FROM BEHIND THE VEIL: ACCESS TO MARKETS FOR HOMEBOUND WOMEN EMBROIDERERS IN PAKISTAN

Semi-Annual Report
July 1 – December 31, 2005

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EXECUTIVE SUMMARY

After fifteen months of operation, MEDA and ECDI's Behind the Veil Project has shown significant impact for project clients. As we enter the second half of Year Two, we have been able to involve 185 sales agents, 82 of which are obtaining extensive capacity building training through the project and receiving regular orders from retailers and some wholesalers. As a result, close to 1,721 Rural Embroiderers are able to access high-value markets on a monthly basis while more than double this number has some interaction with this lucrative value chain.

This success has resulted from project activities that ensure the entire value chain is considered. For example, in addition to improving design innovation, the project has also undertaken measures to improve input supply access. With a more holistic approach to the value chain, the project is able to certify that women are effectively able to access new market opportunities. Possible replication to other areas of Pakistan, such as those affected by the earthquake, are now being examined given the success of the project.

Activities over the last quarter have focused on ongoing capacity-building exercises, particularly training of sales agents, tracer designers, input suppliers, and boutique owners and retailers. Links with government institutions and international buyers have been developed in concert with marketing efforts to expand and strengthen relationships with additional retailers and wholesalers. Innovative strategies, such as design competitions and mobile input suppliers, have helped the project address remaining gaps in the value chain.

Over the next six months, project activities will focus on enhancing the advancements already made by the project. This will include additional capacity building programs for sales agents as well as new and enhanced market links and relationship development. The latter is intended to enable more rural embroiderers to participate in and contribute to the program on a regular basis, aiming for our overall project goal of 6000 women. The project will continue to liaise with the Export Promotion Board, identifying new marketing opportunities for the project clients. Training sessions for tracer designers will continue to enhance their design skills. Strategies will also be developed to incorporate formal designers into the project as the businesses of the sales agents grow. With these efforts, it is expected that Year 2 targets will be achieved within the next reporting period.

The project has also received attention form others in the development community with a recent award from the Canadian manufacturers and exporters for gender equality in international programming. The award recognized MEDA and ECDI for both the program design and implementation, including significant impact on the lives of rural homebound women.

1.0 SUMMARY OF MAIN ACTIVITIES

The focus of activities differed for project clients given the varying level of market development in the four project areas. In Karachi, efforts focused on improving the dress and garment designs. In Quetta, due to the conservative cultural, the project worked on group strengthening to ensure the ability of Sales Agents (SAs) to link with Rural Embroiderers (REs). Exposure visits to Karachi and Multan were arranged for SAs' confidence building. As the Multan market is fairly developed, project staff focused on developing mobile SAs, troubleshooting purchasing issues and ensuring access to input supplies and new designs. The geographic isolation of Thatta meant that innovative strategies for input supply access needed to be developed. In all areas, efforts continue to provide opportunities to more REs to participate in more profitable value chains.

1.1 Training and Capacity Building of Sales Agents

Capacity building continued with SAs already in the program receiving additional training in marketing and market research while new SAs received basic training on designs and quality innovations. Sixty-three SAs participated in training programs over the last reporting period, bringing the total trained to 185 SAs. The following is a list of modules offered over the last six months:

Urban Sales Agents

- Cutting and Dress Designing
- Quality and Innovation
- Business Plan Development
- Cutting and Stitching
- Block Printing

Local and Community Sales Agents

- Quality and Innovation
- Manufacturing Management
- Entrepreneurial Skill Development
- Marketing
- Business Plan Preparation
- Association Formation
- Group Formation, Mobilization and Group Dynamics
- Time Management
- Design and Service Delivery

It was recently realized that the knowledge and information from these training sessions has not been passed on to REs and Urban Garment Makers (UGMs) as effectively as is required. New training modules will therefore be developed to enhance the ability of SAs to deliver product and design information to producers.

