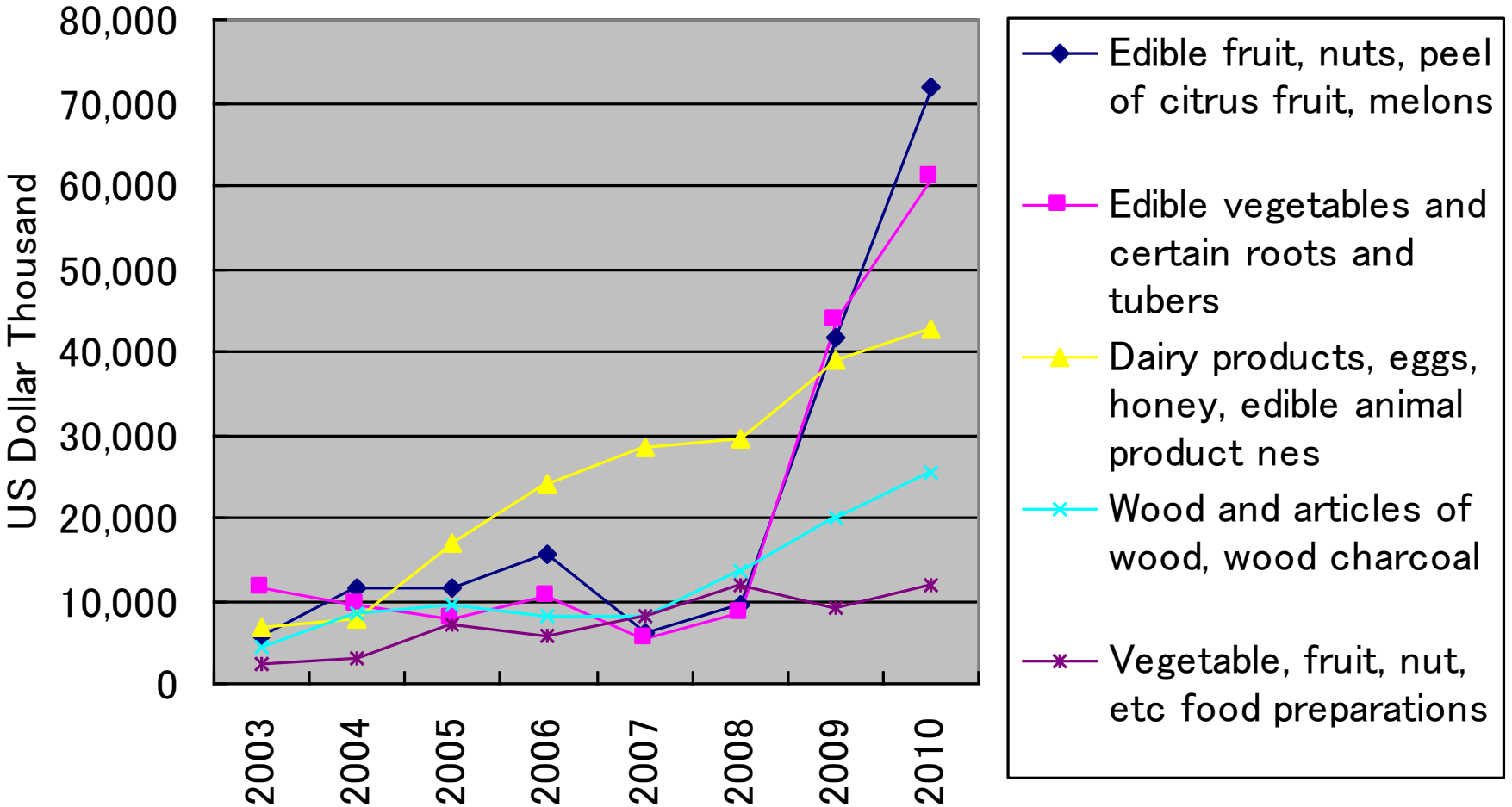


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Has the country lost price competitiveness vis-à-vis regional trade partners? -3

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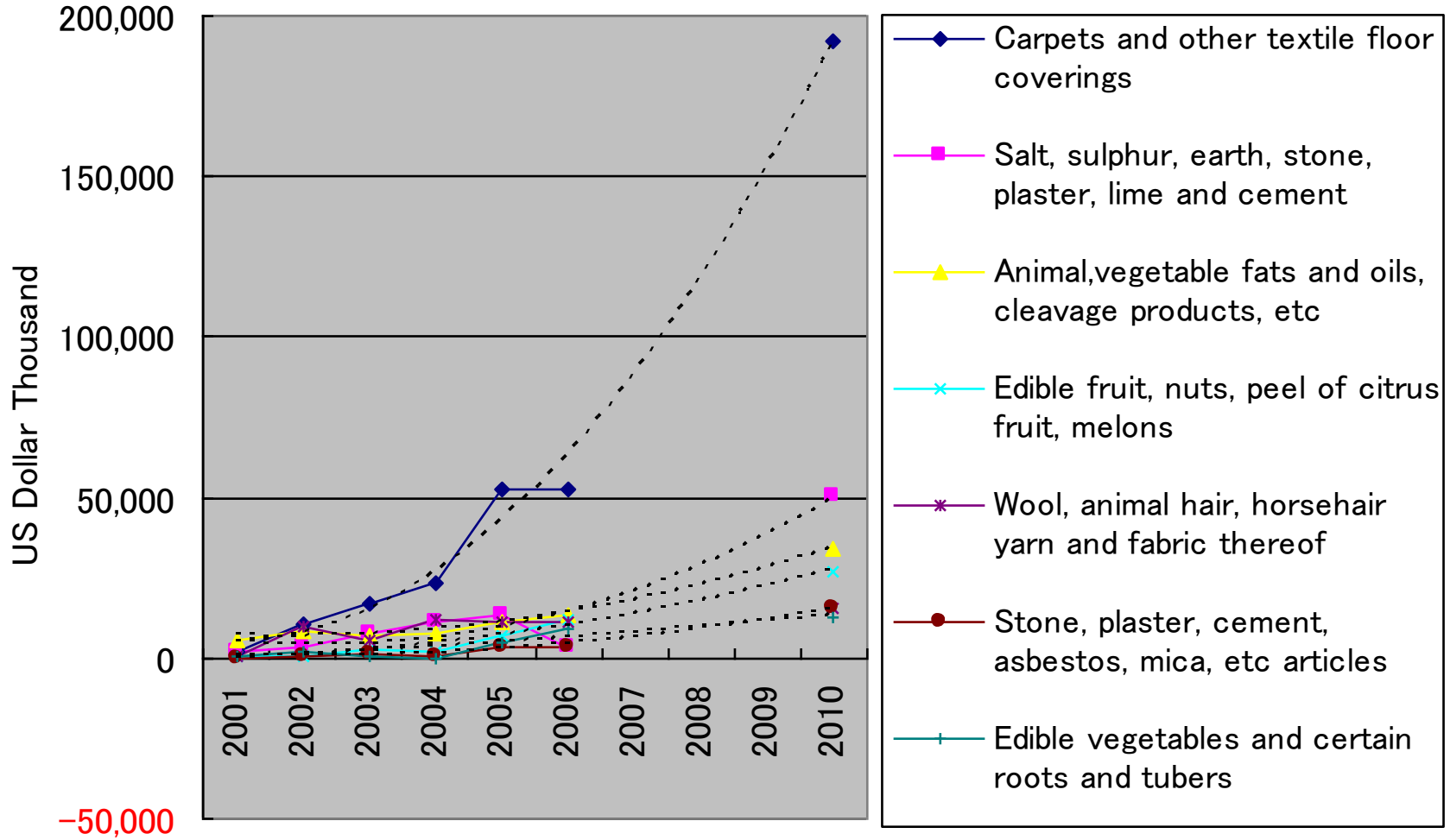
Imports of competing products from Pakistan



Has the country lost price competitiveness vis-à-vis regional trade partners? -4

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Imports of competing products from Iran



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Key questions



Key questions – I (where to invest)

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1. Which subsectors lost competitiveness (and jobs & income), which remain competitive (and generate employment & wealth)?
2. Do the priority subsectors of GoIRA and donors match with the competitive subsectors as of today?
3. How many additional labour can be absorbed in the growth subsectors?



Key questions – II (on what to invest)

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4. Which factors explain the competitiveness and employment situation better?
5. Can the competitiveness and employment situation of the struggling subsectors be turned around by addressing the key factors?
6. Do the policies and programmes of GoIRA and donors address the key factors?



Key questions – III (HHs' response)

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7. Do ag works provide decent income for HHs' survival?
8. Where do youth from ag HHs find jobs?
9. Are ag HHs in the growth spiral or in the poverty trap?



Scope of the research

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3 countries

Afghanistan, Pakistan and Iran

5 VCs

Grapes, wheat, rice, tomatoes and potatoes

Benchmark years

2007 and 2012

3 major production clusters in each country

All major cities in each country



Data collection

- Literature review (VC and subsectoral studies)
- Stats review (e.g., production, commercial, consumption, trade, exchange rate, labour & migration, price)
- VC actor interviews (of core VCs, service chains, waste/recycle chains if appropriate)
- HHs and community interviews (on HH jobs portfolio, education-to-work transition, HH income/expenditure/finance)



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Research findings



Major production factors

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How is the price change for major factors of production

- **Energy**
- **Fertilizer**
- **Labour**

?



Pakistan is gaining P advantage in energy

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Changes in price between **2007** and **2012**

Country	Change in local currency	Change in USD
Afghanistan	App. + 100%	App. + 96%
Pakistan	App. + 121%	App.+ 43%
Iran	App. > +400%	App. +120%

Pakistan is gaining P advantage in fertilizer

International Labour Organization

Changes in price between **2007** and **2012**

Country	Change in local currency	Change in USD
Afghanistan	App. + 100%	App. + 96%
Pakistan	App. + 109%	App. +35%
Iran	App. +>500%	App. +160%



Pakistan P leader on labour cost

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Farm wage rate in 2007 and 2012

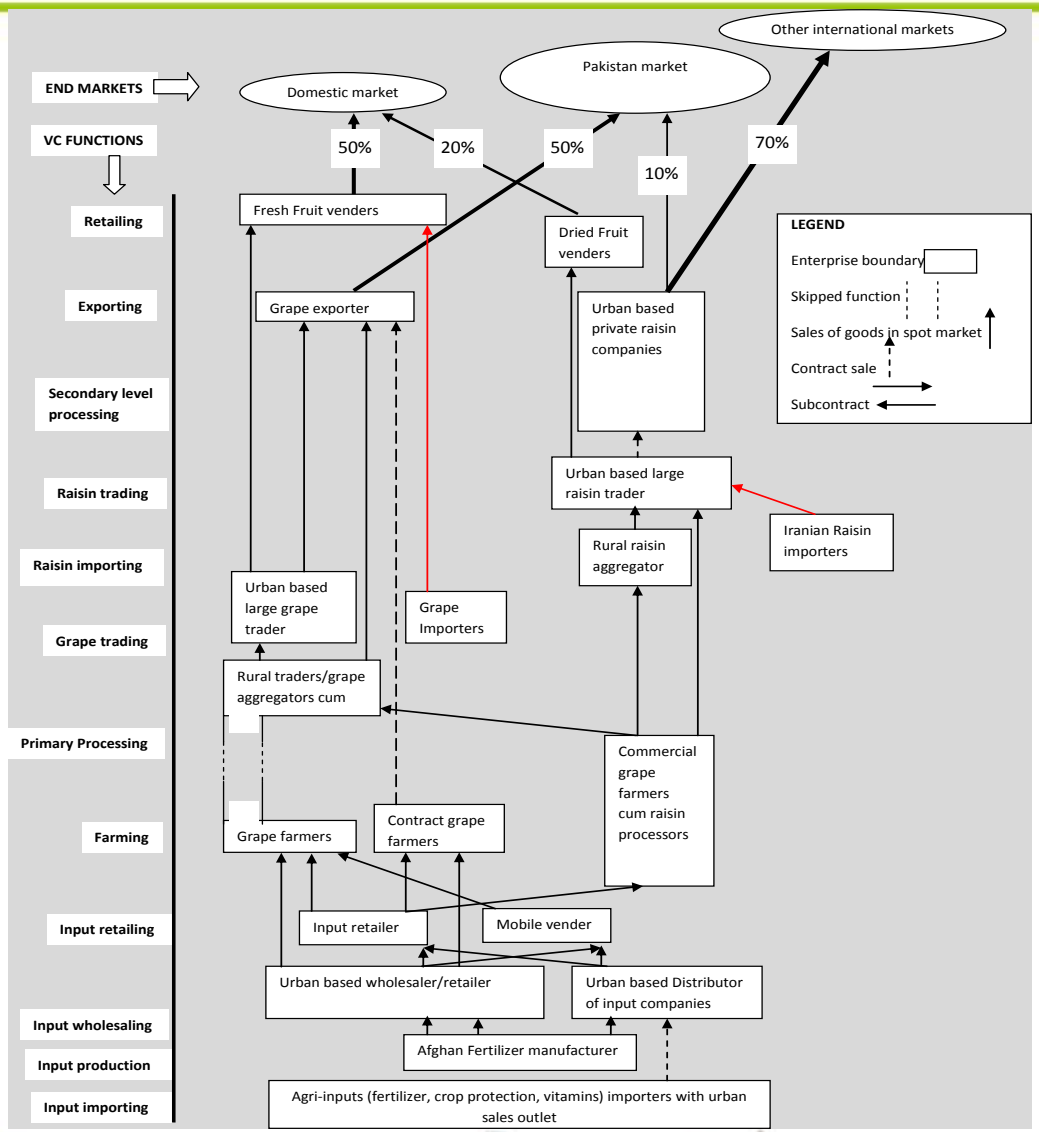
	Afghanistan (per day)		Pakistan (per day)		Iran (per day)	
Year	2007	2012	2007	2012	2007	2012
Local currency	200 Afs	350 Afs	185 PKR	310 PKR	120.00 IRR	270,000 IRR
USD	4.00	6.87	**3.05**	**3.32**	12.82	12.86



Grape



Grape/raisin value chain in Afghanistan





Enterprise and jobs

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Export	Grape exporter N=65, E=3250, F=0%	Raisin exporter N=135, E=11,750, F = 0% (Kandahar) 50+% (Kabul & Mazaar)
Retail	Grape retailer N=3,000, E=3000, F=0%	Raisin retailer N=1,200, E=1200, F=0%
Wholesale	Urban based grape wholesaler N=200, E=4000, F=0%	Rural grape aggregator N=500, E=5000, F=0% / Urban based raisin wholesaler N=40, E=800, F=0% / Rural raisin aggregator N= 200, E=2000, F=0%
Import	Grapes importer N=10, E=500, F=0%	Raisin importer N=5, E=50, F=0%
Production	Grapes farmer N=67350; E=740850; F = 18% (for processing 50+%)	
Inputs	Inputs importers cum wholesaler N=100, E=2700, F= 0%	Fertilizer manufacturer N=1, E= 1500, F=10% / Inputs retailer N=750, E=750, F=0%

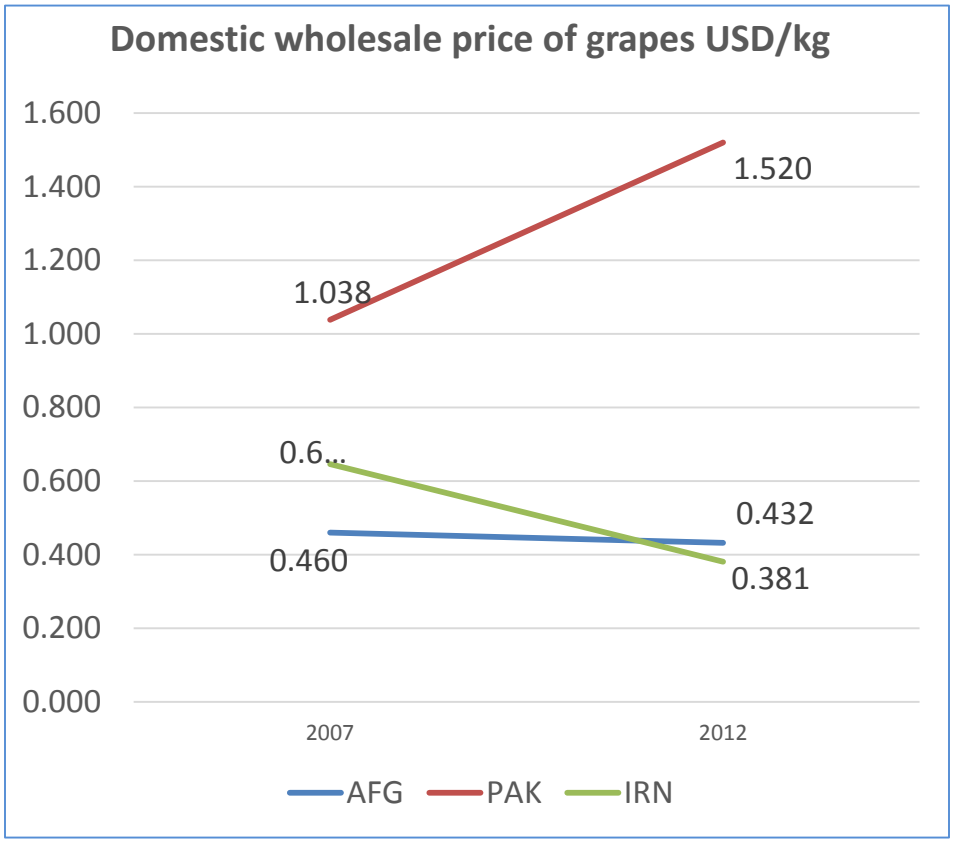
N= enterprise

E=employment

F= female involvement



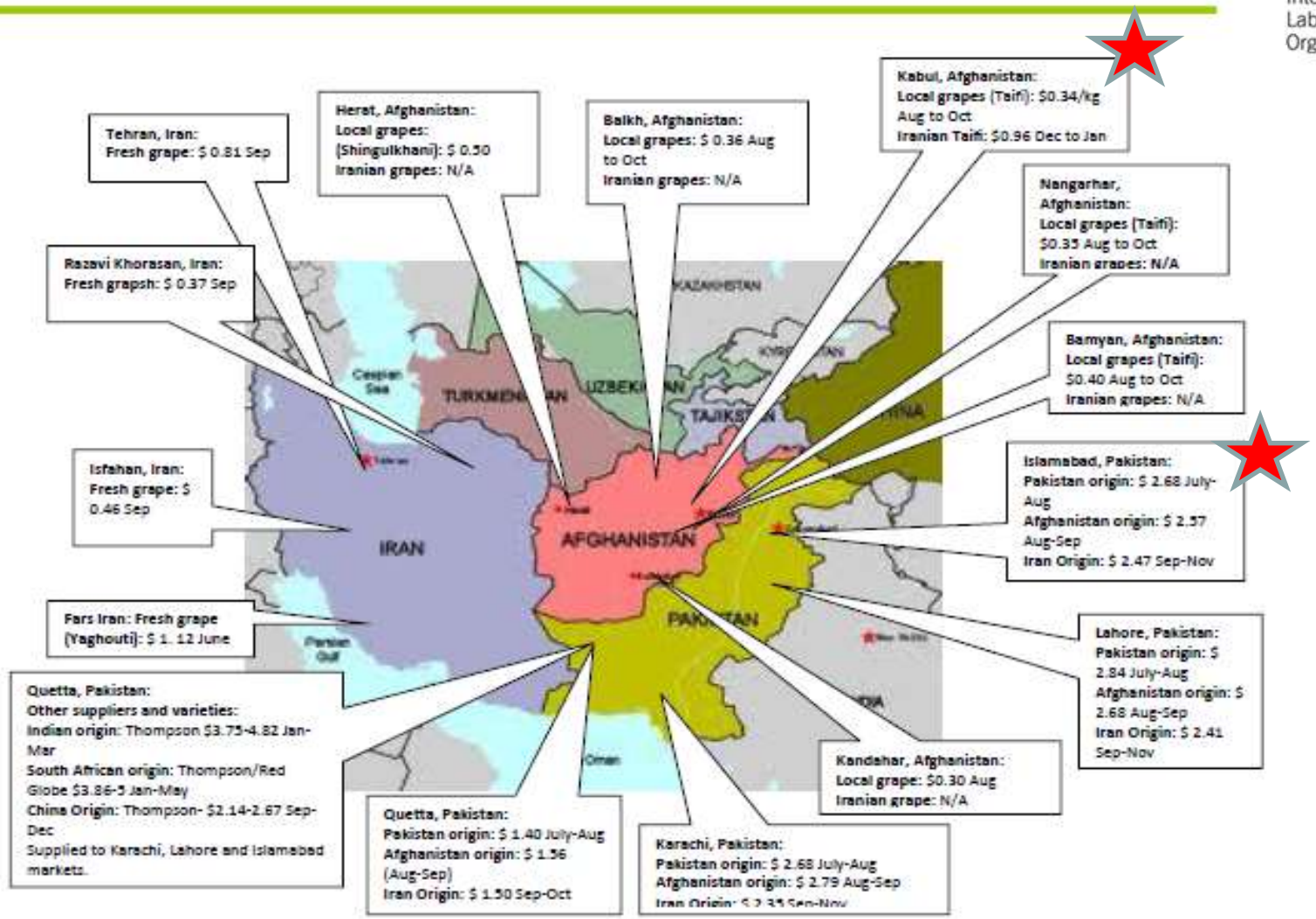
Afghan grape losing P competitiveness?



