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RAPID NEEDS ASSESSMENT REPORT ON CHALLENGES AND OPPORTUNITIES FOR WOMEN-OWNED BUSINESSES IN AFGHANISTAN

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ACRONYMS AND ABBREVIATIONS

ACBR	Afghanistan Central Business Registry
ACCI	Afghanistan Chamber of Commerce and Investment
ACIM	Afghanistan Chamber of Industries and Mines
AWCCI	Afghanistan Women's Chamber of Commerce and Industry
COVID-19	Coronavirus Disease 2019
CSIS	Center for Strategic and International Studies
DFA	De Facto Authorities
GDP	Gross Domestic Product
ILO	International Labour Organization
IPC	Integrated Phase Classification
KII	Key Informant Interview
MoEc	Ministry of Economy
MoEd	Ministry of Education
MoIC	Ministry of Industry and Commerce
MoJ	Ministry of Justice
MoPH	Ministry of Public Health
MSMEs	Micro, Small and Medium Enterprises
NGO	Non-Governmental Organization
OECD	Organization for Economic Co-operation and Development
P&R	Policy and Regulatory
RNA	Rapid Needs Assessment
SPSS	Statistical Package for the Social Sciences
ToR	Terms of Reference
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nation Children's Fund
UN OCHA	United Nations Office for the Coordination of Humanitarian Affairs
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
USAID	United States Agency for International Development
WOB	Women-Owned Business

DEFINITIONS

Several terms used throughout this report have **specific meanings**, including women owned businesses[1] and other terms which are as defined below.[2]

- **Women-Owned Business (WOB):** A company that is **at least 51 percent owned, operated, and controlled on a day-to-day basis by one or more women.**
- **Formal Business:** A company **registered with at least one governmental entity** (the Afghanistan Central Business Registry/Ministry of Industry and Commerce (ACBR/MoIC), the Ministry of Economy (MoEC), the Ministry of Justice (MoJ), the Ministry of Public Health (MoPH), Ministry of Education (MoEd), or the respective Municipality); any private sector chamber (i.e. the Afghanistan Chamber of Commerce (ACCI), the Afghanistan Women's Chamber of Commerce and Industry (AWCCI), or the Afghanistan Chamber of Industries and Mines (ACIM)); a company that pays taxes/ fees to their respective registration authority.
- **Informal Business:** A company that is **not registered or licensed** by any governmental entity or chamber of commerce. Such a company does not pay any taxes/fees.
- **Functional Business:** A company that is **open for business**, but not necessarily making a profit.
- **Micro Business:** A company with **up to 5 employees.**
- **Small Business:** A company with **up to 19 employees.**

1 https://en.wikipedia.org/wiki/Woman-owned_business

2 The definitions for the different types of businesses were obtained from the former Afghanistan Ministry of Industry and Commerce.

EXECUTIVE SUMMARY

Meaningful and safe participation of women in economic life is seen as a vital component of the United Nations (UN) commitment to save lives and support vulnerable communities throughout Afghanistan:

We urgently call on the de facto authorities to respect their obligations under human rights law and the full human rights of women and girls, including the immediate restoration of women's and girls' independent freedom of movement, and their rights to work and to education to the highest level.[3]

To help ensure that women have income security, decent work, and economic autonomy, this report aims at developing **evidence** based on the needs of women-owned businesses (WOBs) post-August 2021. The present Rapid Needs Assessment (RNA) also identifies r**ecommendations to inform future interventions** supporting WOBs in the immediate, intermediate, and long term.

Even prior to August 2021, businesswomen in Afghanistan were already facing **several challenges**. These challenges included a lack of market opportunities (comprised of supply and value chain challenges), shocks related to the Coronavirus Disease 2019 (COVID-2019) pandemic, limited technical knowledge, and financial constraints. **Women's participation in the labour force was extremely low** in Afghanistan by global standards (17 percent in 2020, versus 47 percent worldwide).[5]

The United Nations Development Programme (UNDP) estimates that **restrictions on female employment** in Afghanistan could result in a loss of US$600 million to $1 billion (or 3-5 percent of the country's Gross Domestic Product (GDP)). According to an International Labour Organization (ILO) rapid assessment of from January 2022, women's employment had decreased by an estimated 16 percent by the end of 2021, with this ILO assessment estimating that women's employment losses would increase to 17 percent by mid-2022.[6]

"I am especially worried about Afghan women and girls, whose lives have changed unrecognizably since the Taliban returned to power last summer. Since 15 August 2021, we have seen a significant rolling back of their economic, political, and social rights and a worrying escalation in restrictive gender policies and behaviours. Without the right to education, work and freedom of movement, women now find themselves increasingly relegated to the margins."[4]

- **Ramiz Alakbarov**,
UN Resident and Humanitarian Coordinator for Afghanistan

3 https://reliefweb.int/report/afghanistan/statement-afghan istan-ms-sima-bahous-un-women-executive-director
4 Alakbarov, R. 2022. "'We can't turn our backs on Afghanistan's future': A Resident Coordinator Blog." UN News, 15 August 2022.
5 Based on ILO (International Labour Organization). 2020. Afghanistan Labour Force Survey 2020.
6 Relative to a hypothetical situation where the Government of Afghanistan was not deposed. ILO (International Labour Organization). 2022. Employment Prospects in Afghanistan: A Rapid Impact Assessment. ILO Brief.

Purpose of the Rapid Needs Assessment

The RNA generates evidence on the post-August 2021 needs of women-owned Micro, Small, and Medium Enterprises (MSMEs) in six provinces of Afghanistan (Kabul, Herat, Balkh, Nangarhar, Kandahar, and Bamyan). Findings and recommendations from the RNA are intended to serve as a source of information for actors supporting women's livelihoods in Afghanistan, including UN agencies and other international organizations.

The primary purpose of the assessment is to understand the needs and challenges of WOBs post-August 2021.

This rapid assessment consulted 3,140 women-owned businesses and **20 key informants** (regulatory authorities and value chain experts) in 6 Afghan provinces (see sampling summary adjacent). The assessment included a structured review of relevant literature on WOBs in Afghanistan post-August 2021.[7]

WOB SAMPLE
KABUL 880
HERAT 737
BALKH 733
NANGARHAR 424
KANDAHAR 183
BAMYAN 183

Findings

Registration Status - The large majority (82 percent) of WOBs surveyed were found to be unregistered. This is a key issue for WOBs, as it is an important step linked to the progressive formalization and development of their businesses – leading to opportunities for leveraging financial resources and network value (e.g. peer-to-peer knowledge exchange) that drive economic prosperity. Barriers to registration are manifold, including complex requirements concerning documentation, reporting, and taxation. These barriers are reinforced by registration fees that many WOBs cannot afford, lack of access to registration locations, lack of awareness on the benefits of registration (and in some cases, the perception that there may even be disincentives).

Functionality - In this RNA, a functional business is defined as 'open' – even if it is not currently operating at a profit. The majority of WOBs surveyed indicated that they are currently functioning (73 percent). Geographic differences are apparent in the data; for example, Balkh stands as an outlier, with 69 percent of WOBs surveyed in that province reporting that they are not currently functioning. Two other provinces also stand out as having high rates of non-functionality: Kandahar (43 percent) and Nangarhar (33 percent).

Profitability - Given the high number of criminal acts being suffered by WOBs, including robbery, inquiries about profitability became a security and safety issue, leading the RNA to approach the question of profitability with a light touch. Survey results show that, of the functional WOBs, 88 percent had no active orders/contracts; 59 percent had a decreased profit margin between the time of reporting and one year previous; and 29 percent reported that they were operating at a loss.

7 Details of sampling in each province are included in the annexes of this report.

Key Challenges for WOBs - Afghan businesswomen operate in a complex environment – which includes restrictions on women's movement.[8] The impact of the prevailing dynamics in these areas has been particularly severe for women businesses.

The abrupt loss of family income due to the market collapse and the restrictions imposed by the de facto authorities (DFA) around women's work (freedom of movement, and interferences on who to engage with, including, for example, potential customers) is set to have lasting impacts on WOBs and the economic and societal fabric of Afghanistan at large.

The RNA findings show that one of the top challenges affecting WOBs is **access to finance**, with lack of access to markets and restrictions on women's mobility imposed by the DFA also cited as key challenges. Key Informant Interviews (KIIs) confirmed that many businesswomen have liquidated operating capital and productive assets in an attempt to cope with the economic crisis that has followed the culminating events of August 2021. This has placed many Afghan businesswomen in a situation of **financial double jeopardy:** coping strategies slowly erode the foundations of their entrepreneurial aspirations. An emphatic 78 percent of WOBs surveyed cited financial challenges as their highest priority issue.

Challenges mentioned by the key informants include socio-cultural constraints on women; restrictions imposed on the freedom of women's movement; lack of access to finances, operating capital, investment opportunities, and foreign markets.

Solutions identified by WOBs and key informants

- **Provide technical/financial support** - including in-kind grants of productive assets.
- **Establish safe workspaces** for women to conduct business activities.
- **Organize business fairs and product exhibitions to help catalyse market linkages** - connecting buyers to sellers and facilitating peer-to-peer learning and collaboration.

82 %
of Women-owned businesses were not registered with any authority.

63 %
of Women-owned businesses were not registered indicated that they cannot afford registration fees.

89 %
of non-functioning Women-owned businesses lack access to financial resources.

90 %
of Women-owned businesses are interested in increased access to grant funding.

60 %
of Women-owned businesses indicated that access to safe/secure marketplaces is a technical need.

8 UNDP (United Nations Development Programme). 2021. Afghanistan: Socio-economic Outlook 2021-2022.

- **Offer technical and financial management training** - geared toward specific value chains and adapted to ensure appropriateness for different sizes/levels of WOBs.

- **Create an enabling environment for WOB growth and development** through policy advocacy, regulatory streamlining, and targeted support for key steps like company registration.

Limitations and Challenges

One of the significant limitations as regards the scope of the RNA is that it did not delve into questions of partial and shared ownership of WOBs – identified as one of the many areas that could prove a fruitful zone of inquiry in further research.

Lessons Learned

1. **Limitations on women's freedom of movement** increase the financial cost of conducting women-led data collection.