The Multan market has demonstrated significant progress in market development with the successes achieved by producers and SAs offering a great learning opportunity for clients in other project regions. Quetta SAs were provided exposure to this market through an exchange visit. During the trip, a select number of Quetta SAs were able to study input suppliers, design patterns, and pricing options. Not only did the visit allow for shared experience, it also led to new market opportunities with one Quetta SA receiving an order from a Multan wholesaler for one hundred and twenty shawls.

1.2 Input Supply Linkages

Access to quality input supplies remains a key issue with many SAs forced to travel significant distances due to a lack of supply shops in rural areas. Innovative strategies have therefore been developed to ensure supply markets. For example, a select number of SAs have been trained to act as mobile input suppliers, selling fabrics and thread from the towns to the rural areas. A few women have opened small input supplies shop in their houses in Sajawal (Thatta region); no input supply source was available before the project.

To further ensure quality and stable input supply access for embroiderers, training activities focused on improving the ability of suppliers to serve their clients. Topics included product development, pricing, marketing, and service delivery. Capacity building activities included formal training sessions, focus group discussions, as well as both individual and stakeholder meetings. The individual discussions proved particularly successful for capacity building. Through these training avenues, input suppliers were better able to understand the demands of SAs and enhance their client base. Input suppliers were also introduced to embroidery products from other regions. Project efforts to enhance the level of input supplies have proven successful, as evidenced by the opening of new shops. An Input Supplier in Multan, for example, recently opened a second outlet for fabric and thread.

1.3 Introduction of New Designs

Attempts to link SAs to formal designers have proven difficult, given financial and cultural constraints. However, as previously reported, an alternative type of designer, tracer designer, has been identified; design activities therefore focused on improving the styles produced by this group. At first, the project organized training sessions with groups of designers off-site. Participation was low, however, as designers were reluctant to form groups and were worried that their competitors would copy their creations. A number of individual consulting sessions have therefore been held with these designers. While time consuming, this strategy helps ensure the participation of significant number of tracer designers.

Some designers have been amenable to group training through workshops. During these sessions, participants are introduced to products and designs demanded by the high-value markets. Samples are supplied and the demands of the market explained. These sessions not only improve the ability of designers to advise SAs on fabrics and colors, they also help build the confidence of designers to develop new designs. Women tracer designers have been identified for participation in these training programs.

Competitions amongst UGMs have proven a successful strategy to improve cutting designs. Three competitions have been held whereby stitchers are given four and a half hours to design a new garment; participants then vote on which design they think is the best. The winner receives a prize, such as a calculator, diary, or calendar, which can be used in their business operations.

1.4 Marketing Activities

Marketing efforts have focused on strengthening relationships with existing buyers while identifying and working with additional retailers and wholesalers. Buyers are regularly interviewed to ensure customer satisfaction and assess potential areas of quality improvements.

Significant ties have been established with government promotion boards to further enhance the development of the embroidered garment subsector. As a result of these links, new exhibition opportunities have been created. In December, for example, the Export Promotion Board (EPB) hosted an exhibition in Karachi. SAs were able to participate in this exhibition through subsidized stall fees from EPB with each region represented by at least one stall.

A large wholesaler in Quetta involved in our project has also been linked with the EPB and will participate in exhibitions in Las Vegas and England. The project will provide the wholesaler with assistance on product development and exhibition preparation.

Another recent achievement was entry into the Nepalese market. During the last quarter, a delegation from the South Asian Association for Regional Cooperation (SAARC) visited Pakistan and purchased products from project clients for display at the SAARC Village shop in Kathmandu.

As reported last quarter, two buying houses have been established under the realm of the project: one in Multan and one in Karachi. These operations help facilitate relationships between SAs and buyers by providing quality control, transportation, and sales services. The house in Karachi had originally been started by two SAs; however one of the partners left due to competition over buyers. ECDI is now financially supporting the house as the upfront costs (including a rent deposit of 12 months) were very steep; it is expected that the remaining SA will cover 100% of the costs within the next few months.

2.0 PROGRESS ON PERFORMANCE TARGETS

The following table indicates the current level of participation according to each type of participant, broken down by region for the fifteen months of on-the-ground implementation (i.e. September 2004 to December 2005).

