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**SUB-CONTRACTING BETWEEN HANDICRAFT  
EXPORTERS/MANUFACTURERS AND SMALL  
PRODUCERS: FINAL REPORT**

GALEN HULL  
MARCH 25, 1998

**Development Alternatives, Inc.**

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Haiti Program for the Recovery of the  
Economy in Transition  
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**Sub-Contracting  
Between Handicraft  
Exporters/Manufacturers and  
Small Producers**

**Final Report**  
March 25, 1998

**Technical Consultancy - March 6-14, 1998**  
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The views and opinions expressed herein are those of the technical assistance team, and are not necessarily those held by Datex, Inc., nor USAID.

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## **Executive Summary**

For the past several months the PRET Project in Haiti has been exploring ways of building relationships between individuals and workshops producing handicrafts in Haiti on the one hand, and manufacturers/export houses on the other. The consultancy that is the subject of this report was undertaken by Galen Hull of the DATEX, Inc. home office in order to assist in formalizing those relationships by establishing subcontracting agreements between the two parties. The assignment was carried out in Washington, DC, and in Haiti during the first two weeks of March 1998. A visit to Haiti was preceded by a desk study consisting of phone calls, e-mails, and meetings with persons and organizations involved in promoting handicraft production and associations, importing of handicrafts into the U.S., and contracting mechanisms. Included in the desk study was a survey of project literature in the USAID library. Work in Haiti was undertaken with the collaboration and supervision of the PRET Project staff.

The consultant was provided a brief orientation by PRET Chief of Party Robert Dressen of the prime contract, Development Alternatives, Inc. together with Eric Bertheau, he reviewed the scope of work of the consultant. The interviews in Haiti were conducted over a five-day period from March 9 to 13, through the intervention of Mr. Eric Bertheau, the DATEX Specialist in Non-Financial Technical Assistance. Interviews were conducted with management and owners of manufacturing/exporting firms in the Port au Prince area, Haitian consulting firms, workshop managers, and employees who are candidates for subcontracting agreements.

This report recommends an action agenda with two objectives. The first of these consists of formalizing existing relations of selected manufacturers/exporters and small producers/artisans into subcontracts. The first step in this process is to be accomplished within the next two months and then repeated with other groups over the next five months. The second objective is the organization and coordination of a conference on subcontracting in order to bring relevant private sector actors and government officials together for the purpose of exploring the promotion of subcontracting as a means of stimulating economic growth. This would likely take place by the end of May.

## **Section I Guide to Subcontracting Initiative Under PRET Project**

The primary product of this consultancy is the Guide to Subcontracting which follows. In addition, there is a brief survey of documents considered relevant to the subcontracting initiative and a description of organizations involved in promoting handcraft exports and subcontracting. The purpose of this guide is to identify a practical procedure for formalizing sub-contractual relationships between small producers and manufacturers/exporters of crafts in Haiti under the PRET Project. Factories have traditionally preferred to manufacture under one roof rather than to arrange for some portion of production to be carried out in small workshops or in the homes of individual artisans. However, the PRET project has been exploring the possibility of promoting subcontracting among its clients for several months and wishes to test the proposition that it has certain advantages over centralized production to both the contractor and subcontractors.

The primary objectives of this initiative are the promotion of entrepreneurship and the creation of more jobs in the handicraft sector. It is based on the assumption that subcontracting can open the way for small workshops (ateliers) and individuals working at home to reach export markets. It also assumes that since handcraft production requires only basic materials and tools, it can be performed by a larger number of people working outside of the factory. Quality control by the contractor is considered feasible under subcontracting.

PRET has listed the following specific objectives in undertaking the subcontracting initiative, (all of them focused on concerns expressed by the contractor):

1. To assist the main contractor in fulfilling an order it cannot execute within the limits of the order's conditions. The contractor may be unable to execute the order because it does not have a sufficient number of qualified workers or the time necessary to produce it.
2. To decentralize production in order to limit overhead costs. Fewer employees means less costly management, plant and equipment, as well as fewer social benefit costs, and group insurance premiums. Decentralized production also aims at limiting social unrest caused by unruly clusters of 'bad elements' in a factory environment and improving quality control mechanisms.
3. To reduce costs. Smaller workshops or individuals have few or no overhead costs and are thus able to produce and sell their products at a lower price than that of the same product made in a factory. This increases the profit margin of the contractor.