2. Empowerment of WOBs requires improved **participatory processes** for support.

BACKGROUND

To ensure that women have income security, decent work, and economic autonomy, this report aims at developing evidence based on the needs of women-owned post-August 2021. This Rapid Needs Assessment also identifies **recommendations to inform future interventions** supporting women-owned businesses in the immediate, medium, and long term.

Context

Before August 2021, Afghan businesswomen were already facing several challenges - including a lack of market opportunities (comprised of supply and value chain challenges), COVID-19-related shocks, limited technical knowledge, and financial constraints. Afghanistan's economic journey, as attested by metrics such as the World Bank *Doing Business Indicators*, over the previous 10-15 years had been marked by fluctuations, and the country still scored poorly immediately prior to the DFA takeover.[9]

Private sector activity during this period took place within a context of weak or non-existent infrastructure, erratic and costly electricity supply and transportation networks, weak and underfinanced state institutions, corruption, complex government regulations, poor connectivity, and lack of access to financing.[10] Afghanistan's high unemployment and lack of education and training opportunities also generally impacted private sector engagement; in 2017, over 42 percent of the country's youth were not formally employed, in education, or in job training.[11] Women's participation in the labour force has also remained extremely low in Afghanistan by global standards (17 percent in 2020, versus 47 percent worldwide).[12]

9 Afghanistan was placed 173rd out of 190 countries in the 2020 edition of the Doing Business Indicators ranking. See: World Bank. N.D. Ease of Doing Business in Afghanistan. Doing Business Archive.
10 10 OECD (Organization for Economic Co-operation and Development). 2019. Boosting Private Sector Development and Entrepreneurship in Afghanistan, p. 13.
11 Mackie, G et al. N.D. Women's Entrepreneurship Development in Afghanistan: From Fragility to Resilience. Experiences and Successes from Young Women Entrepreneurs in the Balkh Province, p. 5.
12 Based on ILO (International Labour Organization). 2020. Afghanistan Labour Force Survey 2020.

Engagement in business - **Women's engagement in business was growing** prior to August 2021, particularly in urban areas, and among educated women. A 2019 Asia Foundation poll indicated that 76 percent of Afghans felt that women should be allowed to work outside the home.[13] Nonetheless, Afghan women continued to face several significant barriers that made it difficult for them to succeed as entrepreneurs, particularly in rural areas.[14] The country's complex legal system – as well as endemic corruption – also contributed to disincentivizing women from engagement with government systems. Institutional relationships in Afghanistan are often mediated by male family members, as per customary laws. Furthermore, continuous insecurity and limited mobility (due to protracted conflict and deep-rooted socio-cultural norms) had hindered women's participation in the labour force and the marketplace – including in informal sectors of home-based crafts and agriculture.[15]

Post-August 2021 Context

Afghanistan is currently experiencing severe economic instability and disruption of the country's institutions – particularly the financial system. The sudden withdrawal of aid and development funding (which had accounted for some 40 percent of Afghanistan's GDP)[16] and the freezing of assets (due to international sanctions) caused a banking crisis – including cash shortages, currency devaluation/inflation, and a rapid increase in poverty.

According to assessments conducted by international organizations since August 2021, repeated economic shocks and uncertainty related to the takeover by the DFA exacerbated the impacts caused by an already fragile economic context grappling with continuous political instability, prolonged drought and other natural disasters, and the COVID-19 pandemic – resulting in the **deterioration of social protections** and forcing the majority of Afghans to face food insecurity and a lack of access to basic services.[17]

The impact on women and girls following the takeover by the DFA has been particularly severe – limiting their ability to access education and the labour market.18 Restrictions imposed by the DFA include banning women from almost all forms of work outside of health and education, **banning girls over 12 years from education**, and enforcing dress codes and workplace segregation.[19] The pre-existing challenges faced by WOBs are now exacerbated by restrictions on women's rights imposed by the DFA, including solo travel by women into and out of the country.

Labour market disruption – The takeover by the DFA paralysed the economy and impacted the labour market generally, and severely impacted women. The abrupt loss of family income due to the market collapse and the DFA restrictions on women's work and education opportunities are also set to have long-term impacts.[20]

13 Funaiole, M. P. 2021. "Women Owned Businesses in Afghanistan are in Jeopardy." CSIS (Center for Strategic & International Studies). Analysis, 10 September 2021.
14 Richie, H. 2012. Examining Women in Enterprise Development in Afghanistan: Barriers and Solutions, p. 5.
15 UNDP (United Nations Development Programme). 2021. Afghanistan: Socio-economic Outlook 2021-2022.
16 Ibid.
17 See: World Bank Group. 2022. Afghanistan Private Sector Rapid Survey: A Shapshot of the Business Environment - Round 1; Cone, D. 2022. ""Now, there's nothing safe': A Roadmap for Investing in Afghan Women and Girls."; UN OCHA (United Nations Office for the Coordination of Humanitarian Affairs). 2022. Humanitarian Needs Overview. Humanitarian Program Cycle 2022.
18 UNDP suggests that this crisis will severely impact a number of the SDGs: poverty, clean water and sanitation, employment, gender inequality, education. UNDP (United Nations Development Programme). 2021. Afghanistan: Socio-Economic Outlook 2021-2022.
19 Cone, D. 2022. ""Now, there's nothing safe': A Roadmap for Investing in Afghan Women and Girls." Refugees International, report, 1 April 2022.
20 UNDP (United Nations Development Programme).2021. Afghanistan: Socio-Economic Outlook 2021-2022. Burattini, B. et al. 2022. Afghanistan: Needs Assessment. IPC (Integrated Phase Classification) and UNICEF (United Nation Children's Fund).

UNDP estimates that restrictions on female employment could result in a loss of $600 million to $1 billion (or 3-5 percent of Afghanistan's GDP). According to an ILO rapid assessment undertaken in January 2022, women's employment had decreased by an estimated 16 percent by the end of 2021, with this assessment indicating that a further 17 percent decrease was expected by mid-2022.[21] This loss of labour is particularly devastating for the agriculture, public administration, social services, and construction industries.[22]

WOB closures and erosion of working capital - The World Bank Finance, Competitiveness, and Innovation Global Practice conducted a Private Sector Rapid Survey of 100 businesses in October and November of 2021, which suggested that one in three WOBs in Afghanistan had temporarily stopped doing business. The survey also indicated that most WOBs had been forced to scale back operations, lay off employees, and rely on informal financing, including the sale of capital assets.

Small businesses have been particularly hard hit – all respondents to the World Bank survey indicated a need for short-term working capital and financial support. Women-owned businesses are more vulnerable to the impacts of the political and financial crisis – among the WOB respondents to the World Bank survey, 42 percent had closed (at least temporarily), as compared to 26 percent of businesses owned by men. Some 60 percent of the WOB respondents believed that they would need to borrow in order to continue to operate in the near future.

ASSESSMENT OBJECTIVES

The table below lists the objectives of the RNA assessment and summarizes the methods used for achieving each of these objectives. The RNA used a mixed method approach which triangulated data gathered through literature review, survey, and KIIs.

Table 1. RNA objectives and methods used for achieving each objective – including indicative results of data analysis

RAPID NEEDS ASSESSMENT OBJECTIVES, METHODS, AND INDICATIVE RESULTS	
OBJECTIVES (from the ToR)	**METHODS & INDICATIVE RESULTS**
1. Map out a representative sample of the targeted WOBs and prepare a mini version/map for those businesses that can serve as key informants for future interventions;	**Survey with businesswomen in 6 provinces** captured contact information from WOBs that can serve as informants in future interventions. **Results indicate that 38% of WOBs are willing to be contacted for future interventions; design and implementation.**

21 Relative to a hypothetical situation where the Government of Afghanistan was not deposed. ILO (International Labour Organization). 2022. Employment Prospects in Afghanistan: A Rapid Impact Assessment. ILO Brief.
22 ILO (International Labour Organization). 2022. Employment Prospects in Afghanistan: A Rapid Impact Assessment. ILO Brief.

RAPID NEEDS ASSESSMENT OBJECTIVES, METHODS, AND INDICATIVE RESULTS	
OBJECTIVES (from the ToR)	**METHODS & INDICATIVE RESULTS**
2. Understand the current situation of WOBs (functioning or not) especially after 15 August 2021 and orders by the de facto authorities for women to not leave their home;	Situational analysis of WOB functionality based on a survey of WOBs and KIIs. **Results indicate that 27% WOBs became non-functional for reasons including lack of access to financial resources and lack of accessibility to markets.**
3. For those to be assessed, understand the status of the businesses (whether they are registered or not);	The survey of WOBs captured registration status. **Results indicate that 82% of WOBs are not registered with any government authority.**
4. Understand the challenges that the businesses are encountering (social norms, new political shift, supply and demand issues, etc.) and suggested solutions and actions to overcome these challenges;	Triangulation of survey data, KIIs, and literature was used to identify challenges to WOBs and formulate solutions. **Results indicate as key challenges lack of access to finance, lack of access to market for sales and partnerships, and restrictions on women's mobility imposed by the DFA. Suggested solutions to cope with uncertainty are to manage with the available resources, sell off capital assets, switch to remote functionality, and close temporarily.**
5. Understand the value chain opportunities which might help business women upgrade their businesses;	Market ecosystem analysis drew on KIIs with specific value chain experts. Triangulation with data from KIIs, survey, and literature informed the analysis. **Results indicate that WOBs engage in a wide range of value chains. The top five most frequent categories of engagement are: tailoring (29%), livestock (26%), garments and clothing (9%), handicrafts (9%), and food production/processing (7%).**
6. Understand the financial and technical needs of WOBs;	Triangulated survey data, KIIs, and literature to understand urgent issues facing women businesses.
7. Understand and design specific interventions for supporting the various types of WOBs.	Recommendations developed/categorized.

METHODOLOGY

A survey was developed and conducted with WOBs in six provinces of Afghanistan – the RNA Assessment Team also conducted key informant interviews with relevant policy regulators and specific value chain experts. Both pre- and post-August 2021 literature was used to frame various parts of this report. The resulting data has been consolidated and subjected to structured analysis and triangulation, leading to the formulation of practical recommendations for supporting businesswomen in Afghanistan.

