

**MEDA PERFORMANCE TARGETS AND TABLE 1**

**ASSESSING THE MARKET FOR GOODS & SERVICES (Final Sales<sup>1</sup>)**

		Year 1	Year 2	Year 3
Only applicants targeting a specific subsector	<b>MARKET-LEVEL<sup>2</sup> (Embroidered garments)</b>			
	1. Annual value of sales (in US\$)	\$52.5 m	\$55.1 m	\$57.9 m
	<b>PROGRAM-LEVEL<sup>3</sup> (Hand-embroidered garment subsector)</b>			
	2. Annual value of sales (in US\$) <sup>4</sup>	0.8 m	2.4 m	4.0 m

**ASSESSING THE DEVELOPMENT OF THE BDS MARKET**

		Year 1	Year 2	Year 3
All applicants	<b>MARKET-LEVEL (Hand-embroidered garment subsector)</b>			
	3. Total number of BDS providers, by service <sup>5</sup>			
	a. Package of Services from Women Sale Agents to Rural Homebound Embroiderers in Selected Areas	18	36	70
	b. Market Access Services from Women Sales Agents to Micro Urban Garment Makers in Selected Areas	18	36	70
	c. Product Design Services from Commercial Independent Designers to Microentrepreneurs: Sales Agents, Retailers, Garment Makers and Exporters	4	8	12
	<b>PROGRAM-LEVEL</b>			
	4. Number of BDS providers participating in the program, by service			
	a. Package of Services from Women Sale Agents to Rural Embroiderers	15	30	60
	i. Percent private, for-profit providers	100%	100%	100%
	b. Market Access Services from Sales Agents to Urban Garment Makers	15	30	60
	i. Percent private, for-profit providers	100%	100%	100%
	c. Product Design Services from Commercial Independent Designers to Microentrepreneurs:	3	6	9
	i. Percent private, for-profit providers	100%	100%	100%
	5. Total number of firms acquiring BDS from program-supported providers, by service <sup>6</sup>			
	<b>TOTAL</b>	<b>1575</b>	<b>3150</b>	<b>6270</b>
	a. Package of Services from Women Sale Agents to Rural Homebound Embroiderers in Selected Areas	1500	3000	6000
	b. Market Access Services from Women Sales Agents to Micro Urban Garment Makers in Selected Areas	45	90	180
	c. Product Design Services from Commercial Independent Designers to Microentrepreneurs	30	60	90
	6. Number of microenterprises <sup>7</sup> acquiring BDS from program-supported providers, by service			
	<b>TOTAL</b>	<b>1575</b>	<b>3150</b>	<b>6270</b>
a. Package of Services from Women Sale Agents to Rural Homebound Embroiderers in Selected Areas	1500	3000	6000	
b. Market Access Services from Women Sales Agents to Micro Urban Garment Makers in Selected Areas	45	90	180	
c. Product Design Services from Commercial Independent Designers to Microentrepreneurs	30	60	90	
7. Microenterprises as percent of total firms (line 6/line 5)	100%	100%	100%	
8. Number of woman-owned microenterprises acquiring BDS from program-supported providers, by service				
<b>TOTAL</b>	<b>1590</b>	<b>3180</b>	<b>6330</b>	

MEDA PERFORMANCE TARGETS AND TABLE 1				
	a. Package of Services from Women Sale Agents to Rural Homebound Embroiderers in Selected Areas	1500	3000	6000
	b. Market Access Services from Women Sales Agents to Micro Urban Garment Makers in Selected Areas	45	90	180
	c. Product Design Services from Commercial Independent Designers to Microentrepreneurs	30	60	90
	9. Woman-owned microenterprises as percent of total microenterprises (line 8/line 6) ( <i>A few men will be included in the retailers and exporters who purchase product design services</i> )	99+%	99+%	99+%
ASSESSING THE BDS PROVIDER				
		Year 1	Year 2	Year 3
All applicants (as is feasible)	10. Total earned revenues from participating providers (do not include any grants or donor contracts)			
	<b>Product Designers</b>	4,800	9,600	19,200
	<b>Sales Agents</b>	.58 m	1.75 m	2.92 m
	11. BDS Providers' profitability <i>Based on gross margins over revenues.</i>			
	<b>Product Designers</b>	100%	100%	100%
	<b>Sales Agents</b>	15.4%	15.4%	15.4%
ASSESSING THE IMPACT ON THE MICROENTERPRISE CLIENT (Program Level)				
		Year 1	Year 2	Year 3
All applicants	12. Annual value of sales by microenterprises participating in program (in US\$) <sup>8</sup>			
	<b>Rural Embroiderers</b>	90,000	270,000	450,000
	<b>Garment Makers</b>	67,500	202,500	337,500
	<b>Sales Agents</b>	90,000	270,000	450,000
	<b>TOTAL</b>	247,500	742,500	1.24 m
	13. Microenterprise client satisfaction <sup>9</sup> - <i>Targets</i>			
	a. Package of Services from Women Sale Agents to Rural Homebound Embroiderers in Selected Areas	<b>Repeat Clients</b>	Close to 95%	
	b. Market Access Services from Women Sales Agents to Micro Urban Garment Makers in Selected Areas	<b>Repeat</b>	Close to 85%	
	c. Product Design Services from Commercial Independent Designers to Microentrepreneurs:	<b>Repeat</b>	Close to 75%	
ASSESSING THE FACILITATOR'S COST-EFFECTIVENESS (PROGRAM-LEVEL INDICATORS)				
		Year 1	Year 2	Year 3
All applicants	14. Total program costs (USAID and other)		172,557	172,351
	15. Total program costs per microenterprise served (line 14/line 6)		54.78	27.49
OTHER INDICATORS				
		Year 1	Year 2	Year 3
All applicants	16. Exchange rate used to calculate US\$ figures	60	60	60
	17. Estimated percentage of microenterprises on line 6 who have poverty loans from any source		0	0

