



## **Paper Title: Women’s Economic Participation in Post-2001 Afghanistan**

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# **Women's Economic Participation in Post-2001 Afghanistan**

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Afghan women's overall agency and economic participation were immensely affected due to incessant instability arising from the civil war, and later during the Taliban rule in the 1990s. This state-of-affairs began to change in the post-2001 period. During this period, women's engagement with and participation in the economy improved dramatically in a short span. Women's participation in the labor force reached 21.6% in 2019 from around 14.6 in 2000.<sup>2</sup> According to the latest figures, in the post-2001 era, around 1,150 female entrepreneurs have invested in different businesses across Afghanistan.<sup>3</sup> All these achievements have occurred due to the conducive legal, political, and financial climate that was cultivated after 2001 and with the presence and support of the international community. Nevertheless, Afghan women do still face obstacles that make it challenging for them to thrive in the economic sector.

This essay examines the legal context for women's economic participation and provides a brief overview of the status of women's involvement in the Afghan economy. It also explores the challenges women still face in these areas and offers policy recommendations for the Afghan government and the private sector to address the challenges.

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1. Hanifa Yari holds an undergraduate degree in economics from the American University of Central Asia.

2. "Labor force participation, female." World Bank, September 2019. <https://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS?locations=AF>

3. Arman, Rohullah. "AWCCI Releases Figures On Women Entrepreneurs." Tolonews, February 11, 2019. <https://tolonews.com/business/awcci-releases-figures-women-entrepreneurs>

## Legal Context

Since 2001, significant efforts have been made to make the legal conditions and context conducive for women's participation in the economic sector. Article 22 of the 2004 constitution prohibits all forms of discrimination among citizens, including on the basis of gender. Article 10 prescribes ensuring the safety of capital investment and private enterprises in accordance with the provisions of the law and market economy.<sup>4</sup> Article 40 stipulates that every individual is permitted to own and acquire property, with the government responsible for its protection.<sup>5</sup> Sharia law (albeit Sharia could be subject to different interpretation) too recognizes women's right to own property.<sup>6</sup>

In addition to constitutional provisions, there have been several other legislations, strategies and policies that have helped make the legal and administrative context more conducive for women's economic participation. The Private Investment Law (adopted in December 2005) supports and protects private investment and enterprises based on the free market economy system. Article 4 of this Law stipulates that all foreign or domestic persons are eligible to invest in all sectors of the economy.<sup>7</sup> Article 16 of this Law provides a legal guarantee vis-a-vis protection of enterprises against discrimination, including those of women's businesses.<sup>8</sup> Under Article 19 of this Law, all registered enterprises are entitled to use banking facilities in Afghanistan.<sup>9</sup>

In 2001, the Afghan government developed the National Action Plan for the Women of Afghanistan (NAPWA) and implemented it from 2007 to 2017. Pillar Three of NAPWA focuses on women's socio-economic development by providing opportunities such as access to education, vocational training and employment, legal protection, promoting recognition of women as economic agents, promoting women's leadership in the economic sector, and developing and adopting policies that address

4. The Constitution of Islamic Republic of Afghanistan, Article 10.

5. The Constitution of Islamic Republic of Afghanistan, Article 40.

6. "Women and Property Rights." Canadian Women for Women in Afghanistan. [https://www.cw4wafghan.ca/sites/default/files/attachments/pages/cw4wafghan-womenspropertyrights-factsheet2\\_0.pdf](https://www.cw4wafghan.ca/sites/default/files/attachments/pages/cw4wafghan-womenspropertyrights-factsheet2_0.pdf)

7. "Private Investment Law." World Trade Organization December 21, 2005. [https://www.wto.org/english/thewto\\_e/acc\\_e/afg\\_e/WTACCAFGSA1\\_LEG\\_3.pdf](https://www.wto.org/english/thewto_e/acc_e/afg_e/WTACCAFGSA1_LEG_3.pdf)