A brief literature review was completed during the inception phase, and continued throughout the RNA, to extend and substantiate the assessment. The survey of WOBs and KIIs with value chain specialists and regulatory policy authorities were conducted during the data collection phase. Triangulation of data led to formulation of recommendations during the analysis and reporting phases.

Sampling

The survey used purposive sampling to identify a target number of 3,000 WOBs from 12-24 districts of the 6 target provinces based on the lists of WOBs shared by the Afghanistan Women's Chamber of Commerce and Industry (AWCCI), and a number of non-governmental organizations (NGOs) and development actors working for the technical and financial stability of Afghan businesswomen.

The survey was ultimately conducted with 3,140 WOBs (a sample approx. 5 percent larger than the original target sample), coupled with 20 KIIs (10 with policy regulators and 10 with value chain experts). The sample covered 25 districts and 6 main cities in 6 target provinces, following the agreed sampling method. This method guided the selection of provinces and districts, where the Assessment Team used proportionate representation of formal and informal WOBs. Proportionate sampling was adapted from the *Statistical Report of Afghan Businesswomen* (published by the AWCCI in December 2020). The terms of reference (ToR) asked for a sample of 3,000 WOBs, in line with the proportion of formal (5 percent) and informal (95 percent) WOBs among available value chains in 6 provinces.

The sample was agreed through analysis and based on pre-existing lists and further adopting a snowball selection method, as the WOB lists shared by the AWCCI, and other stakeholders fell short of the planned sample number. During the field coordination, the Assessment Team realized that most of the businesses on the lists were either not present in those locations or the listed telephone numbers were not active.

To mitigate the above challenges and reach out to the planned sample, the Assessment Team adopted a snowball sampling method, which helped to identify, list, and reach out to more than 3,000 WOB in target locations. This technique used a contact referral system for missing WOBs and helped to enhance the quality of data through coverage of 25 districts and central cities in each of the six target provinces.

The sample is considered representative, as it covers all sizes of WOBs, value chains, and geographical coverage in the country with sufficient voice from each province. The names of 25 districts and 6 central cities are presented in Figure 1 below.

23 It is worth noting that 1 percent of 3,140 is approximately 31; this 1 percent alone represents the livelihoods of over 3,000 people.

Summary of business sizes – Out of the 3,140 WOBs surveyed, **82 percent were micro businesses**, 13 percent were small businesses, 4 percent were medium businesses, with

only **1 percent falling under the 'large business' definition**.[23] This corelates positively to other findings discussed below; such as the majority of WOBs being interested in small amounts of financing (very few medium/large businesses that expressed demand for higher-value financing products).

Data Collection

The RNA data collection and tools are informed by the findings from the pre- and post-15 August 2021 literature review conducted by the Assessment Team during the inception phase. For the purposes of triangulation, literature review continued throughout the assessment process.

The assessment tools were designed via an iterative exercise followed by the inception meeting and email exchanges. The survey questionnaire and KII guides focused on the RNA objectives were discussed and agreed between the respective teams, along with the need to collect data from WOBs, value chain experts, and policy regulators.

A team of 21 female data collectors were onboarded for data collection, who were accompanied by 3 male and 1 female field supervisors for coordination and troubleshooting. This Data Collection Team underwent a one-day training given in Kabul by the Team Leader and Data Manager on research ethics, field planning and precautions, and assessment tools. The data collectors were supported by their *mahram* companions as travel assistants, with each of the female data collectors accompanied by their legal *mahram* during field visits, to allow movement of the female data collectors in the current context.

Quantitative data was collected from 3,140 WOBs (business owners) from across 6 provinces for formal/informal, functional/non-functional, and of various sizes of MSMEs through a survey questionnaire, while the qualitative data was collected through KIIs with 20 value chain experts and policy regulators through semi-structured interview guides. The survey questionnaire and interview guides are attached as annexes to this report.

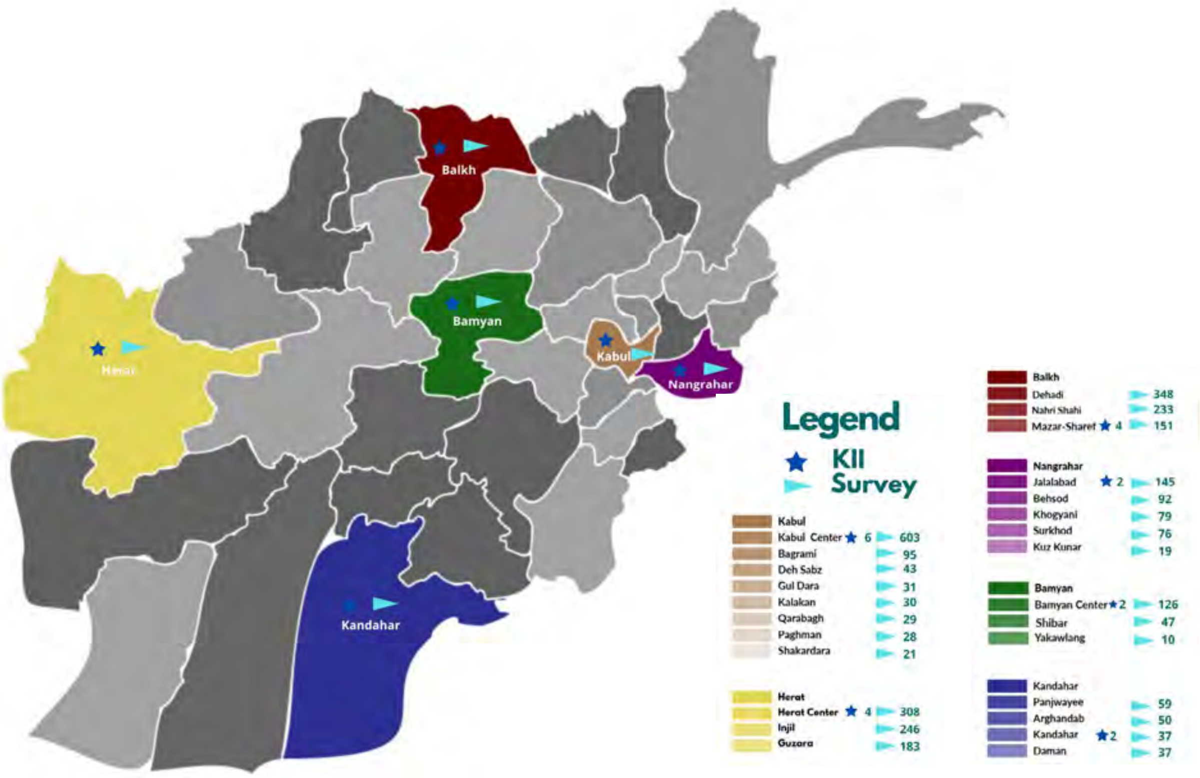
Scope of Work

Table 2 below presents the **scope** of the RNA data collection activities – including the sample size of WOBs surveyed in each province and key informants interviewed for insights on specific value chains. Government officials and development partners were not interviewed. Data collection took place over 23 days during April and May 2022. The RNA did not seek to undertake comparative analysis of the situation of female-owned businesses versus male-owned businesses, nor did it set out to delve deep into causal factors or business ecosystem dynamic. It is a rapid needs assessment aimed at covering the maximum sample for voice strength, but with limited information (in the quest to respond immediately).

Table 2. Overview of the scope of RNA primary data collection – WOBs surveyed and KIIs conducted by the RNA Team

PROVINCE & NO. OF WOBS SURVEYED	ENTITY	EXPERTISE
KABUL **880**	AWCCI ASHNA Int. Youth Assoc. Capacity for Afghanistan	Jewellery Agriculture Trade
HERAT **737**	AWCCI- Herat Khadijaul Kobra Business Center	Saffron ICT
BALKH **733**	AWCCI AWCCI	Carpets Dried Fruit
NANGARHAR **424**	AWCCI	Carpets
KANDAHAR **183**	AWCCI	Tailoring
BAMYAN **183**	Aga Khan Foundation	Garments

Figure 1. Geographic coverage of RNA data collection activities (survey of WOBs and KIIs with experts)



KEY FINDINGS

This section presents the key findings of the RNA. Key findings were developed along the lines of the RNA specific objectives and represent the results of rapid analysis conducted by the RNA Assessment Team; they are presented below under the themes registration status, functionality, profitability, key challenges, financial needs, and technical needs. The discussion of recommendations follows on from the findings and integrates the analytical perspective of the Assessment Team with data emerging from the WOBs regarding preferred solutions.

Thus, there are a **multitude of opportunities for conducting further analysis** based on the evidence generated by the RNA, and for follow-up on specific issues through further primary research. That is, to understand the specificities of some of the challenges identified by WOBs and how **idiosyncratic intersectional vulnerabilities** of marginalized groups within the population of Afghan businesswomen can be addressed to ensure the inclusivity and effectiveness of future interventions. Some of these opportunities are mentioned in this report – either in discussion of findings, or as part of recommendations and lessons learned; the Assessment Team acknowledges that these are solely a sub-set of the full range of possibilities for further inquiry that could be supported by products of the RNA.

Registration Status

Business registration status defines whether a business is operating formally and in compliance with rules and standards set by the government authority issuing the appropriate license or work certificate/permit. Business registration in Afghanistan is a complex process, with high requirements for documentation, reporting, and taxation. Lack of access to finance, investors, and lack of commercial/microfinance institutions/opportunities have been some of the other major constraints for women entrepreneurs. Women struggle to meet collateral requirements for loans and have less access to equity due to gendered restrictions on land ownership.[24] Some 82 percent of WOBs surveyed were not registered (led by Balkh province, where 92 percent of the WOBs surveyed were not registered, followed by Nangarhar with 90 percent), of which, 63 percent indicated that they are not registered because they **cannot afford** the registration fees, while 49 percent were **not aware** of registration opportunities and 43 percent indicated **lack of access** to the registration process as the main challenge (corresponding suggestions by WOBs to address **barriers to access** include establishing business registration facilities in provincial city centres and simplification of the process).[25]

24 24 Simmons-Benton, A., Heinzelmann, J. and J. Sackett. 2012. Economic Empowerment Strategies for Afghan Women. USAID (United States Agency for International Development), p. 7.

