



*“Oh my Lord,  
does my voice reach  
to you?”*

# The Economic Impact of “Gender Apartheid” in Afghanistan

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This white paper analyzes how extreme gender inequality in Afghanistan—what many women’s rights leaders around the world are referring to as “gender apartheid”—affects the broader society economically. It considers factors such as Afghan women’s severe exclusion from the workforce, the barriers that have been placed before women entrepreneurs, and the development impact for the country and region. The publication concludes with recommendations for policymakers, donors, and the private sector.

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## **ABOUT COUNTERPART INTERNATIONAL**

Counterpart International partners with local organizations around the world to build inclusive, sustainable communities in which people thrive. A 501(c)(3) nonprofit, it forges community-based partnerships between citizens, government, civil society, and the private sector in the areas of food security, democracy, rights and governance, women’s empowerment, and climate resiliency to develop the capacity of communities to shape their own destinies. Since 1965, Counterpart has operated in more than 65 countries across Africa, Asia, Latin America and the Caribbean, the Middle East, and Eastern Europe.

# Overview

According to the Afghan women's rights leaders interviewed for this paper, people in Afghanistan are currently experiencing a "gender apartheid." Many human rights defenders are using this term to describe the extreme restrictive measures against and systematic segregation of women by regimes, though it has not yet been defined by international law.

Today in Afghanistan, the great majority of women are not allowed to participate in their country's development, hindering its social and economic advancement. To date, 114 of the 192 edicts issued by the Taliban de facto authority specifically ban or restrict women's mobility and prevent them from pursuing middle or higher education, accessing government services, using public spaces, or participating in sports, arts, and media activities.<sup>1</sup> This institutionalized segregation and oppression has effectively barred women's access to and participation in public, social, and economic spheres.

Before the Taliban returned to power in 2021, women participated in the workforce in diverse public and private sector roles, including positions in national and local government, national and international nonprofits, and aid agencies. After the Taliban enforced "gender apartheid", Afghanistan's job market lost nearly 29% of female employees in the public sector (approximately 116,000 jobs),<sup>2</sup> and thousands of women in the nonprofit and private sectors. As a result, Afghanistan is losing one billion dollars per year by excluding women from these jobs.<sup>3</sup>

In 2023, Counterpart International launched “Unifying Our Voices,” an initiative that brings together activists and stakeholders to discuss Afghan women’s challenges and priorities with the U.S. government and think tanks to increase support for Afghan women. Since March 2023, Counterpart has organized ten roundtable discussions, including a convening with Princeton University’s Afghanistan lab focused on “gender apartheid”.<sup>4</sup> During these meetings, women highlighted several challenges facing Afghan women today and emphasized the importance of mentoring and coaching support for women in home-based businesses in Afghanistan.<sup>5</sup>

“Gender apartheid” in Afghanistan has profoundly affected the economy, significantly limiting women’s access to jobs and inhibiting their participation in business, resulting in far-reaching economic consequences for the nation and region. This paper analyzes how “gender apartheid” in Afghanistan affects women and the broader society economically

and makes recommendations for donors and policymakers. By synthesizing insights from a literature review alongside interviews with Afghan experts inside the country and experts in exile, we aim to shed light on the economic ramifications of “gender apartheid”. This includes elucidating the intricate interplay between gender-based discrimination and economic development in Afghanistan. By exploring the socio-economic constraints imposed by “gender apartheid”, we seek to identify both barriers and solutions to Afghan women’s economic participation and advancement, as well as the broader implications for country, regional, and global economic growth and gender equality.

*“I have nine children, and I am not allowed to work and earn money. This has made our life so difficult, and my husband works 12 hours a day to be able to provide us basic food but still it makes our survival difficult.”*

**Mariam, former teacher in Afghanistan**

# Afghan Women's Participation in the Workforce

Research indicates a robust correlation between gender discrimination and economic inequality. If global gender discrimination trends continue, an estimated 340 million women and girls worldwide will live in extreme poverty in 2030.<sup>6</sup> In contrast, World Bank estimates indicate that women's full participation in the workforce could increase global GDP by more than 20% over the next few years and help to significantly reduce poverty worldwide.<sup>7</sup>

The implications for women in Afghanistan are even more significant when taking into account that 70% of the population lives below the poverty line.<sup>8</sup> Afghanistan has one of the lowest female formal labor force participation rates globally at only 5%,<sup>9</sup> significantly lower than the global average of approximately 49%.<sup>10</sup>

“Gender apartheid” policies that further restrict women's access to education and employment opportunities exacerbate this disparity, leading to a significant underutilization of human capital in the Afghan economy.

The Afghanistan economy is not isolated but connected to global value chains, particularly in agriculture, textiles, and mining. “Gender apartheid” policies that limit women's participation in these sectors deprive Afghanistan of valuable labor and disrupt global supply chains, potentially leading to inefficiencies, increased costs, and decreased competitiveness for businesses operating in

the region. For example, the majority of employees in the global carpet-weaving industry are women. Blocking Afghan women from selling carpet products disturbs the supply chain and hinders trade between Afghanistan, Pakistan, and India.

