

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

**Semi-Annual Report
January 1 – June 30, 2006**

August 15, 2006

**Prepared for
United States Agency for
International
Development**

**Tax ID No: 23-7398678
DUNS No: 826255648
LOC Number: HHS-2940P**

**Prepared by
Mennonite Economic
Development Associates**



International Economic Division

T: (519) 725-1633
F: (519) 725-9083
E: hloftin@meda.org

**ACCESS TO MARKETS FOR HOMEBOUND WOMEN EMBROIDERERS
IN PAKISTAN**

TABLE OF CONTENTS

EXECUTIVE SUMMARY 2

1.0 SUMMARY OF MAIN ACTIVITIES..... 3

 1.1 Training and Capacity Building of Sales Agents3

 1.2 Input Supply Linkages4

 1.3 Introduction of New Designs4

 1.4 Marketing Activities4

 1.5 Project Expansion.....5

2.0 PROGRESS ON PERFORMANCE TARGETS..... 6

 2.1 Performance Indicators from Table One.....6

 2.2 Remaining Performance Indicators.....7

3.0 IMPLEMENTATION ISSUES..... 9

4.0 PROGRESS ON LEARNING AGENDA..... 10

ATTACHMENTS

Attachment 1 - Abbreviations

ACCESS TO MARKETS FOR HOMEBOUND WOMEN EMBROIDERS IN PAKISTAN

USAID IGP Semi-Annual Report

January 1 - June 30, 2006

EXECUTIVE SUMMARY

With the completion of the second fiscal year for MEDA and ECDI's Behind the Veil Project, most targets have been surpassed with significant impact for project clients. Over 185 Sales Agents (SAs) are involved in the program, 120 of which regularly receive orders from retailers and wholesalers. These intermediaries work with close to 3,000 Rural Embroiderers (REs) on a monthly basis. There are an additional 4,000 embroiderers interacting with this productive value chain, albeit less frequently, as a result of the project's training activities.

The project has continued to adopt a holistic approach in all activities, ensuring that measures at each step in the value chain facilitate market development for target rural embroiderers. Innovations, such as buying houses and mobile input suppliers, have ensured improved access to both support and final markets. Strategies to promote REs as a target market for input supply shops have continued in concert with support for establishment of new input supply businesses by project sales agents. Training of both SAs and tracer designers in design innovations has ensured final products are of the requisite quality for these new high-value markets. Marketing efforts have included enhanced linkages with local buyers and international exporters through exhibitions and seminars that strengthen buying relationships.

Over the last reporting period, over eighty-eight workshops and seminars have been held for the various value chain actors. Project activities for the next six months will include additional capacity building exercises in concert with ongoing marketing efforts and relationship development. Staff will continue to ensure REs have a stable access to quality input supplies and designs through SAs, allowing them to link to increasingly profitable and lucrative markets. Strategies will also be developed to increase the number of clients reaching these markets on an ongoing, sustainable basis. Finally, the project's exit strategy will also be revisited and revised as appropriate.

Project accomplishments and lessons learned have been promoted in a range of industry fora, including SEEP Network AGM, the ILO BDS Seminar, the USAID Learning Conference as well as through training courses such as the Microenterprise Development Institute. Due to the project's success, possible replication to other areas of Pakistan (and additional value chains) is currently being investigated.

1.0 SUMMARY OF MAIN ACTIVITIES

Project activities over the last reporting period built on existing success to further enhance the ability of Rural Embroiderers (REs) and Urban Garment Makers (UGMs) to access new markets. Given the high participation levels of intermediaries in the project, the focus of activities was on enhancing capacity building with existing clients and greater marketing efforts to further extend their market reach.

1.1 Training and Capacity Building of Sales Agents

Capacity building continued with Sales Agents (SAs) participating in over sixty training activities and seminars. The following is a list of modules offered over the last six months:

Urban Sales Agents

- Group Dynamics
- Conflict Resolution
- Cluster Development
- Quality and Innovation
- Cutting and Dress Designing
- Cutting and Stitching

Local and Community Sales Agents

- Group Formation, Mobilization and Group Dynamics
- Unity Organization and Conflict Resolution
- New Cluster Development
- Quality and Innovation
- Design Training
- Product Development
- Entrepreneurial Skill Development
- Technical Training

The unity and conflict resolution training sessions have been particularly important given the high level of mistrust in the value chain. Anecdotal evidence indicates that these trainings have reduced the incidence of conflict in various transactions, thereby diminishing the demand placed on project staff to play a facilitation role in dispute resolution.

