Afghanistan
Time to move to Sustainable Jobs

International Labour Organisation
Afghanistan
May 2012
One programme 3 tracks for post conflict employment creation and reintegration

Track A - Stabilizing income generation & emergency Employment
Track B - Local Economic recovery for employment opportunities & reintegration
Track C - Sustainable Employment creation and Decent Work
Demographic dividend or time bomb?

Population pyramid for Afghanistan, 2010 (unit: thousand)


0-14 = 49%
Overview of Afghanistan labour market

Static Picture as of 2008

- 12.06 million working-age population
- 8.03 million in labour force (66.6% LF participation rate)
- 823,000 unemployed (7.1% unemployment rate)
- 3.87 million underemployed (48.2% underemployment rate)
- 6.18 million in vulnerable employment (77.0% of LF)

Dynamic Picture

- **Over 400,000 Afghans joining the labour force / yr.**
Will Afghanistan produce sufficient number of decent jobs?
What may be happening in the market (apart from the expected impact of transition)

- Manufacturing base being replaced by cheap imports
- More immigrants coming to Afghanistan
- Investors refraining from investment
Currencies of major trade partners depreciate

Compared to 2002, the currencies depreciated against USD by:

- TJS -67%
- IRR -53%
- PKR -45%
- TRY -11%

While AFN FOREX remains stable (+1.4%)

Data Source: World Development Indicators & Global Development Finance database
Major export items may be hurt

<table>
<thead>
<tr>
<th>Product label</th>
<th>Exported value in 2008</th>
<th>Exported value in 2009</th>
<th>Exported value in 2010</th>
<th>change</th>
<th>% share 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>All products</td>
<td>540066</td>
<td>403441</td>
<td>388484</td>
<td>-28%</td>
<td></td>
</tr>
<tr>
<td>Edible fruit, nuts, peel of citrus fruit, melons</td>
<td>282039</td>
<td>204529</td>
<td>135997</td>
<td>-52%</td>
<td>35%</td>
</tr>
<tr>
<td>Carpets and other textile floor coverings</td>
<td>149623</td>
<td>67860</td>
<td>70016</td>
<td>-53%</td>
<td>18%</td>
</tr>
<tr>
<td>Lac, gums, resins, vegetable saps and extracts nes</td>
<td>22814</td>
<td>30299</td>
<td>40099</td>
<td>76%</td>
<td>10%</td>
</tr>
<tr>
<td>Oil seed, oleagic fruits, grain, seed, fruit, etc, nes</td>
<td>11147</td>
<td>40939</td>
<td>33440</td>
<td>200%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Source: UN COMTRADE
Are the policy responses right?

Important structural impediments are addressed in NPPs, but no overarching strategy on competitiveness and job creation.

Analyses of sectoral strategies may be inaccurate or outdated.

PDPs favor Soviet type of investment plans without serious consideration of competitiveness, feasibility and private sector-led investment.

Impact of community livelihood interventions dubious.
Recommendations
Towards more & better jobs

Re-evaluate competitiveness of strategic sectors and Afghan labour in a regional trade environment

**Track B:** Revisit strategies on local economic recovery for employment opportunities and reintegration

**Track C:** Revisit consistency of national development policies towards sustainable job creation and decent work
Thank you for your attention!

Any questions of clarification?