



WORKING GROUP PAPER ON ECONOMIC DEVELOPMENT  
(LABOR MIGRATION)

## Table of Contents

1- Introduction .....	3
2- Importance of regional Cooperation .....	3
3- Five priority areas for regional cooperation (inc recommendations .....	4
a. National employment policy .....	5
b. Regulatory framework .....	5
c. Memorandum of understanding .....	5
d. Labor market information system .....	5
4- Recommendations .....	6

## **A) Introduction**

- i. Overseas migration plays an important role in the economic progress and prosperity of individuals as well as nations - both countries of origin and destination. The economic contribution of migration, especially towards poverty reduction, employment generation and women's empowerment in Afghanistan is extensive. It is also an effective mechanism of transferring new skills. On return, the afghan migrants would bring knowledge and new skills as well as social capital to the country. Furthermore, the remittances sent by migrants, not only provide livelihoods for their families but also much needed foreign exchange to support the local economy. Remittances help build foreign exchange reserves and providing balance of payment support. Host countries are able to address a number of issues surrounding shifting demographics through effective labor migration. It is, therefore, an important source of economic growth and development for individuals as well as nations. Indeed, all migrant workers – irrespective of their status – contribute to growth and prosperity of sending and receiving countries.
- ii. Many issues concerning labor migration could be solved through regional cooperation. The issue is particularly important for Afghanistan as large numbers of Afghans are working in the neighboring countries and remittances from abroad are an important source of foreign exchange earnings. Due to the unstable situation in the past and current security reasons, labor migration from Afghanistan especially to the neighboring countries has been largely unregulated. The Afghan Government however, has initiated the process of developing mechanisms for better managing migration. In these efforts, the country needs support in developing regulatory and institutional framework as well capacity building.
- iii. **Vision:** promoting Decent Work for Afghan workers (men and women) overseas and regulating foreign workers in Afghanistan.

## **B) Importance of Regional Cooperation to Afghanistan**

- i. The growing importance of migration to both the source and host countries has resulted in the development of cooperative mechanisms. The “Colombo Process” (CP) is a consultation between labor-sending governments, established in 2003. It has 11 regular members: Afghanistan, Bangladesh, China, India, Indonesia, Nepal, Pakistan, Philippines, Sri Lanka, Thailand and Vietnam. Representatives from receiving countries and other international and regional agencies are participants. The Global Forum on Migration and Development (GFMD) provides a platform for discussing issues surrounding labor migration. The Association of South East Asian Nations (ASEAN), in its 12th Summit, adopted a Declaration on the Protection and Promotion of the Rights of Migrant Workers which set out the responsibilities of ASEAN and labor receiving and sending countries, and set out the development of an instrument for the protection and

promotion of the rights of migrant workers. The ASEAN Committee on Migrant Workers (ACMW) has been created to implement the Declaration which can help in promote regulating labor migration. These processes can provide technical assistance to Afghanistan in promoting decent work for Afghan workers through labor migration programs.

- ii. Labor migration from Afghanistan, especially to neighboring countries such as Iran and Pakistan has been largely unregulated. However, the Afghan Government has initiated the process of developing mechanisms to better manage migration but requires the support of regional and international partners to develop regulatory and institutional framework as well as addressing capacity building issues.
- iii. Labor migration is a relatively new for Afghanistan. Developing the institutional capacity to manage this program is vital. Many source countries have developed institutional mechanisms as well as regulatory frameworks for better managing migration from which Afghanistan can draw expertise. Development of institutional capacity can be greatly facilitated by the support of regional groupings or with countries which have demonstrated significant accomplishments.
- iv. There is a need for establishing such a mechanism to properly manage labor migration in Afghanistan. Many countries in the region have a rich experience, hence their cooperation is considered important in: i) establishing the mechanism including regulatory framework; ii) developing institutional capacity; iii) re-integration of returning migrants; iv) addressing the welfare of families left behind, and vi) remittances facilitation and effective use. Furthermore, the hosting countries can help Afghanistan by allocating a specific “quota” for Afghan workers.
- v. The international community can contribute through supporting programs and projects in the labor migration field. Labor hosting countries can play a significant role in helping Afghanistan in tackling the issue of unemployment by providing employment opportunities to Afghan workers in their respective countries.

### **C) Five Priority Areas for Afghanistan**

Considering the higher levels of employment and a relatively higher demand for construction and maintenance related occupations in Gulf countries there is a need for tapping this potential for Afghan workers. The impact of better migration management will be significant for Afghanistan in terms of reducing unemployment, raising levels of remittances through formal banking channels that can be used for development programs. Remittances are a valuable source of foreign exchange to Afghanistan and potentially an important addition to the gross domestic product at the macro-economic level. Remittances are also an investment strategy for Afghans, paying for the education of the next generation, and to build businesses.

