

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

**Semi-Annual Report
January 1 – June 31, 2007**

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ACCESS TO MARKETS FOR HOMEBOUND WOMEN EMBROIDERERS IN PAKISTAN

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EXECUTIVE SUMMARY

After three years of implementation, MEDA and ECDI's Behind the Veil Project has successfully reached 213 Sales Agents (SAs). 174 of these SAs receive orders on a monthly basis and regularly engage 6,546 Rural Embroiderers (REs), well surpassing project targets. An additional 2,749 REs are engaged on an as-needed basis with total project reach of 9,295 REs. Not only has the project had great success in terms of breadth of benefits, depth has also been achieved with, on average, rural embroiders increasing their income by close to 300% (from Rps 380/month pre-project to Rps 1,286/month in June 2007). Project clients have had substantial success in Pakistani markets and are starting to explore export markets.

MEDA and ECDI recently received approval for a five-month no-cost extension to the project bringing the completion date to the end of 2007. As the project draws to a close, activities have focused on ensuring sustainability and long-term benefits for project clients. Linda Jones, the former North American Program Manager, visited the project in April to assess each actor supported by the project and verify sustainability of benefits. The report analysed not only results for project clients, but also impact on other actors in the value chain as well as the implementing organizations. In addition to this assessment, the project staff focused on completing remaining training modules, identifying new market opportunities, and establishing additional linkages, particularly with potential microfinance institutions. Staff also continued to revise and implement the program's exit strategy.

For the remainder of the project's operational period, MEDA and ECDI will focus on finalising project activities, including training for the most immobile sales agents, identification of appropriate microfinance suppliers, integration of all sales agents into the AWESOME network, and final documentation of lessons learned from the project.

At the request of the USAID mission in Pakistan, MEDA and ECDI recently submitted a concept note for replication of the project in the Federally Administrated Tribal Areas (FATA). One of the first tasks under the proposed project will be a value chain analysis to assess the feasibility of the embroidery subsector in the region. Based on the project's substantial success, the Canadian International Development Agency also requested a proposal from MEDA to scale and replicate the Behind the Veil model to other areas of Pakistan and additional value chains. The proposal is currently in the approval process with an expected inception mission in the late fall/early winter.

1.0 SUMMARY OF MAIN ACTIVITIES

MEDA and ECDI recently received approval to extend their successful Behind the Veil Project until the end of 2007 (original planned completion date was August 2007). Details on the unfunded extension are included below. Activities over the last reporting period focused on implementation of the project's exit strategy and efforts to ensure sustainability of project benefits.

1.1 Skills Enhancement of Sales Agents

Capacity building for Sales Agents (SAs) continued with a focus on skills enhancement. The following is a list of modules offered over the last six months:

- Group Dynamics & Strengthening
- Time Management Training
- Conflict Resolution
- Entrepreneurial Skill Development.
- Stitching and Design Training
- Unity organization
- Networking Training
- Communications
- Tracer design
- Quality and Innovation
- Product Development

An important component to these modules was training on how to operate more effectively, both as a group and with their respective REs. An additional session was held on "Role Clarification for SAs." This session provided the opportunity for the project to explain the importance of working fairly with REs to ensure long-term relationships that operate on a win-win basis. Rural Embroiderers (REs) also participated in training on costing and pricing. These sessions helped provide REs with the requisite tools to negotiate with SAs and ensure a fair price consideration. Training sessions for REs on networking/group formation (or "joint ventures") also provided producers with the requisite tools and capacity to increase bargaining power and prevent SA monopolies.

The series of capacity building modules offered by the program has demonstrated benefits for SAs beyond improved incomes. SAs now keep business accounts and recognize the importance of their business as an enterprise. They also recognize the opportunity to improve household livelihoods and save money on a monthly basis for their families.

Five male Sales Agents have also joined the project. These men are the husbands of existing female SAs already involved in the project. The husband and wife team share responsibility for the business and operate as partners. Typically, the man is responsible for collecting orders and liaising with wholesalers and other buyers while the woman works with the REs.

Efforts to support the Association of Women Entrepreneurs in Small and Micro Enterprise (AWESOME), a membership-based association for SAs continued. The network is an important part of the project's exit strategy and will help ensure ongoing benefits for both REs and SAs.

1.2 Input Supply Linkages

The project continued to provide support to program SAs interested in establishing input supplies shops. The establishment of these businesses helps address the difficulties for project clients to access quality input supplies, a key issue in the embroidered garment subsector.

1.3 Introduction of New Designs

The project has continued to support the incorporation of contemporary designs in the value chain. These efforts have included additional training for tracer designers as well as design training for SAs. Sales Agents have also been supported as they creatively devise their own designs.

