

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

**Semi-Annual Report
July 1 – December 31, 2006**

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ACCESS TO MARKETS FOR HOMEBOUND WOMEN EMBROIDERERS IN PAKISTAN

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ACCESS TO MARKETS FOR HOMEBOUND WOMEN EMBROIDERS IN PAKISTAN

USAID IGP Semi-Annual Report

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EXECUTIVE SUMMARY

MEDA and ECDI's Behind the Veil Project has had substantial impact on project clients. Over 200 Sales Agents (SAs) have been reached by the project. Of these SAs, 159 receive orders on a monthly basis, regularly engaging close to 5,000 Rural Embroiders (REs). There are an additional 3,000 embroiders interacting with these intermediaries on an as-needed basis. The financial benefits for project clients have exceeded targets substantially with REs experiencing, on average, close to threefold income increases (from Rps 380/month to Rps 1100/month in December 2006).

As the project draws to a close, activities have focused on ensuring sustainability and long-term benefits for project clients. Project staff concentrated efforts on supporting the development of Association of Women Entrepreneurs in Small and Micro Enterprise (AWESOME), a membership-based organization of SAs. Various workshops and seminars have been held for SAs to ensure ongoing capacity to reach project REs and identification of additional producers. Project activities have also included ongoing marketing efforts and relationship development. The next, and final, reporting period will focus on implementation of the project's exit strategy. These efforts will include measures to ensure REs have a stable access to quality input supplies and designs through SAs, allowing them to link to lucrative markets.

Based on the project's substantial success, the Canadian International Development Agency is in discussion with MEDA for project scale and replication to other areas of Pakistan (and additional value chains). The new program will build on the lessons learned from Behind the Veil and develop innovative strategies to link female producers and entrepreneurs with lucrative high-value markets. Through learning networks, the project will incorporate strategies to sustainably build the capacity of local organizations to engage in value chain development.

1.0 SUMMARY OF MAIN ACTIVITIES

MEDA and ECDI's Behind the Veil Project will come to a completion in May 2007. As a result, 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
- Conflict Resolution
- Cluster Development
- Quality and Innovation
- Design Training
- Product Development
- Cutting and Stitching and
- Entrepreneurial Skill Development.

Rural Embroiderers (REs) also participated in training on network and group development to facilitate the formation of producer groups or "joint ventures." The establishment of these groups has been an important measure to prevent SA monopolies and promote greater choice for producers. In addition to increased bargaining power, working in groups provides producers with the opportunity to share family matters and receive support in household issues.

Over the last reporting period, project SAs have taken greater ownership of marketing activities and shown increased initiative in developing new commercial operations. Since June 2006, four SAs opened up input supply shops, a Community Sales Agent (CSA) opened a tracer design shop, another buying house was established in Hyderabad, and two stitching centers were launched (in Korangi and Quetta).

The previous report introduced Association of Women Entrepreneurs in Small and Micro Enterprise (AWESOME), a membership-based association for SAs, with chapters in Quetta, Multan, Hyderabad, and Karachi. AWESOME is an important component of the project's exit strategy as it will support ongoing training and create a venue for members to discuss common issues and strategies. This network provides a platform for SAs to engage in dialogue, exchange critical information and discuss ideas for future business interventions. In order to adequately prepare the SAs to function independently upon project phase-out, members of AWESOME are given comprehensive entrepreneurial competency development training. As the association grows, it is envisioned that the activities will broaden to include services such as bulk purchasing and business referrals.

1.2 Input Supply Linkages

The inability of project clients to access quality input supplies remains a key issue in the embroidered garment subsector. The project has developed a variety of innovative strategies to address this constraint. Some examples include development of mobile input suppliers, training for existing input suppliers, and support for home-based input supply shops.

1.3 Introduction of New Designs

The project continues to identify new designers and promote SAs as a potential market for designers. Additional training for tracer designers helped facilitate the introduction of innovative and contemporary designs into the value chain.