## TABLE ONE – NARRATIVE EXPLANATION

**Line 1.** This figure is estimated as follows: According to the World Bank, approximately 5% of Pakistan's 140+ million people are middle class. Approximately half of these are adults under the age of 65, and approximately half of those are women. This means that there are about 1.75 million middle class women in Pakistan. Each of these women buys approximately 10-12 outfits (salwar kameez) per year, and clothes with embellishments such as embroidery, trims, beadwork are very popular. Currently, Pakistani hand-embroidered outfits in contemporary designs and high quality are not readily available, however we can safely assume that one of their 10 outfits has some kind of embroidery (local hand-done, machine, imported cloth). Each outfit retails for 1800 to 2000 rupees (\$30-\$33). We have selected the lower price \$30 as part of our aim to be cautious in all of our targets and estimates.

**Line 2.** Rural women can easily embroider the fabric for 6 – 8 outfits per month. Of the targeted rural microentrepreneurs, we estimate that 3 of these outfits will be suitable for contemporary urban markets within six months of intervention. This means that 4500 outfits per month starting at 6 mos., 9000 at 18 mos. and 18,000 at 30 months – each sold at \$30. (Therefore 27,000 outfits in year one, 81,000 in year two, and 135,000 in year three).

**Line 3.** Figures are based on our SEEP PLP market assessment in rural regions of Sindh, Balochistan and Punjab as well as the urban centers – Karachi, Quetta and Multan. We found that, although there are models, it is extremely rare for there to be commercial women sales agents. Also, despite the existence of independent product designers, they do not serve microentrepreneurs in the hand-embroidered garment subsector. As a result, our market figures are only slightly higher than our program figures. We do expect non-program figures to rise slowly during the course of the program and to keep rising when the program is complete.

**Line 4 a. and b.** The target numbers for women sales agents are modest, since recruitment, training, commercial launching, and mentoring will not be a trivial matter. **Line 4 c.** Since commercial designers are new in the subsector, it will take time to establish them, and we will begin with only one per urban center to start, enabling us to test service delivery and payment mechanisms, and to provide models for other designers.

**Line 5 a.** These targets are based on each women sales agent establishing a relationship with 100 rural hand embroiderers. The totals seem ambitious, but in our SEEP PLP research, we heard of local buying monopolies where a single middleman bought all the products of 100's of women and/or tens of villages. Once relationships are established and families/women hear of new market opportunities, sales agents will be connected to networks of extended families. **Line 5 b.** Our estimates in terms of micro urban garment makers are as follows: if each woman sales agent works with 100 rural embroiderers, and purchases 3 outfits from each one, then each sales agent will handle 300 hand embroidered outfits per month. If the average garment maker in the program stitches 100 outfits per month for a sales agent (may be one to several employees), then the sales agent will need to have relationships with 3 garment makers. **Line 5 c.** Same as 4 c. Starting with 5 clients per designer and rising to 10 by the end of Year 3.

**Line 6 – 7.** All targeted firms will be microenterprises.

**Line 8 – 9.** All targeted microentrepreneurs will be women except for a few retailers and exporters who may purchase design services from commercial designers.

**Line 10.** This will not be the only source of income for independent commercial designers who will continue with current clients at the same time. The figure is based on 1 day per week per designer at a rate of 2000 rupees per day. The revenues for sales agents is the amount realized for hand-embroidered suits sold to retailers and exporters before any costs have been deducted (e.g., Year one – 27,000 outfits x 1300 rupees per outfit – or \$21.67 each).

**Line 11.** Profitability for sales agents is based on gross margins – that is profit after all direct costs are deducted from revenues (inputs, embroiderers fee, garment makers fee). It does not include deductions for other costs such as transportation, marketing, design work. The gross margin for each suit is 200 Rs (approx \$3.33). Profitability for product designers, based on gross margins, is 100% since cost is chiefly labor/design time.

**Line 12.** The sales for the each member of the hand-embroidered garment value chain are as follows: embroiderer receives 200 Rs (\$3.33) per outfit, the garment maker earns 150 Rs (\$2.50) for each one sewn, and the sales agents markup to the buyer is 200 Rs per suit. These are all based on the more modest retail price of 1800 Rs., although the average is 1800 – 2000 for day wear, and some of these outfits may sell for much more.

**Line 13.** We anticipate that the rate of repeat clients working with sales agents will be very high since the sales agents will establish the relationship before working with the embroiderers, and since there are not a lot of alternatives. The repeat rates are lower for garment makers and product design purchasers, as other options do exist, and some clients may try out the service but with less commitment.