1.4 Marketing Activities

While nearing completion, the project continues to identify new wholesalers and facilitate introductions between buyers and SAs. Meetings with existing key players and members of the supply chain were held to improve business relationships and address any outstanding issues. These meetings were important as some of the wholesalers involved with the project were complaining about competition from new home-based boutiques (operated by SAs).

Marketing activities over the last quarter focused on providing support for SAs to participate in exhibitions (including training on product display), encouragement of SAs to conduct market research and pursue new market opportunities, improved program advancement in Quetta, support for home-based boutiques, and project exhibitions. One exhibition to note was the “Mix and Match” exhibition whereby SAs from different regional networks were divided into different sub-groups. As part of these sessions, SAs learned about new fashion trends, changing needs of the customers, demands of retailers and wholesalers, and market value in different regions.

A contest was held to encourage Karachi SAs to explore new market opportunities and expand their sales. Contests were also held amongst SAs from the project regions. All SAs were provided with the opportunity to prepare dresses for display as part of the competition. Each SA was asked to vote for their favourite dress. The winners were Shazia from Multan and Saba Taqvee from Hyderabad.

1.5 Other Linkages

The project explored other linkages to enhance benefits for the clients. The project staff continued to network and link with government to take advantage of their programs. A meeting was held with the Deputy Director of Export Promotion Board in Quetta. He suggested that the SAs become members of the exporters’ network and expressed an interest in arranging shows for handmade embroidery. The Social Welfare Directorate in Quetta also invited the AWESOME chapter to attend an upcoming exhibition for women entrepreneurs. One of the SAs at the exhibition, Shahida, was filmed by the Bolan TV station which provided excellent coverage for the project from other areas of Pakistan and attracted attention from other countries such as Dubai.

A meeting was also held with the UNDP to explore collaboration, particularly with their microcredit program. Exploration of microfinance linkages was beyond the original scope of the project. However, a recent market assessment revealed that there was much stated demand for credit from SAs. The project identified two potential Microfinance Institutions (MFIs) and held meetings to gather a better understanding of their operation and loan opportunities.

- AKHUWAT (based out of Lahore) sent a representative to meet with twenty-eight SAs in Multan. The organization provides loans without interest though recipients must pay a Rs. 500 membership fee. Loan size ranges from Rps. 10,000 to Rps. 25,000. Greater investigation needs to be done to figure out what the effective interest rate is.
- PRSP is another MFI who met with SAs in Multan. They function with a group lending model (with up to fifteen members per group. Their interest rate is 20% and loan recipients must pay Rps.80 for one-year of credit insurance.

1.6 Exit Strategy

The Rural Facilitators have played a key role over the life of the project. This role is still important, despite the completion of the project. After much thought, it was decided to transform the Rural Facilitation Offices into a business unit (with revenue streams) to provide ongoing support, where needed, to SAs and REs. A training session was held to provide support to the RFs in the following areas:

- How to become a good facilitator
- Enhanced group interaction?
- Review and preparation of reporting forms
- Facilitation of AWESOME's regular meetings.
- Effective record keeping
- Problem solving and conflict resolution.

In order to assess the sustainability of the project, Linda Jones, previous Project Manager for Behind the Veil, visited the program in May of this year. The report was used for internal purposes to provide an update on each actor receiving support through the project and to confirm sustainability of program impacts and identify any final programming gaps. Jones' report will be included with the final report of the project. In the report, Jones projected sales until 2015 based on income increases over the life of the project. It is estimated that incomes for REs will rise to Rps. 1,600 per month by June 2010 and Rps. 2,300 by June 2015. In order for an increase in the breadth of benefits to new producers in the market system, more SAs will need to enter the sector. This has already occurred in some areas with family members recognizing income potential and becoming an SA as well.

There are also numerous instances where REs have successfully upgraded into the role of SA. AWESOME, the association of SAs, will play an important role in this process. The project has seen significant upward mobility amongst program clients. Rural embroiderers have evolved into sales agents and sales agent have opened input supply shops, boutiques, retail outlets and buying houses.

1.7 Project Extension

As mentioned above, USAID provided approval for an unfunded extension for the Behind the Veil Project extending the completion date of the project until the end of 2007. The revised extension date will allow MEDA and ECDI to ensure sustainability of project activities and effective completion of the project's exit strategy, namely:

1. Complete delivery of the training modules for sales agents, in particular the curriculum for independent initiatives to attain and maintain growth.
2. Identification and linking appropriate microfinance suppliers with project actors to facilitate their ongoing expansion.

