



STRIVE *for Learning*

Activity Brief No. 1

STRIVE (Supporting Transformation by Reducing Insecurity and Vulnerability with Economic Strengthening) is a 6.5-year, \$16 million cooperative agreement, funded by the USAID Displaced Children and Orphans Fund, in close collaboration with the USAID Microenterprise Development Office. STRIVE uses market-led economic strengthening initiatives to benefit vulnerable children while aiming to fill current knowledge gaps on effective approaches to reducing the vulnerability of children and youth. STRIVE is implemented through four country-based programs in the Philippines, Afghanistan, Mozambique, and Liberia. The lessons learned from the program in each of the host countries will be evaluated with the aim of establishing best practices for similar interventions promoting sustainable, market-based approaches to poverty in developing countries. Find out more about STRIVE and the FIELD-Support LWA at www.microlinks.org/strive

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Apprentices working in metal workshops in Kabul (photocredit: MEDA)

The Afghan Secure Futures (ASF) Project

Background

Afghanistan has been decimated by 30 years of war. Despite international development and reconstruction efforts, the country continues to suffer from widespread malnutrition, insecurity, lack of infrastructure, poor education and few opportunities for employment in the formal economy. Official estimates put Afghanistan's adult unemployment rate at 40 percent, and reports indicate that up to 90 percent of Afghans rely on informal employment as their main source of livelihood, lacking both job protection and income security.

The shocks of the conflict on Afghan households have had a serious impact on the livelihood strategies of young people, many of whom are engaged in income generation in exploitative and dangerous environments. Child labor is widespread, and detrimental effects on youth include poor school

ASF At a Glance

ASF reached 353 **workshops** and **1,080 youth apprentices**, with approximately one-third of these receiving multiple ASF interventions. ASF's role in supporting workshop owners—were awarded contracts totaling **US\$2.2 million**—to secure contracts included: providing training; facilitating contacts between workshops and contractors; and connecting workshop owners to each other, facilitating the process of subcontracting, or joint bids by multiple workshops.

attendance, skill deficits, physical vulnerability, and drug abuse. In this context, apprenticeships are a common way for youth to gain working skills in Afghanistan and they typically occur in the skilled trades with most youth starting at around 13 or 14 years of age.

There are no formal contracts between the trainer and apprentice; instead the apprenticeship is arranged informally through family and close acquaintance relationships. Apprentices receive compensation in the form of a weekly wage and daily lunch. While valuable for youth skill building, the quality of apprenticeships varies greatly, with some apprenticeships causing young people to forego their formal education, put themselves at risk of physical injury, or become stuck in low-wage jobs over the long term.

Many apprentices are employed in the growing construction sector. Afghanistan's construction industry has evolved significantly in the last five years, with over US\$1 billion committed by the government and donors to build new water, electricity and road networks, as well as government buildings and educational institutions. The private sector has also invested funds in infrastructure development, building hotels, shopping centers and private residences. While vibrant, the industry is also characterized by a number of weaknesses. Poor skills and low product quality encourage larger firms to vertically integrate, excluding micro and small enterprises (MSEs, also referred to here as "workshops"). However, limited financial management skills and poor understanding of the tendering process, as well as their informal status, have disqualified many potential MSE bidders from winning larger contracts, either directly or as a sub-contractor. Supporting services, including access to finance, marketing, and advisory services are typically unavailable for MSEs.

Approach and Methodology

In line with STRIVE's goals, the Afghan Secure Futures (ASF) initiative, implemented by the Menno-nite Economic Development Associates (MEDA), had two main components:

- **Increase the number and diversity of contracts for MSEs working within the construction sector and employing youth apprentices.** By linking small businesses to larger market players, business associations and financial service providers, the project enabled businesses to improve both the quality and quantity of their work. Increasing MSE revenue corresponded to an increase in the income of the apprentices

working in the workshops, according to apprentice interviews.¹

- **Improve working conditions and learning opportunities for apprentices.** Safe and responsible apprenticeships offer young Afghan workers the opportunity to learn technical, business and life skills within a workplace setting, gaining valuable hands-on experience. ASF supported learning by linking apprentices who were no longer attending school to local organizations providing functional literacy and numeracy classes.

The target population for ASF was Afghan boys aged 12 to 18 located in the capital city of Kabul who currently work in informal workshops as apprentices, either employed full time or combining work and school.

MSE Upgrading and Market Development

ASF's initial strategy was to link MSEs to larger lead firms interested in subcontracting to qualified suppliers. Early communications with lead firms indicated that they were willing to work with MSEs, but were skeptical of their capacity to deliver. As project implementation got underway, it became clear that MSEs would require significant upgrading to be able to supply lead firms and that this would be a longer-term objective. ASF therefore focused on supporting workshops to access the services they required to upgrade their business practices and fostering linkages to more lucrative markets.