8. Ibid.

9. Ibid.

the particular needs of women.<sup>10</sup> The action plan had set four indicators to gauge the goal of creating “an enabling economic and social environment that is conducive to the full development and realization of women’s economic potential,” which made NAPWA more practical from a project perspective.<sup>11</sup> It also calls for legal protection and promoting recognition of women as economic agents, addressing particular needs of women working in the informal economy.<sup>12</sup> Despite shortcomings in implementation, important achievements have been made in women’s access to education, health services, employment, and justice.<sup>13</sup>

In early 2019, the Ministry of Women’s Affairs developed the Policy on Women’s Access to Inheritance and Property Rights with an implementation period from 2019 to 2023.<sup>14</sup> This policy focuses on raising public awareness on women’s right to owning property, facilitating women’s access to property rights, ensuring accessibility of legal assistance to women with regard to property rights, strengthening a safe system of property rights for women, and empowering women to tackle customary obstacles to women’s access to property rights. Since the implementation of this policy is a work in progress at present, no assessment has been conducted to evaluate its success.

Nevertheless, in Afghanistan, there tends to be a difference between the laws as they stand on paper, and their implementation on the practical level. Rule of law remains weak, corruption is widespread, accountability is shaky, and a general perception of impunity remains high.<sup>15</sup> Moreover, there is no systematic report or comprehensive data on the extent to which

10. “National Action Plan for Women of Afghanistan.” Government of Islamic Republic Afghanistan, 2007. <http://extwprlegs1.fao.org/docs/pdf/afg149120.pdf>

11. p 62.Ibid.

12. pp68-70.Ibid.

13. Anil, Ahmad Shaheer. Karimi, Nafasgul. Karlidag, Melike. Nasery, Farid. Parto, Saeed. Saadat, Ehsan. Sabir, Mohammad and Saifi, Zarghona. “Implementation of the National Action Plan for Women in Afghanistan: An Assessment.” APPRO, March 2014. pp. 12-15. <http://appro.org.af/wp-content/uploads/2017/03/214589487-NAPWA-Assessment-March-15-2014.pdf>

14. “پالیسي: مسترسي زنان به حق ميراث و مالکيت.” [Policy: Women’s access to inheritance and Property Rights]. Ministry of Women Affairs. <https://mowa.gov.af/sites/default/files/2019-09/%D9%BE%D8%A7%D9%84%DB%8C%D8%B3%DB%8C%20%D8%AF%D8%B3%D8%AA%D8%B1%D8%B3%DB%8C%20%D8%B2%D9%86%D8%A7%D9%86%20%D8%A8%D9%87%20%D8%AD%D9%82%20%D9%85%DB%8C%D8%B1%D8%A7%D8%AB%20%D9%85%D8%A7%D9%84%DA%A9%DB%8C%D8%AA.pdf>

15. “The Rule of Law in Afghanistan: Key Findings from the 2016 Extended General Population Poll & Justice Sector Survey.” World Justice Project, 2016. page 6. [https://worldjusticeproject.org/sites/default/files/documents/WJP\\_Afghanistan%20GPP%20%20JSS%20Report\\_2May2017%20%283%29.pdf](https://worldjusticeproject.org/sites/default/files/documents/WJP_Afghanistan%20GPP%20%20JSS%20Report_2May2017%20%283%29.pdf)

these policies and strategies have been effectively implemented in practice, a shortcoming that makes it difficult to assess the extent to which these laws have been implemented, and/or the degree to which they have been effective. All these factors make it difficult for the laws to translate into substantial difference on the ground.

### **Women's Engagement in the Economy**

There are over 15 banks operational in Afghanistan, and a majority of them offer loans and financial services. Nevertheless, due to various reasons—including women's inability to provide collateral due to lack of possession of property and gender discrimination—81% of female entrepreneurs run their businesses in the absence of access to credit or financing.<sup>16</sup> A large majority of women remain excluded from the economic sphere. In 2019, only 18.6% of Afghan women contributed to their family's income, which was slightly less than 19.1% in 2018 and 20% in 2017.<sup>17</sup> Furthermore, 86.5% of women in urban areas and 79.6% in rural areas do not contribute to their family income.<sup>18</sup> Unemployment among women stands at 41%.<sup>19</sup> It is important to note that according to the Afghan government, employment for women is largely restricted to agriculture, manufacturing and services sectors.<sup>20</sup> 32.8% of the workers in agriculture and 58.6% in livestock sectors are female.<sup>21</sup> In the manufacturing sector, they comprise 64.4% of the workers.<sup>22</sup> 89.9% of women are in vulnerable employment,<sup>23</sup> and 71.3% of them are employed in non-agricultural informal economy.<sup>24</sup>

