



Businesswomen at IFC's *Women Get the Business Edge* Workshop (Kabul, July 2005)

Gender Entrepreneurship Markets (GEM) International Finance Corporation (IFC) GEM Country Brief Afghanistan 2007

The Gender Entrepreneurship Markets (GEM) Country Brief series is intended to provide an overview on the status of women entrepreneurship in countries of the Middle East and North Africa (MENA) region. The focus of IFC's PEP MENA GEM program is to expand women's participation in the private sector by providing support to growth-oriented small and medium enterprises and expanding women's employment opportunities.

Labor Force Participation

Female labor force participation in Afghanistan is among the lowest in the South Asia at 35.8 percent.¹ Women are mostly confined to the informal sectors in particular agriculture. Since Afghanistan is traditionally an agrarian economy, agricultural production is largely a household activity with women and children undertaking important roles alongside men in crop production, horticulture, and the rearing of livestock. According to a senior advisor in the Ministry of Agriculture and Animal Husbandry, 65 percent of the agricultural workforce comprises of women².

Female labor force activity in the formal economy has largely been confined to the health and education sectors. However, despite their presence in these sectors, women continue to be a minority in the formal economy of the country. According to a World Bank report, the number of female teachers in 2000 was between one half and one-third of what it had been in 1979.³ Geographical disparity is also a factor, with most female teachers confined to the urban areas.⁴ However, women continue to be a minority in the teaching profession which is largely dominated

¹ Women's labor force participation in Afghanistan is lower than Bangladesh (42.5 percent), Nepal (40.5 percent) and Sri Lanka (36.9 percent) but higher than India (32.5 percent) and Pakistan (29.5 percent). (World Bank, 'National Reconstruction and Poverty- the Role of Women in Afghanistan's Future'. March 2005).

² "Recommendations for Integrating Gender in Rebuilding Agricultural Markets in Afghanistan Program (RAMP)." Chemonics International. May 2004.

³ The World Bank National Reconstruction and Poverty- the Role of Women in Afghanistan's Future. March 2005.

⁴ *ibid*

by men at all levels.⁵ The same report notes that an estimated 40 percent of all basic health facilities lack female staff, limiting women's access to good health care. Anecdotal evidence suggests female labor force participation in the formal sector to be low due to low levels of skills, with a female literacy rate of 18 percent compared to 50 percent for men.⁶ However, women's socio-economic status determines the type of work they do, with the poorest women engaged in manual agricultural labor, and the more well-off engaged in sedentary, home-based activities.⁷ The women who are generally involved in reconstruction and development activities mostly belong to families of returning immigrants in urban areas.

Recently more women have entered the labor force as a result of the conflict which led to an increase in female-headed households. In Afghanistan current estimates range from around 16 percent of female-headed households in Kabul and between 4 percent and 20 percent in three districts of Badakhshan.⁸ According to the 2005 World Bank report, 52 percent of women in the female-headed households that were surveyed had been working 'infrequently in Kabul and elsewhere, sewing, embroidering or washing clothes for others.' In 48 percent of the female-headed households where women were not working themselves, their young sons (under 15) were working sporadically as daily wage laborers for minimal returns. In only 27 percent of the male-headed households were women working as well as men. While recent reconstruction efforts have led to an increase in female education, this has only affected a minority within the urban centers of the country.⁹

Women-owned Business in Afghanistan

The three main sectors in Afghanistan are agriculture, services and industry. In 2005, the Grameen Foundation USA estimated that female entrepreneurs compose 11 percent of business owners in Afghanistan¹⁰. Unlike female employment which is concentrated in agriculture, anecdotal evidence on female entrepreneurship indicates that, though limited, it is diversified between agriculture, handicrafts and service oriented sectors. In post-Taliban Afghanistan, women-owned businesses are still not widely accepted from a cultural standpoint. Nevertheless, some women are challenging these social norms and launching entrepreneurial activities. Anecdotal evidence and recent research suggests the emergence of women entrepreneurs in the informal economy. Women shop-keepers and shop-owners, unheard of till recently in Afghanistan, are making a small beginning. Food retail shops, provision stores, jewelry-making, beauty parlors, tailoring shops, and bakeries are just some of the enterprises many women own¹¹.