25 25 114 registered and 476 unregistered WOBs recommended simplification of business licensing procedures as a solution for increasing business formalization; 28 registered and 318 unregistered WOBs recommended establishment of business licensing facilities in provincial capitals of their work zones.

Key informant interviews indicated that many business registrations obtained before August 2021 have expired. However, 88 percent of unregistered businesses have an interest in registering – even if they may not rank it as a top priority. Registered businesses were found to be 13 times more likely to be functional compared to non-registered businesses. Only 22 percent of WOBs indicated that they require technical support for the licensing process; 5 percent indicated that their top priority was overcoming regulatory, policy, or administrative challenge (including registration).

KIIs with value chain experts and policy/regulatory authorities confirmed that business **licensing fees are prohibitive** – and that this is just one of the administrative challenges facing WOBs. Table 3 below breaks down the prevalence of registration among WOBs engaged in the top five value chains. From this data, it seems apparent that registration is not seen as important or very difficult for WOBs operating in the livestock value chain. The literature suggests that there is a strong correlation between level of education/awareness and business formalization; however, the RNA did not collect information on respondents' levels of education.

BUSINESS ECOSYSTEM CONSTRAINTS

"The environment for women to do business has become more restrictive, even the majority of women who have an official business license have limited or closed their business."

- Woman Business Owner

63 %
of Women-owned businesses were not registered indicated that they cannot afford registration fees.

Table 3. Proportion of WOBs registered in the top five value chains

REGISTRATION STATUS OF WOBS IN TOP FIVE VALUE CHAINS	REGISTERED	
	YES	NO
Garments and clothing	36%	64%
Food production & processing	32%	68%
Handicrafts	16%	84%
Tailoring	12%	88%
Livestock	**1%**	**99%**

Table 4. Breakdown of registering authorities of WOBs [26]

Authority [27]	ACBR/MoIC	Municipality	ACCI/AWCCI	MoJ	MoEc	MoPH	MoEd
#	258	259	70	26	24	12	11
%	**45%**	**45%**	**12%**	**5%**	**4%**	**3%**	**2%**

There is room for further research on the incentives and **disincentives of business registration**; it appears that at least some portion of WOBs have the necessary level of means, access, and awareness – yet still choose not to register their business. Almost none of the WOBs operating in the livestock value chain are registered (only 1 percent).

Of the WOBs registered pre-August 2021, 45 percent were registered with the Afghanistan Central Business Registry/Ministry of Industry and Commerce (ACBR/MoIC), 45 percent were registered with the respective Municipality, 12 percent were registered with the Afghanistan Chamber of Commerce and Investment/Afghanistan Women's Chamber of Commerce and Industry (ACCI/AWCCI), 5 percent with the Ministry of Justice (MoJ), 4 percent with the Ministry of Economy (MoEc), 3 percent with the Ministry of Public Health (MoPH), and 2 percent with the Ministry of Education (MoEd); (see breakdown in Table 4). However, as indicated by the key informants, many WOBs that were officially registered (pre-August 2021) have scaled back or ceased operations.

Functionality

The RNA uses the term 'functional' to refer to a WOB that was open for business at the time of contact, regardless of whether or not it was operating at a profit at that time; 73 percent of WOBs surveyed indicated that they were functioning, while the rest (27 percent) were 'non-functional'. The main reasons given for non-functionality were lack of access to operating capital/financial resources (89 percent), lack of accessible markets (85 percent), and lack of investment capital to purchase/upgrade productive assets, etc. (84 percent).

HIGH REGISTRATION COSTS

"One of the main reasons that entrepreneurs don't want to get a license is that the fees are high. For start-ups, there should be a policy to exempt them from the taxes… the policies should be motivating for businesses (especially those owned by women), not demoralizing them."

- Woman Business Owner

Balkh was the most affected province in this regard, with 69 percent of WOBs non-functional in that province, followed by Kandahar (43 percent) and Nangarhar (33 percent). The non-functionality of businesses has a co-relation with non-registration; however, there is a long history of WOBs receiving inputs and marketing support from NGOs as part of efforts to develop value chains and support resilience. Following the takeover, most of these NGOs have stopped operating in Afghanistan, and this in turn has affected the functionality of WOBs – especially in the livestock value chain, and particularly in Balkh province. This exemplifies the complexities of Afghanistan's business ecosystem for WOBs.

26 Number of respondents = 572
27 These institutions and regulatory entities functioned during the pre-August 2021 era.

The main modes of functionality indicated by functioning WOBs were working remotely from home (70 percent), maintaining a physical office space (27 percent), employing staff (12 percent), and working from an office (10 percent). The high percentage of WOBs with remote functionality compared to those that maintain physical office spaces where staff are working is evidence that businesses are struggling to remain solvent and are in need of financial support; many cannot maintain physical office spaces due to high operational costs.

Table 5 below presents the proportions of functioning versus non-functioning WOBs in each of the top five value chains, across the six provinces covered by the RNA. Although they have lower overall participation by value chain, and are therefore not included in the table below, the agriculture and carpets value chains have particularly high rates of functionality (99 percent and 82 percent respectively).

Side-by-side analysis of WOB functionality and registration shows a possible correlation between these two variables – for example, the livestock value chain has the lowest rate of registration and the lowest rate of functionality. However, this does not seem to correlate with rates of WOB profitability, nor does there appear to be a correlation with the rate at which WOBs employ staff.

Figure 2. Main reasons given for non-functionality of WOB

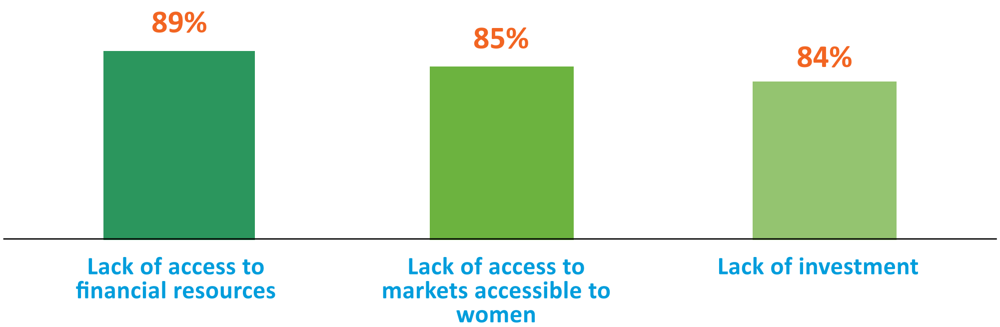


Table 5. WOB functionality

Value Chain	Functional	Registered	Employer	Profitable
Garments and clothing	**97%**	**36%**	**13%**	**49%**
Food production & processing	76%	32%	22%	74%
Tailoring	73%	12%	10%	79%
Handicrafts	72%	16%	15%	82%
Livestock	**53%**	**1%**	**9%**	**70%**
All Value Chains	73%	18%	12%	71%

Table 6. Modes of WOB functionality (top five value chains)

Value Chain (n=number of respondents)	Maintain Office	Employ Staff	Office Working	Remote Working
Tailoring (n=666)	22%	10%	7%	74%
Livestock (n=441)	10%	9%	1%	**89%**
Garments and clothing (n=263)	35%	13%	10%	68%
Handicrafts (n=198)	16%	15%	3%	77%
Food production & processing (n=162)	**43%**	**22%**	**17%**	51%

Profitability

The survey results show that, of the functional WOBs, 88 percent have no active orders/contracts in hand; 59 percent reported a decrease in profits between the time of reporting and one year previous; and 29 percent reported that they were operating at a loss.

Table 7 below lists the value chains in which WOBs reported the highest rates of increased year-on-year profits; it also shows the total percent of WOBs operating at a profit (even if their profits had seen a reduction) in each of those value chains where at least some WOBs reported increased profits. That is, the table does not include value chains where a high percentage of WOBs are operating at a profit, but none at an *increased* profit; the purpose of the table in this regard is to highlight those value chains with the most promising signals of profitability. However, the number of WOBs in this value chain is very small, and so this is considered a weak signal; although it is certainly a statistical point of interest, as it is the only value chain where 100 percent of WOBs are profitable.

Analysis of WOB profitability in each value chain where at least some WOBs reported increased profits showed that profitability does not appear to closely correlate with the level of registration. In fact, there appears to be a negative correlation: the food production and processing and garments and clothing value chains have the highest rates of registration, and yet find themselves at the bottom of the rankings in terms of profitability.

Table 7. WOB profitability in value chains reporting increased profits

Value Chain	Profit compared to last year			% of WOBs operating at a profit	% of WOBs with no decrease in profit
	Increased	Decreased	No change		
Agriculture (greenhouses, saffron)	**16%**	53%	**17%**	86%	**33%**
Personal care and cosmetics	**13%**	38%	**13%**	63%	**25%**
Handicrafts	6%	68%	8%	82%	14%
Trade (import/export)	5%	48%	8%	60%	13%
Services (incl. health and education)	4%	53%	10%	68%	14%
Tailoring	4%	66%	9%	79%	13%
Weaving/Carpets	4%	58%	9%	71%	13%
Livestock	2%	58%	10%	70%	12%
Food production & processing	1%	65%	8%	74%	9%
Garments and clothing	1%	43%	5%	49%	6%