While subcontracting (*sous-traitance*) is not currently a common practice in Haiti, there is already some application of it among PRET-assisted firms. The following is a brief description of contractors and small producers.

## A. *Contractors/Manufacturers*

### *INDEPCO*

The non-profit organization, INDEPCO, is an association of tailors with some 300 members founded by Hans Garoute, who was interviewed in the PRET office. It has a contract with the Ministry of Education for the production of school uniforms. INDEPCO in turn subcontracts with its members (71 of whom are involved in the Ministry of Education contract) for the production of orders, providing them with fabric, patterns, and buttons. The contract specifies the quantity, price, and deadline for each order. The system appears to work well, and INDEPCO has never had to penalize a member for breach of contract. INDEPCO is not, however, involved in craft production.

### *Sohva (Societe haitienne de vannerie, S.A.)*

Sohva has for several years operated a system of subcontracting in the production of its principal product: baskets. General Manager Jean Lionel Pressoir is a champion and practitioner of this approach. He says this is a product that lends itself to subcontracting since the labor is relatively uncomplicated and Sohva trained many artisans in basket production. With the opening of China to world markets, however, Sohva saw its basket market devastated by cheaper Chinese imitations. Sohva was forced to diversify its product line, resulting in less need for contract labor. Today only about 5% of Sohva's main product, metal crafts, are produced under subcontract. Pressoir is very candid about the possible abuses of subcontracting. Since it often results in the subcontractor giving work to family members, it can become a sweatshop for young children. Pressoir would be happy to work with PRET in encouraging his subcontractors to take out micro loans.

### *Cahasa (now Drexco)*

Cahasa is a metal, paper mache, and wood crafts manufacturer/exporter that is attempting to create a subcontracting network of painters among its employees. Cahasa was recently re-named Drexco. Joel Dresse, part-owner and manager of Drexco, was interviewed in his office at the factory. With PRET support, Cahasa trained 120 painters in two sessions over a six month period. By January 1998, Cahasa had hired 87 of those trained as employees or as subcontractors (most of them women), resulting in a substantial increase in production and jobs. As soon as they are proficient enough to work by themselves at home, they are offered subcontract status. However, only eight of them have chosen this option, an indicator that there are factors to be overcome in promoting subcontracting. Trainees tend to prefer working in the factory since conditions are more suitable than at home. They are hesitant to take on the risk of working on contract rather than as employees. In sum, Cahasa management is keen to promote subcontracting in order to meet growing demand for orders without having to hire more employees and pay rent for additional space, at the same time reducing labor costs.

*Cohart (Compagnie haïtienne d'artisanat, S.A.)*

Cohart is a craft manufacturing and exporting firm founded by Raymond Moraille, President and General Director. From 1987 to 1992 Mr. Moraille managed Zindart, a USAID-funded project implemented by CARE. Mr. Moraille then started his own firm, Cohart, and today employs some 80 workers. Producing metal and wood crafts, Cohart has traditionally operating under subcontracting arrangements with its workers, although currently only about 40% of workers are in this category. Cohart provides raw materials, including paint, varnish, and sheet metal to workers in towns such as Jacmel, Leogane, Cite Soleil, and Croix des Bouquets. Moraille runs the company himself and has too little time for marketing. He has had to spend large sums of his own money to acquire a generator for electricity and cellular phones because of poor public utilities, yet the government requires payment of taxes. The Cohart market is split between the U.S. and the Caribbean area. Moraille is well disposed to participate with PRET in expanding his subcontracting operation.

**B. *Small Producers/Artisans***

*Cahasa employees*

As mentioned above, there are eight Cahasa employees (all women) trained with PRET assistance who initially agreed to change status to work in their homes as subcontractors. Only four of them actually began work under the new arrangement. Since these workers have already been the subject of a subcontracting initiative, they should be interviewed to determine their attitudes toward the proposal. Factors which led half of them to decide against subcontracting should be isolated and analyzed as well as those which caused the other half to accept the arrangement.