⁵ ibid

⁶ Gender Entrepreneurship Markets-International Finance Corporation (GEM-IFC) A Gender Strategy for the First Microfinance Bank, Afghanistan. November 2006.

⁷ "National Reconstruction and Poverty Reduction" The Role of Women in Afghanistan's Future" World Bank. March 2005.

⁸ World Bank. 'National Reconstruction and Poverty- the Role of Women in Afghanistan's Future'. March 2005.

⁹ "Middle East Program Occasional Paper Series." Woodrow Wilson International Center for Scholars. Winter 2005.

¹⁰ "Tiny Loans Stimulate the Appetite for More." The New York Times. January 2005.

¹¹ "Afghan Women Start Businesses, Help Reconstruct a Torn Nation." Christian Science Monitor. May 2006.

A 2002 Mercy Corps study of businesswomen in Kabul concluded that while women are active in the urban economy, among the women surveyed there was a relatively low vocational capacity in areas outside handicrafts and other traditional sectors¹².

Opportunities and Obstacles to Women's Enterprises and Business Expansion

Starting a business in a post war country is a challenge for both women and men. In Afghanistan, women are further at a disadvantage because of social and cultural norms which restrict their movement in the public sphere. However, many women have taken advantage of reconstruction efforts in the country, becoming active participants in the economy. Women like Shahla Nawabi, who launched Nawabi Construction in partnership with a former engineer, secured a \$2.5 million road contract in 2005.¹³ Other women like Kamela Sediqi (the owner of a business consultancy) and Sarah Rahmani (the owner of a boutique) testify to the kind of new opportunities available for women in Afghanistan.

a) Access to Finance

A World Bank-supported study on Employment Opportunities for Women in Afghanistan found that 85 percent of micro-finance beneficiaries are women¹⁴. According to a 2004 World Bank report, women's need for accessing micro credit programs is often larger than that of men given that most women in Afghanistan lack ownership, control, and access to productive assets such as land, equipment, materials, and their legal right to inheritance is usually bypassed¹⁵. Often, women are unaware of their property and inheritance rights, being unable to 'purchase land in line with men.'¹⁶ In fact depending on the type of title held, women generally find it difficult to access title to property and must rely on male relatives to hold title for them, denying them access to collateral.¹⁷ In a 2006 paper prepared by the *Center for International Private Enterprise* (CIPE) on Women Entrepreneurs in Post Conflict Economies, none of the women interviewed in their field research had received loans from a bank¹⁸. However, many efforts are being made by international development agencies to meet Afghan women's demand for micro credit. To this end, the *Foundation for International Community Assistance* (FINCA) along with the United States Afghan Women's Council have been offering micro-loans to over 3000 people, most of whom are women. Other micro-lending programs are available through civil society activities. *Parwaz* is an example of such a program which has given

¹² "Businesswomen in Kabul: A Study of the Economic Conditions for Female Entrepreneurs. Assessment Report." Mercy Corps, Kabul. October 2002.

¹³ Gayle Tzemach 'Women Entrepreneurs in Post-Conflict Economies: A look at Rwanda and Afghanistan' April 28, 2006.

¹⁴ "A Study on Employment Opportunities for Women in Afghanistan." by Erik Lyby. Consultant to the World Bank. June 2006.

¹⁵ "Afghanistan - State building, sustaining growth, and reducing poverty: a country economic report." World Bank. September 2004.

¹⁶ 'Afghanistan Housing Sector Assessment' draft report dated December 19, 2006, by ShoreBank International and CHF International, Consultants to IFC PEPMENA.

¹⁷ 'Afghanistan Housing Sector Assessment' draft report dated December 19, 2006, by ShoreBank International and CHF International, Consultants to IFC PEPMENA.