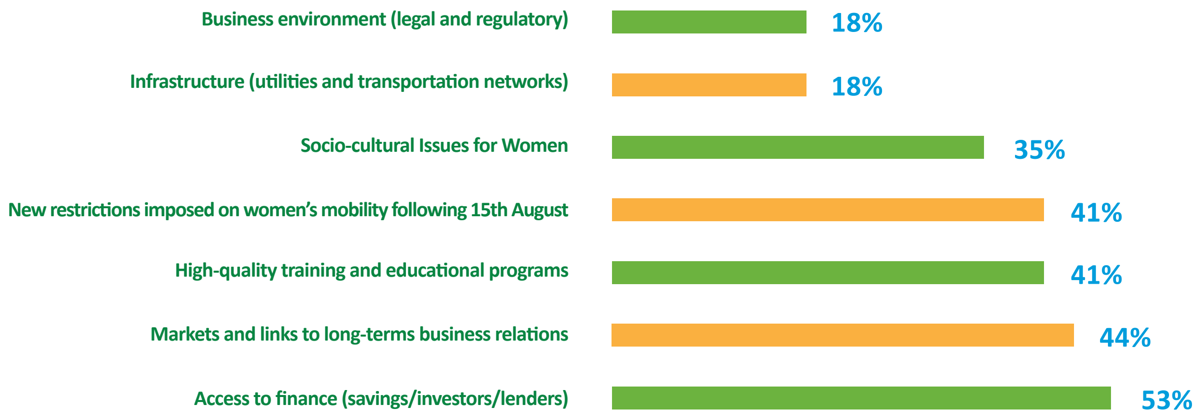
Key Challenges for WOBs

Based on triangulation of the literature reviewed by the Assessment Team, survey results, and insights gained through KIIs, it is evident that the fall of the previous government negatively impacted the economy and the labour market generally – and that this **impact was particularly severe for the women of Afghanistan.**

The abrupt loss of household income due to the market collapse and the DFA restrictions on women's ability to work post-15 August 2021 are impacting WOBs. The top challenge reported by WOBs was access to finance (cited by 52.5 percent of respondents); KIIs also indicated that many businesswomen have resorted to liquidating capital and productive assets, in an attempt to cope with the economic crisis that has followed the events of August 2021. Of those respondents surveyed, 41 percent of respondents indicated that the new restrictions on women's mobility represent a challenge; 41 percent indicated challenges in accessing high-quality training and education; and 44 percent indicated challenges with access to markets and links to long-term business relationships. Only 18 percent of WOBs indicated infrastructure or the regulatory environment as challenges.an attempt to cope with the economic crisis that has followed the events of August 2021. Of those respondents surveyed, 41 percent of respondents indicated that the new restrictions on women's mobility represent a challenge; 41 percent indicated challenges in accessing high-quality training and education; and 44 percent indicated challenges with access to markets and links to long-term business relationships. Only 18 percent of WOBs indicated infrastructure or the regulatory environment as challenges.

89 %
of non-functioning Women-owned businesses lack access to financial resources.

Figure 3. External challenges faced by WOBs which are outside of their control



When WOBs were asked to rank the challenges they face on a scale of 1 to 5 (from most urgent to least urgent), financial challenges emerged as the clear priority for a large majority (78 percent), with technical and social challenges following as secondary and tertiary priorities for most respondents.

Challenges related to regulatory, policy, and/or administrative issues were top priority for four percent and five percent of WOBs respectively. The key challenges noted in KIIs also echoed the survey data – and are listed in the frequency tables below (Table 8 and Table 9). The frequency tables present the results of the KIIs that the Assessment Team conducted with Policy and Regulatory (P&R) authorities and value chain experts. These groups of key informants were asked different questions – to leverage their specific technical knowledge and expertise. The numbers (#) in the tables below indicate how many (out of 20) of the key informants provided similar responses. Qualitative data derived from KIIs is the result of careful transcription, translation, and thematic coding – resulting in the **categories and frequency values** presented in the tables below. A low-number cutoff was used to exclude categories of responses not mentioned by at least four informants.

Table 8. Challenges mentioned by four or more key informants

Challenges facing WOBs frequently mentioned by key informants	#
Socio-cultural constraints/norms around gender	14
Governmental restrictions imposed on the freedom of women's movement, etc.	11
Lack of access to finances, operating capital, investment opportunities	10
Women do not have access to the foreign market	7
Cost of obtaining a business licence is too high	6
Low capacity	5
DFA have made P&R authorities more restrictive	4

Financial Needs – 90 percent of WOBs surveyed indicated that they would like to have access to grants. Other financial means indicated as of interest to WOBs included access to investors (33 percent), access to commercial opportunities from banks and microfinance institutions (26 percent), access to loans (21 percent), access to long-term finance/investment (16 percent), and access to short-term finance/operating capital (13 percent).

Table 9. Prioritization of challenges by WOBs

Challenge	Most Urgent 1	2	3	4	Least Urgent 5
Financial	**78%**	13%	7%	1%	1%
Social norms	7%	27%	25%	18%	23%
Technical	7%	37%	26%	18%	13%
Regulatory/Policy	5%	9%	25%	28%	34%
Administrative	4%	15%	17%	35%	29%

Table 10. Cross tabulation analysis of demand for financing in value chains engaged in by WOBs[28]

Demand for financing from WOBs (n = 3,140)		Value Chain										Total
		Tailoring	Garments & Clothing	Food Production & Processing	Services (incl. health &	Weaving/Carpets	Agriculture (e.g. saffron)	**Livestock**	Beauty Parlour	Handicrafts	Poultry	
Most useful level of finance support	**Below $1,000**	13%	1%	2%	1%	2%	-	11%	1%	3%	-	**35%**
	$1,000 – $3,000	6%	3%	2%	1%	1%	1%	7%	2%	1%	-	25%
	$3,000 – $6,000	3%	2%	1%	1%	1%	-	4%	1%	1%	-	14%
	$6,000 – $10,000	1%	1%	-	-	-	-	1%	-	-	-	5%
	More than $10,000	3%	1%	1%	-	-	-	2%	1%	2%	1%	**12%**
	Depends on term/ rates	2%	1%	1%	-	-	1%	1%	-	1%	-	9%
Total		**29%**	9%	7%	3%	5%	2%	**26%**	5%	9%	1%	100%

KIIs with P&R authorities confirmed that the most urgent challenge for Afghan WOBs is the lack of access to financial support.

28 Some value chains have not been included due to low values.

Technical Needs indicated by WOBs included secure/safe marketplaces (60 percent), entrepreneurship training (49 percent), improved access to trade shows/exhibitions (36 percent), support in licensing processes (22 percent), support for online sales (20 percent), and value chain-specific opportunities (18 percent). The first reason for having women-only markets is for fundamental safety and security. Many Afghan women feel safer and prefer to do shopping in a women-only market – as opposed to a male-dominated market, where they feel at risk.

Value Chain Opportunities – WOBs engage in a wide range of value chains, including tailoring (29 percent), livestock (26 percent), garments and clothing (9 percent), handicrafts (9 percent), food production and processing (7 percent), beauty (5 percent), weaving/carpets (5 percent), education (3 percent), agriculture (2.5 percent), trade (import/export) (2 percent), jewellery (1 percent), manufacturing (1 percent), and poultry (1 percent). Value chain opportunities were identified through KIIs with specific value chain experts. A few indicative examples are provided below, along with quotes from key informants interviewed as part of the RNA. The prevalence of women's participation in the livestock value chain was unanticipated and KII sampling did not include experts from this value chain.

MULTIPLIER EFFECT OF BUSINESS OPPORTUNITIES FOR AFGHAN WOMEN

"Women can work in agriculture, livestock, and poultry; Afghanistan has appropriate places for these kinds of activities. We should be given tools and assets that lead to self-sufficiency of women; a self-sufficient woman can assist one hundred more women."

- Woman Business Owner

60 %

of Women-owned businesses indicated that access to safe/secure marketplaces is a technical need.

JEWELLERY

"If a girl or women wants to learn the knowledge, I will help her in my workshop."

- Woman Business Owner

It should be noted that a range of WOBs were included in this RNA, and that there may be opportunities for leveraging the involvement of Afghan women in business through a multiplier effect – as described below by one contributor.

In a few of the value chains where WOBs are active, there is some limited interest in larger-scale financing; this could potentially catalyse a multiplier effect, with the larger businesses creating opportunities for smaller WOBs as value chains develop over time.

Some of the opportunities identified are time-sensitive (e.g. capitalizing on what appears to be a 'bumper crop' of fruit production this year), while others are very specialized (e.g. opportunities to learn from master craftswomen and apprentice in existing workshops – thereby overcoming the hurdle of setting up an independent operation and investing in materials and production equipment while still learning).

Opportunities in the agriculture value chain specifically mentioned by KIIs related to cultivation of saffron. There were also some indications in the data that greenhouses and larger-scale agricultural opportunities may exist for WOBs active in this value chain. It should be noted that there is overlap between agriculture and dried fruit processing; for example, with some WOBs involved at multiple levels of the (overlapping) supply chain and value addition process.

Livestock – This value chain was not anticipated to be a major sector of engagement for WOBs. However, according to the survey data, this is the second-largest sector in terms of the number of WOBs involved (following tailoring/garments). Livestock is also the value chain with the highest proportion of non-functional WOBs. Replacement of assets and improved market access are two themes that emerged in the data and interviews related to this sector. There is overlap with the poultry value chain – where there is some demand for large-scale financing. Only 1 percent of WOBs operating in the livestock value chain are registered – appearing to indicate a significant opportunity to raise awareness of and access to processes for business formalization (to support WOBs and link them to the tax system).

Tailoring/Garments – Good opportunities exist in this sector, if access to markets is increased. Since the DFA has imposed requirements related to women's clothing, there has been an increase in the demand for Afghan-made women's clothing in urban areas (where large populations of women found themselves needing to rapidly 'update' their wardrobe). Some Afghan women also prefer to purchase and wear domestic products, as in some cases they signify important religious and cultural identities.

While tailoring/garments is the largest value chain in terms of number of WOBs, this does not necessarily mean that it supports the largest number of women – as businesses tend to be moderately sized, and so cannot leverage the multiplier effect in the same way as larger businesses. One of the advantages of the tailoring/garments value chain is that it is relatively accessible to women in their homes. However, the other side of this attribute is that market supply tends to remain high, driving down prices if saturation is reached in the local

DRIED FRUIT

"Tree crops are very good compared to last year and if attention is paid, farmers will earn a good income this year. Afghan dried fruits have a high demand in international markets. Professional human resources in the production and processing of dried fruits are available."

- Woman Business Owner

SAFFRON

"The government has prohibited cultivating any kind of opium. This is the best opportunity to cultivate saffron and in the future the cost of saffron will improve."