Women's role in the business and entrepreneurship sectors remains limited. Registered women-owned businesses account for only 5% of all licensed businesses in Afghanistan.<sup>25</sup> Another qualitative difference is the

16. UCA, (Butler & McGuinness, 2013).

17. "A Survey of the Afghan People: Afghanistan in 2019." Asia Foundation, 2019. page 96. [https://asiafoundation.org/wp-content/uploads/2019/12/2019\\_Afghan\\_Survey\\_Full-Report.pdf](https://asiafoundation.org/wp-content/uploads/2019/12/2019_Afghan_Survey_Full-Report.pdf)

18. Ibid. P 96.

19. Ibid. p 95.

20. "Afghanistan's Living Conditions Survey 2016-17." Central Statistics Organization (CSO) of the Government of the Islamic Republic of Afghanistan (2017). page 77. <https://washdata.org/sites/default/files/documents/reports/2018-07/Afghanistan%20ALCS%202016-17%20Analysis%20report.pdf>

21. Ibid. p77.

22. Ibid. p 77.

23. Ibid. p 73.

24. Ibid. p 76.

25. Ganesh, Lena. "Women's Economic Empowerment in Afghanistan: Creating Spaces and Enabling the Environment." Afghanistan Research and Evaluation Unit, August, 2013. p6. <https://areu.org.af/publication/1313/>

fact that 78% of these businesses are small businesses (1–10 employees).<sup>26</sup> Moreover, the majority of women-owned businesses are located in Kabul province, followed by Herat and Balkh provinces.<sup>27</sup>

### Challenges and Prospects

Achievements that women have made in the post-2001 period are several, when compared with the position and status of women in the economy prior to 2001. However, these achievements are not substantial enough yet, and continue to face a range of challenges. These challenges and their contexts can be understood by examining them via six broad categories.

**Socio-cultural Problems:** Afghanistan lags behind many countries that have mainstreamed gender equality across social, political, and economic arenas. Women's economic participation is restricted due to the prevalence of negative social attitudes and perceptions. Therefore, even if women start businesses—which itself remains a difficult undertaking—the likelihood of them being able to expand their financial initiatives is low because small businesses are more convenient for them. According to a 2015 study, 78% of women-owned businesses are small enterprises with 10 or fewer employees.<sup>28</sup> Traditionally, women have been dependent of their male family member/s. Women who make visible progress in business tend likely to be exposed to reputational risks,<sup>29</sup> resulting in men likely disallowing them to do so, or withholding their cooperation. Additionally, in the Afghan society, men enjoy more opportunities and are allowed to freely exchange information about their career without any limitation of when or where. In contrast, Afghan women are often restricted to their homes due to the lack of culturally acceptable places to congregate.<sup>30</sup>

**Economic Problems:** In Afghanistan, rules abound on paper but the reality on the ground remains significantly different. Access to financial

26. Butler, Ainsley, and McGuinness, Kate. "Afghan Women's Economic Participation. Survey report. Kabul, 2013: Building Markets. page 9.

27. *Ibid.* p 10.

28. Sabri, Najla. "From Invisibility to Visibility: Female Entrepreneurship in Afghanistan". A Thesis Presented to the Department of International Studies and the Graduate School of the University of Oregon in partial fulfillment of the requirements for the degree of Master of Arts, June 2015. [https://scholarsbank.uoregon.edu/xmlui/bitstream/handle/1794/19333/Sabri\\_oregon\\_0171N\\_11358.pdf?sequence=1&isAllowed=y](https://scholarsbank.uoregon.edu/xmlui/bitstream/handle/1794/19333/Sabri_oregon_0171N_11358.pdf?sequence=1&isAllowed=y)