A select group of SAs recently formed a membership-based association called AWESOME with chapters in Quetta, Multan, Hyderabad, and Karachi. This association will support ongoing training and facilitate the project's exit from the garment subsector. An elected President and General Secretary will run each chapter. The activities of the association are currently limited to monthly meetings to discuss common issues and strategies, creating a supportive environment for member enterprises. However, it is planned that these activities will expand as the association grows to include services such as bulk purchasing and business referrals.

1.2 Input Supply Linkages

Access to quality input supplies is limited, forcing many SAs to travel significant distances to purchase the requisite raw materials. The project has developed a range of innovative strategies to address this issue, including training of SAs to act as mobile input suppliers and assistance for women opening small home-based supply shops. Existing input suppliers were trained on product development, pricing, marketing, and service delivery continued to further ensure a stable link to REs. Meetings were also held with input suppliers, SAs, and buyers to enhance linkages and provide a dialogue to generate ideas for innovative products and delivery mechanisms.

1.3 Introduction of New Designs

Additional training for tracer designers helped facilitate the introduction of innovative and contemporary designs into the value chain. As a result of these sessions, SAs have purchased new designs and improved their own design skills. The project has also seen SAs demand exclusivity in their purchases from these service providers, demonstrating their awareness of ensuring uniqueness in their product offering.

1.4 Marketing Activities

Marketing efforts over the last reporting period included deepening market penetration in existing markets and creating innovative strategies for new market development.

The project facilitated SAs' participation in five exhibitions during the last reporting period. SAs were required to pay the entrance fee with the project advising on strategies and displays for these events. The shows included international exhibitions such as the World Social Forum in Karachi as well as fairs in rural areas. The international events allowed SAs to better understand international markets, improve their selling and communication skills, and develop linkages on the export level. The local events helped develop awareness of available products and promote successful case studies to other REs.

As SAs entered higher-value markets, greater emphasis was placed on quality control training to ensure products offered met the discerning requirements of these consumers. Trainings on design and price innovation were also held to facilitate SAs entrance into these new markets. Clients were also assisted in enhancing customer relationship strategies with their regular buyers, including development of discount programs.

Buying houses have proven to be a successful linking mechanism between buyers and REs with SAs providing quality control, transportation, and sales services. An additional three houses were established during the last reporting period: two in Multan and one in Quetta. These businesses are owned and operated by existing SAs. The development of new buying houses creates even more competition and ensures that SAs provide quality services to both REs and buyers.

To complement these activities, the project hosted a range of meetings and events that promoted communication and cooperation amongst the various players in the value chain. One such event was the Value Chain Players' Biennial Meeting which afforded key actors an opportunity to discuss needs and demands, introduce the program to new buyers, and facilitate additional linkages. Another event was a Coordinating Forum which provided a platform for retailers, exporters, and wholesalers interested in exporting to develop links with project clients. Advertisements were placed in local newspapers in Karachi inviting interested parties to learn about the benefits of linking with the SA network. Sustainable Supply Chain Development meetings were also held whereby producers, input suppliers, agents and buyers gathered to discuss key issues and reinforce the importance of cooperation.

1.5 Project Expansion

Another key project success in the last reporting period was the launch of an additional project office. Originally Hyderabad REs and SAs were served by the Rural Facilitator (RF) responsible for the Thatta region. The high quality of products and volume of sales coming from Hyderabad, combined with the geographic expanse, meant it was difficult for one RF to cover the entire region. As a result, a new project office was established in Hyderabad within the existing budget. Ms. Shabana, the RF hired for the office, is highly qualified with experience in community development and a Masters degree.

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 at the end of Fiscal Year 2 (and after twenty-one months of on-the-ground implementation i.e. September 2004 to June 2006). As explained in previous reports, the project tracks involvement in the project at both an occasional (participation in training and intermittent sales) and regular (monthly sales) level.