¹⁸ "Women Entrepreneurs in Post-Conflict Economies: A look at Rwanda and Afghanistan." Center for International Private Enterprise (CIPE). April 2006.

loans of \$100 or less to about 600 women trying to start micro-businesses¹⁹. Moreover, in 2003 the International Finance Corporation's (IFC) and the Aga Khan Fund for Economic Development²⁰ helped establish a trust targeting women owned micro enterprises within the First Microfinance Bank (FMFB) of Afghanistan. In 2004, 12 percent of FMFB's active loans were made to women,²¹ and in 2006 their lending portfolio comprised of approximately 18 percent women. Other micro-finance facilities, such as the Microfinance Investment Support Facility for Afghanistan (MISFA) established by the Ministry of Rural Rehabilitation and Development, have 90 percent women beneficiaries with loan amounts that vary between \$50 and \$1000²². Additionally, MISFA supports a large microfinance program implemented by BRAC Afghanistan Bank with women composing approximately 96 percent of its clients

b) Access to Markets

Marketing is a major stumbling block for women entrepreneurs in Afghanistan due to mobility issues. The unstable security situation combined with cultural norms makes access to markets even more difficult for women than men. Moreover, women are not well equipped with the skills needed to access markets effectively. However, the new Afghan Women's Business Federation (AWBF) Entrepreneurship Training Center in Kabul has been aiming to overcome these obstacles providing women entrepreneurs with specialized training in business plan development, financing options, marketing, and exporting opportunities.²³ In 2006, the AWBF launched an initiative to promote the 'visibility and marketability of Afghan Carpets' under the 'Made by Afghan Women' label which promotes not only fair prices for carpets but also better wages, working conditions and educational opportunities for weavers.²⁴ There is a high international demand for Afghani commodities, especially fruits and nuts, hand-woven carpets, wool, cotton, hides and pelts, precious and semi-precious gems which are generally produced by women, making trade for women-owned businesses an untapped opportunity.²⁵

c) Access to Networks

Access to networks for women, especially in a post conflict country, is essential for the growth and development of entrepreneurship. However, there are few networks for women in Afghanistan, though with more women entering the labor force there has been a gradual development in networks amongst female entrepreneurs.²⁶ In Afghanistan,

¹⁹ <http://www.parwaz.org/home.html>

²⁰ http://www.akdn.org/news/fmb_180903.htm

²¹ "Issues and Challenges." A presentation to the World Bank workshop on Rural Finance in Afghanistan. First MicroFinance Bank, Dec. 13, 2004.

²² <http://www.misfa.org/>

²³ Center for International Private Enterprise 'Women's Programs as of January 2007'.

²⁴ *ibid*

²⁵ The World Bank National Reconstruction and Poverty- the Role of Women in Afghanistan's Future. March 2005.

²⁶ "Women Entrepreneurs in Post-Conflict Economies: A look at Rwanda and Afghanistan." Center for International Private Enterprise (CIPE). April 2006.

social traditions coupled with mobility restrictions tend to limit women's access to personal business networks and advocacy groups, as well as access to training opportunities. According to the Labor Market Information Survey conducted by the Ministry of Labor and Social Affairs, 84 percent of the women surveyed requested female trainers, while 40 percent indicated a need for childcare to be able to access training opportunities²⁷. Thunderbird of the Garvin School of International Management has been instrumental in providing Afghani businesswomen with entrepreneurial training, coaching and mentoring, while building networks between Afghani and American businesswomen. Under its project Artemis, Thunderbird has been working with the United States Agency of International Development, the Center for International Private Enterprise, the U.S.-Afghan Women's Council, the Business Council for Peace (BPeace) and the Afghan Women's Business Federation. The network with the largest number of members is the *Afghan Women's Network* (AWN). Although it does not target businesswomen and entrepreneurs specifically, AWN initiates many activities directed towards enhancing women's socio-economic participation.