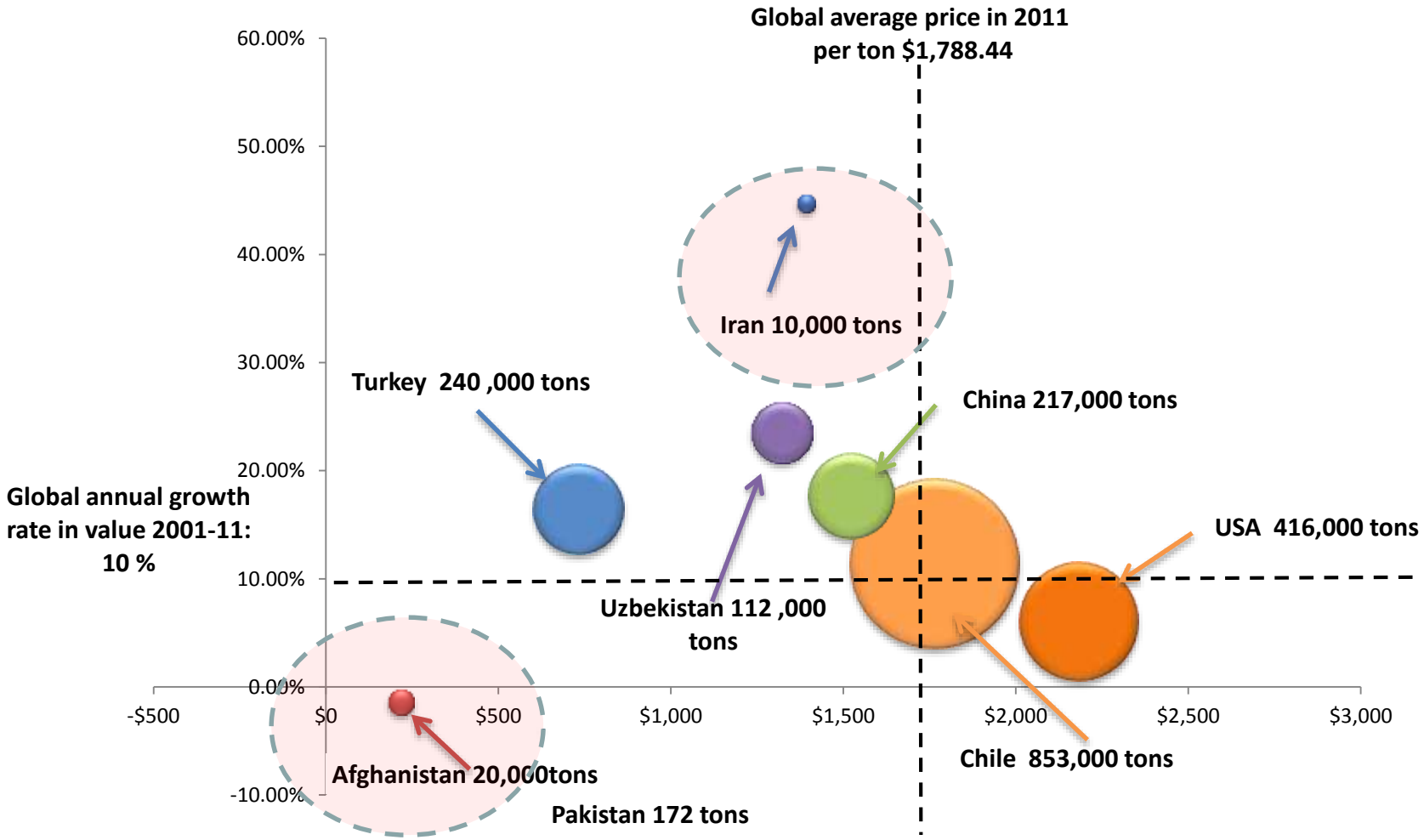
Iranian grape became more price competitive

Lost in Pakistan but remain competitive in Afghanistan

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Afghanistan stagnant, Iran grows fast



Large drop in profit due to cost increase of …

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Costs of performing functions to reach fresh grapes in Afghan wholesale market (USD/Ton)

2012

Inputs	87.64	Production & post-harvest	79.39	Transport & delivery	64.65	Wholesale price 337.00
• Fertilizer 1	56.20	• Land preparation	39.89	• Transport from farm-gate to market	10.41	
• Crop protection	6.48	• Labour over the period (irrigation, fertilizing, pruning etc)	17.49	• Labour for packing, Loading, unloading	22.40	
• Irrigation 3	24.96	• Harvesting	6.29	• Packing material 2	21.22	
		• Cleaning, sorting, grading	15.72	• Attrition	2.16	
				• Municipality tax	8.45	
		• *Farmer sale*	*238.55*	• *wholesaler sale*	*337.00*	
		• *Farmer profit*	*71.53*	• *wholesaler profit*	*33.80*	

2007

Inputs	53.80	Production & post-harvest	60.80	Transport & delivery	41.60	Wholesale price 343.30
• Fertilizer	35.00	• Land preparation	30.60	• Transport from farm-gate to market	8.40	
• Crop protection	2.80	• Labour over the period (irrigation, fertilizing, pruning etc)	13.40	• Labour for packing, Loading, unloading	20.00	
• Irrigation	16.00	• Harvesting	4.80	• Packing material	8.40	
		• Cleaning, sorting, grading	12.00	• Attrition	2.00	
				• Municipality tax	2.80	
		• *Farmer sale*	*228.60*	• *wholesaler sale*	*343.00*	
		• *Farmer profit*	*114.00*	• *wholesaler profit*	*72.80*	

Conclusions – fresh grapes

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- Losing price competitiveness but surviving in domestic market
- Increased fertilizer cost, packaging and irrigation cost
- Low farm-gate price
- Shrinking profit margin for wholesalers/ exporters
- Limited export market
- Poor business enabling environment



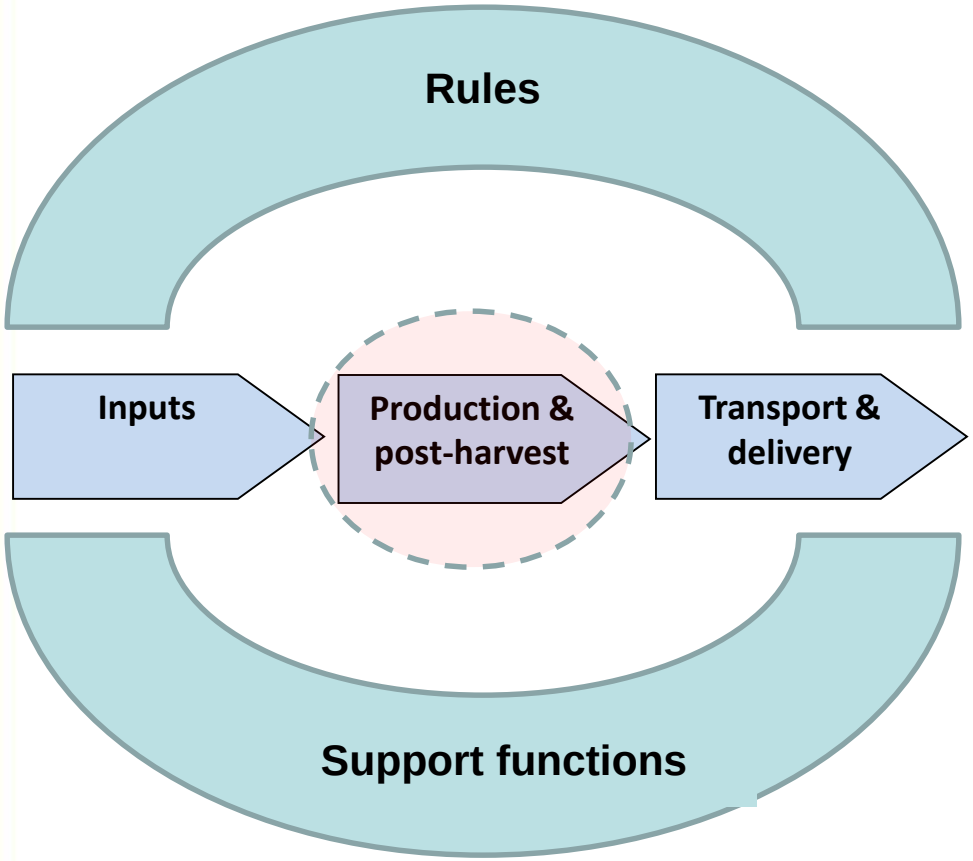
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Recommendations – fresh grapes



R1- Reduce unit cost of production by adopting trellis method

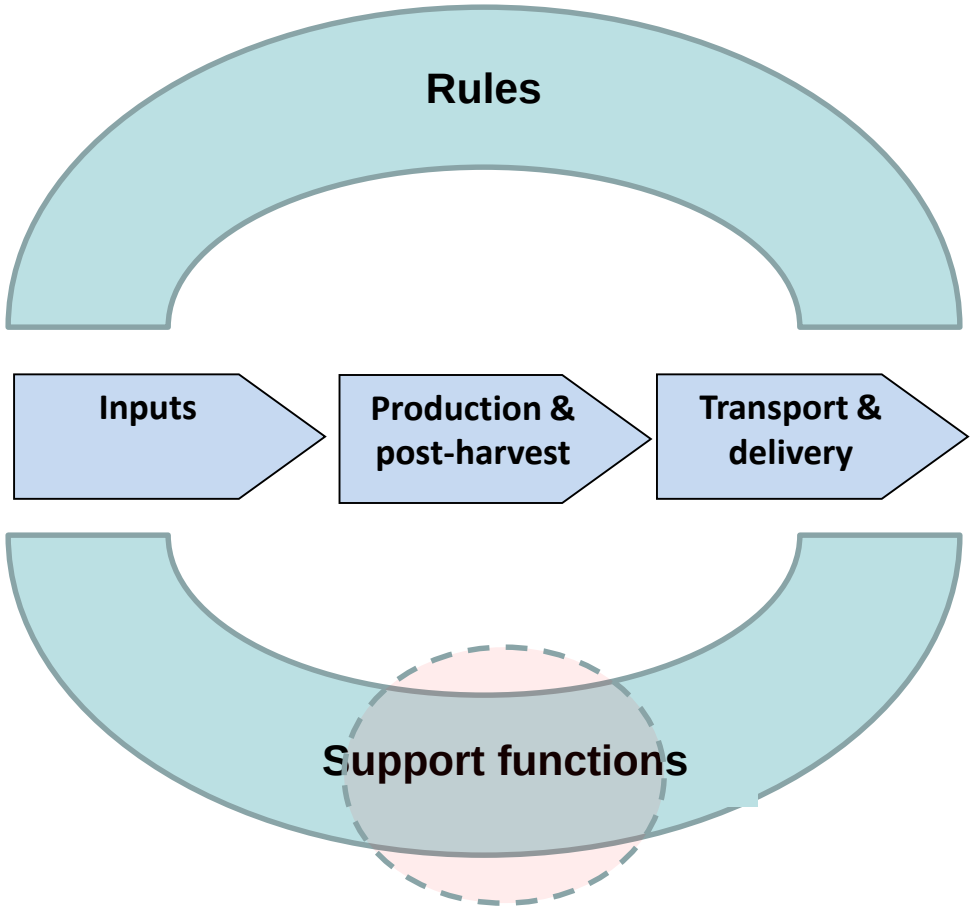
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- **Promote trellis method in Shamali plain land in the short-run**
- **Establishing trellis system and thereby increased supply in the VC can create 1.1 million new labour days (= 4000+ full time employment)**

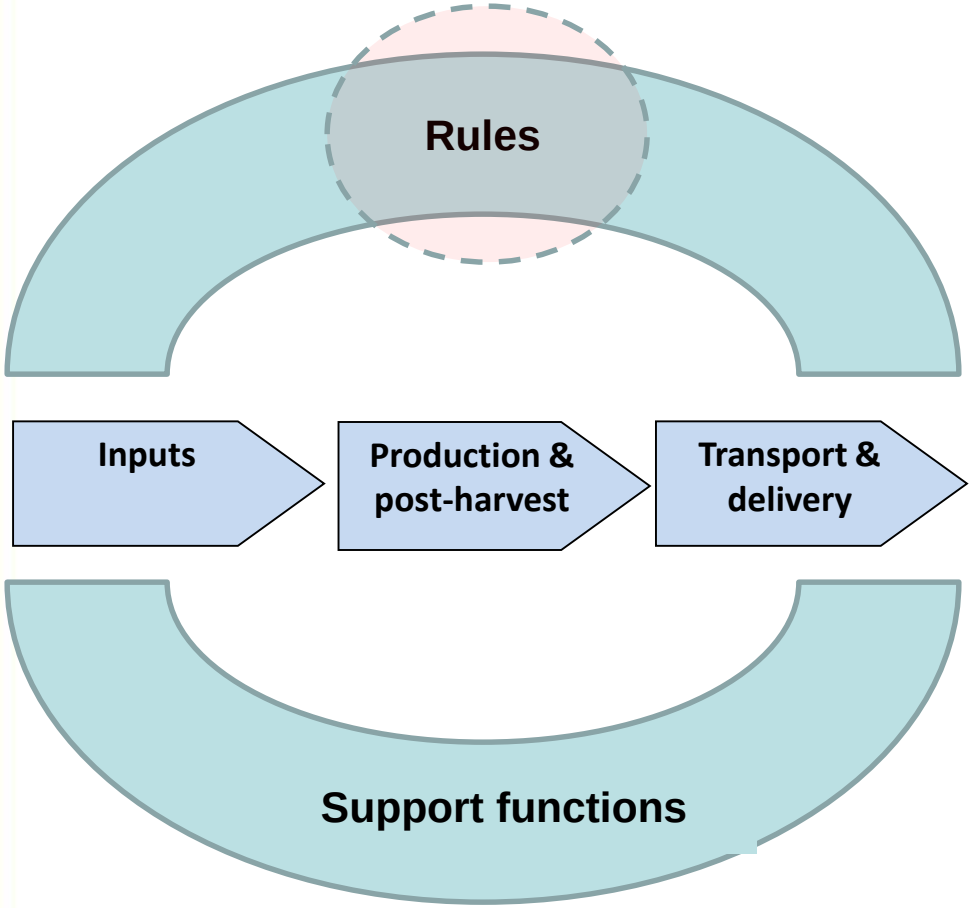
R2 - Educate farmers on financial management to better manage their farms

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R3 - Access alternate market with existing infrastructure

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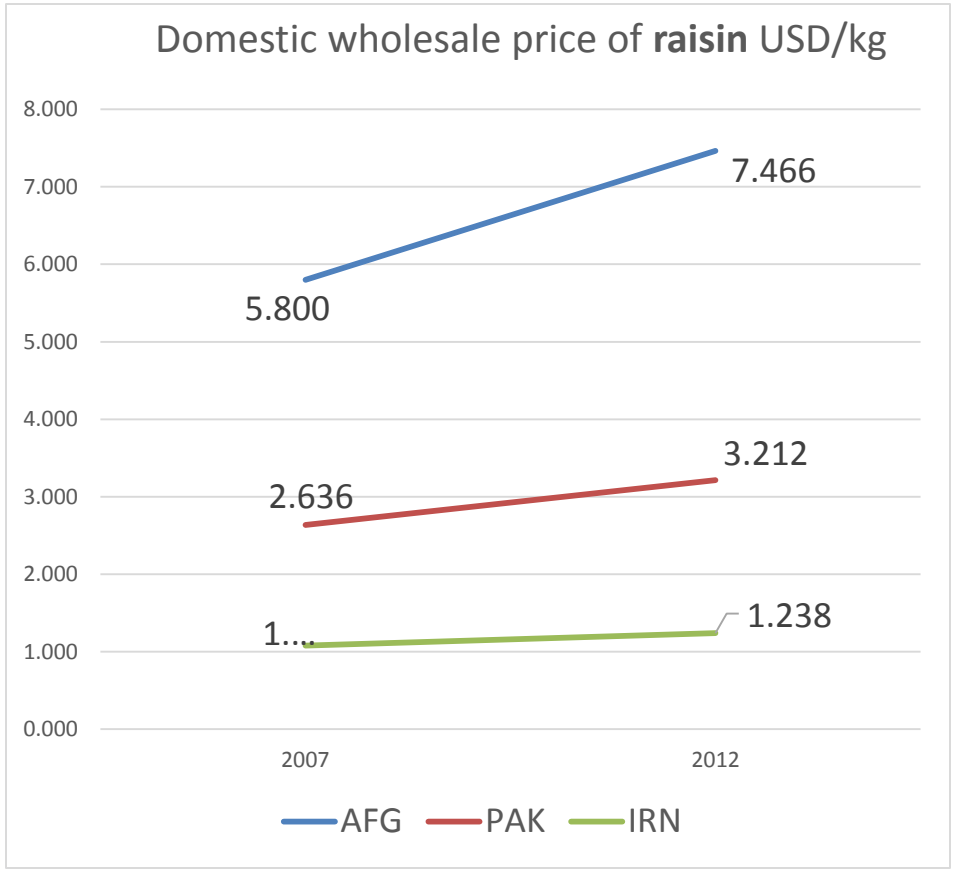
Export to India via Kabul airport by improving business enabling environment

Raisins



Afghan raisin losing P competitiveness

International Labour Organization

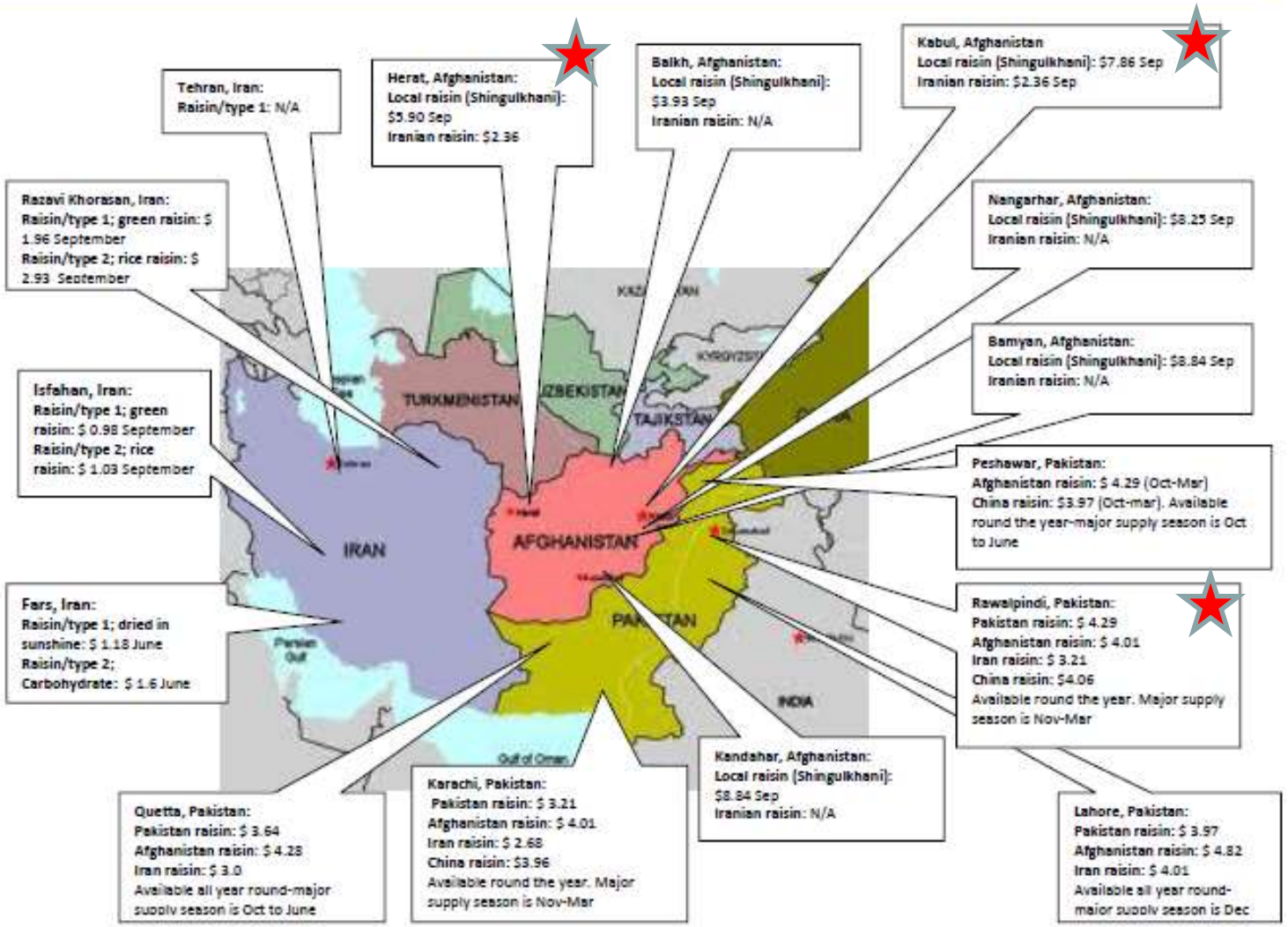


Afghan raisin keeps losing its price competitiveness

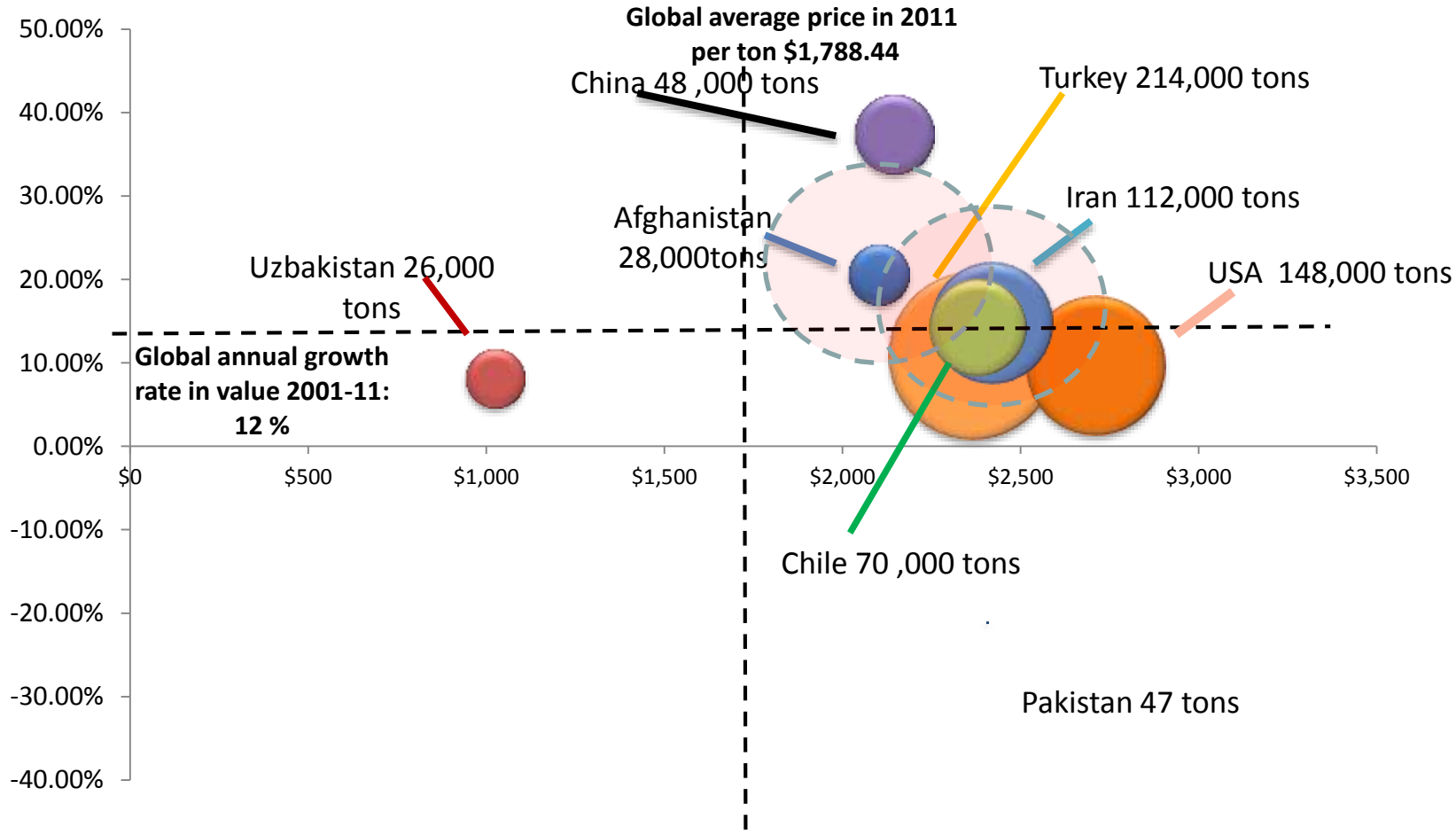
Pakistani raisin maintains its position in between

Iranian raisin still maintains its price competitiveness

Lost P competitiveness in all market but….