Taking a broad look at the sector, ASF's activities thus focused on:

- facilitating vertical relationships;
- strengthening existing business associations;
- building the capacity of workshop owners in business skills; and
- increasing the provision of financial services.

As mentioned above, MSEs in the construction sector are generally excluded from large, lucrative jobs because of their informal status as well as their lack of the necessary knowledge, skills, information, and access to supporting services.

¹Due to small sample size, results are not statistically significant and should not be assumed to be representative.

In order to provide MSEs with advocacy, promotion and training services, ASF strengthened two existing business associations. As representative bodies, the associations provide basic information and orientation to the tendering/bidding process as well as safety and building codes for the workshops seeking to improve their quality of service. Additionally, trainings were held for MSEs on marketing, human resource management and business management fundamentals. Finally, ASF supported regular on-the-job business counseling for MSEs to field and address business challenges. At the request of workshop owners, ASF designed and printed a notebook to help streamline the process of taking orders. The notebook was distributed to more than 900 MSEs; workshop owners report using the notebook in their daily operations and frequently bring them to training sessions to show other workshop owners.

An open house and project exhibition was held in December 2009, allowing ASF workshop owners to showcase their products and make new business connections. In October 2010, ASF also used the APEX 2010 Afghanistan product exhibition, which attracted 7,000 attendees, to demonstrate that a local product exhibition can be largely managed locally and supported, at least partially, by the local business community. Products that were improved through the project's MSE upgrading services sold significantly better than other products. The positive response to that exhibit led to the second annual expo in July 2011.

Lastly, the lack of investment capital available to MSEs in the skilled trades sector was identified as a key barrier to their expansion and broadening of the sector as a whole. Market research at the onset of the project found that while loans were much in demand, workshop owners felt strongly that any loans needed to be compliant with Islamic *sharia* law, which includes an injunction against interest-bearing loans. ASF therefore worked with a partner microfinance institution (MFI) to develop a *sharia*-compliant credit product that would be appropriate for MSEs. Although some challenges arose with uptake of these loans, they were generally well received, making it possible for twelve MSEs to access credit. The new MSE loan product adheres to the same institutional controls and regulations as the MFI's other loan products, and continues to be offered beyond the life of the project.

Supplementary Education for Apprentices



One key ASF activity was to provide literacy and numeracy classes as supplementary education for youth apprentices, who in many cases have left formal education to pursue income-earning opportunities. In the Koti Songi area of Kabul, ASF trained 26 students (ages 10-15), who attend classes three times a week. For the vast majority, this was the first formal learning experience of their lives. All work as apprentices in either the metal or carpentry sectors and, for many, the goal is to eventually open their own shop. ASF staff assessments established that apprentices found the classes to be a positive experience. By attending and learning to read and write, they realized they could overcome a significant barrier in their lives.

In one-on-one interviews, apprentices revealed that their earnings represented a significant portion of household income and that, in most cases, there were only one or two wage earners supporting six or more household members. By contrast, 75% of apprentices not taking part in the supplementary classes reported having at least three wage earners in the family. In most cases, those apprentices' wages were only the third most significant source of income. (Note: figures are from a convenience sample and not representative of all project beneficiaries.)

The courses, run by local partner Aschiana, were adapted for both the local context and the skills needed. Achiana successfully advocated for space in the government schools in the evening hours. Aschiana and ASF then cooperated in the development and publication of a curriculum tailored to the needs of working children and youth in the construction industry.

Enhanced Safety and Learning

Many MSEs that employ apprentices have very poor infrastructure, indicating a need for innovative approaches to strengthen workplace safety. Workplace safety and educational activities conducted by ASF for young people complement the market development approach, and include two components: **dual purpose lending** and **enterprise-based learning**.

As mentioned above, ASF intended that the MFI loans incentivize improved working conditions for apprentices through a “dual purpose lending approach.” While enterprise loans such as this traditionally focus on enabling the borrower to invest in the development of the client’s business by purchasing new tools, buying materials in larger quantities, or expanding their product/service line, a secondary purpose is to invest in workplace safety and enhanced learning opportunities for young people working in the businesses. Partner MFI staff, particularly loan officers, were trained on workplace safety assessment tools and negotiation skills for improving working conditions for children and youth.

Literacy Skills for Improved Employability

Approximately 220 apprentices attended regular literacy and numeracy classes conducted in seven locations close to their workshops. For many of the 220 participants, these classes were the only classroom education the apprentices had ever received. These basic literacy skills gave the apprentices skills that were immediately valuable in the workplace; in addition, the apprentices saw literacy as necessary for them to be able to open their own workshops at some point in the future.