	Multan	Quetta	Karachi	Thatta	Total	Project Goal FY2 (June 30, 2006)
Number of Sales Agents participating in training sessions	73	54	20	38	185	N/A
Number of Sales Agents actively receiving and selling orders	42	25	20	33	120	60
Number of Rural Embroiderers linked with Sales Agents	3520	1765	-	1745	7030	N/A
Number of Rural Embroiderers working with Sales Agents (monthly average)	1627	468	-	858	2953	3000
Number of Urban Garment Makers linked with Sales Agents	-	-	200	-	200	N/A
Number of Urban Garment Makers working with Sales Agents (monthly average)	-	-	133	-	133	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.

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	120	60
Number of Sales Agents purchasing design services	55	60
Annual sales of Sales Agents	\$894,333	\$270,000
Annual profit of Sales Agents	\$145,123	\$42,000 ¹
Number of embroiderers receiving embedded services from sales agents (monthly average)	2,953	3,000
Annual revenues of embroiderers from program SAs	\$510,623	\$270,000
Number of garment makers receiving embedded services from SAs (monthly average)	133	90
Annual revenues of garment makers from program	\$18,856	\$202,500

¹ Based on profitability ratio of 15.4%.

SAs		
Number of designers involved in program ²	40	6
Annual revenue of designers from program SAs	\$7,952	\$9,600

At the end of the second fiscal year, and after twenty-one months of project implementation, most targets have been achieved, if not surpassed. The focus of the project for the remaining year will be enhancing the depth of benefits to facilitate greater income increases for all value chain actors.

The one discrepancy to note is the below expected sales for UGMs; strategies will need to be developed during the next reporting period to facilitate income increases for these groups. Part of the difference can be attributed to changes in the project model. Originally greater links were expected between REs and UGMs. However, the quality of technical skills for UGMs was significantly below that of REs. As a result, greater training for these actors was required to ensure superior products. UGMs have therefore been unable to sell into the high-value market until quality levels improved with income increases limited. It was also discovered that many high-value consumers prefer tailored to ready-made garments. As a result, most UGMs continue to sell to the low-value, traditional markets. Another explanation for the lower than expected revenues may be the reluctance of SAs to report accurate sales figures. As a result of the design training, some UGMs are now working independently and securing their own orders. These producers are no longer tied to the program and it is therefore difficult to receive reports on their income.

2.2 Remaining Performance Indicators

Qualitative interviews with REs perform three important functions. First, they help confirm the results reported by Sales Agents in their monthly reports. Second, the interviews facilitate quality assessments, both in terms of final products and business service delivery. Finally, they allow the project to ascertain qualitative increases in the standard of living for clients, i.e. rural, homebound women. While the project focuses on economic empowerment, it is expected that with greater income contributions these women will be able to improve their role and status in the household.

The results from the most recent series of semi-annual interviews are outlined in the following chart. On all qualitative indicators, we have seen positive progress; as incomes rise there has been an increase in social empowerment. Anecdotal evidence confirms this impact. For example, at project inception most women were unable to attend training sessions unless accompanied by their husband or a male family member. Women are now permitted to travel in groups to Karachi and participate in exhibitions without their husbands. Another interesting note is that Thatta, one of the most remote regions, is also the region demonstrating the greatest progress on these social indicators. Not surprisingly, Quetta, the most conservative region, has the least progress despite all women interviewed reporting a higher monthly income.

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

Indicator	Quetta	Multan	Karachi	Thatta	Total
Number of embroiderers/garment makers who report higher monthly income as a result of program participation (Total of 120 interviewed)	100%	88%	70%	100%	90%
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 120 interviewed)	68%	77%	70%	91%	75%
Number of embroiderers/ garment makers who report that their status in the household has risen as a result of greater economic contribution (Total of 120 interviewed)	25%	54%	50%	71%	48%
Number of embroiderers/ garment makers who are more satisfied with embedded services received from mobile women sales agents (Total of 120 interviewed)	100%	100%	100%	100%	100%
Number of embroiderers/garment makers who believe their products are of superior quality than before (Total of 120 interviewed)	100%	100%	100%	100%	100%