Still showing a high growth in parallel to Iran



Large drop in profit due to cost increase of…

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Costs of performing functions to reach raisins in Afghan border for export (USD/Ton)

2012

Inputs	Production & post-harvest	Processing, transport & delivery
262.87	471.60	330.00
• Fertilizer 168.57 (1)	• Land preparation 119.67	• Factory level cleaning, processing 90.00
• Crop protection 19.45	• Labour over the period (irrigation, fertilizing, pruning etc) 52.47	• Machine processing 33.00
• Irrigation 74.85 (3)	• Harvesting 18.86	• Packing material 71.00
	• Cleaning, drying Collection 280.60 (2)	• Attrition 124.00
		• Transport from factory gate to border 30.00
		• Custom clearance 12.00
	• *Farmer sale* 828.84	• *exporter sale* 1300.00
	• *Farmer profit* 94.32	• *exporter profit* 141.21

FoB price 1300.00

2007

Inputs	Production & post-harvest	Processing, transport & delivery
161.40	360.60	326.72
• Fertilizer 105.00	• Land preparation 91.80	• Factory level cleaning, processing 82.00
• Crop protection 8.40	• Labour over the period (irrigation, fertilizing, pruning etc) 40.20	• Machine processing 29.00
• Irrigation 48.00	• Harvesting 14.40	• Packing material 73.00
	• Cleaning, drying, Collection 214.20	• Attrition 107.12
		• Transport from factory gate to border 25.60
		• Custom clearance 10.00
	• *Farmer sale* 660.00	• *exporter sale* 1150.00
	• *Farmer profit* 138.00	• *exporter profit* 163.28

FoB price 1150.00



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Conclusions

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- Eroded price competitiveness
- Shrinking profit and market in traditional market against competitors
- Stands out by quality for high-end market
- Only few exporters currently reach high-end market
- More raisins, more jobs



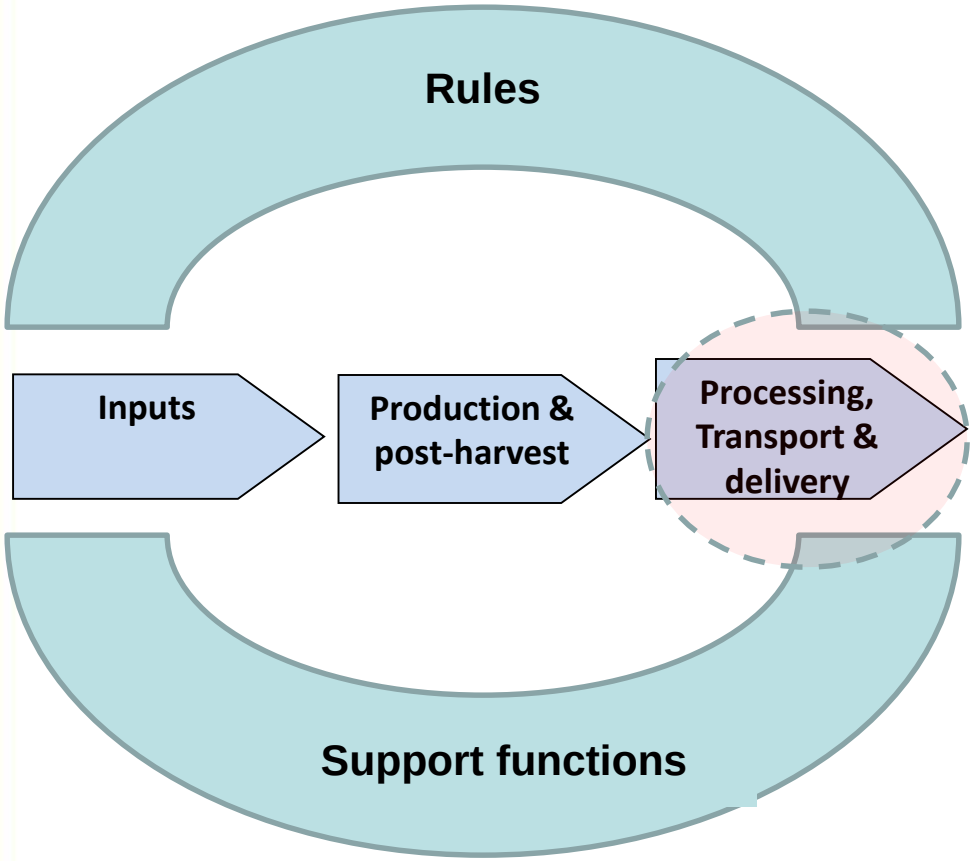
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Recommendations – raisins



R1- Assist current high end exporters to penetrate further

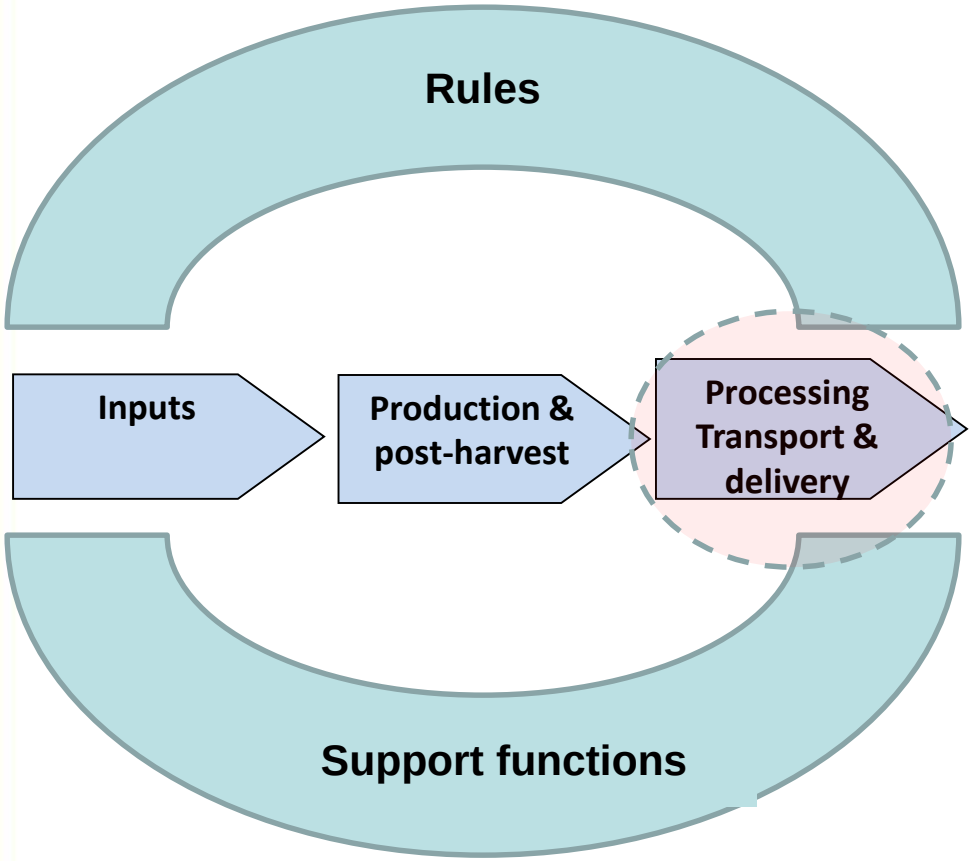
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50% increase in export volume of 5 such exporters can create 0.8 million new labour days where around 50% for women



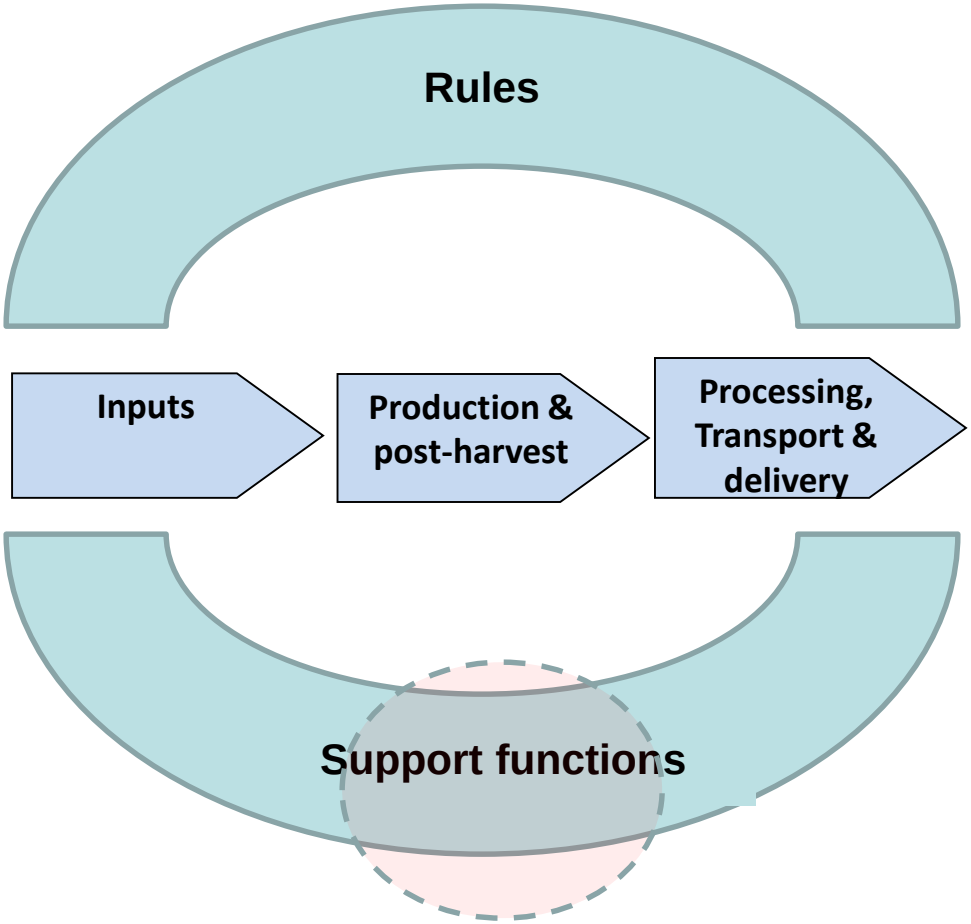
R2 - Enable raisin exporters to reach high end markets



220% increase in export volume of 35 such exporters can create 3.1 million new labour days where around 50% for women

R3 - Support certification agencies to get access to Afghan market

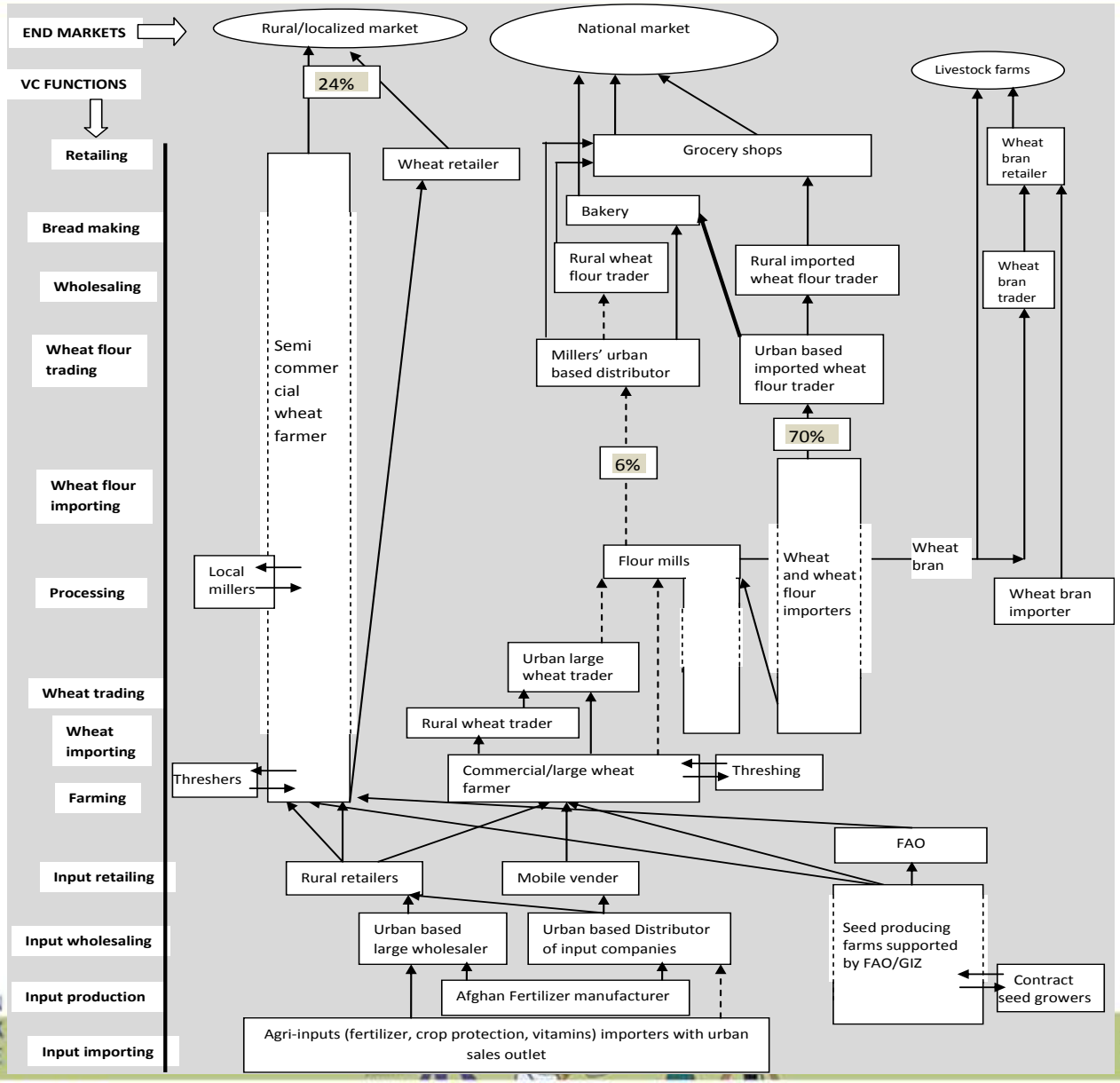
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Wheat



Wheat value chain in Afghanistan



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Enterprise and jobs

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Retail	wheat retailer N=300, E=300, F=0%	Wheat flour retailer N=5,000; E=5,000, F=0%	Bakery N=3,600; E=7,200; F = 0%
Wholesale	Rural wheat aggregator N=360, E=360, F=0%	Urban based wheat flour wholesaler N=500, E=10,000, F=0%	
Processing	Flour mills N=35, E=3500, F=10%	Zirandas N=30,000; E=30,000, F = 0%	
Import	Wheat importer N=20, E=680, F=0%	Wheat flour importer N=450, E=9,900; F=0%	Wheat bran importer N=8, E=40; F=0%
Production	Wheat farmer N=480,011; E=2,400,055; F = 5%	Threshers N=3,600; E=3,600,; F = 5%	
Inputs	Inputs importers cum wholesaler N=100, E=2700, F= 0%	Fertilizer manufacturer N=1, E= 1500, F=10%	Seed processor N=100, E=2600, F=0%	Inputs retailer N=750, E=750, F=0%

N= enterprise

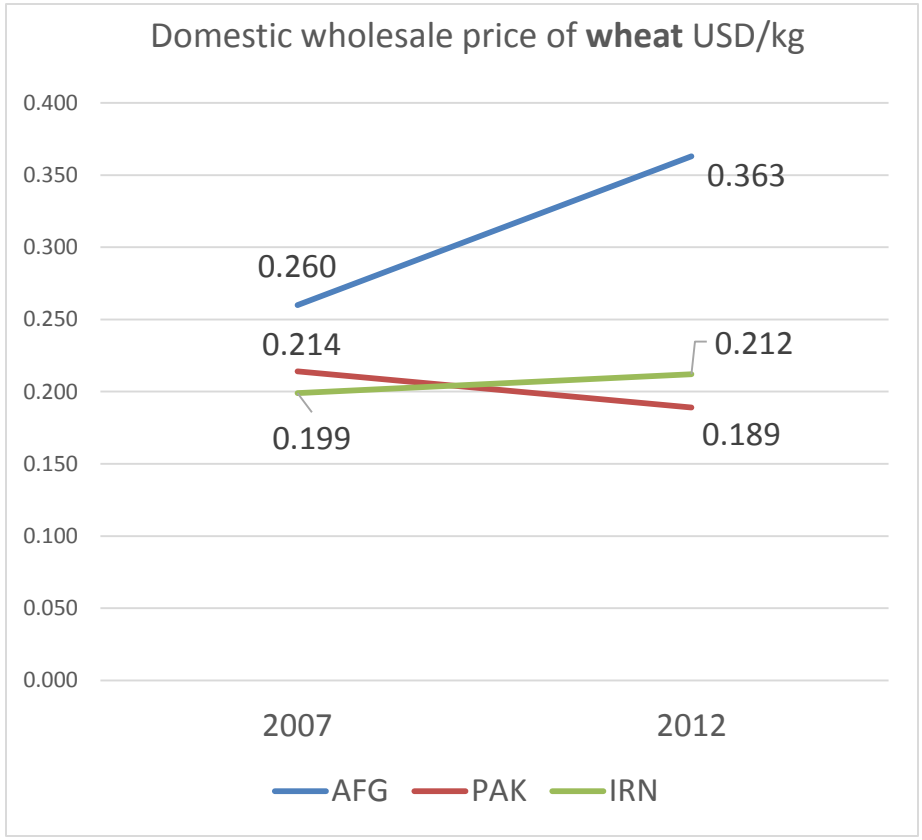
E=employment

F= female involvement



Afghan wheat lost P competitiveness further while Pakistan gained

International Labour Organization

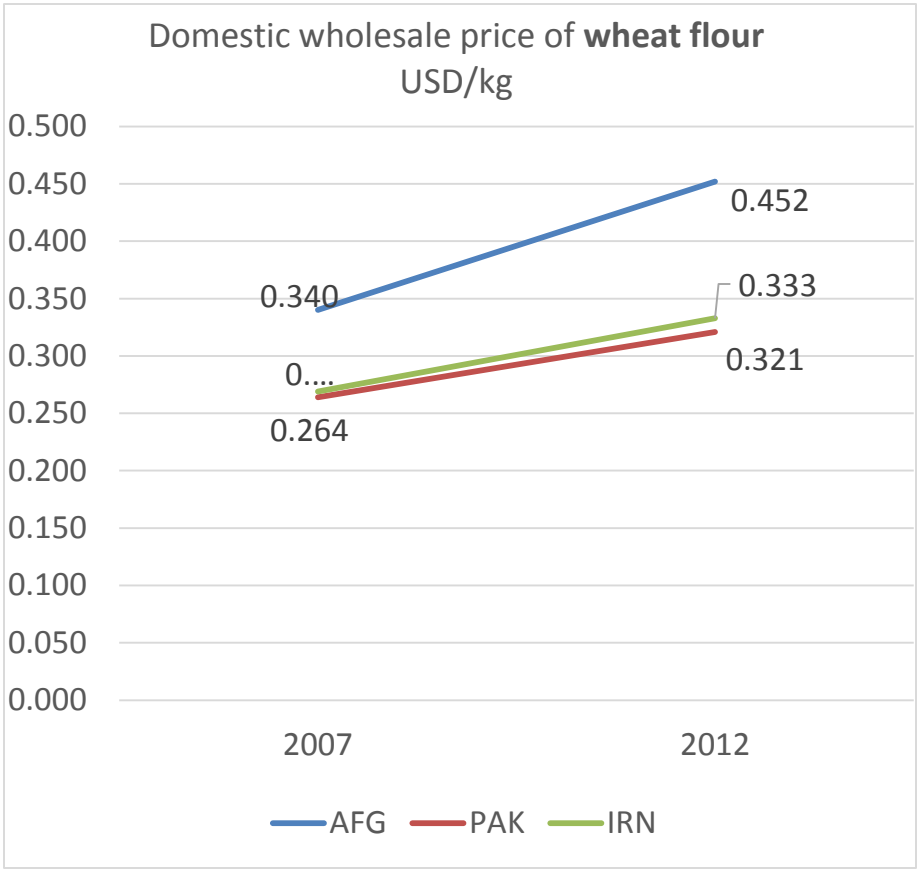


Afghan wheat price lost its price competitiveness further

Pakistani wheat gains further price competitiveness

Iranian wheat slightly lost its price competitiveness but still competitive against Afghani wheat