- i. **Support to National Employment Policy and Strategy:** The correlation between increased employment opportunities and poverty reduction is recognized in the Government of Afghanistan's Afghanistan National Development Strategy (ANDS). The Government has committed itself under the ANDS to developing the skills of Afghanistan's labor force so that they are more productive, have more marketable skills and are therefore able to compete more effectively. To facilitate greater employment outcomes, a National Employment Policy and Strategy (NEPS) is being developed. In the context of employment, the country can also draw significant benefits by tapping the vast opportunities of employment overseas for the Afghan workforce. The NEPS clearly indicates the importance of labor migration and the need for establishing a mechanism to administer and regulate labor migration in the country.
- ii. **Regulatory Framework:** Development of an institutional and regulatory framework for managing migration together with building and strengthening institutional capacity for better managing migration. In the absence of a credible regulatory framework for labor migration, Afghanistan would not be able to efficiently mainstream its labor to the international labor market. Licensing the private sector labor sending companies, vocational training of jobseekers and making them employable in the overseas labor market, selection of workers based on the job requirements, monitoring the process etc are to be done within a standard regulatory frame work.
- iii. **Memoranda of Understanding:** Seeking MoUs with key labor hosting countries and also making efforts for the allocation of "quotas" for Afghan workers for a specified period of time. Since many Afghans currently reside and work in Gulf countries it makes sense to legalize their working status by means of arranging working visas for them. As a benefit to Afghanistan, it is cost effective to send Afghan workers to the Gulf countries and in addition they can easily assimilate based on cultural and religious ties.
- iv. **Establishment of Labor Market Information Systems:** In order to improve employment opportunities for Afghan workers, a better understanding of the employments data, trends and opportunities is required. At present, information is either non- existent or is inadequate with regard to provinces/districts/gender etc. The data from such an information system will help to enrich employment policies, programmes and schemes.
- v. **Remittances facilitation and effective use of remittances:** Informal fund transfer systems (IFTs) such as hawala can have legitimate and illegitimate uses. In Afghanistan, the hawala system may be more quick, cost-effective, convenient and versatile than bank transfers. However, it can also be used for illegitimate purposes such as circumventing capital and exchange controls, tax evasion, smuggling, money laundering and terrorist financing. The Government of Afghanistan in conjunction with the Afghanistan Central Bank and commercial banks develop a regulatory and incentive framework supporting official remittance flows.

## D) Recommendations for Regional and International Partners

- i. **Signing of bilateral agreements:** with labor receiving countries particularly, in the Gulf Region, on labor migration. To derive the full economic benefits of labor migration, the Government of Afghanistan needs to negotiate and administer labor migration schemes; to take full advantage of available labor market opportunities in labor receiving countries through actively marketing its labor force; and to jointly enforce temporary work visas through active cooperation with labor receiving countries. To best achieve these, partnership and cooperation between labor sending and receiving countries has to be given prominence. Temporary contractual labor schemes can serve this purpose. The Government of Afghanistan already has the basic institutions and necessary legislation in place to regulate and promote the exchange of labor with other countries. Private sector recruitment and employment agencies are envisaged to play an important role in the development of the Afghan overseas labor force and their licensing and regulation has commenced. All of the above are key elements of a MoU framework.
- ii. **Enhancement of the institutional capacity of MoLS:** for the better governess and administration of labor migration in Afghanistan by drawing on the experience of neighboring labor producing countries and agreeing to help Afghanistan to better develop its institutional capacity with the support of regional countries. The existing Unit for sending Afghan workers overseas within MoLS is in urgent need of enhancement. It does not have the required capacity in terms of institutional structure and technical staff. As a result, the unit's structure needs to be reviewed and structured in such a way that it could successfully respond to the needs of the ministry. A comprehensive training program for the management team and technical staff of this unit would further pave the road for the successful implementation of increasing job opportunities for Afghan labor.
- iii. **Expansion of the vocational training programs:** to train Afghan workers in various skills based on the needs of local and international labor markets. Surveys have pointed out that one of the major factors for unemployment is the lack of marketable skills among the jobless people. To provide relevant and quality technical and vocational education for both men and women to enable them to meet the requirements of the labor market in Afghanistan and the region, additional technical schools and vocational training centers need to be established and the capacity of the existing ones expanded. Therefore it is important to take the following into consideration:
  - Establishment of new schools by regional partners in a coordinated manner especially in the bordering provinces
  - Promotion and engagement of the private sector (across the region) to establish technical and vocational training centers, schools and institutes in private-public partnership
  - Specialization of the current technical and vocational training centers, schools and institutes to meet the demands of specific markets

- Supporting technical and vocational training centers, schools and institutes through student/ teacher exchange programs
  - Building links between regional universities, colleges and Afghan Institutions to increase access to knowledge and skills; establish exchange programs; increase scholarships; and web-based knowledge-sharing and seminars
  - Facilitating visits by Afghan trainees; establish skills training programs in conjunction with International Labor Organization for Afghan refugees and internally displaced people to enable them to return to Afghanistan with embedded skills
- iv. **Effective Remittance Transfer:** It is recommended that Afghanistan, International and Regional Financial Institutions develop a regulatory and incentive framework supporting official remittance flows through formal banking channels e.g. non-resident deposits, development bonds, customs duty exemptions, partnership with micro-finance institutions and a rapid and cheap money transfer system. These must involve private institutions who have an interest in promoting remittance transfers.
- v. **Establishment of Labour Market Information System:** to study the national and international labour markets: The technical expertise required for strengthening of the LMIAU range from the establishment of labour market information collection methodologies, analysis and reporting, undertaking ad-hoc surveys, coordination with ESCs, developing and updating data bank, monitoring labour markets as well as employment outcomes of the ANDS and other development interventions. Regional cooperation can play an important role to attain these objectives.
- vi. **Establishment of a Kabul Working Group (WG)** to address labor migration, in particular best practices and exchanges to develop knowledge on a) labor migration programs, and remittance transfer management The WG would constitute focal points from relevant missions and NGOs who would be tasked with follow up to the key recommendations agreed at RECCA IV.
- vii. **Development of a Comprehensive National Policy:** on labor migration for further facilitation of overseas employment for Afghan workers as well as developing an action plan for implementation of the policy. International organizations such as ILO, IOM, UNHCR and also the labor sending countries of the region could assist in development of such policy for Afghanistan.