3.0 IMPLEMENTATION ISSUES

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

1. *Changing Project Staff:* Over the last quarter, the Project Coordinator (PC), who had been with the project since inception, left to pursue other opportunities. Ms. Rubina Naz, the new PC, has substantial experience in the development sector, particularly in the training arena, with a Masters in Political Science. Ms. Naz also has experience in the garment sector, previously operating her own business. Her recruitment has also solved the issue of the ability of the PC to meet with female project clients, thereby diminishing time demands on the Pakistan Project Manager (PPM). The Monitoring and Evaluation Officer (M&EO) also left the project to move to Islamabad. As the PPM completes the recruitment process for this position, additional measures have been taken to ensure accurate reporting.
2. *Sustainability of Buying House:* As reported last quarter, an ongoing project issue is sustainability of the buying houses. These houses serve as a link between the buyers and REs with SAs providing quality control and brokering services. ECDI has stepped in to financially support the operation of the Karachi buying house. Over the last quarter, the SA operating this endeavor assumed 100% financial responsibility. Discussion will continue, however, to ensure that future buying house initiatives are based on a sustainable model.
3. *Competing Income Functions:* Most of our project clients are required to contribute to the household's agriculture activities in addition to their embroidery business. During the last reporting period, a number of clients were forced to abandon their embroidery work to contribute to crop harvesting. Pakistan operates under a feudal system whereby our clients receive daily wages and food for their time in the field. These are important contributors to the household's income and can not be abandoned. However, as a result it meant that many orders were not completed on time.
4. *Political Issues:* Given the current geopolitical climate, conflict remains a constant threat to the success of the project. Quetta recently erupted into violence disrupting the daily routine in the city, preventing REs and SAs from engaging in market activities, and cancelling training activities. The government is trying to resolve internal violence eruptions; however it is unlikely that the current climate will dissipate in the near future. Project staff has therefore learned to be flexible, adjusting training schedules and sales activities to mitigate the impact from these events.

4.0 PROGRESS ON LEARNING AGENDA

An important component of the project is contribution to key learning themes, particularly strategies for inclusion of the poor in mainstream markets, development of BDS markets inclusive of embedded services, and methods for reaching down market for business services.

One of the key lessons learned over the life of the project is the importance of ensuring rich, dynamic value chains when attempting to contact rural, isolated women. The original project design envisioned REs and UGMs reaching male wholesalers and retailers through direct links with female sales agents. The level of segregation was deeply entrenched however, requiring a greater range of selling options for producers. These alternatives included a two-tiered SA model (with Community Sales Agents purchasing from REs and selling to urban-based Local Sales Agents) and the use of producer groups and buying houses to enhance links between SAs and REs. These developments have added richness to the value chain and provided greater choice for remote, isolated women entrepreneurs. They have also demonstrated that a range of options are required to ensure their access to mainstream markets.

Other alterations to the initial project design include identification of informal service providers, such as tracer designers. While it was originally planned to link REs to formal designers through SAs, it soon became apparent that intermediaries did not have the financial means to purchase new designs on an ongoing basis. The cultural divide between formal designers and women operating in the informal market further prevented the purchase of innovative designs. As a result, greater focus was placed on the links between informal tracer designers and SAs demonstrating that in order to integrate informal actors into mainstream markets, entry points for value chain interventions often must occur at equivalent points in the chain.

Another important component of the learning agenda is assessment of various business service packages, particularly the use of embedded payment mechanisms. The embroidered garment industry in Pakistan is characterised by weak relationships and a lack of trust. This feature of the value chain has had important implications for the range of business services involved in this project. Wholesalers are reluctant to provide third-party payment for input supplies as they worry SAs may use these products for other orders; meanwhile, SAs are anxious that wholesalers will not provide a fair price. REs believe that SAs will develop monopolies, hence the evolution of joint ventures/producer groups. SAs are concerned that designers will sell the same service to their competitors, diminishing the innovation and creativity in the products they sell. In all of these situations, it has become apparent that embedded and third party services can be problematic in value chains with weak relationships.

As mentioned in previous reports, MEDA and ECDI are active participants in industry fora, such as the SEEP Network, the Microenterprise Development Institute, and ILO BDS Seminar. MEDA will continue to share learnings through these events, and others, helping other value chain projects facilitate improved markets for sequestered women.

ATTACHMENT 1

Abbreviations

CSAs	Community Sales Agents
FY2	Fiscal Year Two
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
UGMs	Urban Garment Makers