3. Complete full integration of sales agents into the AWESOME network and further mainstreaming the network into the Chambers of Commerce, Export Association and/or other business associations.
4. Completion of training for thirty-two agents from particularly remote and conservative areas.
5. Documentation of case studies and learnings from the project to provide material to USAID, MEDA and the industry as a whole.

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. 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 FY3 (June 30, 2007)
Number of Sales Agents participating in training sessions	73	54	20	66	213	90
Number of Sales Agents actively receiving and selling orders	55	34	20	65	174	N/A
Number of Rural Embroiderers linked with Sales Agents	4815	2010	-	2470	9295	6000
Number of Rural Embroiderers working with Sales Agents (monthly average)	3588	973	-	1983	6544	N/A
Number of Urban Garment Makers linked with Sales Agents	-	-	200	-	200	180
Number of Urban Garment Makers working with Sales Agents (monthly average)	-	-	200	-	200	N/A

MEDA and ECDI have surpassed all of the expected targets for number of participants involved in project. Efforts will continue to ensure mechanisms are in place in the market to support new entrants in the hand embroidery garment sector.

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 3 (June 30, 2007)
Number of Sales Agents participating in program	213	90
Number of Sales Agents actively receiving and	174	N/A

selling orders		
Number of Sales Agents purchasing design services	73	60
Annual sales of Sales Agents	\$1,973,704	\$450,000
Profitability Ratio for Sales Agents	22.8%	15.4%
Number of Rural Embroiderers linked with Sales Agents	9,295	6,000
Number of embroiderers receiving embedded services from sales agents (monthly average)	6,544	N/A
Annual revenues of embroiderers from program SAs	\$1,289,407	\$450,000
Number of Urban Garment Makers linked with Sales Agents	200	180
Number of garment makers receiving embedded services from SAs (monthly average)	200	N/A
Annual revenues of garment makers from program SAs	\$30,874	\$337,500
Number of designers involved in program ¹	40	6
Annual revenue of designers from program SAs	\$17,600	\$19,200

As the project enters the final five months of operation, most targets have been achieved with two previously noted exceptions.

As a result of changes in the expected value chain model, UGM sales have been below the expected targets over the life of the project. During the design of the program, it appeared that the UGMs had similar technical standards and skill levels as the REs; products incorporating the work of both actors were expected to sell in the same market. Unfortunately, it soon became apparent that there was a substantial skill difference and that the UGMs did not have the capacity to sell to higher-value markets. However, they have been able to improve their production techniques and marketing thereby still benefiting from the project. We have found that a significant number of entrepreneurial UGMs were able to benefit from program training and are now operating independently; these former clients are no longer included in the project's monitoring and evaluation system as it would be highly problematic to track their commercial activities as they tend to relocate frequently.

The other exception is the slightly below expected annual revenue of designers (less than a \$1,600 discrepancy). As previously reported, the program found that formal designers were not suitable support providers for SAs. The program has instead worked with tracer designers who imprint the embroidery stencils on the fabric. The cost for this service is substantially lower than formal garment design services hence the income disparity. It should also be noted that the SAs supported by the project are extremely entrepreneurial and after a few design trainings have creatively developed their own designs which sell extremely well in the market. They have also become savvy in mining available media sources to gauge popular fashion trends.

Not captured in the above numbers are some of the key achievements accomplished over the past reporting period. Project SAs participating in a government-sponsored exhibition in Quetta were featured on a TV show and received inquiries from within Pakistan as well as Dubai. One SA, Saleem Bukhari, opened a school with 70 pupils (20 girls) from her embroidery business profits. Some SAs have started exporting embroidered fabric to Canada, Kenya, and South Africa. Other SAs have participated in exhibitions in Yemen and Malaysia.

¹ Note that these figures represent sales and numbers of tracer designers and formal designers.

2.2 Remaining Performance Indicators

Throughout the project, staff have conducted qualitative interviews with project clients to assess improvements in household status and quality of life. One hundred and twenty REs are interviewed twice a year and asked questions on a range of standard of living proxy indicators. Additionally, project staff selected a random 60 REs to interview using the same questionnaires. Figures for these indicators have continued to rise over the life of the project. While the project provides an economic opportunity for women, increased contributions to the household income has translated, for a significant part, into greater say in household decisions.