*Workshops/Ateliers*

There are several groups of artisans with whom PRET has been working that constitute independent *ateliers* or workshops. Typically these groups have a manager or principal artisan who represents the group in dealing with clients but are generally loosely organized and often do not have legal status. Although most have not had regular contracts with a particular exporter/ manufacturer, some have traveled to the U.S. and are knowledgeable of export markets. In most cases these are producer groups that PRET has assisted as a result of internet publicity. Specifically, they are receiving orders from an American importer, Jeffrey Cosnow, in Tampa, Florida. Their dealings are directly with the importer through PRET and do not constitute subcontractual relations. One of these, Percy's Gift Shop just outside of Port au Prince, is featured as the artist of the month on the Haitiancrafts website. Most of the others interviewed were in the Jacmel area, all of them gearing up to respond to new orders from Cosnow.

*FEHATRAP (Federation haitienne de travailleurs professionnelle)*

FEHATRAP is a legally constituted non-profit association, one of 13 that belongs to an umbrella organization known as CTH. It was formed about 12 years ago to provide work for independent artisans working at home. Although it is registered as an association, FEHATRAP is loosely organized, with no president or manager. The consultant and Eric Bertheau met with Marc Antoine Destin, who represented the group, and two other artisans. Mr. Destin is a free lance consultant who works in a variety of capacities. He says that FEHATRAP maintains a stock of craft products, some of which are on display at the CTH showroom, but it has trouble marketing them. He anticipates no new orders and is eager to explore possibilities of entering into subcontract arrangements for FEHATRAP. Although he claimed no experience with subcontracting, in the course of the interview Mr. Destin was able to quickly list elements which he considered important in subcontracting for his group. These included: a reasonable price for the product, regular orders, advance payment for raw materials, adequate tools and equipment, some arrangement for social insurance, and training to improve worker skills.

*Santhonax Cherisier, artisan*

Formerly an employee of Cahasa for six years, Mr. Cherisier decided to quit and go on his own when he was unable to obtain an increase in his wages there. He now has a group of 15 artisans working for him full time and another four working part time and demonstrates an entrepreneurial spirit. His group has no formal name and is not registered as a company, but currently maintains contracts with at least three buyers: *Comite artisanal haitien* (CAH), Cohart, and a French company. He does not view subcontracting very favorably since in order to finance his operations he is obliged to deal with money-lenders who charge exorbitant interest rates and banks that have steep service charges. Nor is he very happy with the prices offered by Cohart for subcontracting. However, he is quite pleased with CAH which accounts for the largest share of his activity.

The proposed subcontracting scheme will therefore have to overcome several factors with a proper balance of positive incentives and contractual assurances in order for it to succeed. It is especially critical that the process succeed in persuading persons trained in a craft skill of the usefulness of accepting the status of subcontractor. The most important of these is the need to convince small producers of the prospects for assuring regular orders and earning good profits. They must be willing in many cases to give up the relative security of employee status with its benefits such as insurance and paid holidays.

## Section II Action Agenda for Formalizing Subcontractual Relations

The PRET Project should seek to realize certain specific objectives over the next few months that will contribute to the sustainability of subcontracting practices in the Haitian handicraft export market. In the first instance this is a matter of formalizing relations that have already been initiated, and in the second instance taking steps toward the long-term institutional sustainability of this approach. The two objectives are linked together, the first feeding into the second. Those parties involved in pilot experiments in subcontracting will be called upon to share their experience with participants in a conference on subcontracting. This action agenda sets forth a simple plan for stimulating subcontractual relationships as well as the first steps in association building. Each task is associated with an outcome and a proposed date for achieving it.

### ***Task***

### ***Timetable for Action***

#### **Objective One: Formalize Selected Existing Subcontractual Relations**

The first objective should be to formalize relations between selected contractors and small producers, whether former employees or independent workshops (*ateliers*). Over the next few months PRET should concentrate efforts on formalizing relations that have already been the subject of discussions with exporters/manufacturers and their employees and workshops.