- Woman Business Owner

HOPE IN CONTEXTUAL ADAPTATION

"Women…are hoping for future work and to continue their activities without major hindrances within the framework of Islam (Shariah law)."

- Woman Business Owner

market. There is space for innovation – including in the area of agricultural textiles, for example.

Weaving/Carpets – This is also a very significant value chain for WOBs. Asset replacement and market access could unlock economic potential; KIIs indicate that there is a very solid skill-base for this value chain in Afghanistan, and that women engaged in this value chain could benefit from diversifying their incomes through livestock ownership, for example. KIIs with value chain experts indicated the existence of an experienced workforce in the carpet manufacturing value chain. Opportunities in this value chain include increasing the role of women in the sale and marketing of carpets on the international market – participating as dealers and brokers, as well as producers of this iconic product of Afghanistan.

Solutions Identified by WOBs and Key Informants

The survey of WOBs included concluding questions about future support for WOBs. Solutions indicated as helpful by WOBs include: short courses on business and financial management (cited by 44 percent respondents), more freedom for women to work in public spaces (43 percent), inclusion of rural businesswomen in trade exhibitions (30 percent), establishing women's markets in provincial capitals (28 percent), simplifying licensing and tax compliance to allow WOBs to enter the formal economy (19 percent), increased online sales of women-made products (12 percent), establishing business licensing facilities in provincial capitals (11 percent), and supporting WOBs with simplified processes for business licensing, tax compliance, customs clearance, government procurement, and land registration (11 percent). The survey also provided an opportunity for WOBs to share their recommendations in an **open-ended format**. The tables below present a summary of the thematically coded recommendations shared by 1,204 WOBs (the remaining WOBs did not respond to this question).

Expert Perspectives – The RNA also elicited recommendations from the value chain experts and P&R authorities. The frequency tables below show the number of KIIs (out of 10) that mentioned different recommendations. As noted above, qualitative data from the KIIs has been thematically coded and aggregated across the six provinces covered by the RNA.

Table 11. Recommendations mentioned by three or more value chain experts

Recommendations from KIIs with Value Chain Experts (n=10)	#
Increase women's access to investment/capital	8
Government investment in employment opportunities for women	6
Increase women's access to international markets	4
Better training/capacity building	3
Support for registering a business	3
Government oversight/better regulation	3

Table 12. Recommendations mentioned by three or more P&R authority key informants

Recommendations from P&R authorities (n=10)	#
Access to financial assistance/resources	6
Training programmes	5
Marketing support/reach to international markets	4
Government, NGO, and private sector support for WOBs	4
Capacity building	3
Exhibitions	3

There is strong general convergence between the perspectives of the WOBs, value chain experts, and P&R authorities interviewed. This convergence also extends to the evidence reviewed by the Assessment Team contained in the relevant literature. This body of evidence forms a strong basis for analysis and formulation of high-level but actionable recommendations; it will also be a rich resource for further analytical work and deeper dives into specific needs related to population groups and value chains which can remain ‘hidden’ in the data (yet which may experience unique intersectional vulnerabilities that justify targeting future interventions).

Photo: @ UN Women/ Sayed Habib Bidell

RECOMMENDATIONS

This section presents a set of **recommendations** based on a synthesis of the perspectives offered by WOBs, key informants, literature reviewed by the Assessment Team, and insights based on the expertise of the Team and its rapid analysis of the base of evidence generated by the RNA.

The demographic coverage of the RNA reflects a recognition of the need for interventions intended to support WOBs to consider **which segments** of the women's business ecosystem are targeted, and how they are targeted – since the needs and interests of businesswomen operating at different levels (and in various value chains) can be quite diverse and specific.

Each of the five main recommendations emerging from the analysis of the feedback provided by WOBs are also grounded in indicative evidence. The list of recommendations put forward below is not exhaustive.

Recommendations from WOBs
Provide **technical and financial support** including in-kind grants.
Create **safe workspaces** for women's business activities.
Organize business/product exhibitions to **catalyse market linkages**.
Offer technical and financial management **trainings for WOBs**.
Create an enabling environment for WOB growth/development.

Table 13. Recommendations from the RNA and indicative rationale and timing for each

RECOMMENDATIONS, RATIONALE AND TIMING	
RECOMMENDATION	**INDICATIVE RATIONALE AND TIMING**
1. **Advocacy**	Advocate for women's full access and participation in the labour forces across all sectors, public, and private, and the removal of all restrictions in connection to women's right to work.
2. Provide **technical and financial support**, including in-kind grants.	There is strong corroboration between data sources regarding the urgent need for **immediate technical and financial support for WOBs**. These interventions should seek to respond to the erosion of working capital and productive assets caused by the ongoing humanitarian crisis, and exacerbated by current DFA policies. Spur quick results by providing **financial and technical support to WOBs engaged in top-performing value chains**, including tailoring, livestock, garments and clothing, and handicrafts.

RECOMMENDATIONS, RATIONALE AND TIMING	
RECOMMENDATION	**INDICATIVE RATIONALE AND TIMING**
	Focus on micro businesses, which represent 82 percent of WOBs in Afghanistan. This approach can be cost effective and may have immediate impact, improving the livelihoods of many families in the current crises. Their financial and technical needs are limited and manageable, and each business is responsible for feeding the owner's family. The analysis suggests that if furnished with grants of up to $3,000, some 60 percent of micro businesses could function as viable, independently operating businesses – with this percentage increasing to 74 percent if the amount of financing is increased to $6,000.
3. Create **safe workspaces** for women's businesses to conduct their activities.	The need and demand for safe workspaces for WOBs to conduct business activities has also become more urgent under DFA rule; practical solutions should be pursued to ensure **safe and enabling economic zones for women** – this is both an urgent and ongoing/long-term need of WOBs in Afghanistan.
4. Organize business networking opportunities and product exhibitions to c**atalyse market linkages**.	There is consistent recognition of the need to **catalyse market linkages at various levels**; many opportunities exist for peer-to-peer learning and connecting with new customers and opportunities to secure investment in ways which are culturally and politically acceptable in the current context. This is an intermediate and long-term priority for sustaining WOBs.
5. Offer technical and financial management **training for WOBs**.	There is consistent demand for **targeted trainings for WOBs on technical and financial management**; this is true for WOBs operating at different levels of size and functionality – each has specific needs depending on the stage/status of their business and its needs.
6. **Create an enabling environment** for WOB growth/development.	The foundation of success for Afghan WOBs in the future will depend on the extent to which the **business ecosystem** that they operate in enables their functioning. There are clear opportunities for **simplifying and incentivizing the registration process**, for example.
7. **Advocacy**	Strong lobbying and dialogue with the DFA is needed from the United Nations to bring women into the mainstream economy, if the United Nations wishes to continue with onward studies and response planning to support WOBs.

Geographic Differentiation – The list of recommendations below summarizes the conclusions of WOBs surveyed in each province; priorities vary for a variety of reasons, including engagement in different value chains in different regions and contextual factors such as security, local cultural norms, and the extent of existing infrastructure. The list was developed through a structured process of open, axial, and thematic coding of qualitative and quantitative data collected through the RNA.

KABUL

- Provide financial grants.
- Create safe working spaces for business activities.
- Deliver short-term courses on business and financial management.

NANGARHAR

- Register unlicensed micro/small WOBs, facilitating entry to the formal economy by simplifying licensing and tax compliance.
- Create safe working spaces for business activities.
- Deliver short-term courses on business and financial management.

HERAT

- Provide financial grants.
- Create safe working spaces for business activities.
- Deliver short-term courses on business and financial management.

KANDAHAR

- Establish women-only markets.
- Register unlicensed micro/small WOBs, facilitating entry to the formal economy by simplifying licensing and tax compliance.
- Create safe working spaces for business activities.
- Ensure inclusion of rural businesswomen in trade exhibitions.

BALKH

- Register unlicensed micro/small WOBs, facilitating entry to the formal economy by simplifying licensing and tax compliance.
- Establish women-only markets.
- Create safe working spaces for business activities.
- Deliver short-term courses on business and financial management.

BAMYAN

- Provide financial grants.
- Create safe working spaces for business activities.
- Deliver short-term courses on business and financial management.

LIMITATIONS AND CHALLENGES

In carrying out the RNA, the Assessment Team encountered several challenges, some of which are detailed below. A number of these challenges were pre-empted, and a mitigation plan put in place during the inception phase, which helped to avoid delays and negative impacts on project implementation.

1. There was **limited cooperation from the advocacy entities** listed in the inception report, including the AWCCI, in terms of providing lists of WOBs to inform the survey sample – as had been envisaged during the proposal development stage. This delayed the coordination and data collection process by up to 20 days. Some of the reasons for this limited cooperation: i) The leadership of advocating entities and chambers had left Afghanistan after August 2021; ii) The AWCCI administration at the time of the assessment did not have access to the information database of registered WOBs, nor to the AWCCI domain; iii) Most of the entities were busy restructuring their engagements and plans to adapt to the post-August 2021 situation.

2. Comparatively **fewer WOBs participated in Kandahar**, in comparison with Kabul, Balkh, Herat, Bamyan and Nangarhar. Most of the businesses identified through the lists and the snowball approach did not participate in the survey, being busy or extra cautious.

    - 183 WOBs, which is comparatively a smaller sample for a large province like Kandahar were selected from 3 districts and Kandahar City to ensure data representation.

3. Data entry, analysis, and reporting proved challenging due to **power cuts** in some provinces.

    - The Assessment Team had to cover for such losses by working long hours and weekends.

4. The assessment did not delve into the details of partial and shared ownership arrangements; this is an example of a research area that is ripe for **follow-up inquiry or research**, in support of further understanding critical WOB ecosystem dynamics.

Photo: @ UN Women/ Sayed Habib Bidell

LESSONS LEARNED

1. **LIMITATIONS IMPOSED BY THE DFA ON WOMEN'S MOVEMENT INCREASE THE FINANCIAL COST OF CONDUCTING WOMEN-LED DATA COLLECTION IN AFGHANISTAN** – Provision of a *mahram* companion for women data collectors while they travelled from their respective provinces to Kabul for training, and for travel within their provincial districts for data collection was a new requirement introduced by the DFA in December 202129 Comparatively fewer WOBs participated in Kandahar, in comparison with Kabul, Balkh, Herat, Bamyan and Nangarhar. Most of the businesses identified through the lists and the snowball approach did not participate in the survey, being busy or extra cautious.