Country Policy and Promotion of Women-Owned Businesses

A bill of rights for Afghan women which includes the ability to participate in the economy was passed in 2003 by President Hamid Karzai's government. The Ministry of Commerce in Afghanistan has particularly focused on integrating women in the economy, building business centers in which women are provided capacity building and training. In 2003, an Economic Empowerment Program for Women in Afghanistan was launched by the Ministry of Commerce and the Ministry of Women's Affairs with support from the United Nations Development Fund for Women (UNIFEM). The key objective is to assist women in expanding to local and international markets and to provide economic security for women. In addition, the Afghan Ministry of Women's Affairs established the first Women's Employment Center in Kabul in an effort to decrease high female unemployment rates. However, social prejudice continues to be an obstacle for the growth of women entrepreneurship with some local authorities forbidding women from working (except as needed in the fields), or even from leaving home without a male family escort.²⁸

Businesswomen's Association and Chambers of Commerce

There are two well established businesswomen associations in Afghanistan, namely the Afghan Women Business Association (AWBA) and the Afghan Women's Business Council (AWBC). AWBA's aim is to empower women in the private sector by: a) engaging businesswomen in policy dialogue with the government and media to voice and promote the concerns of women in business and enhance their public image; b) developing links between women-owned and managed businesses in the region and international markets (including participation in national and international fairs); and c) helping secure credit for businesswomen. The Afghan Women's

²⁷ "A Study on Employment Opportunities for Women in Afghanistan." by Erik Lyby, consultant to the World Bank. June 2006.

²⁸ U.S. Department of State 'U.S. Support for Afghan Women, Children and Refugees' 2003.

Business Council, established in 2003, is used by businesswomen to support each other, to lobby government for appropriate economic laws, to facilitate women's access to markets, and to facilitate linkages between national, regional, and international networks and fair trade partners²⁹. The AWBA and AWBC together with CIPE and USAID formed the Afghanistan Women's Business Federation (AWBF) in 2005.³⁰ The AWBF focuses on improving 'the capacity of women in business through public policy advocacy initiatives, promotion of products made by Afghan women, business development support, and technical training in key business areas.'³¹ As for Chambers of Commerce, there are two chambers in Afghanistan, none of which targets women separately.

Donor Activities for Assistance to Women Entrepreneurs

The United States Agency for International Development (USAID) has a strong presence in Afghanistan and has initiated an Afghan Women's Council to ensure that Afghan women play an active role in the reconstruction of Afghanistan. The Council views micro-credit as an important means of helping women gain self-sufficiency through starting their own businesses. Through an original \$10,000 donation to the Council from *Daimler-Chrysler*, FINCA helped start two village banks in Herat. Daimler-Chrysler contributed an additional \$25,000 in February 2004 to construct another five community banks to support microfinance loans for women in the Herat province. Having received additional funding from the U.S. Government and other donors, FINCA expects to assist more than 30,000 clients in Afghanistan over the next 5 years. During the March 2005 Council meeting in Kabul, Freddie Mac Foundation pledged a \$40,000 grant for entrepreneurial training and micro loans for widows³².

The Canadian International Development Agency (CIDA) has focused on Vocational Training and Food Aid for War Widows and allocated over \$4.5 million for training programs. Moreover, the European Commission (EC) continues to mainstream gender into their projects as well. These projects include the Rural Development program, which focuses particularly on women. The key goal of EC support to rural development in Afghanistan is to increase household incomes and the improvement of public assets through labor intensive public works programs³³. The Italian Development Corporation has been providing training for non traditional vocational skills like 'solar lamp making, gem-cutting/polishing, mobile phone repair, and catering.' It has also been training women entrepreneurs in business development and building market linkages.³⁴

²⁹ "MENA Regional Business Women's Association Directory." IFC MENA GEM, June 2006.

³⁰ Gender Entrepreneurship Markets-International Finance Corporation (GEM-IFC) A Gender Strategy for the First Microfinance Bank, Afghanistan. November 2006.