#### **Task 1. Identify Potential Candidates for Subcontractors March 31**

- ⇒ Identify all persons and workshops that have been approached by contractors to enter into subcontractual relationships, whether or not they have agreed;
- ⇒ Determine through interviews with them what their motives were either for accepting or rejecting the subcontractual arrangement;
- ⇒ Document those factors which appear to have been critical in their decision (e.g., reluctance to work at home, uncertainty of self-employment, etc.)

#### **Task 2. Identify Contractor/Exporter Candidates March 31**

- ⇒ Through interviews with selected contractors, determine their interest and willingness to pursue subcontracting arrangements;
- ⇒ Identify a specific order under which the contractor would agree to subcontract with either present employees or workshops not used previously;

- ⇒ Micro-lending. Assistance in obtaining micro-loans at the commercial banks PRET has guided toward micro-lending (BUH and Bank Intercontinental).
- ⇒ Short term technical assistance in creating a frame work that allows micro-enterprises to successfully operate as subcontractors.

**Task 6. Repeat the Process Above With Other Contractors/Subcontractors Aug 15**

**Objective Two: Collaborate with Asosye in Organizing Conference on Subcontracting**

Conversations with Bertrand Laurent and Thanya Bastien of Asosye (*Projet d'Appui a la Societe Civile Haitienne*) and PRET have laid the groundwork for collaboration in organizing a conference on Economic Growth and Civil Society to be held in mid-May. Asosye is planning a series of conferences to promote dialog on various issues, and economic growth is the first one on the agenda. Asosye is willing to make subcontracting the focus of the first of these conferences and proposes that it be held during a two to three period in Jacmel in mid-May. This would allow PRET to involve several of its workshop clients in the Jacmel area as well as a representative sampling from the Port au Prince area. Asosye would finance participation in the conference and arrange all of the logistics. If, however, arrangements with Asosye do not materialize, PRET could explore other alternatives means of organizing the conference.

The primary purpose of the conference would be to stimulate dialog among the parties concerned and explore the rationale for establishing an association of subcontractors and the practical steps involved in to so. This would address one of the principal objectives of technical assistance under PRET and would be entirely compatible with the objectives of Asosye in promoting civil society. The agenda would include participation of target groups (e.g., workshops/*ateliers*, small producers, exporters) as well as representatives of concerned government ministries (e.g., *Planification, Affaires Sociales, Tourism*) and bankers. Presentations would provide each representative with an opportunity to express himself or herself on the various issues.

The conference would also set in motion a forum that would continue to meet at regular intervals to discuss developing policies and regulations promoting entrepreneurship and job creation through subcontracting. This process could in turn feed into and impact the reform of the *loi-cadre* governing the functioning of private associations and businesses.

**Task 1 Identify Conference Participants April 1**

- ⇒ Participants to include: selected exporters/manufacturers, workshop managers and individual small producers, association representatives, bankers, women's groups, government agency representatives.

**Task 2      Establish Conference Agenda and Panelists**

**April 15**

⇒ Presentations/panels should include:

- why promote subcontracting: arguments for and against from contractor and small producer perspectives
- procedures for setting up an association of sub-contractors
- the role of women in handcraft production
- government policies and regulations that could promote small business
- the importance of exports in economic development
- micro-finance: conditions for obtaining credit through banks with PRET assistance

**Task 3      Record Proceedings from the Conference for Dissemination**

**June 15**

⇒ Record and edit the proceedings of the conference

⇒ Disseminate to all conference panelists and participants

### Section III Comparative Review of Literature on Subcontracting Arrangements

Several examples of arrangements between exporters and producers drawn from the literature may be instructive in devising subcontracting agreements in Haiti. These are described in more detail below.