2. **KEY INSIGHTS ARE APPARENT IN THE RNA DATA** – The RNA was conducted in an emergency situation to assess the needs of affected WOBs post-August 2021 to inform response planning. A few clear themes have emerged:

   a. Most of the unregistered businesses were found to be **non-functional, but still do not consider licensing** a major issue;

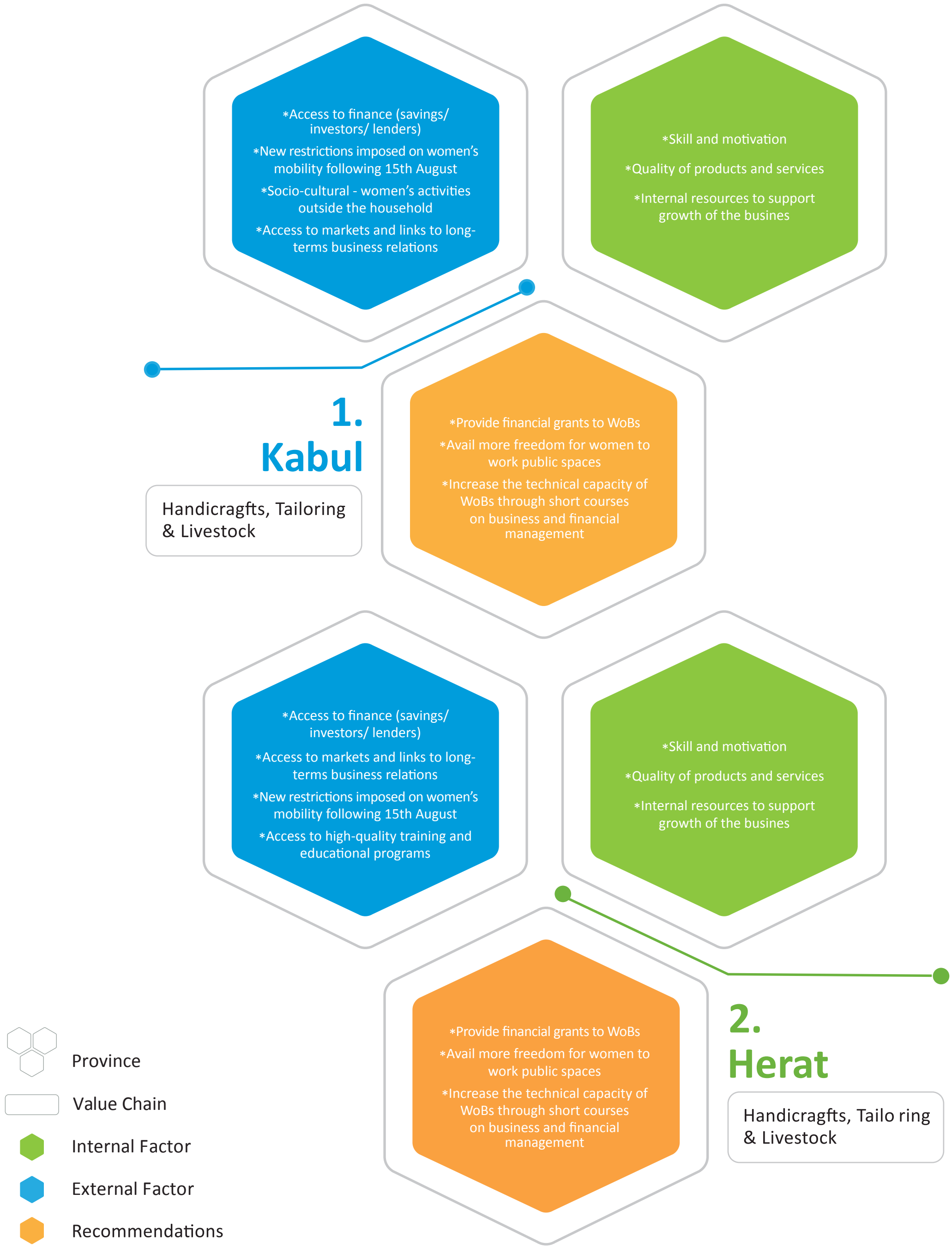
   b. Licensing procedures and the time/fee structure facing WOBS could be captured by a **subsequent study**, potentially helping to increase formal business, functionality, and the tax base.

3. **OPERATIONAL EMPOWERMENT OF WOMEN REQUIRES IMPROVED PARTICIPATORY PROCESSES** – Afghan women want to feel like partners rather than 'grantees' or 'targets' of supply-driven efforts to support them. Despite financial, technical, and regulatory problems, only 38 percent of WOBs were interested in engaging in the design of future interventions. This signals a **need to improve participatory processes** and strengthen the linkages between beneficiary consultation and the design of critical interventions.

Photo: @ UN Women/ Sayed Habib Bidell

ANNEX 1

CHALLENGES, OPPORTUNITIES, AND RECOMMENDATIONS IDENTIFIED BY WOBs




*Access to finance (savings/investors/ lenders)
*New restrictions imposed on women's mobility following 15th August
*Access to high-quality training and educational programs
*Socio-cultural - women's activities outside the household
*Employee/workers' skills
*Quality of products and services
*Internal resources to support growth of the business
3.
Balkh
Tailoring, Food Production, Processing & Livestock
*Establish women's markets in provincial capitals
*Avail more freedom for women to work public spaces
*Increase the technical capacity of WoBs through short courses on business and financial management
*Access to finance (savings/ investors/ lenders)
*Socio-cultural - women's activities outside the household
*Access to high-quality training and educational programs
*Access to markets and links to long-terms business relations
*Employee/workers' skills
*Quality of products and services
*Internal resources to support growth of the business
*Avail more freedom for women to work public spaces
*Increase the technical capacity of WoBs through short courses on business and financial management
*Encourage unlicensed micro and small Wobs to enter the formal economy by simplifying licensing and tax compliancy
4.
Nangarhar
Livestock, Garments, Clothing & Tailoring
Province
Value Chain
Internal Factor
External Factor
Recommendations

5. Kandahar

Tailoring, Handicrafts & Livestock

* Socio-cultural - women's activities outside the household
* Access to markets and links to long-terms business relations
* New restrictions imposed on women's mobility following 15th August

*Employee/workers' skills
*Quality of products and services
*Internal resources to support growth of the business

*Establish women's markets in provincial capitals
*Avail more freedom for women to work public spaces
*Ensure inclusion of rural businesswomen in trade exhibitions

6. Bamyan

Tailoring, Garments, Clothing & Handicrafts

*Access to finance (savings/ investors/ lenders)
*Access to markets and links to long-terms business relations
*Infrastructure (utilities and transportation networks)
*New restrictions imposed on women's mobility following 15th August

*Skill and motivation
*Quality of products and services
*Internal resources to support growth of the busines

*Provide financial grants to support WoBs
*Avail more freedom for women to work public spaces
*Increase the technical capacity of WoBs through short courses on business and financial management

Province
Value Chain
Internal Factor
External Factor
Recommendations

ANNEX 2

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ANNEX 3

MANAGEMENT AND QUALITY CONTROL OF THE RNA DATA

Ethical considerations

All interviewing and data collection conducted followed an agreed protocol. Consent of respondents was obtained before the interview took place, and for the taking of any pictures or videos (where applicable). Respect of local culture and consultation with local community leaders and elders was taken into consideration to help facilitate the surveying.

The Assessment Team ensured and prioritized the confidentiality, safety, and best interests of all participants. Data collectors were trained on data collection ethics and protection and how to refer to the TAGHEER Data Manager if any rights were being violated – all guided by the principles of confidentiality and informed consent. KII respondents signed consent forms stating that participation was not obligatory, and that the participants could end the interview at any time. For the surveys, the data collectors verbally explained the RNA objectives and received consent, and collected data solely for the purposes of the RNA – in consideration of privacy and utility. Data was stored in office computers with a back-up on Google Drive. An official email domain was used for transferring and sharing data, and, for large files, Google Drive and WeTransfer were used.

Data compilation and analysis

Kobo Toolbox and smartphones were used for survey data collection. The tools were developed by the Assessment Team during the inception phase and were then scripted using XLS forms. This assisted with data quality, accuracy, and timeliness – and in monitoring for inconsistencies, incompleteness, and outliers. The cleaned and consolidated data was imported to Statistical Package for the Social Sciences (SPSS) for analysis and cross-tabulation. The resulting evidence and data tables were developed into data visualizations of key insights. For the KIIs, Microsoft Excel was used for open, axial, and thematic code-based analysis. Subsequentially, frequency analysis was conducted to identify themes frequently mentioned by multiple key informants – and to rank them by frequency differentials.

KIIs were recorded for translation and transcription purposes, as allowed by the participants. Two semi-structured interview guides were used – one for value chain experts and one for regulatory authorities.

Data quality control

The Assessment Team tailored its quality control standards and operating protocols to ensure accurate, reliable, and valid survey data. The establishment of effective and efficient strategies for survey quality improvement ensured the timely collection of high-quality data and the validity of the results. The specific activities related below ensured quality of deliverables.

Recruitment: Local knowledge and expertise

Data collectors were locally recruited. This approach guaranteed local-level expertise and safer access to the volatile districts within the six provinces targeted by the RNA.

Translation

The questionnaires have been translated, and adapted to convey **semantically similar constructs.** The translation process thus produced a locally understandable questionnaire, which accurately reflected the original intent of the questions. In addition, question-by-question specifications aimed to convey the original meaning of the questions and pre-coded response options.

Testing data collection tools

Conducting test run surveys/interviews with participants helped to identify necessary adjustment to the tools, structure, and language of the assessment, to ensure clarity during the actual data collection.