1.4 Marketing Activities

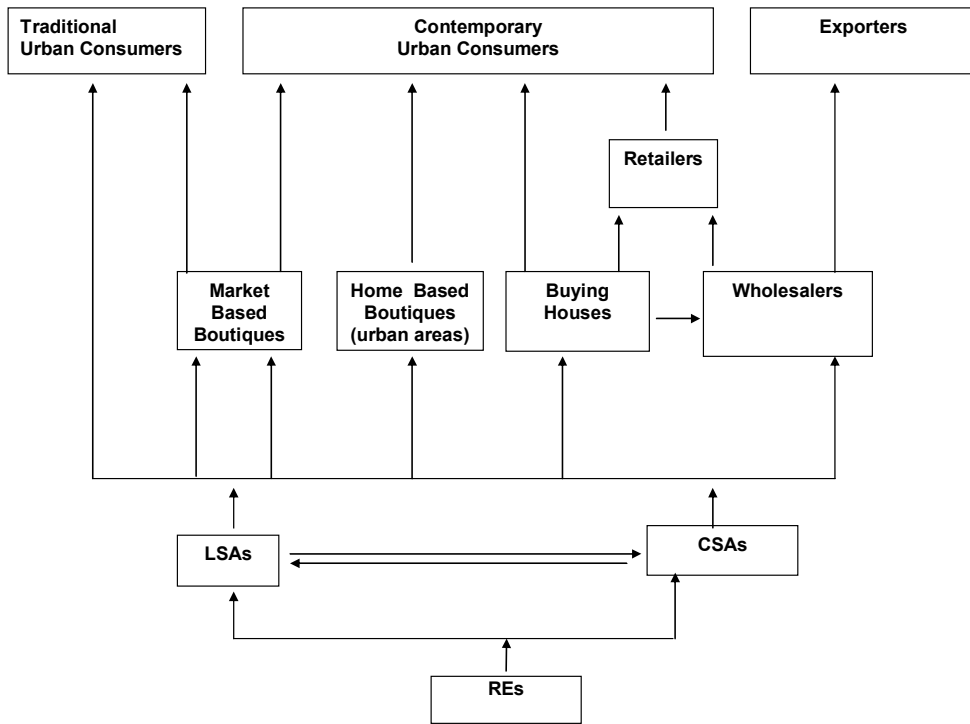
The project continues to identify new wholesalers and facilitate introductions between buyers and SAs.

Participation in exhibitions helps SAs identify and link with new buyers. At the start of the project, SAs' involvement was subsidized by the project budget and most SAs were unable to attend without accompaniment by a male family member. Over the life of the project, some SAs have demonstrated greater freedom to participate in these exhibitions by travelling independently without financial support from the project. The project continues to occasionally provide advice on strategies and displays for these events. One of the highlight exhibitions in December was the Wexnet Expo in Karachi. 26 SAs attended the event earning Rps 923,000 in sales (USD 15,380). The event was such a success that participating SAs sold all of their products at the exhibition.

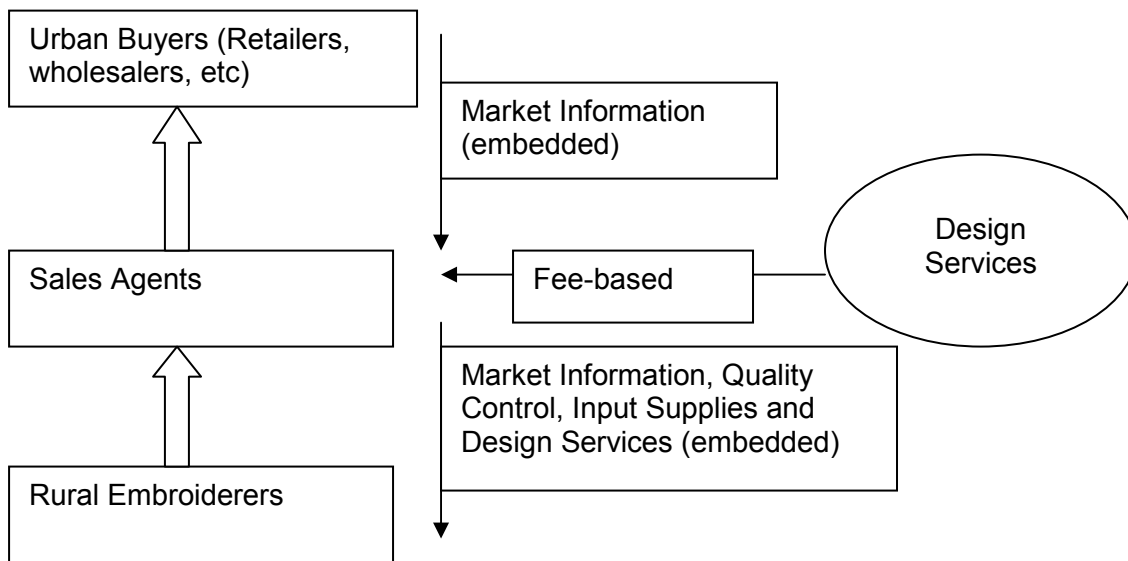
As mentioned above, SAs also received training on marketing to ensure strong capabilities after program completion. Training included entrepreneurship development, communication, strategy, design workshops (new trends and colour schemes) and marketing workshops (including product development, market identification, market research and product life cycle).