#### A. *Sri Lanka - Export Production Villages.*

In Sri Lanka, during the early 1980s the government promoted a scheme to established Export Production Villages in rural areas. Each (EPV) had to identify an exporter with a ready export market who was prepared to purchase the EPV product. The export house was expected to:

- ensure a continuing market at stable prices
- provide feedback from the market on market trends and product specifications
- support producers in requests for bank credit by guarantees of marketing EPV products
- assist in the provision of technical and management training to EPV personnel
- provide quality control, packaging, and post-harvest know-how (for agricultural products)
- provide transport and other common service facilities in case the EPV cannot afford them

There were no written agreements between EPVs and exporters on their trading activities. Prices and indicative volumes of orders were negotiated at meetings between EPVs and exporters. Verbal agreements by exporters on prices to be paid for EPV products were honored without exception. On occasion exporters compensated EPVs when they were not able to buy their products at the agreed price. However, both parties were reluctant to enter into long-term written agreements, and arrangements on volumes were not always respected. Parties to the agreements sometimes ignored the fact that they were binding. The EPVs were generally more guilty of lack of appreciation of this basic element of business ethics than the exporters, often preferring short-term windfall gained in selling to the highest bidder to the agreed upon price.

There are several arrangements that are typical between small producers and exporters in exporting handicrafts. Channels of distribution for handicrafts generally consist of three levels: primary producers, intermediaries such as buying agents and subcontractors, and a tertiary level including export houses and merchant exporters. Between the large number of primary producers and the exporter (often an export house) there are usually one or more layers of intermediaries who perform a range of functions relating to the production and marketing processes. They provide raw materials and designs and also buy the produce for resale to other collecting intermediaries who in turn pass

on the produce for marketing to the export house. There are several basic services which a good export house should perform for the small producer:

- handling the product in the home country
- export logistics
- distribution, market research, product promotion in the importing country
- export financing

### ***B. South India - Garment Industry***

Pamela Cawthorne has written a case study of the garment industry in a South Indian town, published in 1996. While the main focus is on the structure of labor, it describes the role of subcontracting in the process. In south India, one of the most prominent features of the knitting industry was a divided production process. A small number of large firms began producing garments for export markets. Many medium-sized firms also began expanding their India market but also increasingly producing for export. To do this they made garments as "job work" for larger firms who obtained orders from foreign buyers. Meanwhile, the larger firms started to use "inside contracting" within the firm and through the use of "job work" in which other firms specialized in parts of the production process. They set up individual units of production and placed a "job-working contractor" in charge of production and hiring.

Each of the units would have a "subcontractor" whose job was to take care of hiring labor required for a particular job and to organize production of that job. The owner of the parent company would then concentrate attention on marketing and sales. These subcontractors would be among the best workers and have managerial skills. Often they would lease machines from the company and sub-lease them to each of their workers. The subcontractors would become production managers. They would be given a residual payment built into the rate for a particular job. Many workers with this kind of experience have the ambition of starting their own business and eventually do so.

### ***C. SME Exports in Developing Countries***

The International Trade Center published an article in 1993 summarizing the experience of promoting exports of small and medium sized enterprises in developing countries. It reviews the experience of SMEs in exporting handicrafts and describes typical arrangements between producers and exporters. In the past two decades many developing countries have placed considerable emphasis on the establishment of industries, in particular those producing for export. However, it was not generally acknowledged that handicrafts had substantial export potential. But in a number of countries handicrafts have in fact made an appreciable contribution to exports. For example, in Nepal handicrafts accounted for 58% of exports in 1988, and in India the sector employs some 3.5 million craftsmen. At the same time, this ITC study notes, apart from some curio shops and ethnic

stores, many developed countries have not organized "buyers" of handicrafts. There is, however, a huge organized market with well established distribution channels.

A typical channel of distribution for handicrafts consists of three levels: primary producers, intermediaries such as buying agents and subcontractors, and a tertiary level including export houses and merchant exporters. Between the large number of primary producers and the exporter (often an export house) there are one or more layers of intermediaries who perform a range of functions relating to the production and marketing processes. They provide raw materials and designs and also buy the produce for resale to other collecting intermediaries who in turn pass on the produce for marketing to the export house. Intermediaries play a two-way role and keep the handicraft economy running. However, in most countries they are seen as exploiters since they tend to keep the primary producers at or below subsistence levels. And many export houses keep the intermediaries on a tight leash.