Afghan wheat flour also lost P competitiveness further



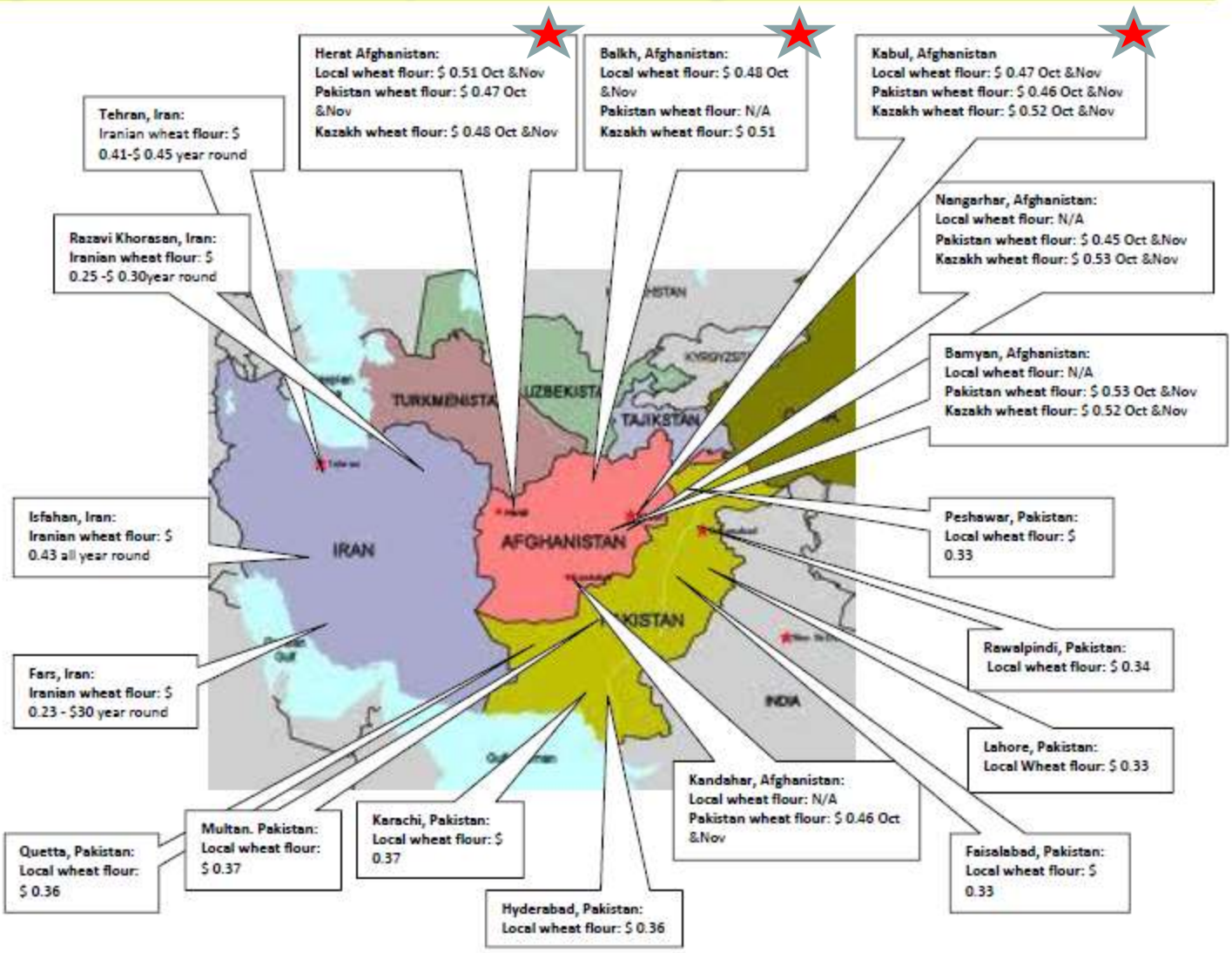
Afghan wheat flour lost its price competitiveness further

Iranian wheat slightly lost its price competitiveness against Pakistan flour but still competitive against Afghani wheat flour

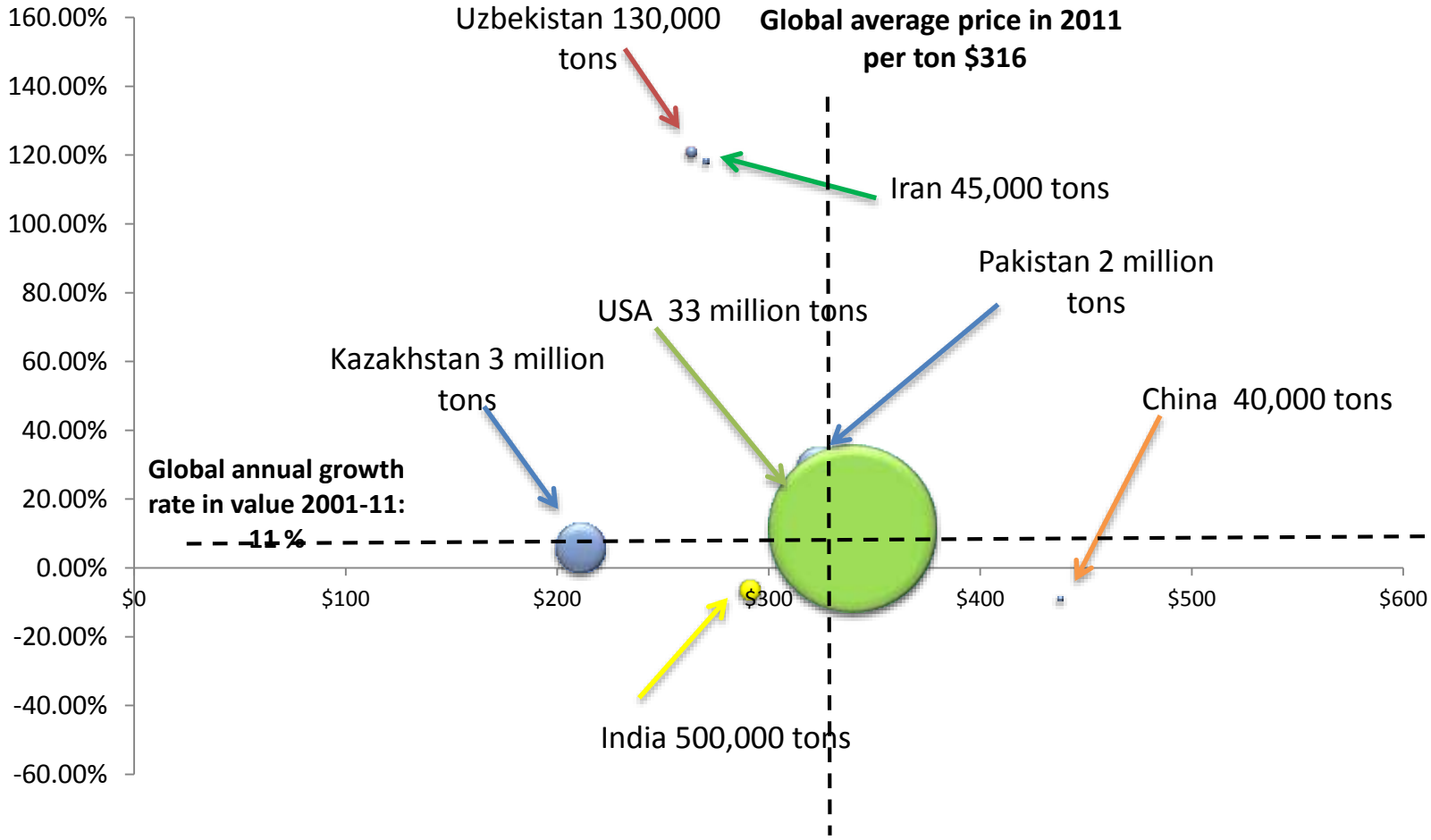
Pakistani wheat flour still price competitive against both Afghani and Iranian flour

Afghan wheat flour only can compete in north due to higher availability of wheat grains

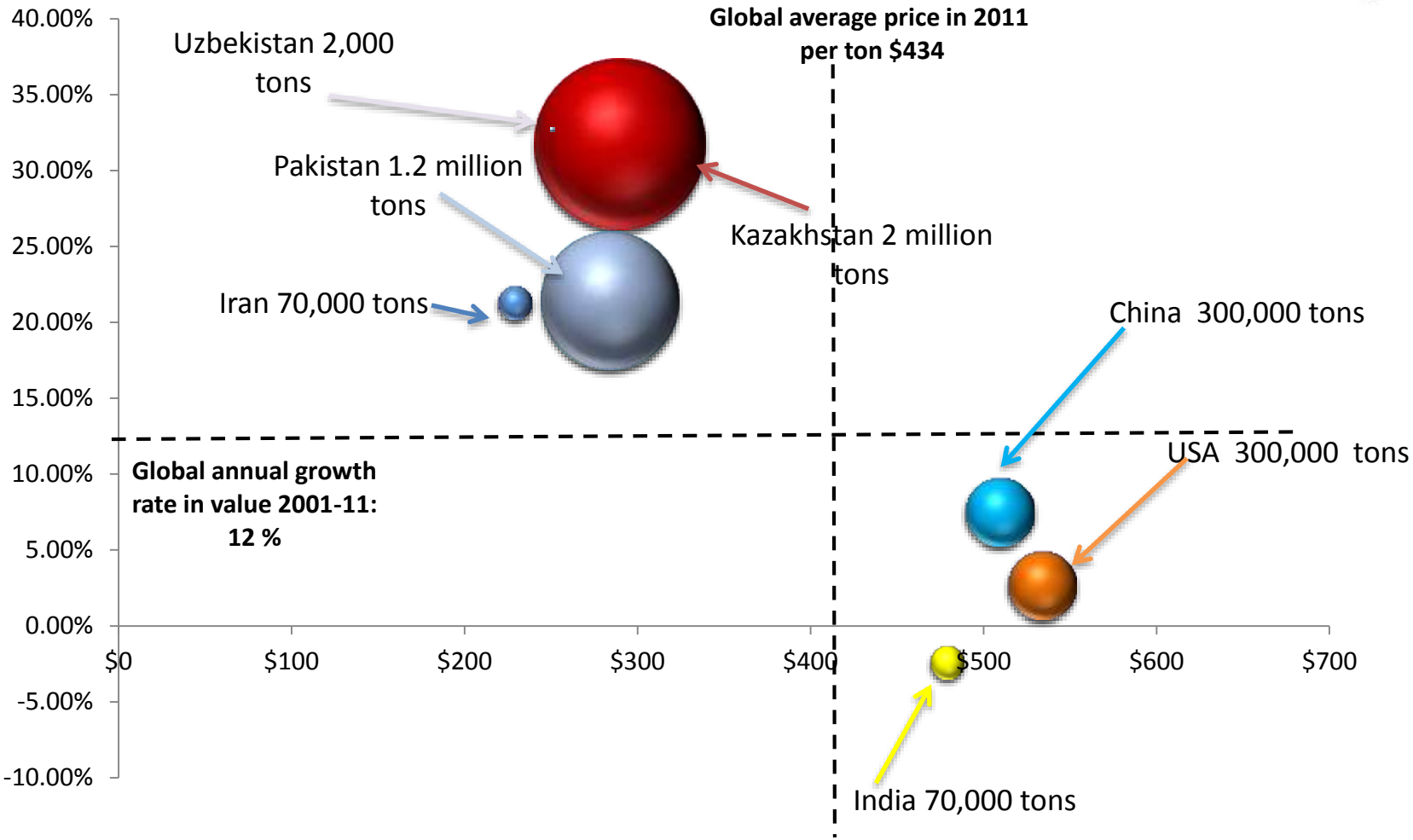
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In wheat, Iran has higher growth though little in volume compared to Pakistan



In wheat flour, Pakistan is regional large player second to Kazakhstan though the latter shows higher growth



High flour price due to high production cost

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Costs of performing functions to wheat flour in Afghan wholesale market (USD/Ton)

2012

Inputs	136.57	Production, post-harvest & aggregation	122.02	Processing, transport & delivery	84.10	Miller price	451.95

Inputs		Production, post-harvest & aggregation		Processing, transport & delivery	
• Seeds	28.30	• Land preparation	34.78	• Transport from Aggregation to mill	9.83
• Fertilizer	99.04	• Labour over the period (sowing, planting, weeding etc)	19.06	• Labour for packing, Loading, unloading	1.57
• Crop protection	3.14	• Harvesting	29.48	• Milling cost	56.99
• Irrigation	6.09	• Threshing	32.42	• Packing material	15.72
		• Aggregation cost	6.29		
		• *Farmer sale*	*345.25*	• *miller sale*	*451.95*
		• *Farmer profit*	*92.94*	• *miller profit*	*8.65*
		• *Aggregator sale*	*359.20*		
		• *Aggregator profit*	*7.66*		

2007

Inputs	72.6	Production, post-harvest & aggregation	102.08	Processing, transport & delivery	64.20	Miller price	343.00

Inputs		Production, post-harvest & aggregation		Processing, transport & delivery	
• Seeds	22.60	• Land preparation	27.20	• Transport from Aggregation to mill	8.00
• Fertilizer	43.40	• Labour over the period (sowing, planting, weeding etc)	14.40	• Labour for packing, Loading, unloading	1.20
• Crop protection	1.60	• Harvesting	24.40	• Milling cost	43.00
• Irrigation	5.00	• Threshing	32.60	• Packing material	12.00
		• Aggregation cost	4.20		
		• *Farmer sale*	*262.00*	• *miller sale*	*343.00*
		• *Farmer profit*	*90.80*	• *miller profit*	*8.80*
		• *Aggregator sale*	*270.00*		
		• *Aggregator profit*	*3.80*		

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Low cost at each level makes Pakistani flour cheaper

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Costs of performing functions to wheat flour in Pakistan wholesale market (USD/Ton)

2012

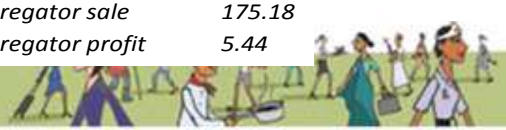
Inputs	102.39	Production, post-harvest & aggregation	65.76	Processing, transport & delivery	41.13	Miller price	348.08

• Seeds	15.32	• Land preparation	39.52	• Transport from Aggregation to mill	1.29
• Fertilizer	57.41	• Labour over the period (sowing, planting, weeding etc)	3.21	• Labour for packing, Loading, unloading	1.07
• Crop protection	5.78	• Harvesting	19.17	• Milling cost	26.78
• Irrigation	23.88	• Threshing	0.64	• Packing material	12.00
		• Aggregation cost	3.21		
		• *Farmer sale*	*278.46*	• *miller sale*	*348.08*
		• *Farmer profit*	*113.53*	• *miller profit*	*23.13*
		• *Aggregator sale*	*283.82*		
		• *Aggregator profit*	*2.14*		

2007

Inputs	80.92	Production, post-harvest & aggregation	64.93	Processing, transport & delivery	44.83	Miller price	282.63

• Seeds	13.184	• Land preparation	38.23	• Transport from Aggregation to mill	1.15
• Fertilizer	41.20	• Labour over the period (sowing, planting, weeding etc)	3.30	• Labour for packing, Loading, unloading	0.82
• Crop protection	4.45	• Harvesting	17.63	• Milling cost	29.66
• Irrigation	22.08	• Threshing	0.82	• Packing material	13.18
		• Aggregator cost	4.94		
		• *Farmer sale*	*164.80*	• *miller sale*	*282.63*
		• *Farmer profit*	*23.896*	• *miller profit*	*62.62*
		• *Aggregator sale*	*175.18*		
		• *Aggregator profit*	*5.44*		



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Conclusions

International Labour Organization

- Increased cost of production due to high input cost
- Low yield
- Competitiveness is lost further



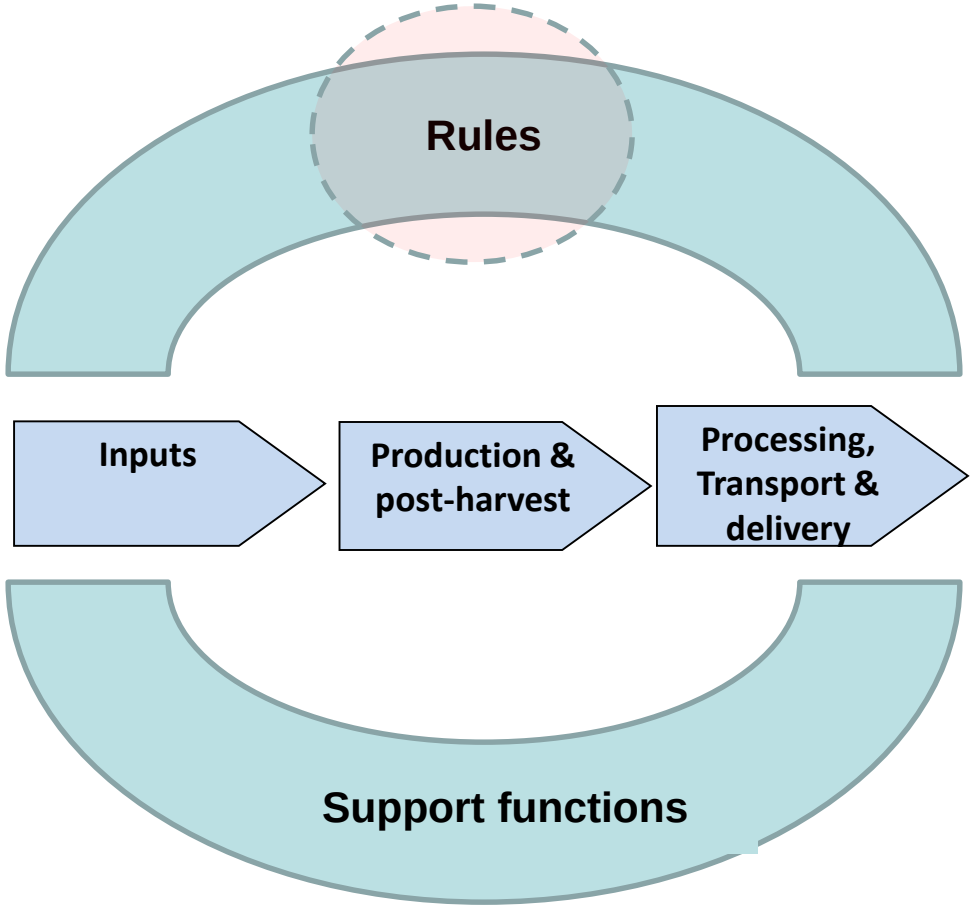
International Labour Organization

Recommendations – wheat



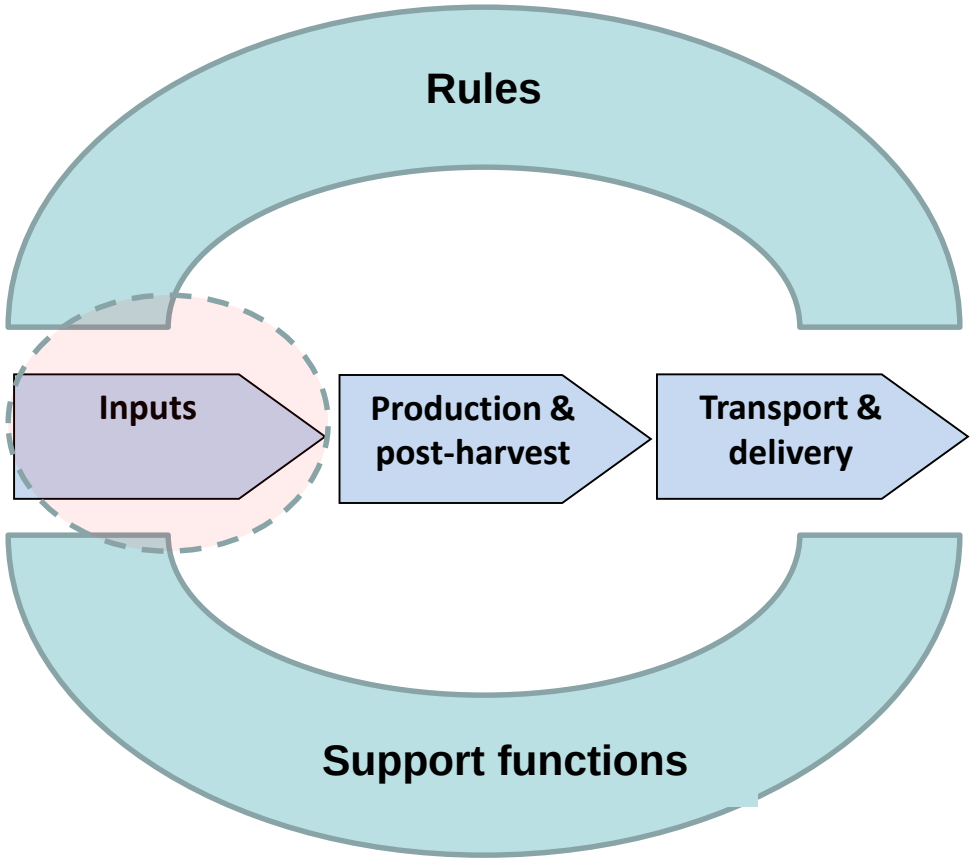
• R1- Policy review to check economic viability to adjust cost of production

International Labour Organization



R2 – Increase the availability of improve wheat seeds through private sector channel

