



# Create more quality jobs with regular pay to improve livelihoods and political stability

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## About the Authors

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## Overview

Creating more regular jobs and upgrading the quality of employment opportunities must be a top policy priority. This proposed policy step would not only generate the livelihood security and overall wellbeing sorely needed in the ever-growing urban centres across Afghanistan, it could also build confidence in the central government's ability to serve the public, contributing to political stability in this post-conflict setting.

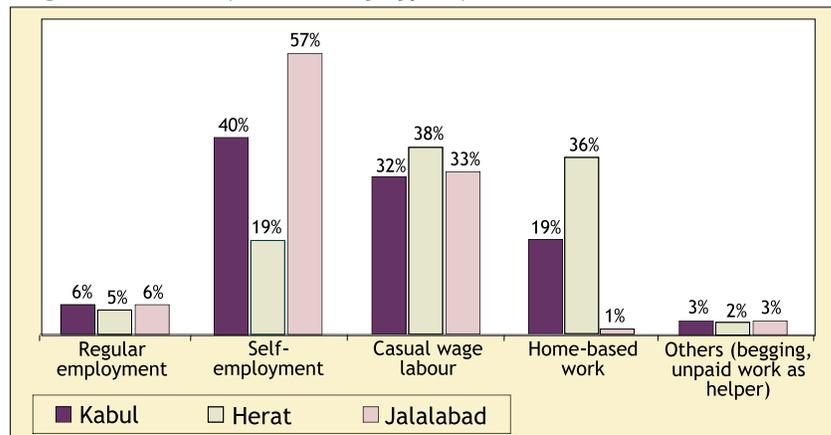
The Afghanistan Research and Evaluation Unit (AREU) conducted a study on how 120 households across three Afghan cities – Kabul, Herat and Jalalabad – coped with daily challenges over a 12-month period.<sup>1</sup> Research showed that most urban families are excluded from regular employment, which offers steadier and more adequate incomes. As a result, they live day-to-day and are unable to plan for the future.

This Policy Note proposes measures (see page 4), in the short and medium terms, aimed at giving more people access to regular jobs under better conditions. This is vital to reducing poverty and promoting equitable development in Afghan cities – the kind of environment that engenders political stability and could bring domestic and international credibility to the central government.

## In major Afghan cities, most jobs are irregular with unpredictable workdays and pay, leaving many families insecure about their future

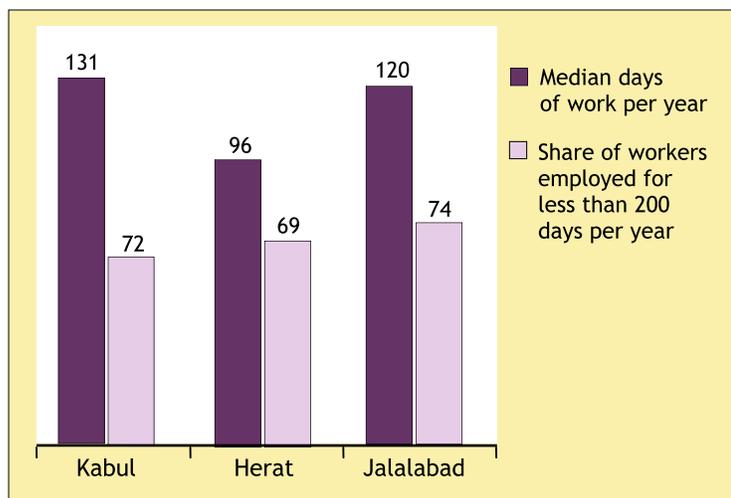
Figure 1 illustrates how few workers across all three study sites can depend on regular employment, with more fixed days of work and salary. When days of work are erratic and income flows are uncertain, daily survival takes precedence over planning for the future, or investing in assets. This uncertainty characterizes urban labour markets in Afghanistan, where informal employment is the main livelihood source for the great majority of workers. This includes

Figure 1: Share of workers by type of work



<sup>1</sup> Long-term research funded by the EC followed 40 households each in the cities of Herat, Kabul and Jalalabad. For more information on the methodology and objective of this research, see Beall, J. and Schütte, S., 2006, *Urban Livelihoods in Afghanistan*, Kabul: AREU.

**Figure 2.** Median days of work and share of workers employed for less than 200 days per year



wage employment without contract; self-employment in small-scale enterprises, often reliant on family labour and low levels of technology; and home-based production and domestic work. Informal employment is characterised by high competition, irregularity of work, low income and great seasonal variance.

The primary work types among the study sample are casual work and self-employment. Casual work (e.g. wage work in construction, shop employment, daily labour in agriculture, goods loading) represents a third or more of work types across study sites. Self-employment (i.e. petty trade, mobile vending, cart pulling, shop keeping) is more concentrated in Jalalabad and Kabul. Home-based work, primarily the domain of women, is prevalent in Herat and Kabul. Not surprisingly, there is a higher number of females active in the labour force in these two cities. Jalalabad seems to have a more conservative environment and fewer industries suited for home-based work.