It should be noted that the number of REs is lower than expected due to the devastating earthquake in Pakistan in October. While the project does not have operations in these areas, negative impacts were felt by project clients. The country was in a mourning period; people were therefore not making significant clothing purchases.

	Multan	Quetta	Karachi	Thatta	Total	Project Goal FY2 (June 30, 2006)
Number of Sales Agents participating in training sessions	59	54	38	34	185	N/A
Number of Sales Agents actively receiving and selling orders	40	18	10	14	82	60
Number of Embroiderers working with Sales Agents (monthly average)	1153	343	-	225	1721	3000
Number of Garment Makers working with Sales Agents (monthly average)	-	-	117	-	117	90

2.1 Performance Indicators from Table One

The following performance indicators are taken from Table One. These figures are captured in the monthly sales agent reports that are completed by the Urban and Rural Facilitators and represent project activities for the past fifteen months.

Performance Indicator From Table One	Project-to-date	Targeted Year 2 (June 30, 2006)
Number of Sales Agents participating in program	185	N/A
Number of Sales Agents actively receiving and selling orders	82	60
Number of Sales Agents purchasing design services	48	60
Annual sales of Sales Agents	$478,000	$270,000
Annual profit of Sales Agents	$55,000	$42,000[1]
Number of embroiderers receiving embedded services from sales agents (monthly average)	1,721	3,000
Annual revenues of embroiderers from program SAs	$258,000	$270,000
Total number of garment makers available to the program SAs	169	N/A
Number of garment makers receiving embedded services from SAs (monthly average)	117	90
Annual revenues of garment makers from program SAs	$9,549	$202,500

[1] Based on profitability ratio of 15.4%.

Number of designers involved in program[2]	28	6
Annual revenue of designers from program SAs	$3,200	$9,600

Overall, after fifteen months of operation, the project is on track to meet the targets set for Year 2. In some cases, these targets have already been surpassed. In particular, the numbers of active SAs is well above expected numbers. As a result, it was decided to limit the number of SAs in the program to the current figure of 185. The expected sales for UGMs are below target and strategies will need to be developed to ensure these numbers are met. Part of the explanation for the variance is the earthquake, as mentioned above. Another explanation is the focus on quality improvements before selling to the high-value markets. Finally, the reluctance of SAs to report accurate sales figures (as discussed below) may explain the lower than expected revenues.

During the initial market assessment, the following income breakdowns were developed for project clients. Through interventions, it was expected that the monthly income for REs would rise from Rps 360/month (USD6) to Rps. 780/month (USD13).

Revenue Increases for Rural Embroiderers	
High Value Markets and Pricing	**Low Value Markets**
Sale price of outfit (minimum): Rps 1800 Cost of quality materials: Rps 750 Fee for stitching by garment makers: Rps 150 Markup of sales agent: Rps 200 Markup of retailers / other costs: Rps 500	Traditionally embroidered outfits on lower quality fabrics sell in local markets for Rps 300-400 Rs. Buying is carried out by middlemen and is generally monopolistic.
Embroiderers Earn: Rps 200 per unit	**Embroiderers Earn**: Rps 40-70 Rs per unit
3 units @ 200 = 600 / 3 units @ 60 = Rps 180	6 units at 60 = Rps 360
Total Monthly Income = Rps 780 = USD13	**Total Monthly Income = Rps 360 = USD6**

While the number of REs active in the program and their overall annual sales are still below Year 2 targets, the average income per RE has increased dramatically. As the following charts demonstrate, all regions have significantly surpassed the project-related income targets.

Multan	
SA Revenue/Suit	Rps 930
Embroiderers earn per unit:	Rps 587
Average 2 suits per month	
Total Monthly Income	**Rps 1196 or USD 20**
Quetta	
SA Revenue/Suit	Rps 875
Embroiderers earn per unit:	Rps 568
Average 1.5 suits per month	
Total Monthly Income	**Rps 852 or USD 14**
Thatta	
SA Revenue/Suit	Rps 4921
Embroiderers earn per unit:	Rps 3006
Average 0.3 suits per month	
Total Monthly Income	**Rps 1029 or USD 17**

[2] Note that these figures represent sales and numbers of tracer designers.