International Labour Organization

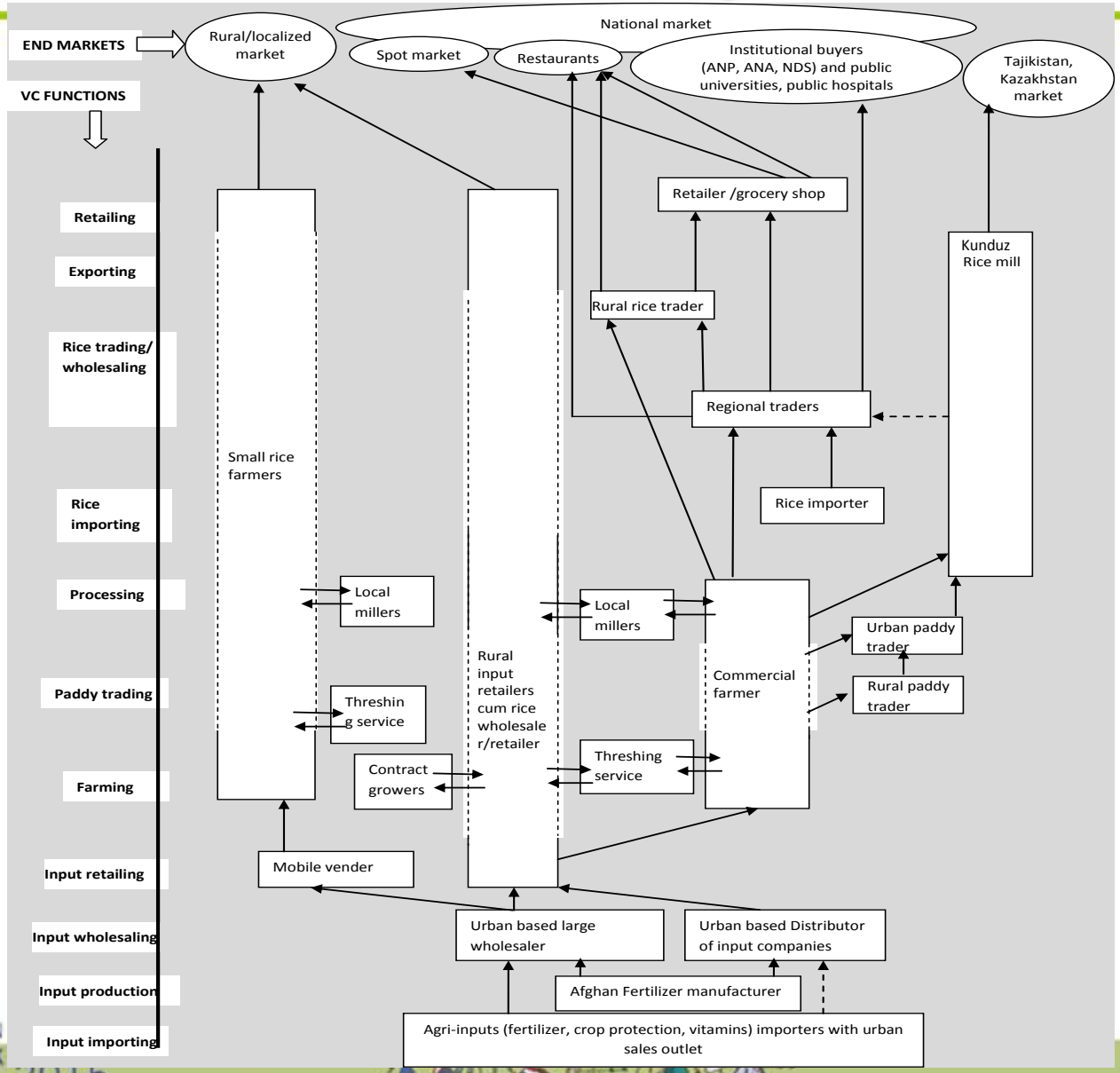


Rice





Rice value chain in Afghanistan



International Labour Organization

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Enterprise and jobs

International Labour Organization

Export	Rice exporter N=1, E=85, F=0%	
Retail	Rice retailer N=3,400, E=3400, F=0%	
Wholesale	Rice wholesaler N=340, E=680, F=0%	
Processing	Rice mill N=2, E=220, F=0%	local millers N=500, E=500, F=0%
Import	Rice importer N=100, E=5200, F=0%	
Production	Paddy farmer N=15,000; E=75,000; F = 0%	Thresher N=500; E=500; F = 0%
Inputs	Inputs importers cum wholesaler N=100, E=2700, F= 0%	Fertilizer manufacturer N=1, E= 1500, F=10% Inputs retailer N=750, E=750, F=0%

N= enterprise

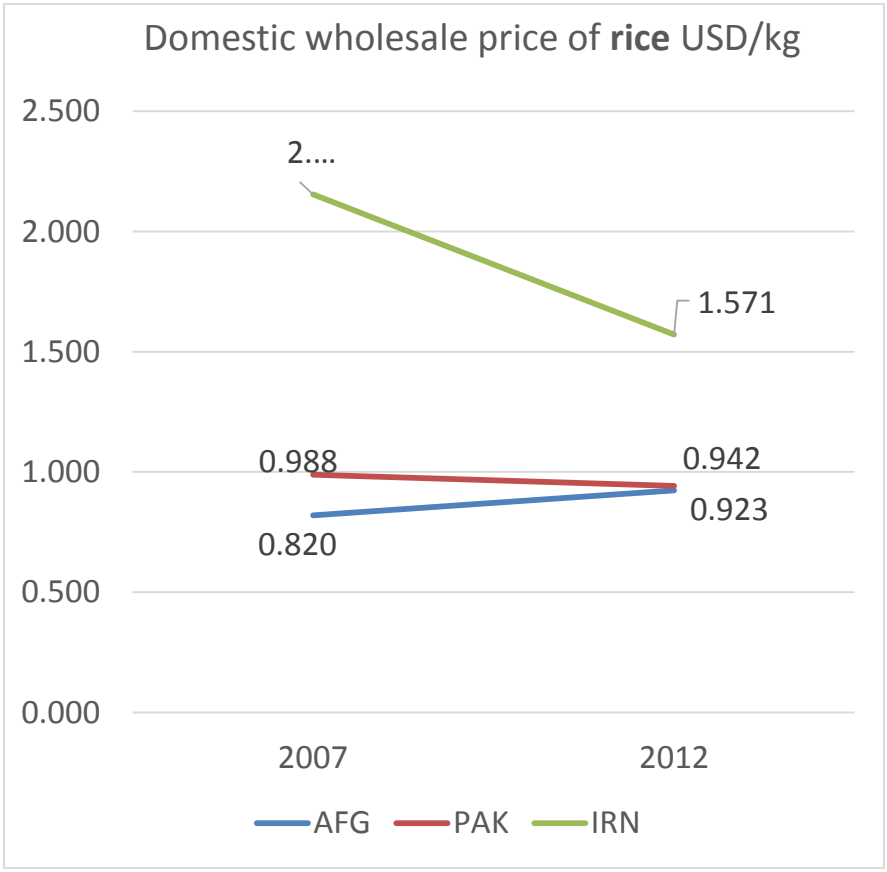
E=employment

F= female involvement



Pakistani rice reaches at price parity with Afghan rice

International Labour Organization

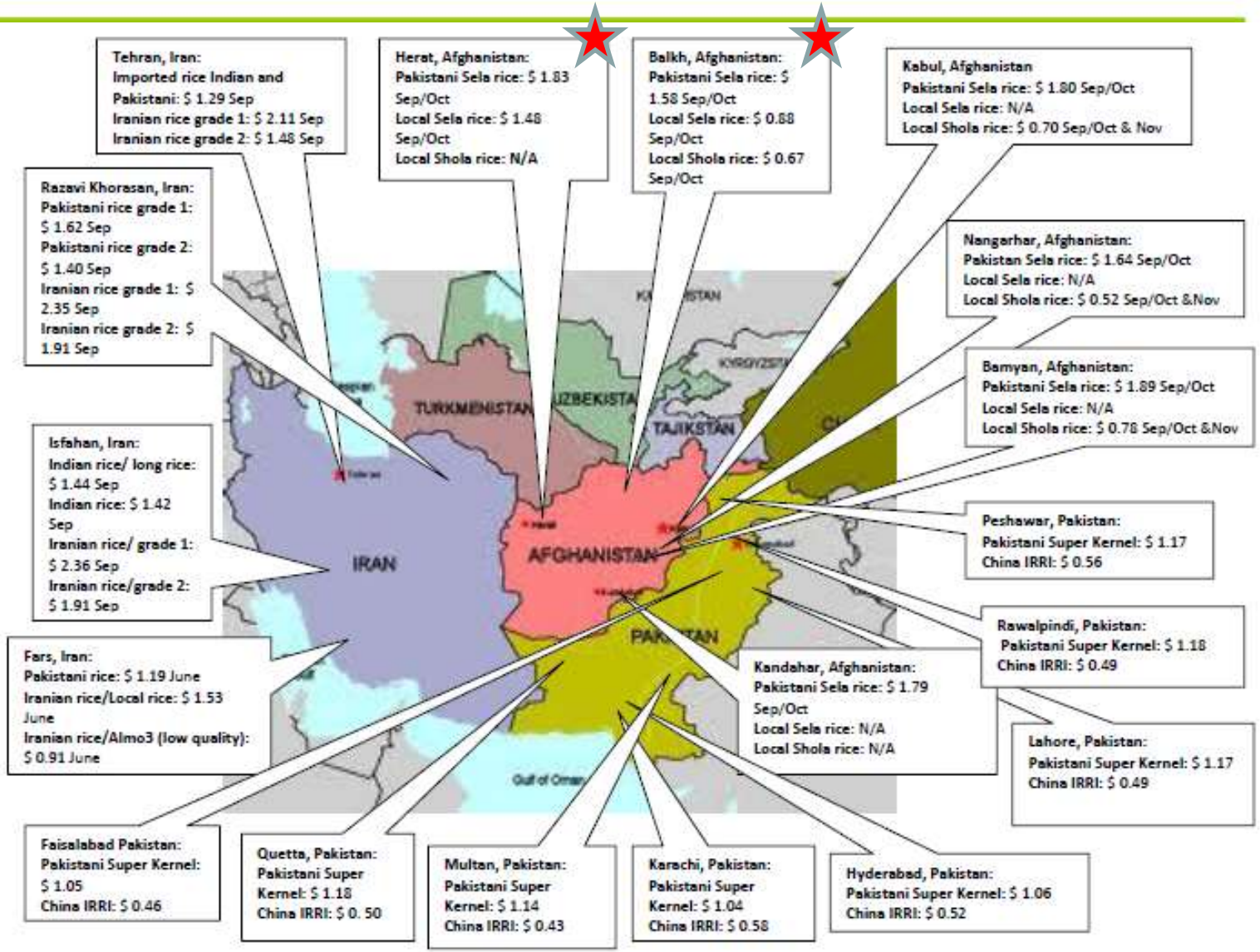


Pakistani rice is gaining further price competitiveness

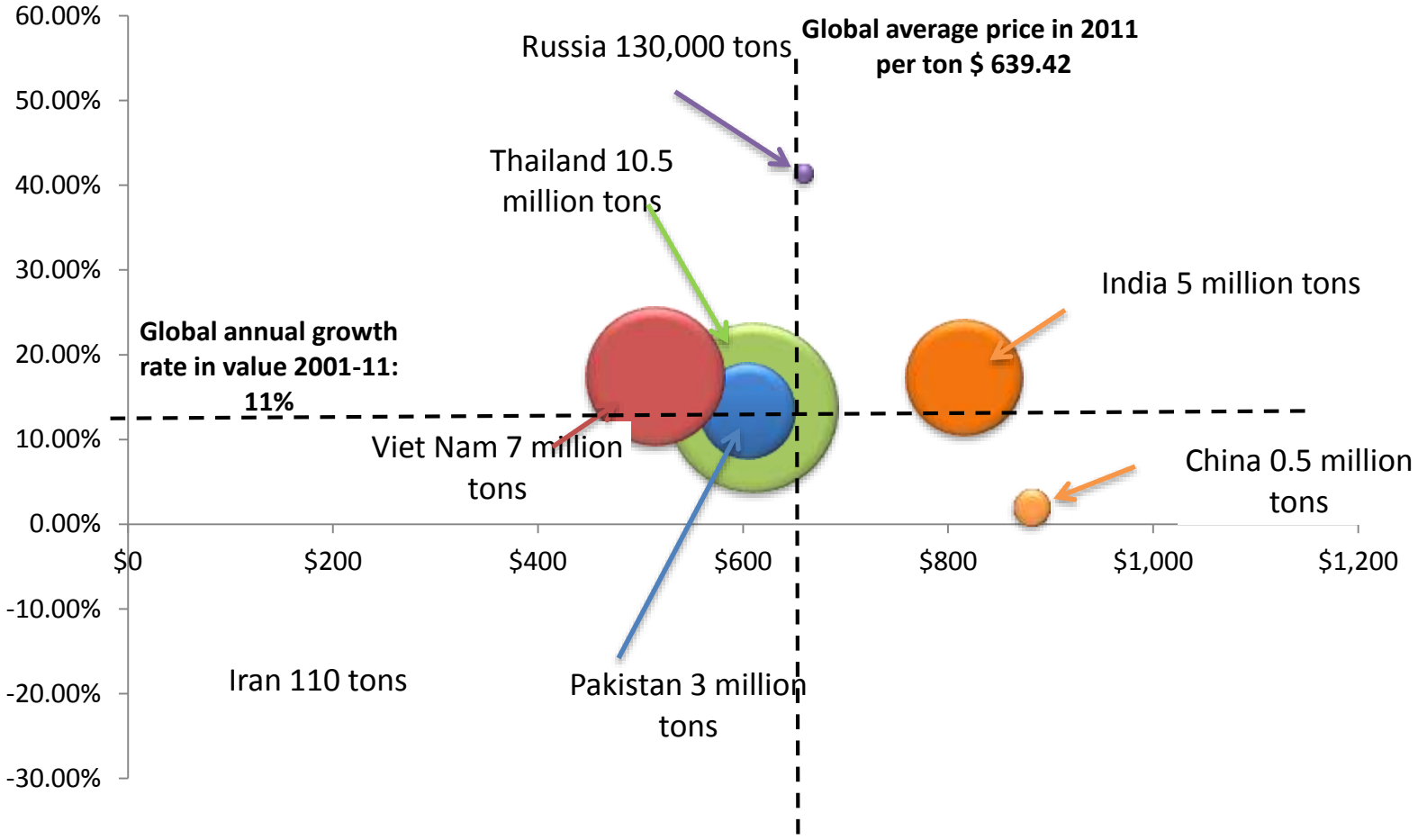
Once most competitive, Afghan rice is losing its price competitiveness against Pakistani rice



Still surviving in domestic market



Pakistan is showing significant growth rate



Still rice is giving good profit to VC actors though increased production cost

Costs of performing functions to reach milled rice in Afghan wholesale market (USD/Ton)

International Labour Organization

2012

Inputs	Production & post-harvest	Processing, transport & delivery	Miller price
91.18	157.59	108.66	925.52

Inputs		Production & post-harvest		Processing, transport & delivery	
• Seeds	14.34	• Land preparation	37.53	• Transport from farmgate to mill	13.95
• Fertilizer	76.05	• Labour over the period (sowing, planting, weeding etc)	47.16	• Milling cost	82.14
• Irrigation	0.79	• Harvesting	45.00	• Packing material	2.75
		• Threshing	27.90	• Distribution cost	9.83
		• *Farmer sale*	*491.25*	• *miller sale*	*925.52*
		• *Farmer profit*	*242.48*	• *miller profit*	*325.60*

1 2 1

2007

Inputs	Production & post-harvest	Processing, transport & delivery	Miller price
53.80	113.00	93.60	820.00

Inputs		Production & post-harvest		Processing, transport & delivery	
• Seeds	10.08	• Land preparation	26.4	• Transport from farmgate to mill	12.00
• Fertilizer	42.20	• Labour over the period (sowing, planting, weeding etc)	27.00	• Milling cost	69.60
• Irrigation	0.8	• Harvesting	33.80	• Packing material	6.00
		• Threshing	25.80	• Distribution cost	6.00
		• *Farmer sale*	*428.40*	• *miller sale*	*820.00*
		• *Farmer profit*	*261.60*	• *miller profit*	*298.00*

2 0 0 7

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Conclusions

International Labour Organization

- Like wheat, increased cost of production due to high input cost
- Low yield
- Price competitiveness is at parity



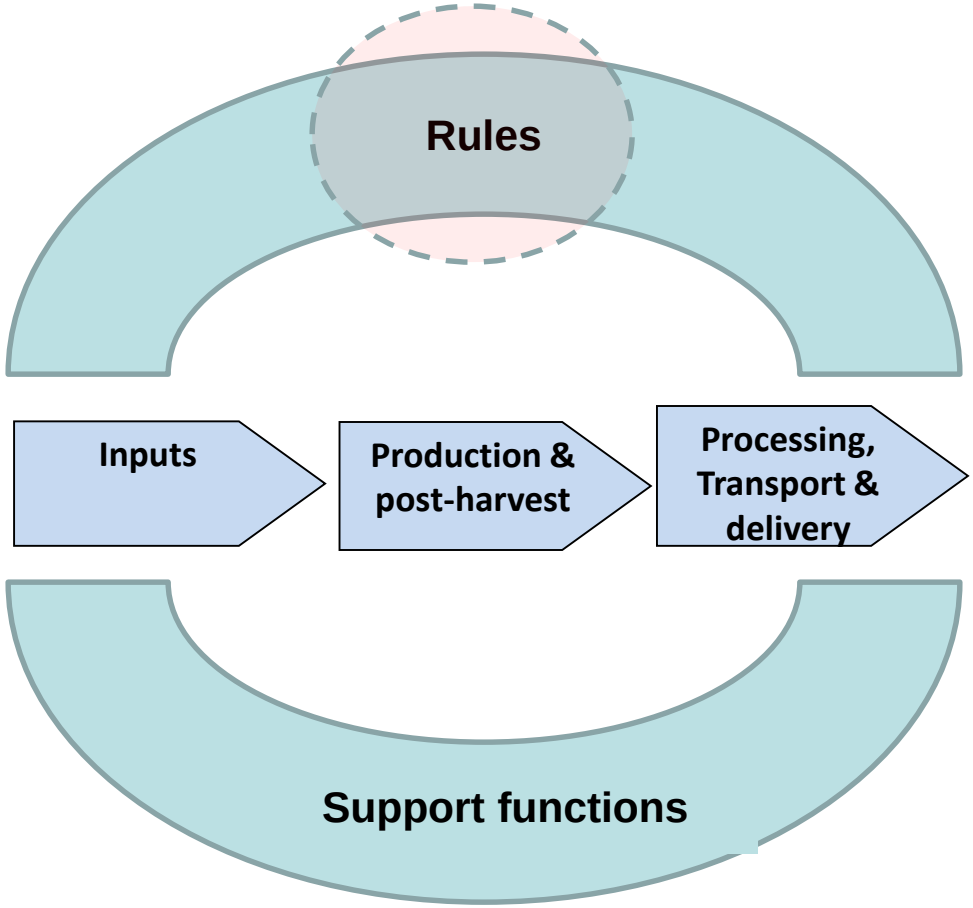
International Labour Organization

Recommendations – rice



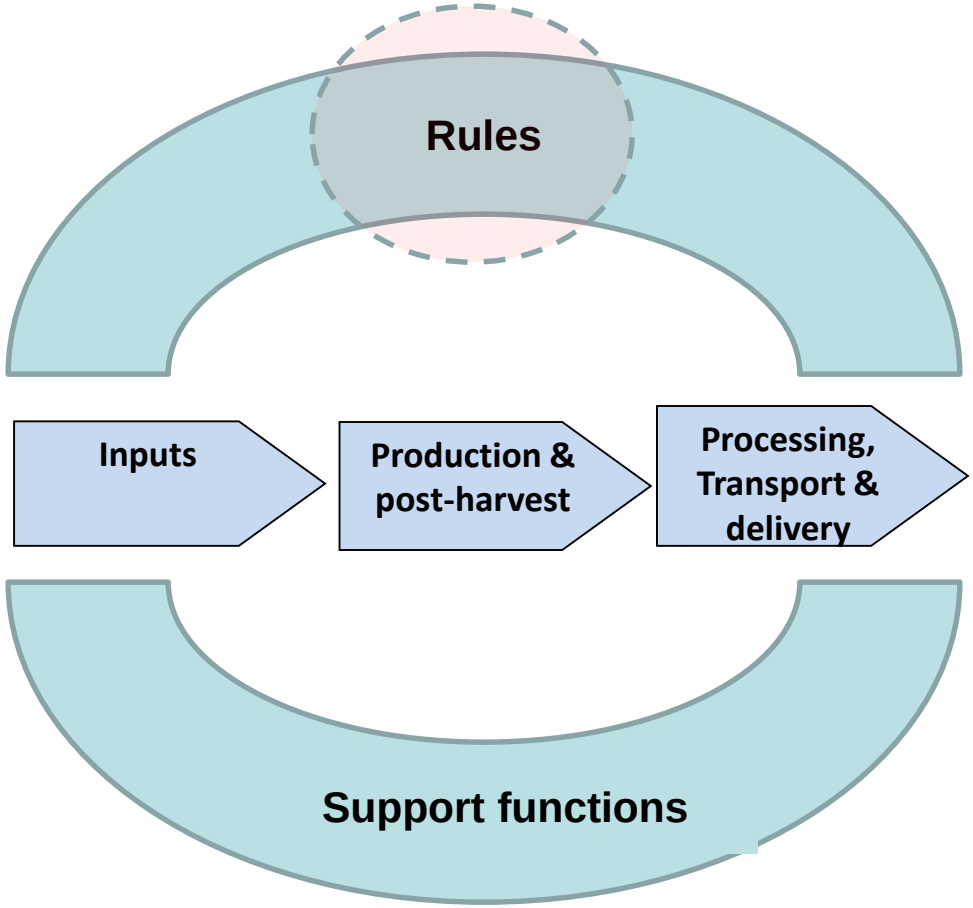
• R1- Policy review to check economic viability to adjust cost of production

International Labour Organization



- **R2- Trade policy review to check the viability of protecting domestic rice production and thereby jobs in the sector**