Training of data collectors

While already highly experienced researchers, the data collectors attended one day of additional training for the purposes of the RNA. The training curriculum covered the assessment objectives, field plans, and information on target groups/stakeholders, data handling procedures, and data collection tools. Each data collector led a mock survey and KII before participating in the actual research. This practice helped to assure **valid tool design.**

Iterative analysis and interviewing

The Data Manager ran data quality and consistency tests to control for outliers and optimize for accuracy. Up to 5 percent random callbacks were made to check data reliability. The data set and transcribed notes from the field were reviewed daily for this purpose, and to provide real-time feedback for the data collectors. The **data reliability** test was carried out using Cronbach's Alpha application; it scored 0.942 (considered '**excellent**').

ANNEX 4
DATA COLLECTION TOOLS

Survey of women-owned businesses in Afghanistan – framework of questions, indicators, and research objectives

SECTION 1: WOB DEMOGRAPHICS	
Name of participant (Businesswomen):	Name of associated business (if any):
Business size: 1. Micro (up to 5 employees) 2. Small (up to 19 employees) 3. Medium (up to 99 employees) 4. Large (more than 100 employees)	Nature of employment created: 1. Self-employed (only one person) 2. Family members 3. Open employment on competitive basis 4. Other (__________)
Phone number: Alternative phone number (if any): Email (if any):	Location/province:

Outcome/Research Objective	Key Indicator	Survey Questions	Question Type
1. Map out a representative sample of the targeted women-owned businesses and prepare a mini version/map for those businesses that can serve as key informants for future interventions;	1.1. Number of WOBs that are functional 1.2 Number of WOBs willing to share contact information and serve as a key informant in possible future project design efforts	1.1.1. Is your business currently functional or non-functional? **Functional/Non-Functional**	Single choice If functional, **SKIP to 1.1.3**
		1.1.2. If non-functional, what are the reasons for non-functionality? Lack of access to markets accessible to women Lack of access to financial resources Lack of infrastructure (i.e. electricity, roads) Limited business marketing opportunities Lack of training opportunities Lack of investment Mobility constraints preclude production/sales/services Other (specify)	Multiple choice (select up to 3 most important factors) After response, **SKIP to 1.2.1**
		1.1.3. What is your mode of functionality? Maintain physical office space Employ staff Work from home Work online	Multiple choice
		1.1.4. Do you have any active contracts or projects? **Yes/No**	Single choice
		1.1.5. How does your profit margin compare to last year at this time? **Increased** **Decreased** **Operating at a loss** **No change** **Other (specify)**	Single choice
2. Understand the current situation of WOBs (functioning or not) especially after 15 August 2021 and orders by the de facto authorities for women to not leave their home;		1.2.1. Are you willing to share your contact information and to be considered as a key informant for the purposes of designing possible future efforts to support WOBs? **Yes/No**	Single choice

Outcome/Research Objective	Key Indicator	Survey Questions	Question Type
		1.2.2. If yes, please provide contact information. **Phone, Email, Address of Business**	Text response
3. For WOBs to be assessed, understand the status of the businesses (whether they are registered or not);	1.3. Number of WOBs that are registered	1.3.1. Is your business registered? **Yes/No**	Single choice If No, **SKIP to 1.3.4**
		1.3.2. If yes to the question above, specify the type of registration. a) ACBR/MoIC b) Municipality c) Ministry of Justice d) Ministry of Economy e) Ministry of Education f) Ministry of Public Health g) ACCI/AWCCI h) Other, please specify	Multiple choice If ACBR/MoIC, **SKIP to 1.4.1**
		1.3.3. If registered with an entity other than the ACBR/MoIC, do you pay tax(es) to the government? **Yes (if yes, specify types of tax(es) paid)/No**	Single choice **SKIP to 1.4.1**
		1.3.4. If not registered, what are the main reasons for lack of registration? Not aware of registration opportunities/requirements Lack of access to the registration process Not convinced of the benefits of registration Cannot afford fees (if any) Other (specify	Multiple choice
		1.3.5. If these problems were resolved, would you be interested in registering your business with the government? **Yes/No**	Single choice

Outcome/Research Objective	Key Indicator	Survey Questions	Question Type
4. Understand the challenges that the businesses are encountering (socialnorms, new politicalshift, supply and demand issues, etc.) and suggested solutions and actions to overcome these challenges;	1.4. Types of challenges faced by WOBs	1.4.1. What types of challenges do you face as a WOB that are outside of your control (external factors)? Infrastructure (utilities and transportation networks) Business environment (legal and regulatory) Access to finance (savings/ investors/lenders) Access to high-quality training and educational programmes Access to markets and links to long-term business relationships Socio-cultural – women's activities outside the home New restrictions imposed on women's mobility after 15 August 2021 Other (specify)	Multiple choice Select up to 3 most urgent
		1.4.2. What types of challenges do you face as a WOB that are within your control (internal factors)? Skill and motivation Employee/workers' skills Internal operational procedures Internal resources to support growth of the business Quality of products and services Other (specify)	Multiple choice Select up to 3 most urgent
		1.4.3. Can you rank the below challenges on a scale of 1 to 5, where 1 stands for most urgent issue and 5 stands for least urgent? **Regulatory and policy challenges** **Administrative challenges** **Financial challenges** **Technical challenges** **Social norms-related challenges**	Ranked choice

Outcome/Research Objective	Key Indicator	Survey Questions	Question Type
		1.4.2. What types of solutions could help you face these challenges? Increase the technical capacity of woman business owners through short courses on business and financial management Ensure inclusion of rural businesswomen in trade exhibitions Grant more freedom for women to work in public spaces Simplify business licensing, tax compliance, customs clearance, government procurement, and land registration Encourage unlicensed micro and small WOBs to enter the formal economy by simplifying licensing and tax compliance Provide banking and telecommunications services in underdeveloped provinces Increase online sales of women-made products Provide financial grants to support women entrepreneurs involved in business activities Improve access to finance (if yes, what type of financial products?) Conventional or Sharia-compliant loan products Establish women's markets in provincial capitals Establish business licensing facilities in provincial capitals Other (specify)	Multiple choice Select up to 3 most urgent

Outcome/Research Objective	Key Indicator	Survey Questions	Question Type
5. Understand the value chain opportunities which might help the businesswomen upgrade their businesses;	1.5. Types of value chain opportunities that could help WOBs grow	1.5.1. Which value chain is your business **mainly** engaged in? **Tailoring** Garments and clothing Food production and processing Services (including health and education) Weaving/Carpets Agriculture (greenhouses, saffron) Livestock Manufacturing Trade (import/export) Jewellery ICT Beauty parlour Other (specify)	Single choice **[main]**
6. Understand the financial and technical needs of WOBs;	1.6. Types of financial and technical needs of WOBs	1.6.1. What types of financial means would you like to have as a business? Access to grants Access to loans Inclusion in community finance schemes Access to investors Access to commercial opportunities Access to short-term finance (operating capital) Access to long-term finance (asset development/ investment) Other (specify)	Multiple choice
		1.6.2. What level of financing would be most useful for you? Below \$1,000 \$1,000 – \$3,000 \$3,000 – \$6,000 \$6,000 – \$10,000 More than \$10,000 Depends on term and rates	

Outcome/Research Objective	Key Indicator	Survey Questions	Question Type
		1.6.3. What types of technical support does your business require? Entrepreneurship training Better information and awareness on trade shows, exhibitions, and slots for WOBs Support in licensing processes Secure and safe marketplaces for women to do business Support for online sales Links to microfinance services Value chain-specific development opportunities Other (specify)	Multiple choice
7. Understand and design specific interventions for supporting the affected WOBs.	1.7. Recommen-dations on how to support WOBs	1.7.1. Do you have any additional specific recommendations on how to support WOBs such as yours? What is your priority in the immediate term (next 3–12 months); What is your priority in the next 1–2 years; What is your priority in the long-term? Recommendation (immediate) Recommendation (intermediate) Recommendation (long-term)	Text response [3 open responses]

Key Informant Interview with Value Chain Specialists

1. Which value chain does the respondent have knowledge about?
   [VALUE CHAIN TYPE]

2. In this value chain, what are the challenges for WOBs?
   [TYPES OF CHALLENGES – OPEN, DESCRIPTIVE]

   a. List challenges and add description/narrative for each
   b. What are the factors contributing to these challenges and who are the enablers?
   c. Any challenges added after the deposing of the Government of Afghanistan (15 August 2021)?

3. In this value chain, what are the opportunities for WOBs?
   [TYPES OF OPPORTUNITIES – OPEN, DESCRIPTIVE]

   a. List opportunities and add description/narrative for each

4. Do you have any recommendations for how WOBs operating in this value chain could be supported in their growth and development in the future?
   [OPEN TEXT RESPONSE and explore for Immediate- (3–12 months), Intermediate- (1–2 years), and Long-Term (beyond 2 years) recommendations]

   a. List recommendations and add description/ narrative for each
   b. What can be done to address the challenges listed above and capitalize on the listed opportunities?
   c. Who should be involved in supporting this process?
   d. Do you know whether any interventions have already been started in this regard?

      i. List of interventions started.
      ii. Who/Which project are undertaking these interventions?

P&R Authorities

1. Many WOBs are still operating informally/unlicensed – How would you describe the policy and regulatory environment for WOBs in Afghanistan currently? What are the main opportunities you see, even in the context of many constraints?
   [OPEN, DESCRIPTIVE]

    a. Discuss converting informal businesses to formal and increasing the tax base in Afghanistan.

2. What do you see as the main financial challenges facing WOBs in Afghanistan?
   [TYPES OF FINANCIAL CHALLENGES – OPEN, DESCRIPTIVE]

3. What do you see as the main technical challenges facing WOBs in Afghanistan?
   [TYPES OF TECHNICAL CHALLENGES – OPEN, DESCRIPTIVE]

4. Are there social norms that you see as main challenges for WOBs in Afghanistan?
   [OPEN, DESCRIPTIVE]

5. Do you have any recommendations on how WOBs operating in Afghanistan could be supported in their growth and development in the future?
   [OPEN TEXT RESPONSE and explore for Immediate- (3–12 months), Intermediate- (1–2 years), and Long-Term (beyond 2 years) recommendations]

Out of the above recommendations, are any of them are currently being implemented (and by whom)?
[List of interventions to support WOBs and the names of the entities implementing them]