Karachi	
SA Revenue/Suit	Rps 4921
Embroiderers earn per unit:	Rps 3006
Average 0.3 suits per month	
Total Monthly Income	**Rps 1029 or USD 17**

It should be noted that the average income numbers for Thatta are misleading as there was an order for a large number of high quality suits. The average therefore does not reflect that the selling price for most suits was around Rps 1500.

2.2 Remaining Performance Indicators

In addition to assessing progress based on quantitative data, qualitative interviews were conducted with various project participants. The results from the most recent series of interviews are outlined in the following chart**.** These interviews are conducted on a semi-annual basis. It should be noted that the interview results with the REs and UGMs is from the previous reporting period. Updated figures and analysis are not available due to staff turnover. However, unofficial interviews and information indicate that program participants are satisfied with the services of SAs and their improved products. Informal discussions with wholesalers through unstructured meetings confirm that the quality of available product is enhanced. This information will be confirmed by an M&E report later in the quarter.

Indicator	Quetta	Multan	Karachi	Thatta	Total
Number of wholesalers / retailers interviewed who say quality and design of products have improved (Total of 7 interviewed)	100%	100%	100%	100%	100%
Percentage of sales agents who say quality and design of products have improved (Total of 28 interviewed)	100%	100%	100%	100%	96%
Number of sales agents who are satisfied with design services of Tracer/Designer (Total of 28 interviewed)	60%	60%	N/A	63%	58%
Number of embroiderers/ garment makers who report higher monthly income as a result of program participation (Total of 115 interviewed)	87%	100%	93%	100%	96%
Number of embroiderers/ garment makers who say their quality of life has improved as a result of increased revenues related to the program (e.g., not working longer hours for more income, better food) (Total of 115 interviewed)	53%	88%	84%	80%	80%
Number of embroiderers/ garment makers who report that their status in the household has risen as a result of greater economic contribution (Total of 115 interviewed)	40%	70%	67%	33%	60%
Number of embroiderers/ garment makers who are more satisfied with embedded services received from mobile women sales agents (Total of 115 interviewed)	80%	90%	100%	67%	94%

3.0 IMPLEMENTATION ISSUES

While the project has been meeting progress targets, there are a few implementation issues to mention.

1. *Managing Facilitation Role:* Efforts were made from the start to ensure that all project clients and participants understood the role of the facilitator in the project. Neither MEDA nor ECDI would act as intermediary, accepting or taking cash for purchases. Despite these best efforts, however, both SAs and buyers frequently call on ECDI to handle matters such as shipping and payment. Lately, ECDI has also been asked to resolve conflicts between buyers and sellers. The first request does not only blur the role of the facilitator, it also requires a high level of involvement thereby draining ECDI's staff resources, and commercial solutions have been sought. Conflict resolution in value chains and the development of win-win relationships is an important role of the facilitator and so strategies have also been advanced to incorporate appropriate activities into task plans. For example, development of the new buying houses will help address both of these issues. However, greater efforts will need to be undertaken to ensure that all parties understand that the role of ECDI and MEDA is to facilitate, and not broker sales.

2. *Monitoring and Evaluation:* As previously reported, it has been difficult to ensure accuracy of progress reports as SAs are often hesitant to report their sales. For example, they may be concerned that if their sales are too high they will be "graduated" from the program. Alternatively, they may underreport their sales in an attempt to get assistance with more sales. One strategy that appears to be working is to ensure incentives are in place for SAs to "upgrade" to new markets. For example, if a Sales Agent asks to be linked to Dubai, it is explained that they need to have significant sales in Karachi first to ensure ability to meet orders. Qualitative interviews with REs/UGMs as well as wholesalers and buyers helps confirm the accuracy of these numbers. As mentioned above, these interviews have not been conducted over the last reporting period due to staff turnover. Alternative strategies, such as interviews with wholesalers, were used as an interim measure.