International Labour Organization

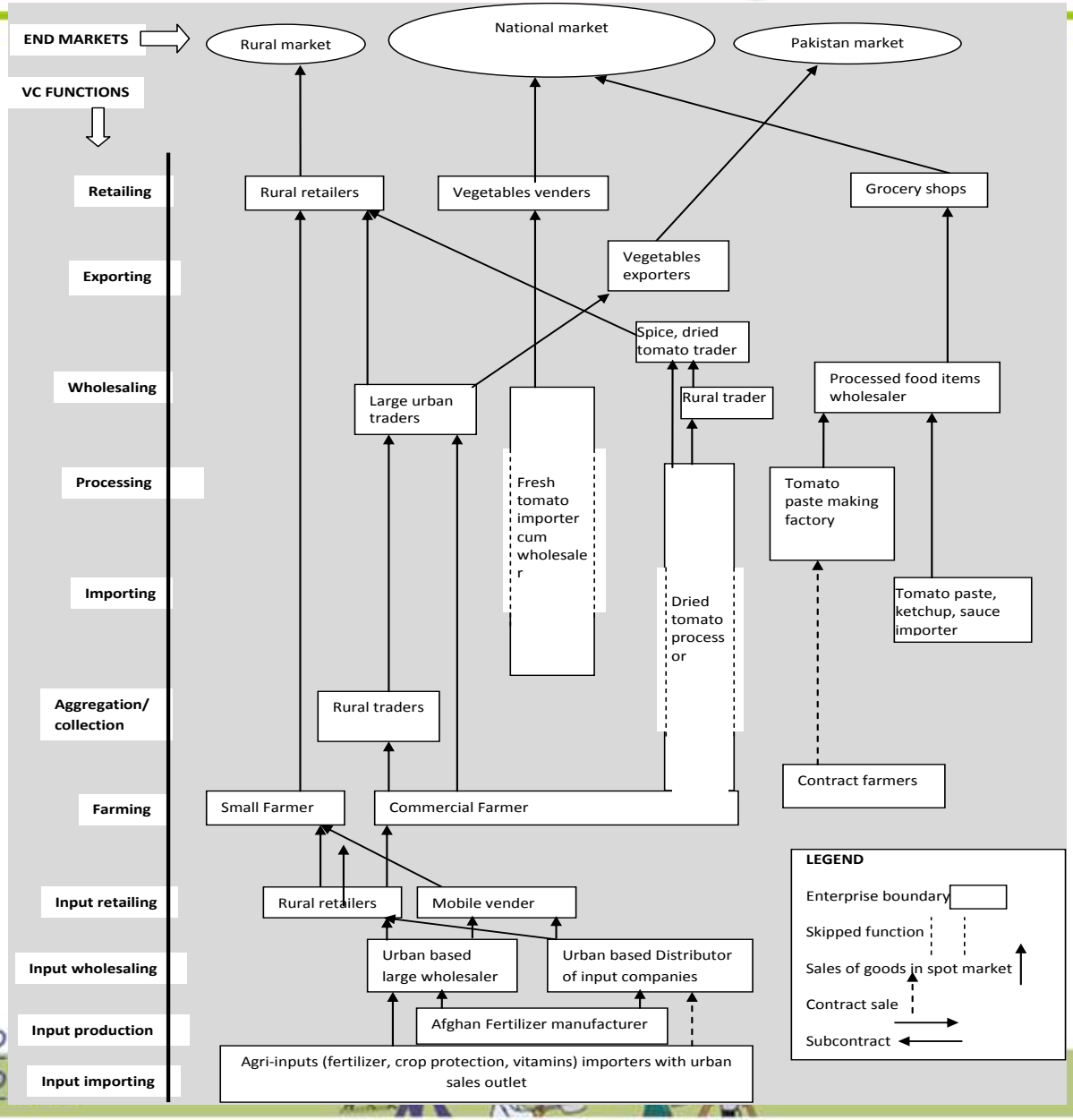


Tomato





Tomato value chain in Afghanistan



International Labour Organization

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Enterprise and jobs

International Labour Organization

Export	Fresh tomato exporter N=100, E=3200, F=0%		
Retail	Tomato retailer N=3,400, E=3400, F=0%	Processed tomato retailer N=3,400, E=3400, F=0%	Dried tomato retailer N=200, E=200, F=0%
Wholesale	Fresh tomato wholesaler N=200, E=4400, F=0%	Rural tomato aggregator N=650, E=650, F=0%	Tomato paste wholesaler N=250, E=2500, F=0%
Processing	Tomato paste factory N=6, E=90, F=20%		
Import	Fresh tomato importer N=100, E=2500, F=0%	processed tomato importer N=30, E=900, F=0%	
Production	tomato farmer		
Inputs	Inputs importers cum wholesaler N=100, E=2700, F= 0%	Fertilizer manufacturer N=1, E= 1500, F=10%	Inputs retailer N=750, E=750, F=0%

N= enterprise

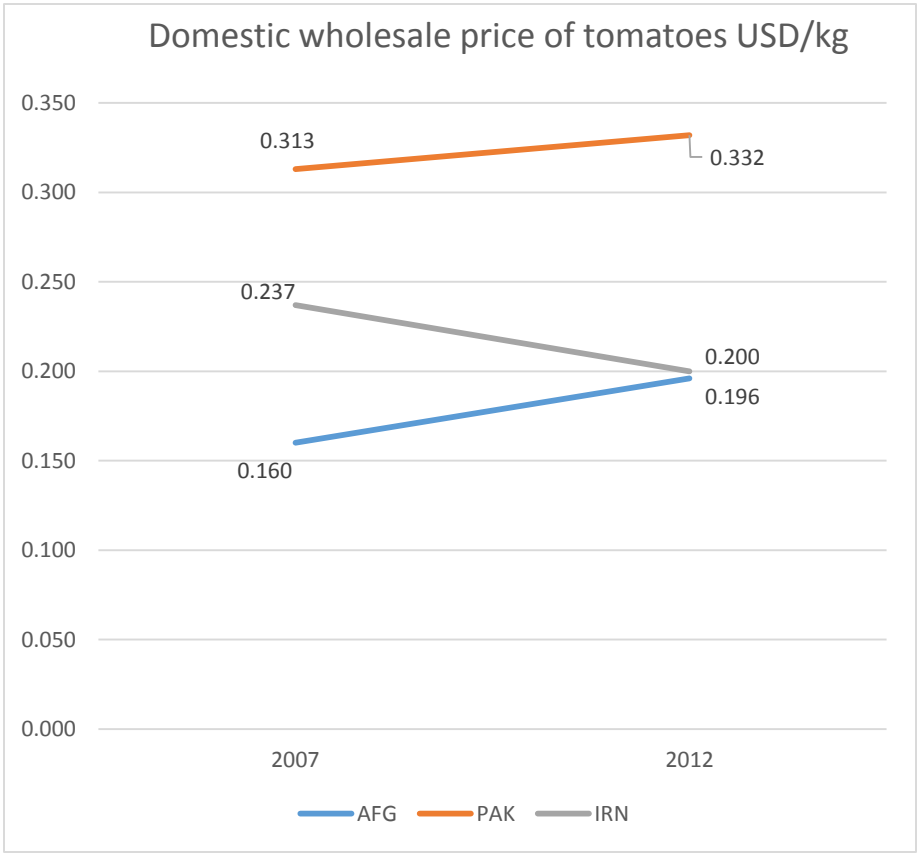
E=employment

F= female involvement



Iran is at price parity with Afghanistan though the latter still competitive against Pakistan

International Labour Organization



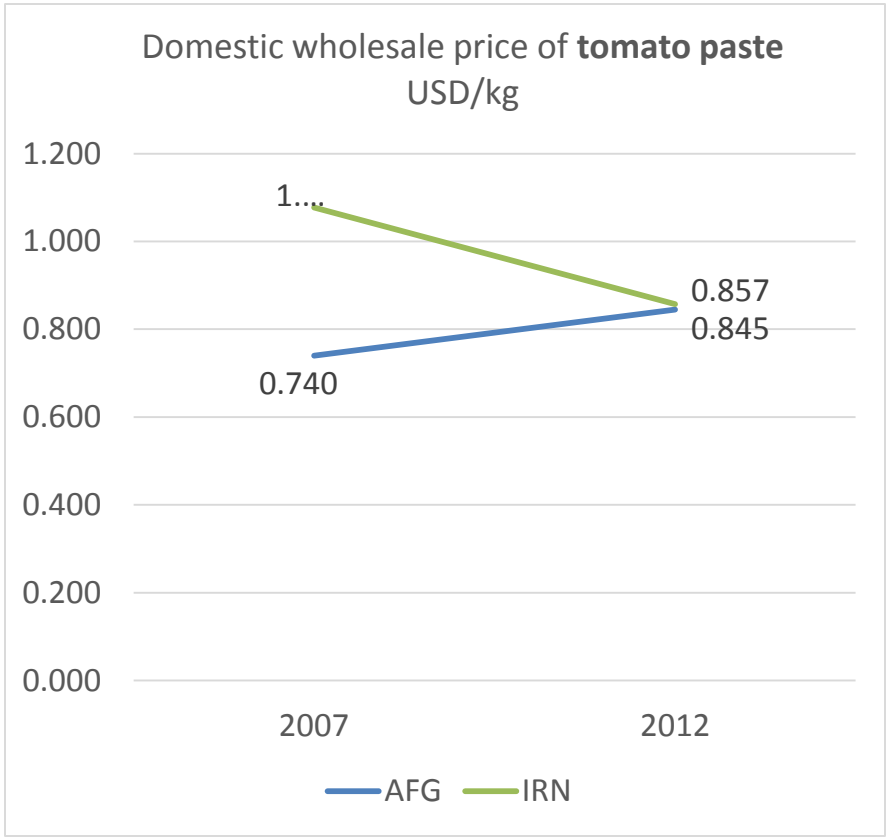
Pakistani fresh tomato lost its price competitiveness further

Iranian fresh tomato gains price competitiveness and reached parity with Afghan tomatoes

Competitiveness of Afghan tomatoes is eroded and at parity with Iranian tomatoes

Iranian tomato paste also reached at price parity with Afghani

International Labour Organization

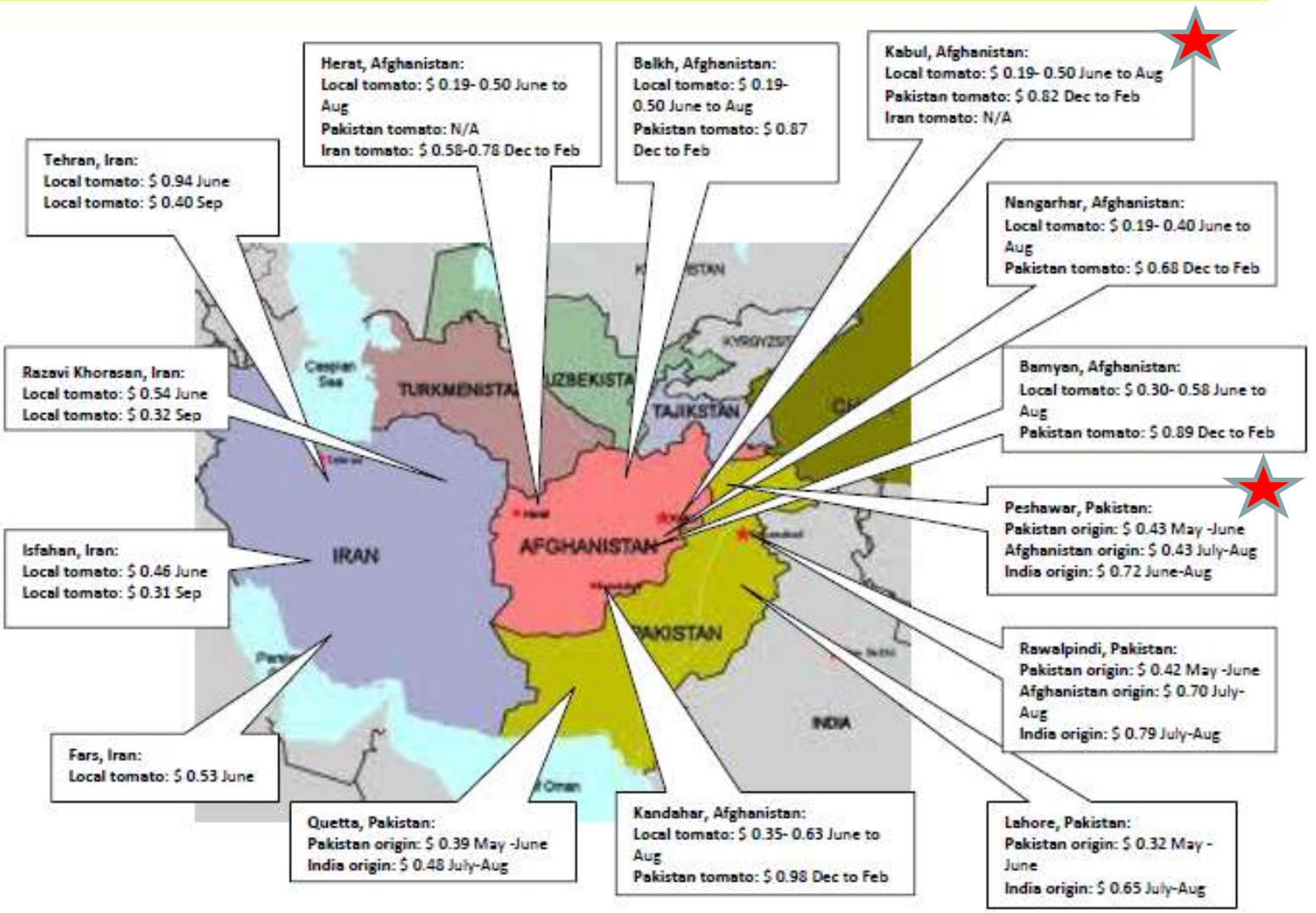


Iranian tomato paste gained price competitiveness and at parity with Afghan tomato paste

Afghan tomato paste lost competitiveness against Iranian tomato paste

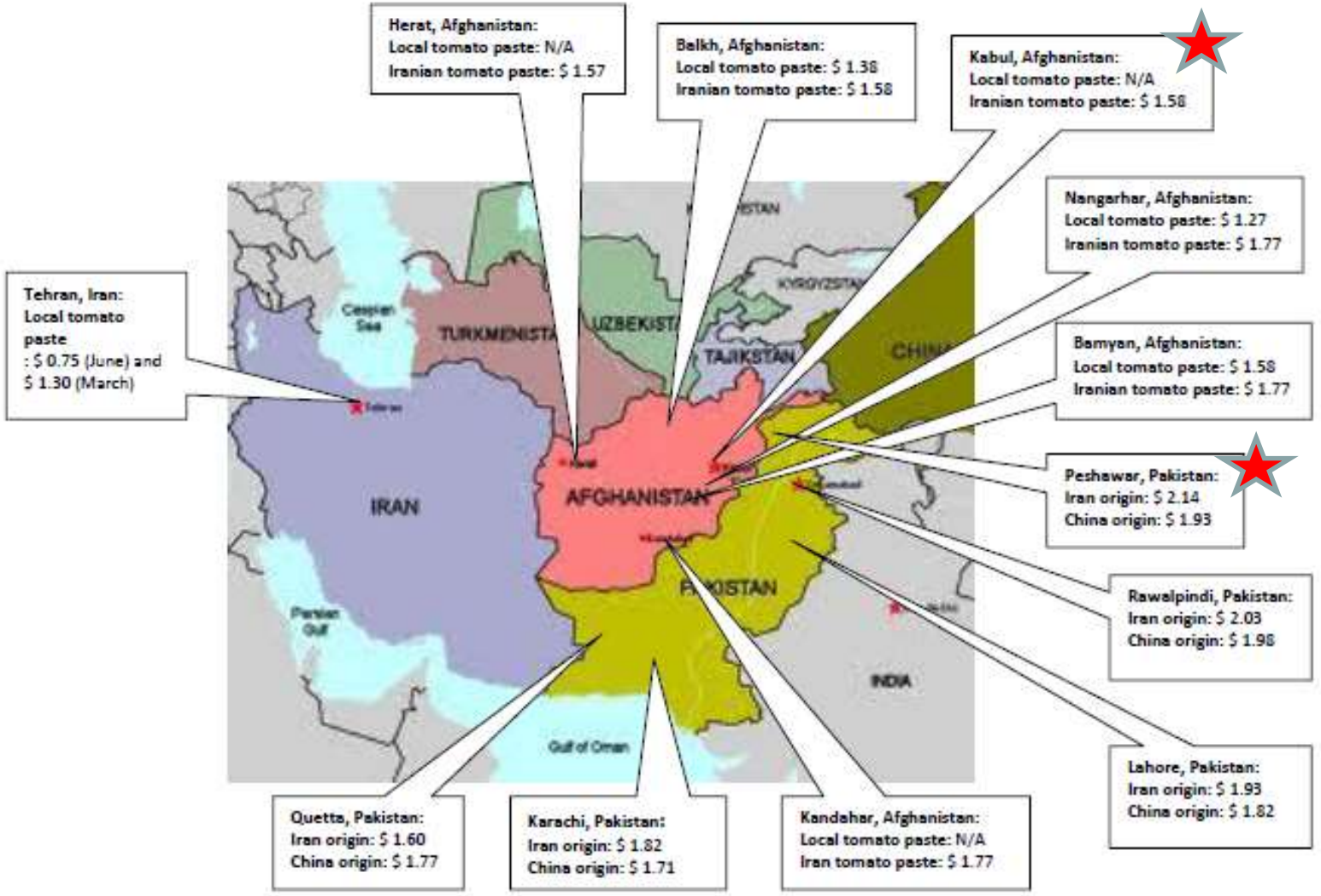
Competitive in domestic as well as in Pakistan market

International Labour Organization

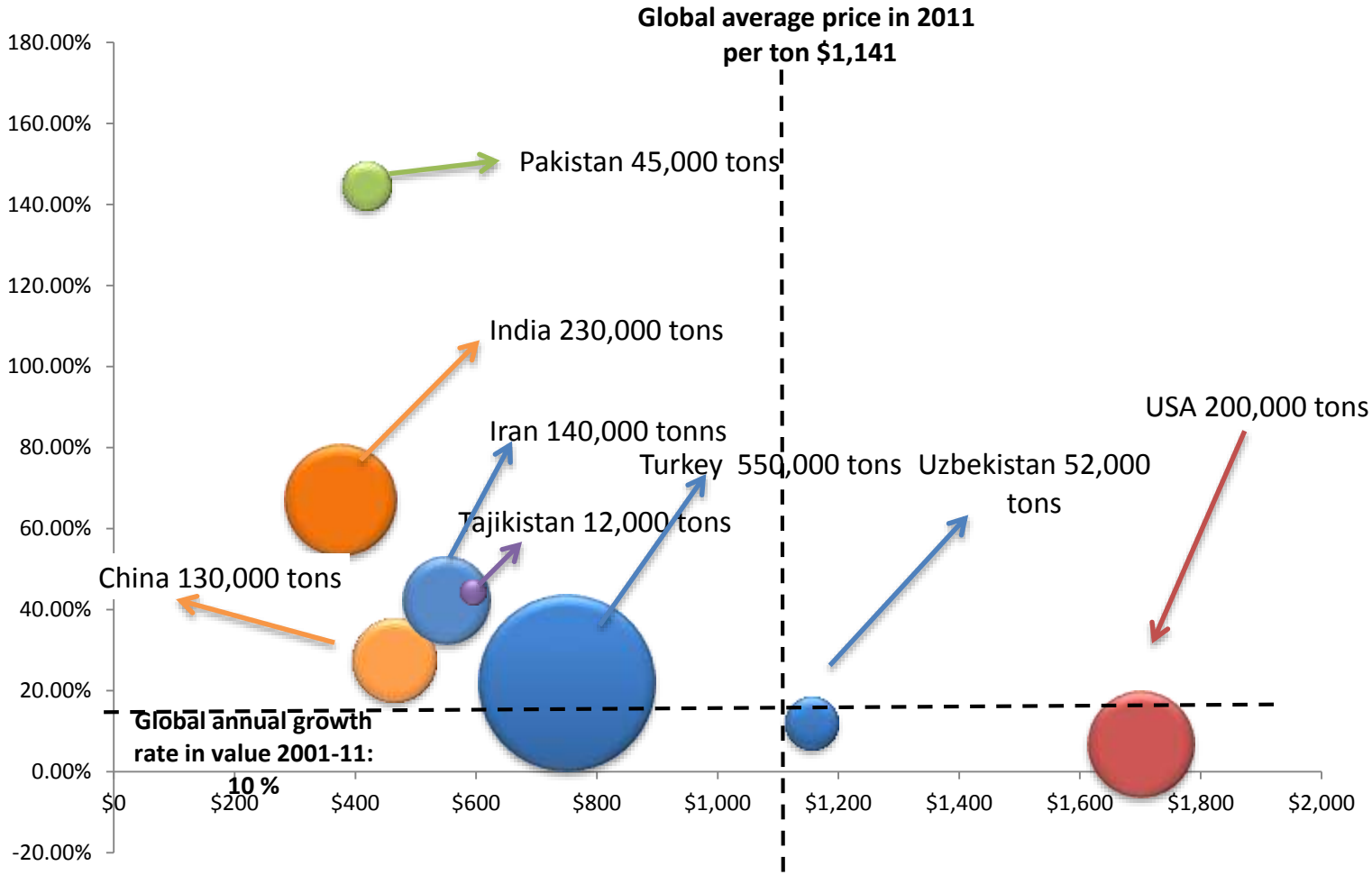


Afghan tomato paste is still P competitive in domestic market

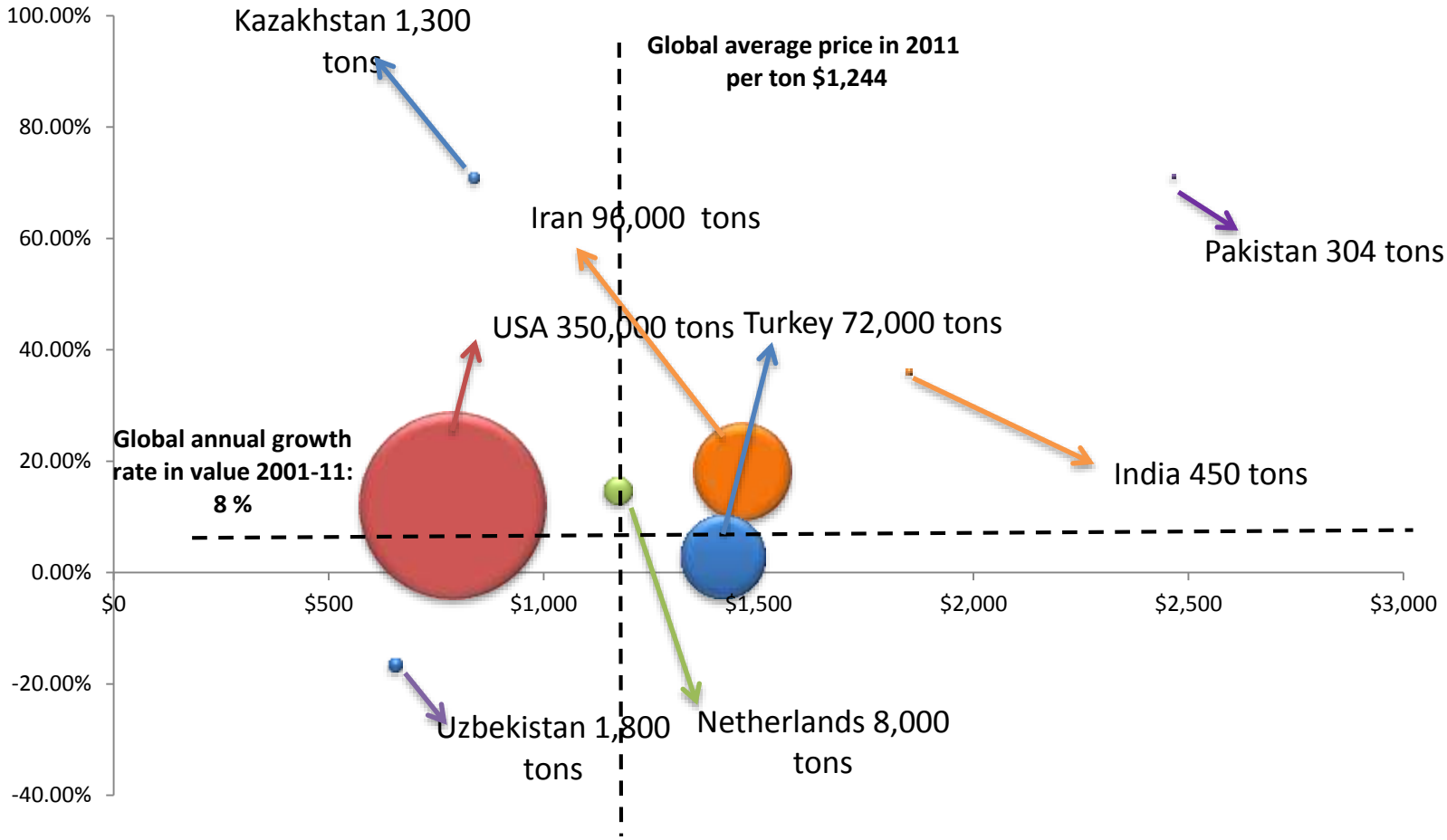
International Labour Organization



Iran is growing in fresh tomato



Iran is also the largest regional player in processed tomato



Processor profit is shrinking due to high raw material cost

Costs of performing functions to reach tomato paste in Afghan wholesale market (USD/Ton)