29. *Ibid.*

30. Wafeq, Manizha. "Internal Factors Affecting Growth of Women-Owned Businesses in Afghanistan". AWCCI, July 2018.

institutions, loans and poor market information, insufficient access to raw materials etc. are other problems women face in Afghanistan.<sup>31</sup> For women, lack of access to assets and property that can be offered as collateral for loans have made their access to finance even more difficult. Women's access to property is not limited by laws but law enforcement mechanisms have failed to implement laws comprehensively.<sup>32</sup> Recent data shows that only 17% of Afghan women independently own a house, compared to approximately 50% of Afghan men.<sup>33</sup> Additionally, only 9% of the population holds accounts at financial institutions and 3% save at a formal institution.<sup>34</sup> As of 2019, only 7% females had accounts in formal financial institutions compared to 23% males.<sup>35</sup> Even those who could secure loans did not find borrowing attractive, as the terms of loans were very brief and interest rates, high.<sup>36 37</sup>

**Lack of Relevant Skills, Awareness and Knowledge:** Women entrepreneurs in Afghanistan often lack basic knowledge and skills required for running a business, such as marketing, branding, proposal writing, etc. Lack of familiarity with the legal system adds to this problem. Long-term business management and business development training for women has been inadequate,<sup>38</sup> and this is particularly true for women in rural areas.

**Security Problems:** Afghanistan continues to be one of the most difficult places in the world for women,<sup>39</sup> with the Taliban exercising control in

31. Nehad, Freshta. "Women Entrepreneurship in Afghanistan and Success Determinants of Afghan Women Entrepreneurs: Case Study of Kabul City." Afghan Economic Society, 2016. <https://www.afghanecomicsociety.org/Nehad.pdf>

32. Akbar, Shahrzad. and Pirzad, Taiba. "Women's Access to Property in Afghanistan: Law, Enforcement, and Barriers." Qara Consulting, May 2011. <http://harakat.af/pdf/research/977758d76a84de77b.pdf>

33. "only 17% of Afghan women independently own a house, compared to approximately 50% of Afghan men" UCA, 2016. p 24.

34. "Barriers to Women Entrepreneurs' Access to Markets." Equality for Peace and Democracy, December 30, 2015. <http://www.epd-afg.org/wp-content/uploads/2016/04/RMA-English-Revised.pdf>

35. Noshier, Wahidullah. "A pathway to financial inclusion in Afghanistan." World Bank Blogs, February 19, 2020. <https://blogs.worldbank.org/endpovertyinsouthasia/pathway-financial-inclusion-afghanistan>

36. Sabri, Najla. "From Invisibility to Visibility: Female Entrepreneurship in Afghanistan". A Thesis Presented to the Department of International Studies and the Graduate School of the University of Oregon in partial fulfillment of the requirements for the degree of Master of Arts, June 2015. [https://scholarsbank.uoregon.edu/xmlui/bitstream/handle/1794/19333/Sabri\\_oregon\\_0171N\\_11358.pdf?sequence=1&isAllowed=y](https://scholarsbank.uoregon.edu/xmlui/bitstream/handle/1794/19333/Sabri_oregon_0171N_11358.pdf?sequence=1&isAllowed=y)

37. Up to date data on this is unavailable.

38. Wafeq, Manizha. "Internal Factors Affecting Growth of Women-Owned Businesses in Afghanistan." AWCCI, July 2018. p 18.

39. Boh, Lauren. "We're All Handcuffed in This Country: Why Afghanistan Is Still the Worst Place in the World to Be a Woman." Time, December 08, 2018. <https://time.com/5472411/afghanistan-women-justice-war/?fbclid=IwAR04jdrXUU2F8bBbjMf4eJVWBQVJBMytQ681t1vUwriEzDXtqX5bKwTkc>

large swathes of the country.<sup>40</sup> Persistent insecurity presents one of the biggest barriers for women entrepreneurs as it restricts their mobility and activities. Challenges posed by the security situation affect women in rural and remote areas more severely as government presence and control is overstretched or absent, and that of the Taliban prevails.