1.5 Market Channels

The following graph represents the various market channels in which project REs are active. REs either sell independently to SAs or form "joint ventures" to sell as a group. The graph demonstrates the richness that has developed in the subsector as a result of the sales agent model.



In order to produce appropriate products (both in terms of design and quality) for the above markets, access to market information and business support services is critical. The project facilitates this access through the following model:



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	60	207	90
Number of Sales Agents actively receiving and selling orders	50	29	20	60	159	N/A
Number of Rural Embroiderers linked with Sales Agents	3820	1840	-	2175	7835	6000
Number of Rural Embroiderers working with Sales Agents (monthly average)	2584	794	-	1557	4935	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)	-	-	186	-	186	N/A

At inception, it was envisaged that the project would reach 60 mobile women sales agents, leading groups of 100 female rural embroiderers each. As the project unfolded, however, opportunities for expansion and the involvement of a larger number of women entrepreneurs were capitalized upon with over 200 women now operating as sales agents. These women work with smaller groupings of 30 – 50 REs and were permitted as long as they fit the remaining criteria set up by the project. This revised grouping format has resulted in an increased beneficiary base, with 7800 REs currently involved in the project. There was a limited number of SAs who did take on groups of 100 REs as originally planned.

SA capacity under the project has been developed at a two-tier level. The Tier-1 group comprises 100 SAs who have been completely trained and mobilized. They have received access to marketing, costing, pricing and design training as well as exposure to high-value markets through exhibitions organized by the project in mainstream urban centers as well as study tours. Tier-2 group comprises 107 SAs who have been trained as per Module 1, organized and linked with the REs. However, they still require a great deal of capacity building and support and would benefit greatly from continued project input. Of these 107, 59 SAs receive orders on a monthly basis.

The Tier-2 SAs predominantly live in far-flung rural areas and still face strong social barriers to their mobility and independence. They lack access to adequate input supplies and new designs; their only asset is their skill base. To address these issues, it is planned that small home-based input supply shops will be supported within these communities so that essential materials such as thread and sequins are readily available. Mobile fabric sales agents (both male and female) will be motivated and organized to supply the homebound REs with quality cloth. Female tracer-designers will also be trained. These efforts will fill the missing functions and gaps in the product value chain. Leadership development training will also be provided. In the long run, the mobile members of AWESOME can potentially serve as role models and mentors for these SAs and help enable their personal development. It is envisaged that this strategy will result in the transformation of women's social status in these highly conservative areas.

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	207	90
Number of Sales Agents actively receiving and selling orders	159	N/A
Number of Sales Agents purchasing design services	72	60
Annual sales of Sales Agents	\$1,336,295	\$450,000
Profitability Ratio for Sales Agents	22.5%	15.4%
Number of Rural Embroiderers linked with Sales Agents	7,835	6,000
Number of embroiderers receiving embedded services from sales agents (monthly average)	4,935	N/A
Annual revenues of embroiderers from program SAs	\$788,245	\$450,000
Number of Urban Garment Makers linked with Sales Agents	200	180
Number of garment makers receiving embedded services from SAs (monthly average)	186	N/A
Annual revenues of garment makers from program SAs	\$26,223	\$337,500
Number of designers involved in program ¹	40	6
Annual revenue of designers from program SAs	\$10,396	\$19,200

Mid-way through the third, and final, year of project implementation, most targets have been achieved, with a few exceptions.

As reported last quarter, the expected sales for UGMs is below the target established at the beginning of the program. One reason for the discrepancy is alterations in the project model. The proposal envisioned greater links between the REs and UGMs; it was expected that increased sales for REs would translate into improved incomes for UGMs. It was discovered that many high-value consumers prefer tailored to ready-made garments. During the life of the project, it also became apparent that the skill difference between embroiderers and stitchers was substantial. To ensure superior product quality, considerable training was required for

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

UGMs meaning that the depth of immediate financial benefits has not been as significant as those for their rural counterparts. Some UGMs, as a result of the training, are now working independently, securing their own orders and are no longer tied to the program. Their income can not be tracked in the project's monitoring and evaluation system and their success is therefore not captured in the above results.

The other discrepancy to note is the lower than expected revenues for designers. The original program design envisioned SAs purchasing designs directly from formal designers. Due to cultural and financial reasons, it was difficult for project SAs to purchase designs directly from these designers. Market research revealed an additional actor in the value chain, the tracer designer. These individuals design and imprint the embroidery stencils on the fabric. The cost for this service is substantially lower than formal garment design services hence the income disparity. However, improving the quality and innovativeness of these trace designs has proven to be a successful way to introduce contemporary designs into the market.