³¹ Center for International Private Enterprise 'Women's Programs as of January 2007'

³² USAID-Official Website <http://www.state.gov/g/wi/rls/46289.htm>

³³ European Union Delegation to Afghanistan-Official Website
<http://www.delafg.cec.eu.int/en/cooperation/index.htm>

³⁴ Gender Entrepreneurship Markets-International Finance Corporation (GEM-IFC) A Gender Strategy for the First Microfinance Bank, Afghanistan. November 2006.

The International Finance Corporation has also been lending its support to female entrepreneurs in Afghanistan. In July 2005, a two-day PEP-MENA GEM-supported workshop in Kabul attended by more than 40 businesswomen participants was designed to help women entrepreneurs learn innovative approaches to marketing their business. The training focused on developing marketing concepts, identifying target markets, as well as pricing of products and services. Participants of the workshop said they found the training extremely helpful in improving their professional skills in the field of business and marketing. In 2006, GEM worked with the First Microfinance Bank of Afghanistan, to strengthen their outreach to women customers.

Many civil society organizations are focusing on female empowerment. However, a limited number of such organizations are focusing on female entrepreneurship. Such organizations include the Aga Khan Foundation for International Development, Care International, and the Ford Foundation.

IFC PEP-MENA GEM Program

GEM aims to bring a gender dimension to IFC's investment projects, address gender barriers in the business environment, provide advisory services to financial intermediaries, and deliver training for women entrepreneurs. Along with sub-Saharan Africa, the Middle East and North Africa is one of the program's priority regions.

The IFC's Private Enterprise Partnership for the Middle East and North Africa (PEP-MENA) launched a regional technical assistance and advisory program for women entrepreneurs called Gender Entrepreneurship Markets (PEP-MENA GEM). The Program's goal is to maximize women's contribution to private sector development. The PEP-MENA GEM Program aims to improve women's access in PEP-MENA's four areas of activity: SME and financial market development, business environment improvements, privatization advisory services, and public-private partnerships. The Program targets growth-oriented women-owned SMEs with solutions that facilitate and promote fast track growth.

The regional GEM Program has the following main objectives:

- Demonstrate the potential contribution female entrepreneurship offers to MENA's economic growth.
- Improve female access to private sector jobs, business opportunities, business resources and skills.
- Help increase outreach and impact of Women Business Associations in the public and private sectors.

These general objectives are based on findings from regional studies of issues affecting women SME owners in the Middle East and North Africa and on the PEP-MENA GEM-commissioned country studies.

Sources

'Afghanistan Housing Sector Assessment' draft report dated December 19, 2006, by ShoreBank International and CHF International, Consultants to IFC PEPMENA.

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European Union Delegation to Afghanistan-Official Website <http://www.delafg.cec.eu.int/en/cooperation/index.htm>

Final Report on the situation of human rights in Afghanistan submitted by Mr. Choong-Hyun Paik, Special Reporter, in accordance with Commission of Human Rights resolution 1996/75UNOHCHR (UN Office often High Commissioner for Human Rights), E/CN.4/1997/59, Geneva.1997,

Gayle Tzemach 'Women Entrepreneurs in Post-Conflict Economies: A look at Rwanda and Afghanistan' April 28, 2006.

Gender Entrepreneurship Markets-International Finance Corporation (GEM-IFC) A Gender Strategy for the First Microfinance Bank, Afghanistan. November 2006.