Research on rural livelihoods<sup>2</sup> estimates that a base of 200 workdays per year is required for survival. This base is likely too low for more costly urban areas, and still few study households achieved it (Figure 2 and Table 1). The irregularity of job opportunities in the urban informal economy is evident with median<sup>3</sup> days of work overall in each city, as well as across most work types, falling below the survival benchmark.

**Table 1:** Median days of work by work type

	Home-based	Self-Employed	Casual	Regular
Kabul	172	181	118	254
Herat	97	212	236	305
Jalalabad	97	168	151	281

Table 1 shows the variation in days of work according to type of employment. One clear pattern in the data indicates that those with access to regular employment in each study site completed a substantially higher number of workdays. This supports the higher quality of regular work, at least in terms of access to work days.

Another point of interest is that home-based workers in Kabul accumulated a higher number of workdays than their counterparts in other cities. Moreover, they had access to more workdays than casual workers in both Kabul and Jalalabad. The number of workdays home-based workers in Kabul managed to access are also comparable with those completed by the self-employed in Kabul and Jalalabad. This indicates that home-based work is not necessarily the most marginal work type in terms of work days, as one might expect; however, more study is required on this specific form of work across urban locations to understand its dynamics and what affects both access to work, and its consistently low returns.

### Irregular employment, even with more workdays, still yields inadequate earnings

Can informal employment provide sufficient income to support sustainable livelihoods for families in Afghanistan's urban areas? To answer this question daily earnings from work are examined to look at the differences in days of work across work types, as well as monthly earnings to capture both differences in pay levels and days of work per month.<sup>4</sup>

The importance of access to regular work and the correspondingly higher number of days of work per month is apparent in Figures 3 and 4. While daily earnings for regular workers in Kabul and Jalalabad are not much higher than for those in casual work – and in fact are lower in Jalalabad – their monthly income is considerably higher (Figure 4). This is because those regularly employed have access to more workdays (Table 1). In Herat, both earnings per day and workdays per month are significantly higher for the regularly employed, meaning their median monthly income is quite substantial.

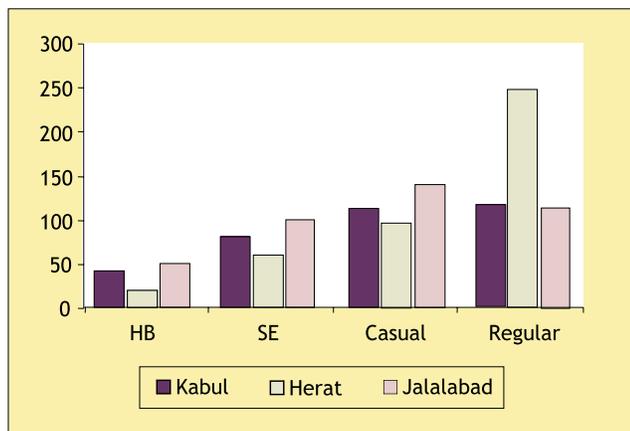
The significant value of regular work is also supported by a short-term AREU case study of urban

<sup>2</sup> Scoones, I. (1998), "Sustainable Rural Livelihoods: A Framework for Analysis," IDS Working Paper No. 72, Sussex:IDS.

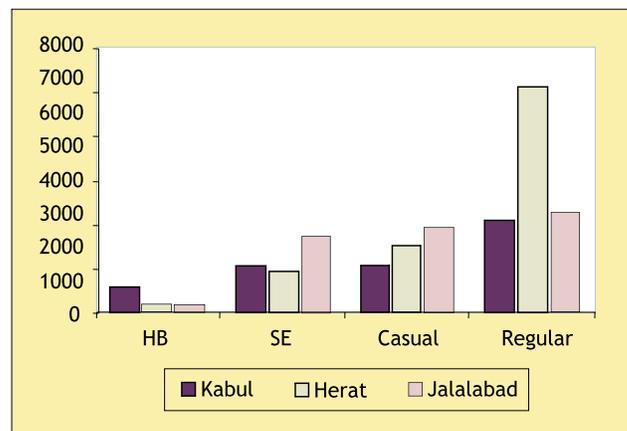
<sup>3</sup> The median represents the point where half of the respondents fall below the value and half above. It represents the data better than the mean when there is a high amount of variation in the data.

<sup>4</sup> For detail on differences in access to employment and returns to work by sex, age and disability status, see Policy Note recommending to: "Target assistance to families with the least access to diverse, better-paying jobs."

**Figure 3: Median daily earnings by type of employment**



**Figure 4: Median monthly returns by type of employment**



livelihoods in Pul-i-Khumri.<sup>5</sup> In this urban centre of Baghlan Province, which has more industrial employment than other Afghan cities, a group of families studied benefited significantly from their employment in a government-run textile factory, which provided them with regular income and housing endowment. Despite a period of production decline and job cuts in the industry, these households, not only stayed afloat in the present with stable earnings, they even managed to build assets, improving housing conditions and investing in higher educational standards for their children. Thus, regular earnings – although not high – helped these families to plan ahead, leading to more secure livelihoods and a better standard of living for the future generation.