3. *Sustainability of Buying House:* One of the ongoing issues is ensuring that as more orders are placed with project clients, the final product remains of high quality. In the first few months of project implementation, a great deal of effort was required to ensure that the requisite quality information was passed down the value chain. One strategy that proved successful for this purpose was development of buying houses. The buying house serves as a link between the buyers and SAs, providing quality control and brokering services. There are currently two in operation in the project: one in Multan and one in Karachi. While the Multan house has been sustainable from inception, the Karachi buying house is currently subsidized by the project. Originally, two entrepreneurial SAs had entered into partnership to run the business; however, one SA recent backed out of the operation due to complaints that the other was monopolizing the clients. Given the high up-front costs for the house, ECDI has stepped into to financially support the operations. It is expected that the SA will assume 100% responsibility for the house within the next three months. However, discussion will need to continue to ensure that future buying house initiatives are based on a sustainable model.

4.0 PROGRESS ON LEARNING AGENDA

In addition to value chain development goals, the program also aims to contribute to industry learning themes, specifically strategies for inclusion of the poor in mainstream markets, development of BDS markets inclusive of embedded services, and methods for reaching down market. A variety of learnings have developed over project implementation providing insight in these areas.

During the first year of the project, we discovered that developing two levels of intermediaries can, in some cases, prove a useful strategy to reach homebound women. Under the original project design, it was expected that embroiderers and garment makers would sell their products to female sales agents who in turn would sell to male wholesalers and retailers, with the intermediaries being mobile women able to visit markets. We soon realised, however, that the level of segregation was so deep that even a number of these mobile sales agents were unable to interact directly with the embroiderers. Instead, a two-tiered model was devised with embroiderers selling to Community Sales Agents (CSAs). The CSAs often sell the product to Local Sales Agents (LSAs), typically women based in urban areas with home boutiques. As this model developed and as CSA gained greater skills, they sometime compete with LSAs by selling direct to retailers and buyers, adding richness to the market system and providing more choices for women entrepreneurs. This second level ensures that women are able to be incorporated into the value chain, whether through one intermediary or two.

To further enhance the ability of women to reach new markets, formal designers were identified to introduce contemporary designs into the value chain ensuring products were suitable for the high value markets. For a variety of reasons, however, SAs were not able to access these design services. The SAs did not have the financial means to purchase these new designs on an ongoing basis. There was also a cultural divide between the formal designers and the women operating in the informal market. However, an additional value chain actor was identified: the tracer designer. These individuals, mostly men, design the embroidery stencils and imprint the designs on the fabric. The majority of these designers are located in local markets. Mobile SAs were not only able to interact with these men but could also afford their services. Helping improve the quality and innovativeness of these trace designs have proven to be a successful way to introduce contemporary designs into the market.

Both of these discoveries demonstrated that in order to reach homebound women, entry points for value chain interventions often must occur at points further down the value chain.

Due to the lack of finance in the value chain, our project model was heavily centered on service provided through embedded packages. The REs and UGMs receive contemporary designs and product improvement through their contracts with the SAs. SAs have also been acquiring services in the form of input supplies and fabric. Some SAs have the necessary resources to purchase these on a direct basis. Others have relied on third party payment through wholesalers. Provision of services on this basis have proven problematic due to the lack of trust in the value chain: wholesalers worry that SAs may use the inputs for other orders while SAs worry that wholesalers won't pay a fair price. We have therefore seen that embedded and third party services can be problematic in value chains with weak relationships.

Over the next year, as the program focuses on generating depth of benefits, new lessons will be learned on these issues. MEDA and ECDI are active participants in industry fora, such as the SEEP Network AGM, USAID's Learning Conference, the Microenterprise Development Institute, and ILO BDS Seminar. These venues, and others, will provide excellent opportunities for MEDA to share these learnings, helping other value chain projects with vulnerable populations and sequestered women.

ATTACHMENT 1

Abbreviations

CSAs	Community Sales Agents
LSAs	Local Sales Agents
M&EO	Monitoring & Evaluation Officer
MC	Marketing Coordinator
NAPM	North American Project Manager
PC	Project Coordinator
PPM	Pakistan Project Manager
REs	Rural Embroiderers
RF	Rural Facilitator
SAs	Sales Agents
UF	Urban Facilitator
USA	Urban Sales Agent