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[http://209.85.165.104/search?q=cache:P_atp5Q2pZ8J:topics.developmentgateway.org/afghanis
tan/rc/filedownload.do~itemId%3D1069447+World+Bank+%2B+National+Reconstruction+and
+Poverty-
+the+Role+of+Women+in+Afghanistan%E2%80%99s+Future&hl=en&ct=clnk&cd=2&gl=uk](http://209.85.165.104/search?q=cache:P_atp5Q2pZ8J:topics.developmentgateway.org/afghanis+Poverty-+the+Role+of+Women+in+Afghanistan%E2%80%99s+Future&hl=en&ct=clnk&cd=2&gl=uk)

List of Useful Resources

The International Finance Corporation's Gender Entrepreneurship Markets (IFC GEM) Initiative

Private Enterprise Partnership - Middle East and North Africa (PEP-MENA)
International Finance Corporation (IFC), World Bank Group
Nile City Towers - North Tower, 2005 C, 24th Floor
Corniche El Nil, Ramlet Boulac, Cairo, Egypt
Phone: +20 2 461 9140 and +20 2 461 9150
Fax: +20 2 461 9130 and +20 2 461 9160
Website: www.ifc.org and www.ifc.org/menagem
Email: mena-gem@ifc.org

For more information on the IFC corporate-wide and regional GEM initiative and a global businesswomen association directory see: <http://www.ifc.org/menagem>

Gender Entrepreneurship Markets (GEM) Manual

The IFC GEM qualitative mapping methodology has been codified into a practical manual "The Gender Entrepreneurship Markets Study." The manual, available in print and CD-ROM, provides a systematic framework, tools and guidelines to conduct gender entrepreneurship country assessments. The manual is designed to help program developers design targeted technical assistance to promote gender equality. Copies are available for internal IFC distribution through the GEM Program.

Afghan Women Business Association (AWBA) and Afghan Women's Business Federation (AWBF)

Address: AWBA office, Wazir Akbarkhan St # 11, House No. 570
Tel: +93 79 326 390, +93 79 275 824, +93 79 327 132
Email: afghanwomentrade@hotmail.com, afghanwomentrade@yahoo.com
Contact: Mina Sherzoy minasherzoy@hotmail.com; Mahbooba Waizi awbc_awbc@yahoo.com
waizi_56@hotmail.com

Afghan Women's Business Council (AWBC)

Address: Street 2 Qalai. Afghanistan House 91, Fatullh, Kabul, 0092020,
(Inside Afghanistan International Chambers of Commerce Building)
Email: awbc786@hotmail.com, awbc_awbc@yahoo.com
Website: <http://www.awbc.com>
Contact: Mahbooba Waizi awbc_awbc@yahoo.com, waizi_56@hotmail.com

The United States Afghan Women's Council

Address: US Department of State, Washington DC, USA.
Tel: +1 202 312 9663
Fax: +1 202 312 9664
Website: <http://usawc.state.gov/>

The First Microfinance Bank of Afghanistan

Address: Street West of Park Shahr-i-Naw, Charahi Ansari, Kabul, Afghanistan.

Kabul, Afghanistan
Tel: +93 799 321 237
Contact: Muslim ul-Haq
Email: muslim.haq@fmb.com.af
mansur.mehdi@fmb.com.af

Afghan Women Engineering and Design Foundation

Address: Makroyan 3, Kabul.
Tel: +93 79 9470024
Contact: Habiba Amin

Afghan Women Handicraft Business Association

Address: District 10, Street 5 Taymani, Kabul.
Tel: +93 79 9326132
Contact: Gulsoom Satarzai

All Afghan Women Union

Address: Kolola Poshtaa, Kabul.
Tel: +93 70 275091
Contact: Suraya Parluka

Afghan Women Carpet Association

Address: District 6, Kar Raiz Jamhoree, Kabul.
Tel: +93 79 026530
Contact: Faozia Hashimi

Afghan Women Agriculture Association

Address: Dosaraka maidan Hawahee, Kabul.
Tel: +93 70 187299
Contact: Guljan Zimarai

Other Useful Links:

- The World Bank- www.worldbank.org
- The International Finance Corporation- www.ifc.org
- The United States Agency for International Development- www.usaid.gov
- The United Nation's Development Program- www.undp.org.af
- The Grameen Foundation USA- www.gfusa.org
- FINCA International- www.villagebanking.org/fincanews-afghan.htm
- The Afghan Women's Network- www.afghanwomensnetwork.org

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