Another interesting story apparent in these figures is that while casual and self-employed workers in Herat access substantially more workdays than those in Kabul or Jalalabad, they earn less per day, which translates into lower monthly median earnings. Consequently, workers in Herat may be pushed more than others to access as many days of work as possible due to the lower earnings they receive per day. This may partly explain the high prevalence of women working in this city (43 percent of the working population is female); they are driven into work due to what appears to be lower returns to labour.

These working women in Herat are concentrated in

home-based work. Table 2 illustrates that earnings for all workers in this type of work are low, with Herati women's being exceptionally low. Herati women are likely pushed to engage in paid work to meet household needs. Such low earnings from women's work, however, are not enough to survive on, let alone lift their families out of poverty. If women could earn more for their work and access a more regular supply of work, along the same lines as workday levels in Kabul for home-based work, then Herati families and individual women might gain more from participating in economic activities.

Estimated median annual earnings in Afghanis and U.S. dollars, as shown in Table 2, paint a dismal picture across most work types. These are individual and not family incomes, but given that on average most households studied had only between 1 to 3 workers per family with an average size of 7 members, low individual incomes translate to high family insecurity due to high dependency ratios. Hence, expanding employment opportunities within and outside the informal economy is needed in order to provide work to more able-bodied adult males and females. Increasing the opportunities for regular employment and improving the quality of work available (in terms of incomes and conditions of work) are prerequisites to livelihood security in urban Afghanistan.

**Table 2: Estimated median annual earnings**

	Kabul		Herat		Jalalabad	
	Afs	US \$	Afs	US \$	Afs	US \$
Home-based	8,902	182	2,547	52	3,755	77
Self-employed	18,740	382	14,305	292	25,475	520
Casual	18,113	370	24,011	490	26,075	532
Regular	31,578	644	77,810	1,588	34,098	696

<sup>5</sup>Schütte, S. (2006), "Dwindling Industry, Growing Poverty: Urban Livelihoods in Pul-i-Khumri," AREU Case Study Series, Kabul: AREU.

# RECOMMENDATIONS

Creating jobs and upgrading the quality of employment available must take high priority in urban development programmes. Adequate and regular incomes would create overall livelihood security and wellbeing among poor families in Afghan cities. This could translate into confidence in the government and contribute to political stability. Increasing the number of jobs, however, is not enough. The quality of the jobs are just as important. The skills of the workforce must also be matched with the needs of the labour market. The policy recommendations below offer ways to improve urban livelihoods in Afghanistan by creating an environment that puts a premium on better quality employment opportunities in a more regulated informal economy, and by supporting growth in the formal economy.

- 1. Re-evaluate Afghanistan's professed free-market approach and consider strategic interventions in key industries, aimed at equitable development, as well as increasing opportunities for Afghans to work in the formal economy.**
- 2. Ensure that quality of work opportunities is valued as much as the quantity of jobs created.** A focus on job quality can be achieved in the medium to long term through analyses of sectors, which place employment generation and employment quality high amongst selection criteria. The goal is to create opportunities characterised by high skills and higher pay. Avoid the easier recourse of generating more jobs in the low skilled, low-wage category.
- 3. Invest in vocational training and create an enabling environment for industrial and service sector growth, including provision of electricity and other needed inputs.** These steps will ensure that Afghans have higher-skilled work opportunities and that they are equipped to fulfill the needs of the growth sectors.
- 4. Facilitate the participation of women in the urban labour force under improved conditions, where they have real choices about place of work and their contribution is valued and compensated appropriately.** At the same time, reduce the burden of household chores to give women adequate time for paid work. This can be achieved by improving access to water, electricity and other basic services.
- 5. Use the ANDS process to design and implement nationwide urban poverty reduction programmes to improve the urban poor's quality of life at a scale approaching the reality of the problem.** This is in recognition of the inter-linkages between the myriad problems underlying urban poverty and taking an integrated versus sectoral approach, linking job creation, skills building and urban service provision as well as improving urban governance.
- 6. Donors must recognise the importance of the urban sector and commit more support to creative and comprehensive urban poverty reduction programmes and to capacity building within government institutions to achieve sustainable urban development.** This requires medium to long term financial commitments and a shift away from funding short-term pilots that are not brought to scale. Gaining donor support requires successful institutional reforms.

Vendors, street peddlers, cart pullers and other wage labourers are generally regarded as “informal” – at times, even “backward” – participants in the economy and are mostly excluded from decent work opportunities and city planning processes. They make a significant contribution to urban economies in Afghanistan and efforts must be made to improve their status and income-earning opportunities.

The following steps are recommended:

- **Recognize vendors and street sellers as important and dynamic actors in the city's economy.** Offer them some form of licensing, implemented transparently to minimize chances of rent-seeking by police and other state and non-state agents.
- **Institute an inclusive consultation process to discuss how to regulate informal economic activities and to ensure that both the needs of informal actors and the municipalities are addressed.** This means ending harassment and rent-seeking and guaranteeing that vending and other informal activities do not impinge on the effective operation of municipalities.