In countries where female labor participation is increasing, GDP is also expected to rise. In Indonesia, the trends show that female labor force participation will likely increase by 25% by 2025.<sup>11</sup> The government anticipates that this surge in labor participation will stimulate production, income generation, and consumer spending, further fueling economic expansion in Indonesia.

*“Men and women  
are two wings of a bird;  
a bird cannot fly  
with only one wing.”*

Afghan Proverb



*Gender technical expert Manizha Wafeq discusses Afghanistan's slide into authoritarianism during a Counterpart convening on democracy in May 2024.*

By contrast, Afghanistan's economy has been shrinking ever since the Taliban took over the country in 2021, restricted women's movements, and implemented "gender apartheid". With rampant gender discrimination as the norm, Afghanistan now sits at the bottom of the Global Gender Gap Report 2023,<sup>12</sup> which will not only exacerbate humanitarian crises within the country but also poses broader risks to the regional economy and stability. If restrictive gender policies were lifted, however, Afghanistan could strengthen its economy in the region. The Asian Development Bank estimates that closing the gender gap in labor force participation could increase Afghanistan's GDP by up to 27%.<sup>13</sup> Reversing "gender apartheid" policies could catalyze economic growth for Afghanistan and advance regional economic cooperation, trade, and investment flows.

# Women Entrepreneurs and Employers in Afghanistan

Afghan women business owners played a crucial role in driving economic growth and innovation from 2004 to 2021. The Afghan Women's Chamber of Commerce and Industry reported that the total number of businesses owned and operated by women before 2021 was estimated to be 57,000; this included 2,500 formal businesses with the majority of these businesses existing within the informal sector.<sup>14</sup> The formal businesses included information technology, media, hospitality and restaurants, manufacturing, logistics, importing and exporting, construction, travel agencies, fitness, and beauty.

It is evident that when half of society remains unengaged, the overall impact on society and its economy is profoundly negative, resulting in rising unemployment and poverty rates. Lack of access to education shrinks the available pool of skilled labor over time. The consequences of ongoing gender discrimination and the exclusion of women from the workforce will exacerbate existing inequalities while hindering progress and development on multiple fronts. Restrictions on women's employment could result in an annual decline in GDP ranging from 3 to 5%, equating to an economic impact estimated between \$600 million dollars to \$1 billion.<sup>15</sup> Afghanistan's economic reality will only grow worse over time if restrictive "gender apartheid" policies continue into the next generation, potentially leading to a humanitarian crisis or an immigration and refugee crisis when people are forced to flee Afghanistan as the situation deteriorates.

Afghan women currently operate traditional businesses like tailoring, cloth-making, food processing, and dairy processing. In many regions of the country, these are primarily home-based businesses or became home-based businesses after the restriction on women's public presence. Women who are still allowed to operate small businesses face challenges due to the apartheid regime's restrictive measures, including difficulty commuting more than 46 miles without male travel companions, which has made it almost impossible for women to travel and market their products in cities.<sup>16</sup> They are unable to discuss their products publicly in order to find buyers and investors. The legal environment and sanctions discouraging international buyers from forming partnerships with businesses inside the country exacerbate the growing challenges that women face to remain in business in Afghanistan.

In the current context, operating home-based, primarily traditional businesses may initially appear as a solution for women. However, without opportunities to expand or access additional financing or markets, these businesses will gradually decline. Additionally, women entrepreneurs may face challenges in sustaining and growing beyond home-owned businesses without the chance to learn, network, and get exposed to new business ideas related to current and future market trends.

These negative consequences are a direct result of the vicious cycle of poverty and the self-perpetuating patterns in families and individuals who experience poverty,<sup>17</sup> which are likely to pass on to their children and the next generation. One of the key elements that increases this cycle is a lack of women's economic contribution to the household and society. The bans imposed by the "gender apartheid" regime on girls' and women's education, employment opportunities, and social exclusion will unfortunately aggravate the intergenerational cycle of poverty. To end this cycle, Afghanistan requires full social inclusion and participation of men and women in wealth generation, education, and health services, as well as equal opportunities to become economically independent and productive contributors to the country's future.



*Afghan women activists discuss advocacy strategies during a 'Unifying Our Voices' session at Counterpart's DC office.*

# The Economic Impact of “Gender Apartheid” in Afghanistan

Gender-based segregation results in substantial consequences, especially in a decline in individuals’ well-being and the prosperity of communities. Excluding women from the workforce increases poverty within households, with men compelled to shoulder an increased financial burden due to discriminatory practices. This pressure often forces men into juggling multiple jobs, resulting in burnout and upheaval within societal and familial frameworks.

In Afghanistan, 73% of women are prevented from traveling to the market or outside of their homes without a male escort.<sup>18</sup> The edicts place additional strain on male family members, who must undertake tasks such as transporting their wives or other female relatives to various locations, including family visits, in addition to their primary breadwinning duties. In sharp contrast, women in Saudi Arabia, which previously practiced “gender apartheid”, have recently been granted significantly more freedom due to the monarchy’s desire to modernize. As a direct result of this policy shift, approximately 800,000 Saudi men work as drivers for women, with one in every five households hiring drivers to transport their wives to the market.<sup>19</sup> The inclusion of women in the Saudi economy has further enriched an already wealthy nation. Afghan families cannot afford drivers for their wives to access the market, which puts an additional burden on the men of the families to transport their female family members and limits women’s mobility and independence.