Because relatively few of the target workshops were eligible for MFI loans due to property ownership requirements, the ASF team identified other economic incentives for positively influencing workplace safety. In particular, business development services for workshops were found to be an effective avenue for promoting occupational safety and health for youth apprentices. Both workshop owners and apprentices reported a marked decrease in workplace accidents over the course of the project: at baseline, 28% of workshops reported

accidents in their workshop in the previous year. At program final review, just 4% reported injuries.² Upon further questioning, respondents attributed such reduction to the program interventions.

Under this second component, local partner Aschiana organized literacy and numeracy classes in seven locations that provided supplementary education to 220 apprentices over a period of seven months. An ASF field survey revealed that the majority of apprentices were already in school, but workshop owners displayed a high degree of resistance toward allowing apprentices not in formal schooling to attend classes. ASF managers observed that by focusing on business development for the workshop owners themselves during the first year, the program was able to establish a solid rapport with them, which helped persuade owners that changes ASF promoted, such as educating apprentices, would yield positive outcomes for their businesses. To address workshop owners’ hesitance, classes were also held after business hours in locations convenient to workshops, which led to more regular attendance while ensuring that classes did not interfere with apprentices’ work.

Awareness-raising sessions were also held with workshop owners to promote the value of having more highly educated apprentices who would be able to assist with tasks such as record-keeping and bookkeeping. The contextual education was also modified to include tools and equipment that are used in the workshops as part of the reading and writing curriculum to link to skills that can be immediately applied in the workshops. The curriculum was printed and made available to the Ministry of Education and local and international NGOs.

Qualitative interviews with workshop owners conducted during the final project assessment revealed clearly visible changes in apprentice abilities: during phone interviews, 81% of workshop owners reported observing increased competence among apprentices who attended the classes.

²One qualification to the results is that, in some instances, respondents were referring to incidents over duration of the project, and in others to instances occurring over the previous year. Even so, results clearly indicated a downward trend in workplace accidents.

As literacy and numeracy skills of apprentices improved, workshop owners were able to transfer tasks, such as recording measurements and taking orders, over to the apprentices. In a survey of apprentices, respondents expressed the opinion that attending the classes provided them with increased ability to secure other employment (95%); led to promotions, increased responsibility or increased autonomy within the workshop (91%); and resulted in improved self-confidence (97%).³

Looking Ahead

A key learning area for ASF relates to the importance of building vertical relationships between workshops, large firms, and loan facilities as well as horizontal relationships among workshop owners. The meetings between workshop owners and larger firms that were facilitated by ASF activities, including capacity building training provided through business associations, facilitates the development of diverse business relationships. These gatherings have translated into tangible business opportunities for workshop owners who produce high quality goods, as they are introduced to larger firms who can refer work to them. A critical lesson related to this challenge is the importance of building trust, or social capital, among members of the value chain as a strategy for impacting vulnerable children.

ASF managers observed that when workshop owners benefit from improved relationships with members of the supply chain and manage to win contracts, word spreads quickly and this demonstrated success becomes a catalyst for further relationship-building. Owners who were surveyed credited program activity – namely, linkages with new markets and increasing the skill level of apprentices – for an increase in contracts. It is likely that another factor was growth in the businesses as part of their natural lifecycles.

The STRIVE project's focus is on measuring the impact on the well-being of youth through economic development activities that surround them. Under

³The survey should not necessarily be considered representative, due to small sample size. Literacy classes began late in year 2 of the project in order to maximize workshop owner buy-in. As a result, there was insufficient time to measure outcomes, beyond the findings of self-reported assessments.

ASF, the expectation is that project activities will have an impact on the income and future employability of the youth, while anticipating a number of secondary impacts that touch upon other aspects of youth well-being. For example, some apprentices participating in ASF assessments reported benefits including enhanced employability and self-confidence, greater household income and strengthened food security.

Supplementary Education: Preparing Apprentices for Future Success



Najib, 16, has been apprenticing for about a year. He had never been to school before the supplementary literacy classes offered through ASF. His job, before his father found him the apprenticeship, was selling candy on the street, making very little money. He now makes about 400 AFG a week – about \$9 US – double what he was earning when he started.

His household has eight people – father, mother and siblings. Only he and his brother work (his brother is a car washer) so the money he earns represents an important contribution to the household income.

He describes the impact of the supplementary education on his dreams for the future: “The classes are the first education I have ever received. I want to learn about metal work, and eventually open my own shop, so I can help my family more. But you cannot have a shop or earn any money if you cannot read or count. The classes are helping me get ready to be a workshop owner.”