There are numerous types of marketing channels available to small producers including export houses, local manufacturers/exporters, multinationals, and foreign manufacturer to whom the small producer is a subcontractor. Developing countries often suffer from the lack of well organized export houses. There are several basic services which a good export house should perform for the small producer:

- handling the product in the home country
- export logistics
- distribution, market research, product promotion in the importing country
- export financing

One of the major problems faced by small producers is their inability to import or obtain new equipment to upgrade their production technology. Another problem concerns the procurement of raw materials for production. Technological backup is also critical, consisting of quality control, product upgrading, and product design. All of these can be more efficiently by an export company. A long standing business partnership between the small producer and an exporter must be developed and sustained through dynamic interaction on the technological front.

#### ***D. USAID-funded Review of Subcontracting***

Subcontracting as an approach to project development has not been common in USAID projects. A study of sub-contracting by Donald Mead of Michigan State University in 1988 reviewed sub-contracting relationships in Thailand, Indonesia, and Egypt. The paper is primarily focused on models rather than actual project applications. Types of proposed project assistance Mead cites include information exchanges, appropriate tax treatment, public education, and training of intermediation agents between parent firms and subcontractors. He concludes that parent firms were in the best position to provide assistance, both because they have direct links to the suppliers and

because they know production and market requirements. At the same time, he notes that a project supplying assistance to parent firms in order to have them pass on benefits to suppliers could be problematic owing to equity issues. That is, it is necessary to assure that benefits are in fact passed on, given the strength of market forces protecting parent firms. Such as project would still require an implementing body, whose organization must be specified.

However, the Mead paper provides little evidence of specific subcontracting support projects, other than information exchanges sponsored by international organizations such as UNIDO. Those projects described in the Michigan State University Off-Farm Employment Project included a few cases of subcontracting arrangements between village and town producers, between small enterprises in provincial towns and larger firms in capital cities, and between local manufacturers and merchants overseas.

### *E. A Sample of Organizations Involved in Promoting Handicraft Exports*

#### *Grameen Uddog and Grameen Check*

It is probably not especially relevant to use the Grameen model of promoting subcontracting for Haiti, but a review of its main features might be useful. The Grameen Bank in Bangladesh, the parent organization of Grameen Uddog and Grameen Check, is now over 20 years old and is perhaps the most well known micro-lending institution in the world. Grameen (Village) Bank has reversed conventional banking practices by removing the need for collateral and created a banking system based on mutual trust, accountability, and participation of poor people. Credit is the entry point for breaking the vicious cycle of poverty. Today Grameen Bank has more than two million borrowers, 94% of them women. The repayment rate of its loans, averaging US \$100, is above 98%.

Throughout history Bangladesh has been known for its excellent handloom fabrics. Even today, handlooms represent the largest rural industry in the country. Yet the handlooms have languished in recent years because of a limited domestic market, lack of working capital, and shortage of raw materials. Grameen Uddog is one of several affiliated organizations established to help achieve Grameen objectives. To assist impoverished handloom weavers, Grameen bank established Grameen Uddog (Rural Initiative) as a non-for-profit company. Its main objective is to revive the handloom industry and link it up with the country's booming export-oriented garment industry. It is now responsible for global marketing of handwoven fabrics made the weavers. The company assists weavers through its field offices in four basic ways by:

- supplying working capital in kind such as yarn and dyes.
- developing new designs
- providing marketing services
- ensuring quality and standardization through supervision

Grameen Check is the brand name under which Grameen Uddog products are being globally marketed. The fabric is produced by handloom weavers under the supervision of Grameen Check. The product is 100% cotton yarn and made with checkered, environmentally friendly fabric. The light and comfortable material comes in a wide range of bright colors especially ideal for spring and summer wear. Grameen Uddog can make samples within 15 days for a buyer's approval and insure delivery within 60 days to garment factories of the buyer's choice for garment making. There are currently 8000 handlooms engaged in production of Grameen Check, affecting more than 10,000 families.

Grameen Check was an instant hit in global markets beginning in 1993. The first year total exports reached 2.5 million yards and by 1997 the export target was eight million yards. Grameen Foundation USA, established in 1997, is now actively marketing Grameen Check products in North America.