**The Urban–Rural Divide:** In the past 18 years, both the Afghan government and the international community have focused their women empowerment programs mainly in the urban areas, particularly in Kabul, Herat and Balkh provinces. Women in rural areas were not given much attention, and consequently women in rural areas considerably lag behind their urban counterparts. This is further exacerbated by the fact that women in rural areas remain more financially dependent on their male relatives. Moreover, women in rural areas remain mostly limited to agriculture and livestock sectors.

**Corruption:** Corruption is rampant across the Afghan government, and to a certain extent in international organizations working in Afghanistan.<sup>41</sup> Afghan government has always featured at the top of corruption indices, coming in as the fourth most corrupt country in 2018,<sup>42</sup> with the 172nd rank among 180 countries in 2019.<sup>43</sup> Corruption affects women more acutely for two reasons. Firstly, it is economically less affordable for women–owned businesses to pay bribes because their businesses are small. Secondly, women have a relatively limited network in the government as compared to men, and as a result, more prone to other forms of corruption in offices. Another discouraging factor is the uncondusive environment in offices providing critical services to businesses, such as licensing and taxation, where women are barely visible.<sup>44</sup>

40. Chughtai, Alia. “Afghanistan: Who controls what?” Al Jazeera English, June 24, 2019. <https://www.aljazeera.com/indepth/interactive/2016/08/afghanistan-controls-160823083528213.html>

41. “Corruption in Conflict: Lessons from the U.S. Experience in Afghanistan.” SIGAR, September, 2016. p 11, and p 76. <https://www.sigar.mil/pdf/lessonslearned/SIGAR-16-58-LL.pdf>

42. “Afghanistan Ranked 4th Most Corrupt Country For This Year.” Tolonews, 2018, <https://tolonews.com/afghanistan/afghanistan-ranked-4th%C2%A0most-corrupt-country-year>

43. “Corruption Perception Index.” Transparency International, 2019. <https://www.transparency.org/country/AFG#>

44. Wafeq, Manizha. “Internal Factors Affecting Growth of Women-Owned Businesses in Afghanistan.” AWCCI, July 2018. p 13.



## **Conclusion**

After the fall of the Taliban, important legal steps have been taken to make the environment conducive for women's economic growth. The Afghan constitution, other laws pertaining to economic activities and investment, and policies regarding inheritance and women's property rights all have created a relatively conducive legal environment for women's economic engagement. However, there are challenges as to the implementation of these laws, which render these legal provisions less useful in practice. A set of financial institutions have been set up to support economic empowerment of women and to facilitate their access to loans and finance. The United States Agency for International Development, Aga Khan Development Network, and FINCA are some of the international organizations operating in Afghanistan and among the few financial institutions with specific focuses on women's economic empowerment. These organizations have made loans available/affordable in the country.

Nevertheless, compared to men, women face many challenges and obstacles. Most importantly, gender equality is far from an accepted norm in Afghanistan. Women who dare to go out and work still face problems. Their access to resources and loans remain limited. Lack of family support and harassment in public places make their mobility difficult and constrained. Women are mostly not allowed to travel alone. They also face the brunt of insecurity, corruption, and cultural restrictions. Moreover, at present, the future prospects of women's economic participation seem uncertain due to uncertainties arising from peace related talks and frequent domestic political crises.

## **Policy Recommendations**

The Afghan government and the international community must prioritize safeguarding the achievements made in the past 20 years and commit to building upon them.

- The Afghan government should offer more incentives for women-owned and women-operated businesses and entrepreneurship. This could include measures like temporary or conditions-based tax exemptions and other similar measures.

- The Afghan government and international organizations should work on policies, programs and initiatives aimed at improving access to loans for women's businesses, start-ups and entrepreneurship initiatives. These measures should also include specific provisions for lower interest rates, or if possible, loans without interest rates. Most of all, these loans should be made accessible to women in rural areas as well.
- The Afghan government and financial institutions should ease the conditions for collateral that women are required to present when applying for loans. The Afghan government and financial institutions can assess feasibility of other options such as providing loans to women in a conditions-based and phased manner, or allowing pledging of business licenses as a collateral instead of a property documents that women find difficult to provide.