Indicator	Quetta	Multan	Karachi	Thatta	Total
Number of wholesalers / retailers interviewed who say quality and design of products have improved (Total 18 interviewed)	60%	100%	75%	100%	81%
Number of sales agents who say quality and design of products have improved (Total 174 interviewed)	100%	100%	100%	100%	100%
Number of sales agents who are satisfied with design services of Tracer/Designer (Total 72 interviewed)	-	100%	-	100%	100%

Qualitative Results from Regular Cohort

Indicator	Quetta	Multan	Karachi	Thatta	Total
Number of embroiderers/garment makers who report higher monthly income as a result of program participation (Total of 117 interviewed)	37%	20%	31%	33%	29%
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 117 interviewed)	69%	77%	80%	100%	78%
Number of embroiderers/ garment makers who report that their status in the household has risen as a result of greater economic contribution (Total of 117 interviewed)	51%	69%	69%	83%	65%
Number of embroiderers/garment makers who report number of children going to school increased after project (Total of 117 interviewed)	34%	22%	41%	14%	26%

In the above chart, the number of REs reporting income increases differs from that reported through the larger group. The 117 REs who have been interviewed regularly since the project began and form the basis of the RE reports have been steadily linked with SAs who receive regular orders. They have fairly fixed incomes and cater to a medium value market. However, the income for rest of the REs is subject to greater fluctuation. Members from within the larger group are able to tap into short-term markets or get orders or make some quick sales (through

exhibitions etc). This results in incomes going up in a particular month or quarter. As a result, the project has also selected a sampling of REs who earn higher average monthly incomes to verify findings on standard of living increases.

Qualitative Results from Random Sample of REs

Indicator	Quetta	Multan	Karachi	Thatta	Total
Number of embroiderers/ garment makers who report that their status in the household has risen as a result of greater economic contribution (Total of 60 interviewed)	67%	85%	100%	48%	65%
Number of embroiderers/garment makers who report number of children going to school increased after project (Total of 60 interviewed)	17%	35%	0%	4%	18%

Interesting to note that while Thatta REs have the highest monthly incomes (due to some lucrative buyers in the area), the region has had the least increase in mobility and number of children enrolled in school. And while increased income has translated into greater numbers of children attending school in Quetta, women have experienced minimal increases in mobility. Thatta is the most remote region in which the project works with while Quetta is the most conservative.

Target producers have experienced increased self-confidence as a result of their improved skills, and their changing attitudes have substantially contributed to the non-financial results. While the primary goal of the project is economic empowerment, it is extremely encouraging to see the social empowerment improvement that stems from increased incomes.

3.0 IMPLEMENTATION ISSUES

Conflict and political unrest remains a key issue, particularly in areas such as Quetta. When strikes are called or violence erupts, project activities as well as market activities are suspended. Large numbers of people have sold their businesses or closed their operations in a variety of industries as a result of the current unrest. It has been extremely hard for our clients to operate in this environment with buyers and input sellers closing their business. This is a critical issue that we will need to consider as we think about replication and scale of the project. One strategy that has worked is for the SAs to operate with smaller orders and not wait for large orders.

While significant progress has been made on fostering learning and enhanced vertical co-operation, there are still some wholesalers, particularly from Multan, who are reluctant to pay a higher price to SAs, even though the wholesalers can themselves command a higher price for the product. It is therefore important that SAs are aware of multiple buyers so that they can select to whom they sell and thereby enjoy greater economic choice.

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 support services markets inclusive of embedded services, and methods for reaching down market for business

services. Over the life of the project, MEDA and ECDI have learned a great deal about these themes. The final report will discuss the various learnings over the life of the project with recommendations for future projects focussing on market development and marginalized and vulnerable populations.

As previously reported, there have been substantial learnings from the project on strategies to integrate rural, homebound women into high value chains. One of the most significant lessons has been the importance of responding to new initiatives in the market and incorporating them into the program. For example, MEDA and ECDI have been very successful at recruiting entrepreneurial SAs for the program. These SAs have seized on new opportunities in the market and the project has supported them as they pursue these new initiatives. The ability to be flexible and adapt the program model based on market feedback has allowed the project to ensure rich, dynamic, web-like value chains which have enhanced the level of benefits for program clients.

Enriched value chains also help mitigate the risk that remote producers are subject to any monopoly. Strategies to prevent monopolistic buying patterns have included the expanding the range of selling options for producers, developing links between informal actors, including interventions at points further down the value chain, and strategies to promote the project benefits to male members of the target communities. Prevention of monopolies is key when working with remote populations and their integration into markets and creative strategies towards fostering competition can help prevent monopolistic buying patterns.

MEDA staff conduct a range of training consultancies surrounding market development, sub-sector analysis, and program design. Given the success of the program, MEDA and ECDI's Behind the Veil Project is often used as an example to share learning and lessons about how to effectively reach marginalized populations, i.e. homebound rural female producers, with a market development approach.

ATTACHMENT1

Abbreviations

AWESOME	Association of Women Entrepreneurs in Small and Micro Enterprise
CSAs	Community Sales Agents
FY2	Fiscal Year Two
FY3	Fiscal Year Three
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