2012

Inputs	111.18	Production & post-harvest	67.79	Processing, transport & delivery	414.91	Processor price	844.96
• Seeds	2.71	• Land preparation	14.46	• Processing cost	50.01		
• Fertilizer 1	52.43	• Labour over the period (sowing, planting, weeding etc)	13.11	• Packing material 1	358.61		
• Crop protection	5.42	• Cleaning, sorting packing	8.14	• Distribution cost	6.29		
• Irrigation 2	50.62	• Transport to processing plant	32.09				
		• *Farmer sale*	*352.52*	• *processor sale*	*844.95*		
		• *Farmer profit*	*173.55*	• *processor profit*	*77.52*		

2.3 kg makes 800 gm canned tomatoes

2007

Inputs	61.64	Production & post-harvest	47.38	Processing, transport & delivery	366.90	Processor price	780.00
• Seeds	1.84	• Land preparation	8.74	• Processing cost	40.00		
• Fertilizer	25.76	• Labour over the period (sowing, planting, weeding etc)	6.44	• Packing material	322.50		
• Crop protection	3.68	• Cleaning, sorting packing	6.90	• Distribution cost	4.40		
• Irrigation	30.36	• Transport to processing plant	25.30				
		• *Farmer sale*	*276.00*	• *processor sale*	*780.00*		
		• *Farmer profit*	*166.98*	• *processor profit*	*137.10*		

2.3 kg makes 800 gm canned tomatoes



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Conclusions

International Labour Organization

- Eroded competitiveness brought at price parity with Iran
- Still competitive for fresh produce at domestic and Pakistan market



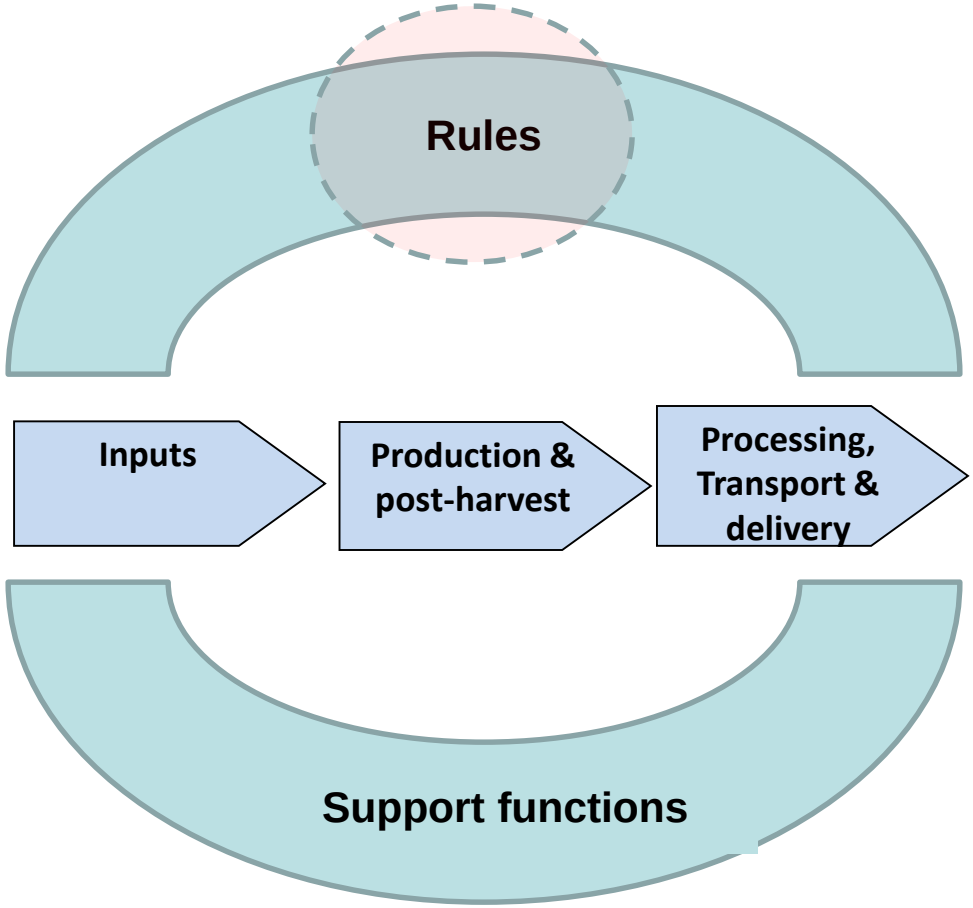
International Labour Organization

Recommendations – tomato



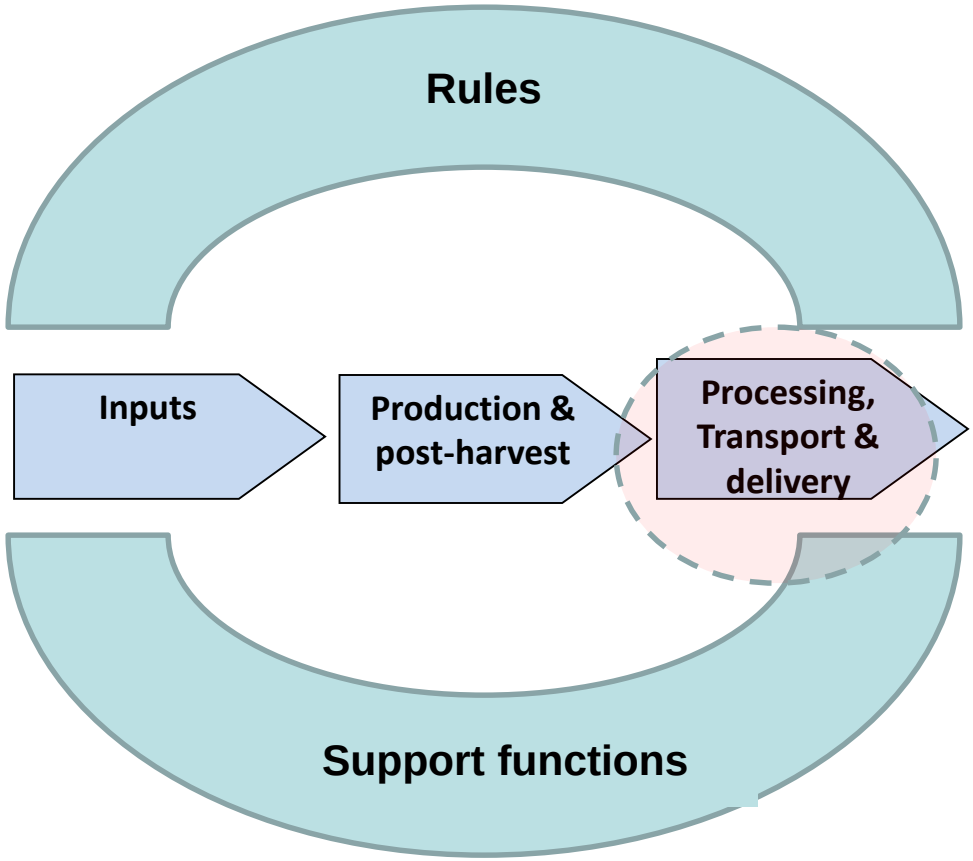
• R1- Policy review to check economic viability to adjust cost of production

International Labour Organization



• R2- Devise appropriate sourcing mechanism to procure at low price

International Labour Organization



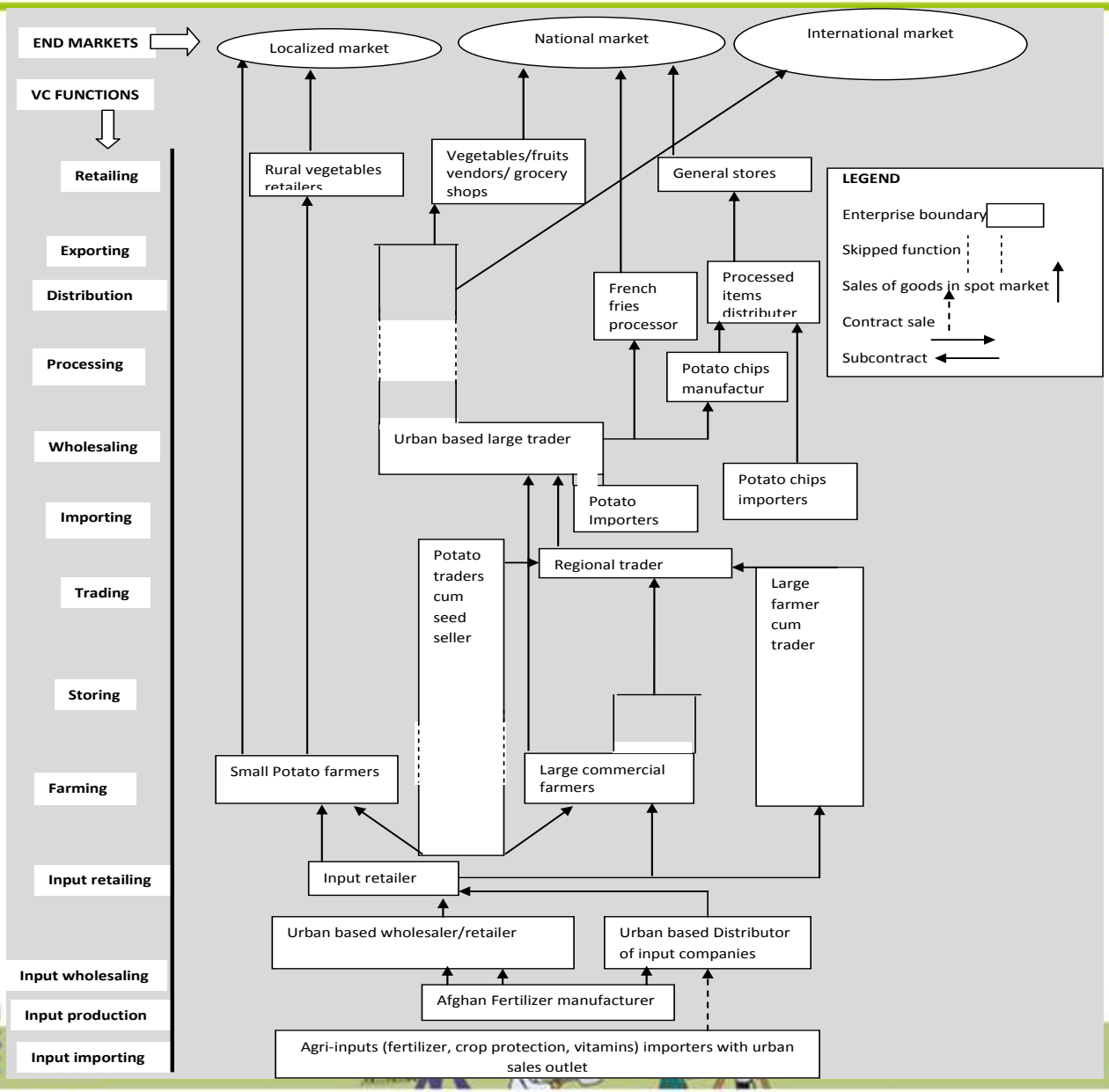


Potato





Potato value chain in Afghanistan



International Labour Organization

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Enterprise and jobs

International Labour Organization

Export	Potato exporter N=50, E=1000, F=0%	
Retail	Potato retailer N=10,000; E=10000, F=0%	Processed potato retailer N=10,000; E=10000, F=0%
Wholesale	Urban/regional trader N=320, E=640, F=0%	Rural potato aggregator N=1000, E=1000, F=0%
Processing	Potato chips factory N=2, E=10, F=0%	French fries processor N=340, E=340, F=0%
Import	Potato importer N=100, E=500, F=0%	Processed potato importer N=50, E=600, F=0%
Production	potato farmer N=21000; E=105,000; F =20%	
Inputs	Inputs importers cum wholesaler N=100, E=2700, F= 0%	Fertilizer manufacturer N=1, E= 1500, F=10%

Inputs retailer N=750, E=750, F=0%

N= enterprise

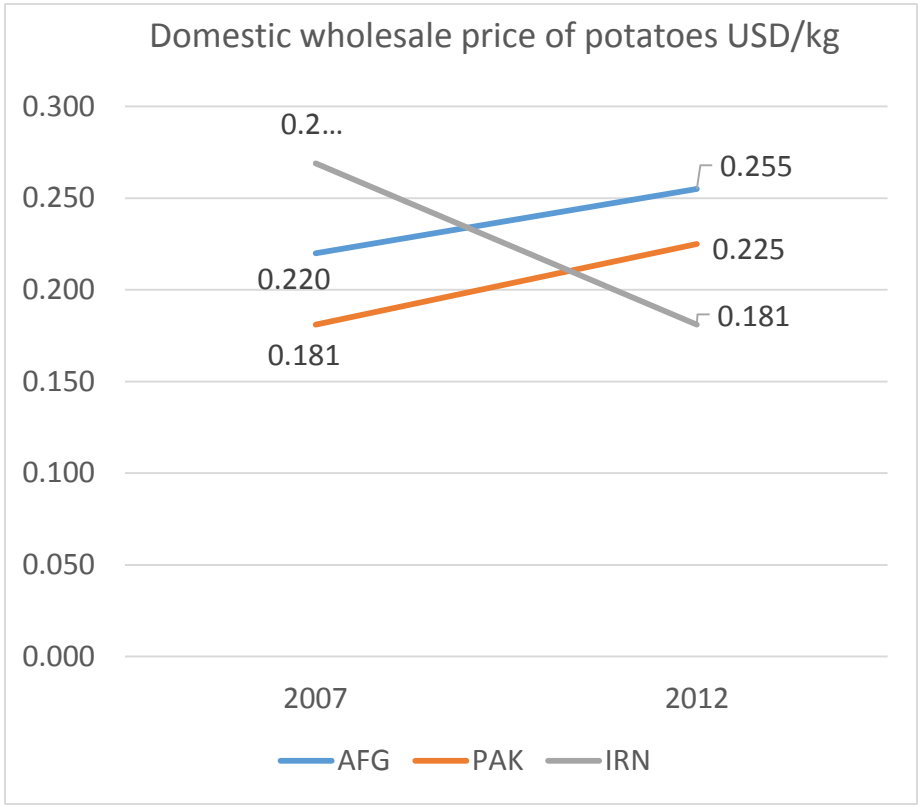
E=employment

F= female involvement



Afghanistan and Pakistan keep losing P competitiveness while Iran is gaining

International Labour Organization



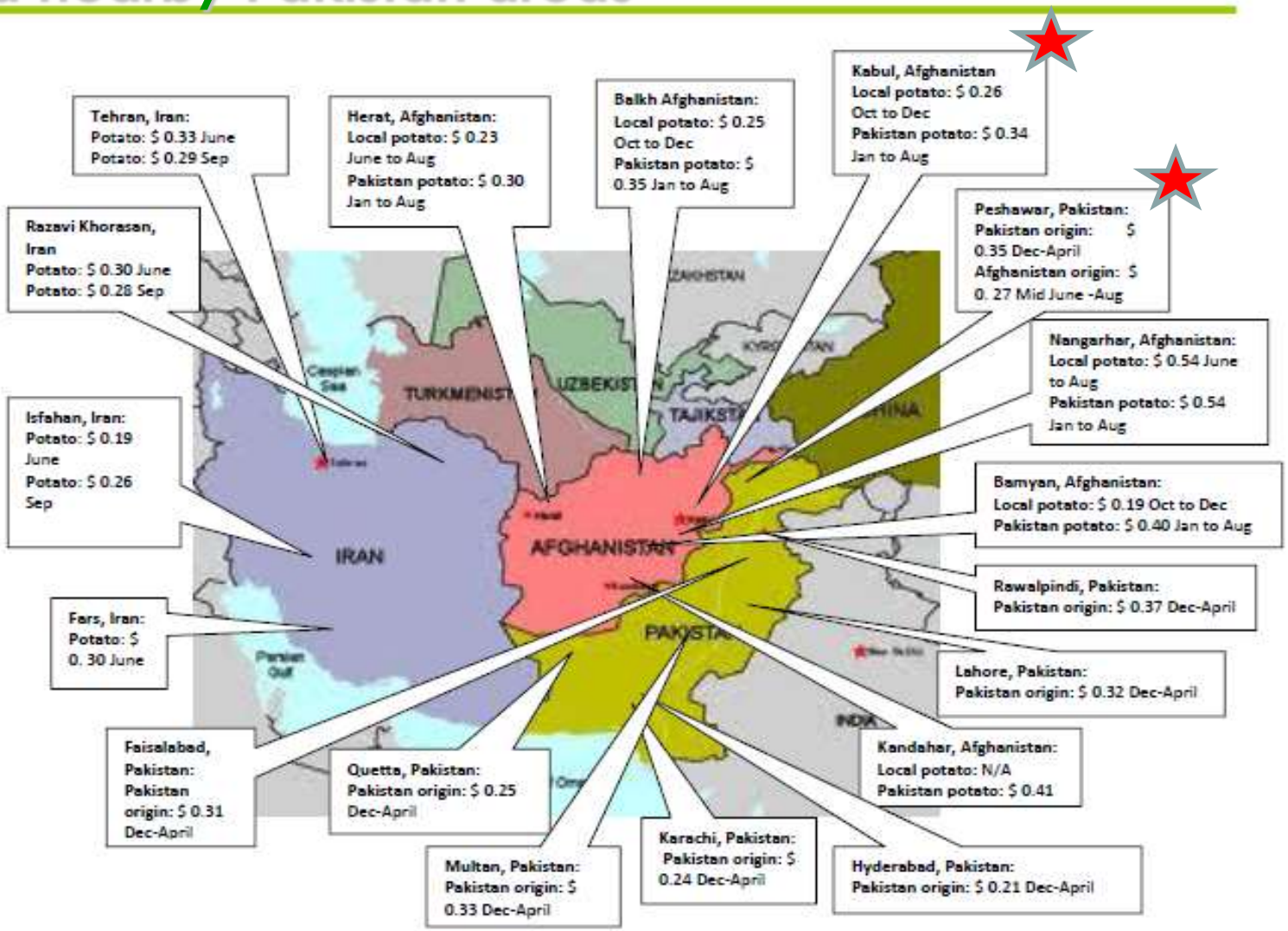
Afghan potato kept losing price competitiveness

Pakistani potato also kept losing price competitiveness but is still more competitive against Afghan potato

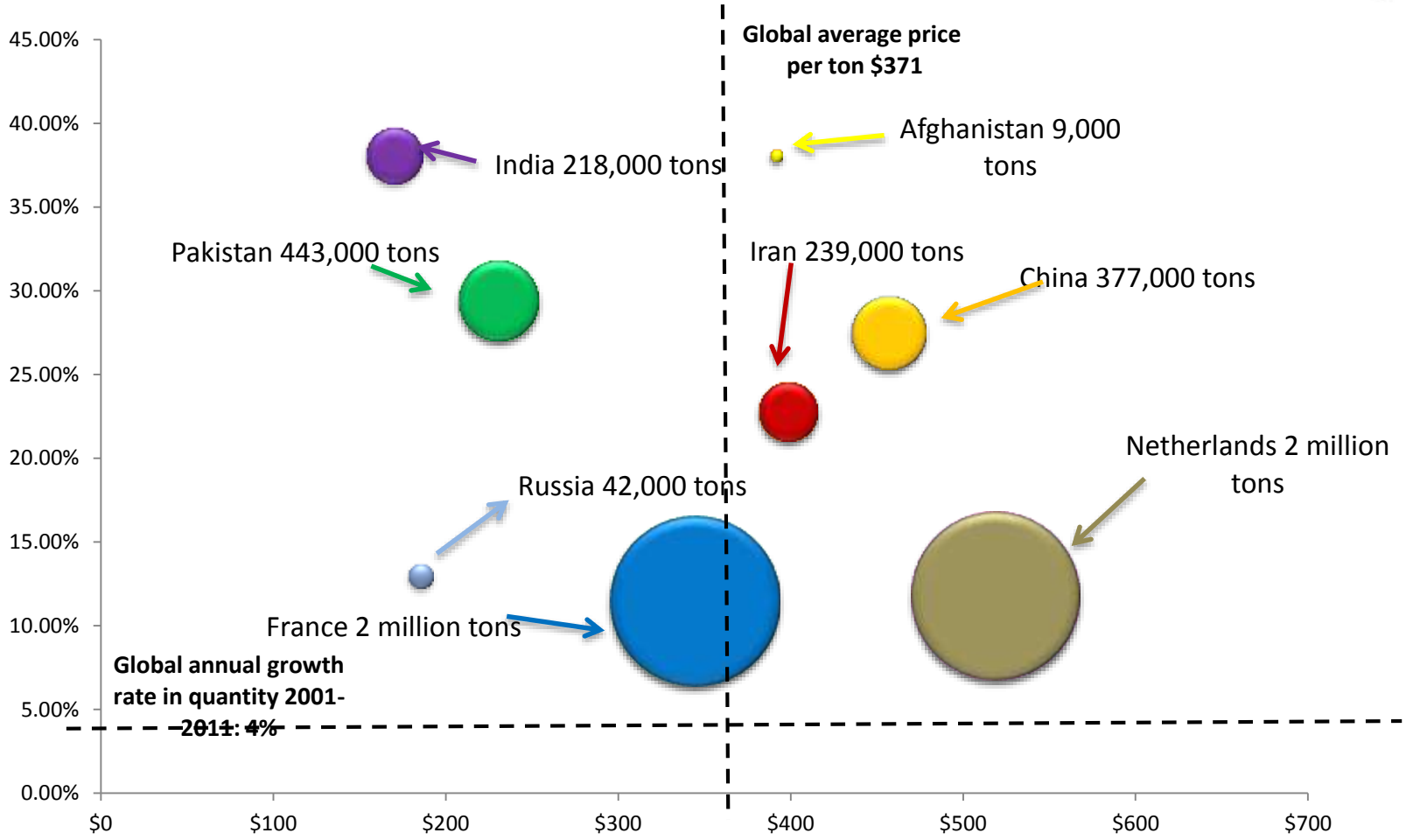
Iranian potato gained significant price competitiveness against two others