#### *Serrv International, Crafts Importer Located in Maryland*

Serrv International is a non-profit, charitable, alternative trade organization founded and run by several U.S. churches. Serrv has its headquarters in New Windsor, Maryland, where it maintains a gift shop, marketing and administrative facilities, and quality control operation. Serrv is dedicated to fair trade, an equitable and fair partnership between importers in North American and producers in Asia, Latin America, and Africa. A fair trade partnership provides low-income artisans and farmers with a living wage for their work. Crafts imported by Serrv are marketed primarily within the network of member churches that support the organization. Serrv works directly with producer groups in developing countries, entering into agreements with them for the production and marketing of their craft products.

The Serrv handcraft brochure already features several items from Haiti. Ms. Julie Vestal, responsible for producer relations at Serrv, indicated that the organization's contact in Haiti is Ms. Giselle Fleurent, representing the *Comite artisanal haitien* (CAH).

#### *Aid to Artisans (ATA)*

A non-profit organization headquartered in Connecticut, Aid to Artisans works with craft producer groups around the world, providing them with technical assistance needed for their products to reach international markets. ATA provides three main services:

- In conjunction with artisans, ATA product development experts adapt crafts to increase market appeal. Consultants provide technical, design, and market information.
- Training in craft business management, export procedures, and the U.S. gift industry often plays a large part in projects.

- Marketing products is at the heart of ATA's work. Products are marketed through U.S. and European trade shows and ATA's extensive network of importers, wholesalers, and buyers.

Ms. Eliot Highet-Patty, Projects Coordinator of the Aid to Artisans office, reports that the organization currently has a USAID-funded sub-contract in Peru to help market locally produced pottery products with commercial buyers in the U.S. Aid to Artisan consultants conducted a consultancy with the USAID Mission in Haiti in January to help develop screen prints. Ms. Highet-Patty also indicated that Aid to Artisans hopes to do further work in Haiti.

### *Sibley International*

Sibley is a for profit corporation involved in business development and investing whose specialization is franchising. With offices in Washington, DC., much of Sibley's business is under contract with USAID. Sibley principals and consultants have promoted franchising in 20 countries, including Latin America and Eastern Europe. Sibley contends that franchising is the fastest growing source of independent businesses. It takes the best features of franchising - a business system, the financial controls, marketing expertise, technology transfer, and training - and combines them with the energy of the aspiring entrepreneur.

Sibley believes that franchising is a cost-effective approach because assistance is focused on creating an enabling environment for small businesses. It is less risky since franchising focuses on replicating a proven business concept. Franchisors establish long term working relationships with the franchisees, continuing to support them with training, systems development, and marketing. Startups are achieved much faster and cheaper in a franchise system than are independent firms and are more likely to succeed.

### *PEOPLink*

With offices in Kensington, MD, PEOPLink is a not-for-profit organization founded in 1995 with the goal of enabling grassroots producers in developing countries to reach and profit from international trade. PEOPLink helps local artisans from Asia, Africa, and Latin America display their products and crafts digitally on its web site ([www.peoplink.org](http://www.peoplink.org)). Those who visit the site, including wholesale buyers, are invited to peruse and purchase on-line from a colorful, digital bazaar filled with a variety of arts and crafts including clothing, jewelry, and interior accessories. Currently orders are filled from the inventory at the PEOPLink offices in Maryland, but future plans are for products to be shipped directly from their country of origin. PEOPLink reaches local artists through an international network of partner organizations and producer groups.

PEOPLink is promoting internet usage for microenterprise development, putting this knowledge and technology into the hands of its end-users. PEOPLink provides digital cameras and the training necessary for local groups to store the images of their products and transmit these by email. Staffers visit the partner organizations in one to two-week training courses to learn about capturing, editing, and transmitting the digital images of the products of local artisans.

### *The Crafts Center*

Founded in 1986 in Washington, DC, the Crafts Center serves the needs of low income artisans, providing technical assistance and information to help artisans achieve greater quality, production, and sales. The Center maintains an extensive selection of business, crafts, art, and international development books, periodicals, newsletters, and cassettes. In December of each year the Center exhibits and sells crafts produced by artisans from around the world, returning the proceeds to them. Through collaboration with the International Trade Center, the Crafts Center is working on the publication of a book entitled *Export Development of Artisanal Products*. The Crafts Center is membership based, providing a full range of services to dues-paying members. They profit from referrals and from the Center's database on subjects ranging from production, marketing, and resources.

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