*Afghan women share stories of courage and resilience.*

# Economic Dignity

The concept of economic dignity as articulated by Gene Sperling, former director of the National Economic Council, and aligned with the Universal Declaration of Human Rights, underscores the importance of economic empowerment that respects individuals' intrinsic worth. It emphasizes that economic empowerment should include economic participation with respect and without domination and humiliation.<sup>20</sup> In Afghanistan, the “gender apartheid” regime systematically denies women the opportunity to participate in the economy with dignity, depriving them of fair wages and a dignified and safe work environment. This systemic exclusion perpetuates economic vulnerability and control,<sup>21</sup> impacting women's self-esteem, confidence, and dependency on male relatives. It diminishes their position and negotiation power within Afghanistan's economy and political sphere. Addressing the fundamental need for dignified earnings is a critical first step in establishing an enabling environment for Afghanistan's future success.

Advancing economic dignity entails recognizing women's contributions to the economy and ensuring they have equal access to education, employment, and financial resources. By promoting fair wages and a safe working environment, Afghanistan can foster an economy where both women and men can thrive and contribute meaningfully to the country's development. This holistic approach not only mitigates the immediate harms of “gender apartheid” but also lays the foundation for sustainable peace and prosperity by leveraging the full potential of all citizens.

Examining “gender apartheid” through an economic lens reveals profound inequalities that hinder social and economic progress. Addressing these disparities requires targeted policies promoting gender equality in education, skills, employment, and financial inclusion, fostering a more equitable and prosperous society for all.

# Recommendations for Policymakers, Donors, and Private Sector Entities

## Policymakers:

### UNITED NATIONS MEMBER STATES

- UN Member States should introduce a new article in the draft Prevention and Punishment of Crimes Against Humanity Convention to introduce, define, and include “gender apartheid” as a recognized crime against humanity.<sup>22</sup> This ensures that perpetrators will be held accountable for their atrocities and conveys a strong message of an end to the culture of impunity for crimes that deny people their basic rights based on gender identities.

### U.S. STATE DEPARTMENT

- Maintain a strong commitment to and vocalization of the U.S. government’s priorities related to the U.S. Gender Equity and Equality Strategy, the U.S. Women, Peace, and Security Strategy, and the U.S. Strategy to Prevent and Respond to Gender-Based Violence Globally in all communications and negotiations with the de facto authorities in Afghanistan.

**U.S. STATE DEPARTMENT SPECIAL ENVOY FOR AFGHAN WOMEN, GIRLS, AND HUMAN RIGHTS AND U.S. DEPARTMENT OF TREASURY**

- Support collaboration between the U.S. State Department and the U.S. Department of Treasury to develop sanction waivers tailored for Afghan women's businesses operating in Afghanistan. This waiver should allow international banks and financial institutions to provide loans and capital to women-owned businesses that facilitate their transactions, increased revenue generation, and expansion.

**Donors:**

**UNITED STATE AGENCY FOR INTERNATIONAL DEVELOPMENT, EUROPEAN COMMISSION, U.S. DEPARTMENT OF STATE**

- Increase funding and in-kind support for Afghan women-led organizations and enterprises.
- Prioritize funding that enables women's increased access to finance, technical skill building, mentorships, coaching, networking opportunities, and mitigating the risk of technology-facilitated gender-based violence.
- Help Afghan women in business successfully navigate the rapidly expanding global market in the digital economy.
  - Invest in programs for Afghan women to build digital literacy skills, connect with local and international buyers to sell products online, become climate resilient, and expand access to larger global markets.
  - Facilitate knowledge exchanges between Afghan women and global and regional experts in artificial intelligence and digital security.
  - Support platforms that encourage collaboration and connections between Afghan women, the Afghan diaspora, other potential customers, and suppliers.

- Reform aid practices towards Afghanistan to help restore Afghan women's empowerment, decision-making power, and economic dignity.
  - Evaluate the impact of the last three years of humanitarian and development funding to Afghanistan on women's economic participation, livelihoods, income generation, and overall empowerment.
  - Prioritize current and new support in which Afghan women directly receive funding. Set clear funding targets for women's organizations and businesses, use sex-disaggregated indicators, and create clear monitoring and reporting systems.

### **Private Sector:**

- Create incentives and increase investments in creating safe work environments for Afghan female employees.
  - Ensure workplace safety plans are in place that are inclusive of Afghan women's basic needs.
  - Provide safe and reliable transportation options, such as providing shuttle services or partnering with transportation companies to ensure that Afghan women can commute to and from work safely.

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Gender technical expert Manizha Wafeq and Habiba Sarabi, noted Afghan women's leader (center, holding a sign "Recognize Gender Apartheid"), join citizens protesting the Taliban regime's decrees restricting women in New York, 2023.

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