Afghan potato Still P competitive in domestic market and nearby Pakistan areas

International Labour Organization



Pakistan still shows good export growth



Conclusions

International Labour Organization

- Lost price competitiveness
- Increased production cost due to high fertilizer cost



International Labour Organization

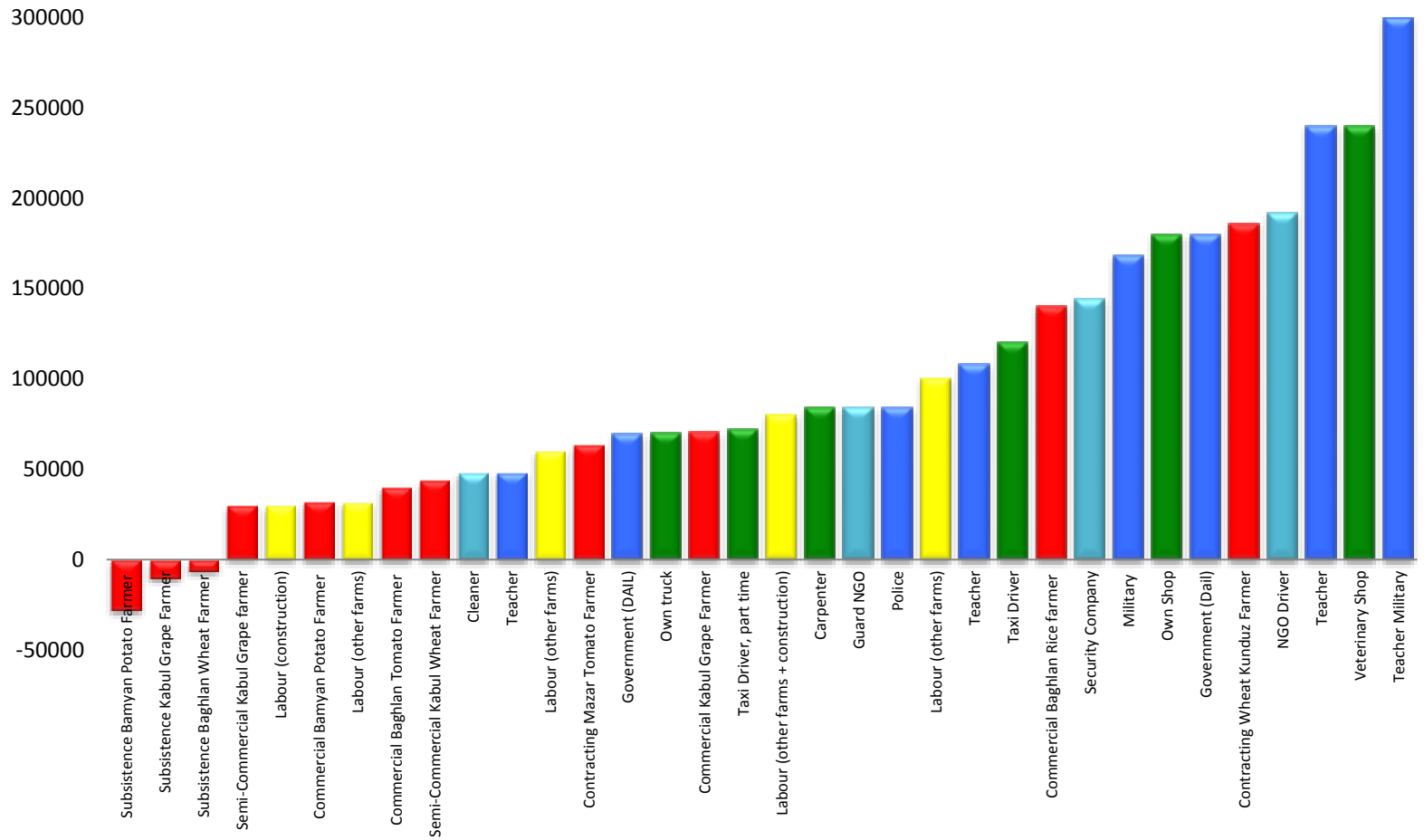
Households' response to changing environment



Varying levels of income – by occupation

International Labour Organization

agri income per person; daily labourers; formal public jobs; formal private jobs, own activity

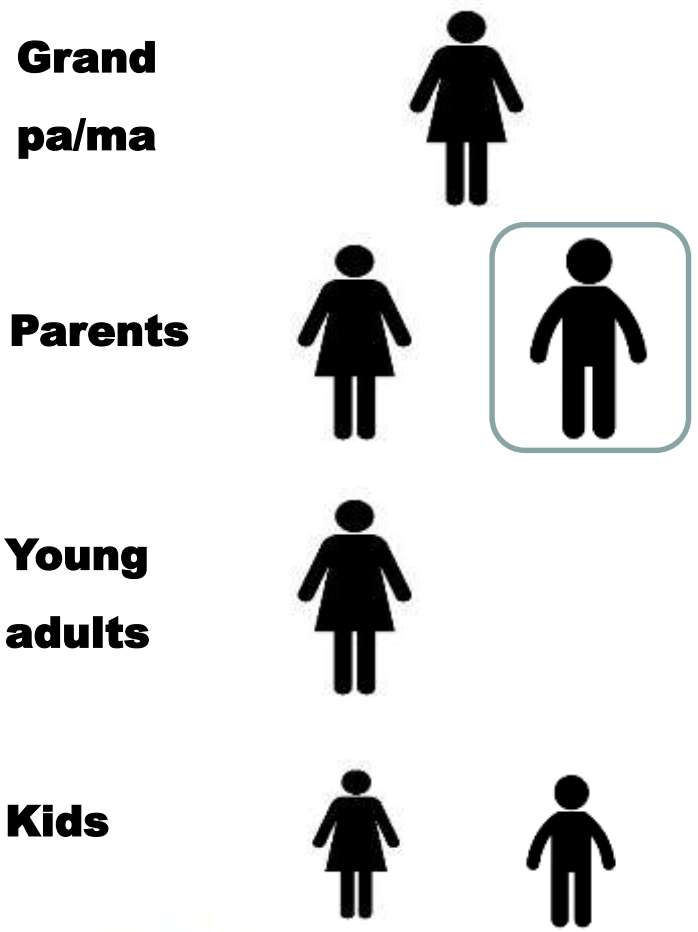


Subsistence farms rely on non-ag income

International Labour Organization

Struggling subsistence farm HH (sell less than 20% of harvest)

w/o sufficient income earners



- **Agriculture work by head of HH and family labour [underemployment]**
- **Total agri income negative due to self consumption**
- **Daily labour by head of HH [underemployment]**
- **Female jobs?**
- **Multiple loans & debt shuffling**
- **Sell animals/other assets to compensate insufficient income**

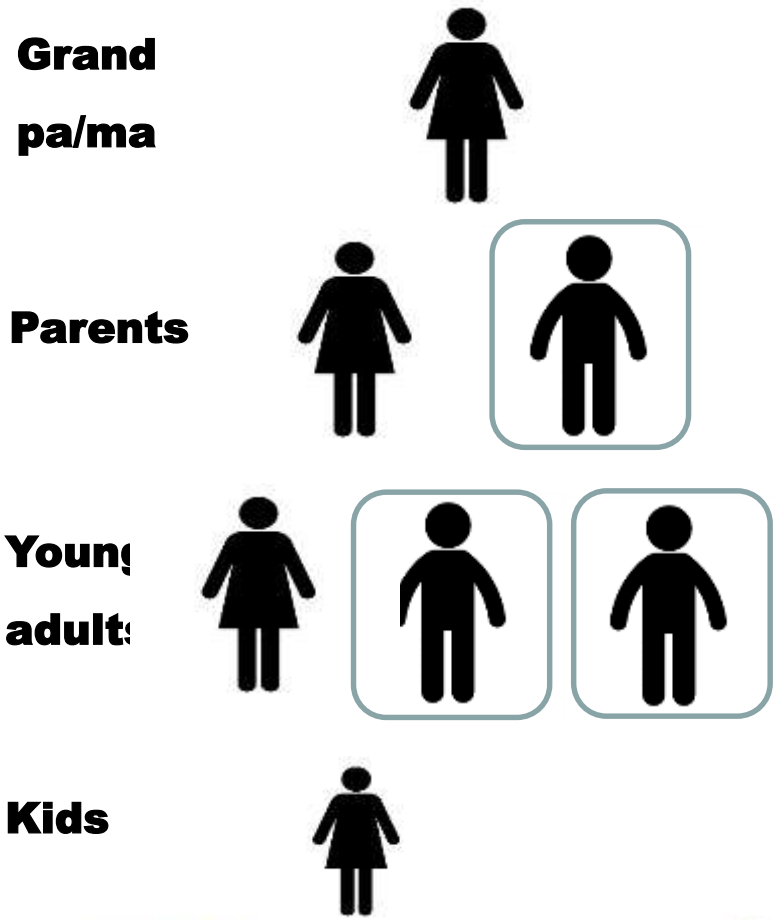


Semi-commercial still rely on non-ag income

International Labour Organization

Semi-commercial farm HH (sell 20-60% of harvest)

w/o sufficient income earners



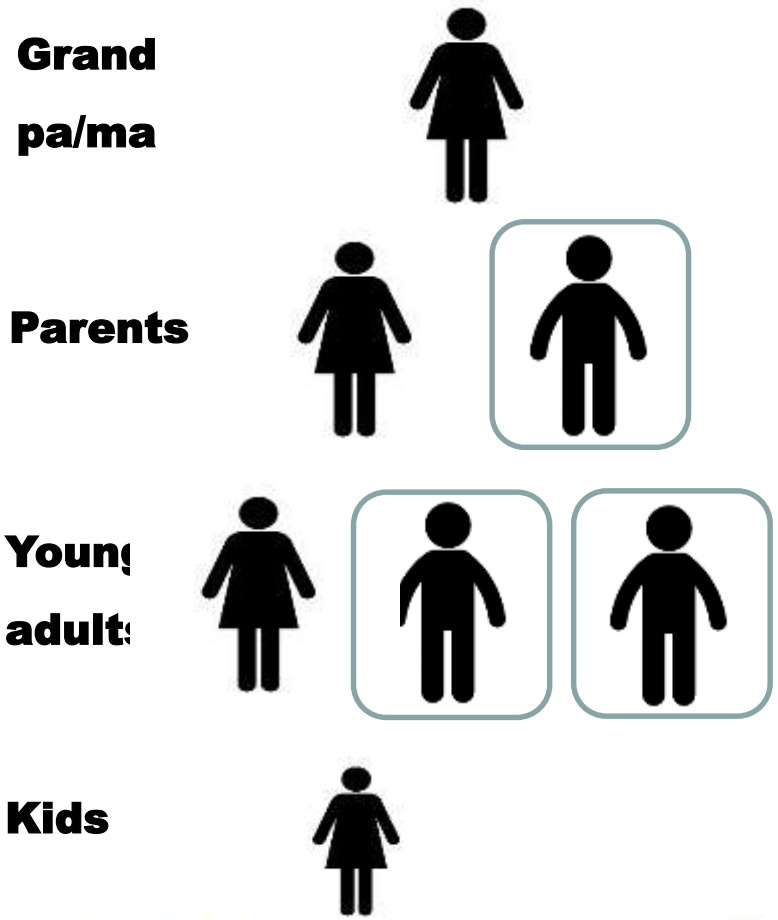
- **Agriculture work by adult males and family labour [underemployment]**
- **Total agri income could be negative or positive**
- **Daily labour by adult males [underemployment]**
- **Educated youth in low-rank formal jobs [fully employed]**
- **Female jobs?**
- **Vary from debt shufflers to savers at home**

Commercial farming – more ag promises

International Labour Organization

Commercial farm HH (sell 60% or more of harvest)

w/o sufficient income earners



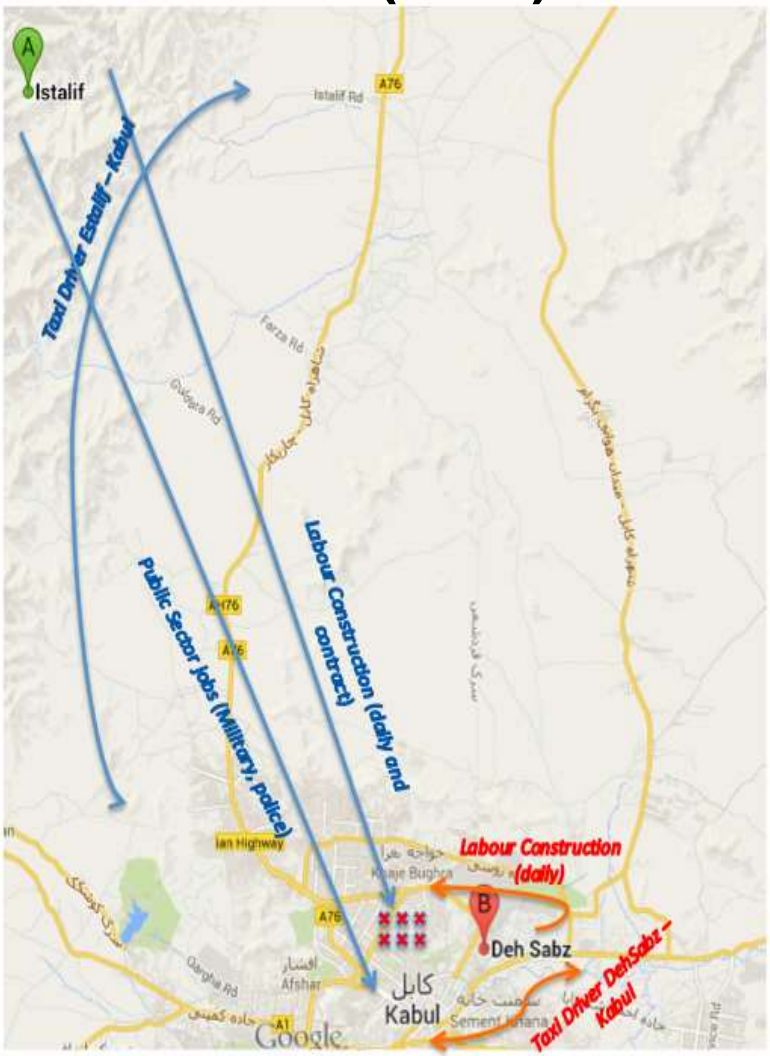
- **Agri work by adult males and family labour [underemployment to near full emp]**
- **Total agri income could cover 50% or more of HH expense**
- **Daily labour by adult males if needed**
- **Educated youth in low-rank formal jobs [fully employed]**
- **Female jobs for highly educated?**
- **Vary from loan takers to loan givers, but savings at home**



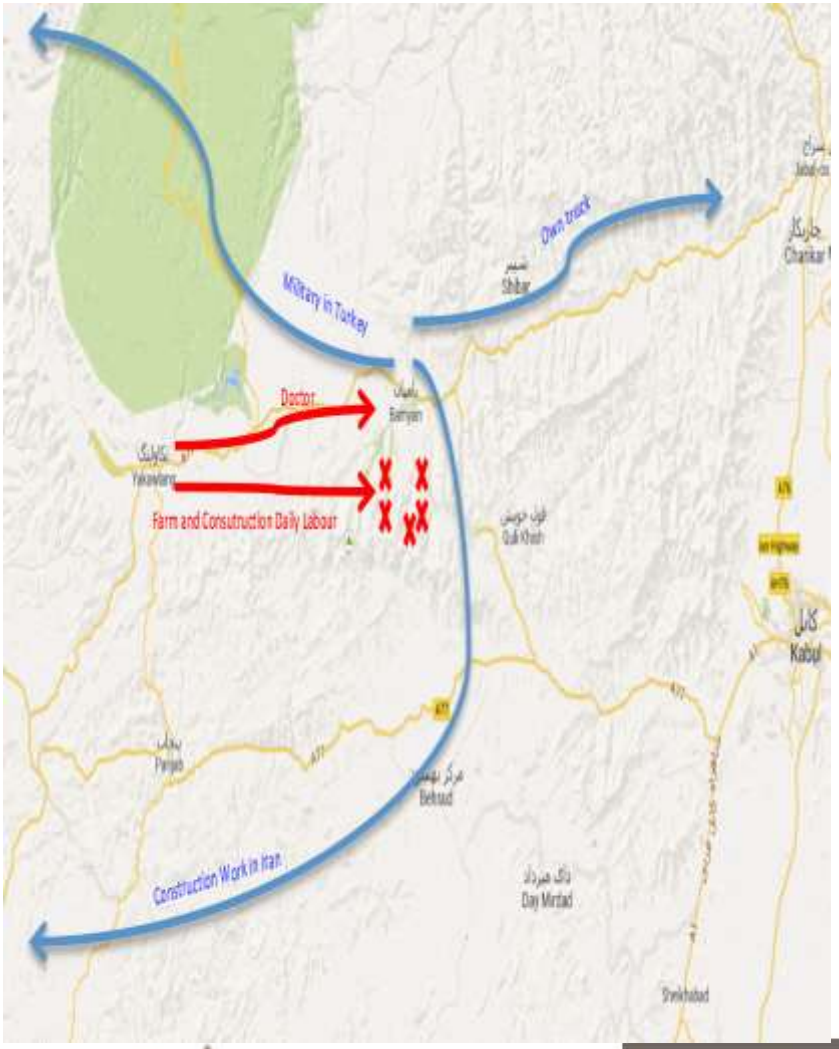
To where labour moves?

International Labour Organization

Estalif district (Kabul)



Yakawlang (Bamyan)



School-to-work transition

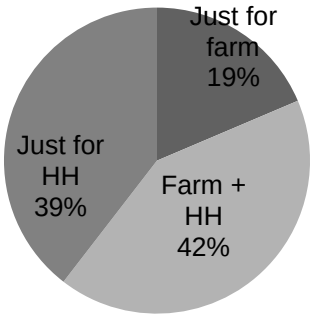
- The level of education of those under 18 is significantly higher than that of their parents and grandparents
- Children in 70% HHs combine light agricultural field work with school
- 28% of HHs had to stop children's school before 18 years mainly due to economic hardship (while for girls, religious reason
- Students seem to access formal jobs after high school (e,g,. teachers, army, police), but a significant portion still gets wage, agriculture or skills-based jobs even after completing high school. Higher studies after high school usually lead to government or NGO jobs.



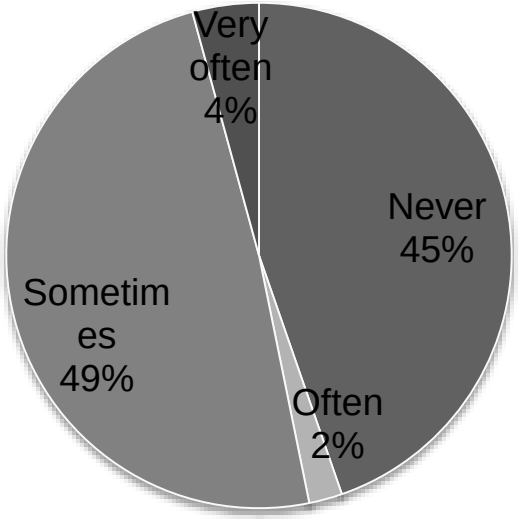
Poverty trap or upward mobility

- 75% of HHs borrowing but mainly for HHs expense.
- Average outstanding amount is 27% of annual income but the borrowing pattern is in constant or increasing trend
- Significant percent of HHs repay loans by taking another loans
- Only 17% HHs actually save money

Reasons for borrowing



Borrow to repay?





Summary outputs – macro picture: Afghanistan-Pakistan

International Labour Organization

Which is the situation of your VC?

a) expanding domestic production with expansion of exports to neighboring countries; grapes, raisins, fresh tomatoes

b) expanding domestic production with expansion of imports from neighboring countries; wheat, wheat flour, rice, processed tomatoes.

c) declining domestic production with expansion/flat level of exports to neighboring countries;

d) declining domestic production with expansion of imports from neighboring countries; potatoes

e) or somewhere in-between.



Summary outputs – macro picture

International Labour Organization

Labour & migration trends with each VC?

→ Due to the lack of longitudinal data on labour migration, the questions below remain as future research questions.

a) expanding production with increase of Afghan labour & incoming foreign labour;

b) expanding production with increase of Afghan labour & flat/declining foreign labour;

c) Expanding production with flat/declining Afghan labour & increase in incoming foreign labour;

d) declining production with increase of Afghan labour & incoming foreign labour;

e) declining production with declining Afghan labour & incoming foreign labour;

f) Declining production with flat/declining Afghan labour & increase of incoming foreign labour;

… and more scenarios.



Overarching Recommendations

International Labour Organization

- Establish an **Observatory of Competitiveness and Jobs**

  which will continuously monitor critical indicators and report to the top level policymakers and the private sector stakeholders.

- Establish a **National Commission on Competitiveness and Jobs**

  as an inter-ministerial body chaired by an executive member of the Government with the participation of the employers and workers representatives

  to review the reports of the Observatory and coordinate policies in order to guide sectoral strategies on the basis of the dynamic competitiveness and to ensure optimal employment outcomes.



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International Labour Organization

Thank you

Questions & Discussion