Information on product inventory is not tracked through the monthly reporting system with SAs. However, informal interviews with SAs reveal that the level of turnover varies greatly between project regions. Festival timing, and other celebrations, also has a substantial impact on inventory turnover. Some SAs keep 20% of their product inventory; others hold on to as much as 45% of their product. Typical turnover is one to three months.

Not captured in the above numbers are some of the key achievements accomplished over the past reporting period:

- Through introduction of contemporary designs, a niche market for embroidered garments has developed in Hyderabad. This development has diminished the reliance of SAs on the Karachi market.
- A greater number of SAs now travel to Karachi independently (without a male family member) for business purposes. Previously, these women were unable to leave their communities without a chaperone. Some SAs have even traveled independently to exhibit products in India, Bangladesh and Dubai.
- SAs are now opening new lines of business, including boutiques and mobile input supply shops, creating greater opportunities for the rural embroiderers.
- A successful SA was recently linked with an entrepreneur from Canada who wishes to launch her own brand of women's clothing using a fusion of western and eastern designs.
- The increase in demand for the SAs products in international and local high value markets has the additional advantage of strengthening their links with the REs on whom they depend for their production. This empowers the REs and grants them strong negotiation rights.

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. 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. Not surprisingly, in conservative areas, such as Quetta, the correlation between economic and social empowerment is not directly evident. It is interesting to note that this correlation is strongest in Thatta, one of the most remote regions in which the project operates.

Indicator	Quetta	Multan	Karachi	Thatta	Total
Number of wholesalers / retailers interviewed who say quality and design of products have improved (Total 11 interviewed)	100%	100%	100%	-	100%
Number of sales agents who say quality and design of products have improved (Total 156 interviewed)	26	50	20	60	156
Number of sales agents who are satisfied with design services of Tracer/Designer (Total 67 interviewed)	-	43	-	24	67
Number of embroiderers/garment makers who report higher monthly income as a result of program participation (Total of 165 interviewed)	81%	83%	89%	81%	83%
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 165 interviewed)	62%	61%	78%	90%	76%
Number of embroiderers/ garment makers who report that their status in the household has risen as a result of greater economic contribution (Total of 165 interviewed)	46%	78%	89%	76%	69%

3.0 IMPLEMENTATION ISSUES

Over the life of the project, various issues have hampered project activities, such as changing project staff and conflict resolution amongst value chain players. Generally, the staff has been able to develop innovative mitigation strategies to address these challenges. However, the following issues continue to impede project implementation. While strategies can be developed to mitigate their impact, the challenges will remain.

1. *Geopolitical Issues:* Ongoing conflict remains a constant threat to the success of the project, particularly in Quetta. Political unrest continues to disrupt markets and commercial activity. It is therefore difficult for SAs and REs to engage in market activities or participate in training. Discussions with wholesalers revealed that some of these businesses plan to leave Quetta due to the ongoing violence. Project staff and clients have therefore learned to be flexible, adjusting training schedules and sales activities to mitigate the impact from these events. It also has to be realised that the progress in this province will remain substantially lower than that in other project regions.
2. *Remote location of project regions and weak infrastructure:* Some of the project areas, such as Thatta, are located in remote areas with minimal infrastructure. It has been difficult for project staff to reach these clients and for SAs to identify REs for the project. While these embroiderers have excellent technical skills, they are unable to incorporate contemporary designs and receive market information. To facilitate communications between the Rural Facilitators and the Karachi office, email capacity was added to project offices. There is an increasing presence of civil society organizations in these regions which potentially will have a positive impact on the infrastructure situation.

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.

As previously reported, there have been substantial learnings from the project on strategies to integrate rural, homebound women in high value chains. These have included the importance of ensuring rich, dynamic value chains with a range of selling options for producers, developing links between informal actors at equivalent points in the chain, including interventions at points further down the value chain, and strategies to promote the project benefits to male members of the target communities.

Another important component of the learning agenda is assessment of various business service packages, particularly the use of embedded payment mechanisms. Some of the lessons learned from the project include the problems with embedded and third party services in value chains with weak relationships and the importance of embedded services for project clients with limited assets and savings.

As mentioned in previous reports, MEDA and ECDI are active participants in industry fora, such as the SEEP Network AGM. The project was highlighted throughout the AGM in October and was included as a case study as part of the Value Chain Workshop. Key learnings were shared through these venues.

The next report will represent the final report for the project and will include a summary of all lessons learned over the life of the project.

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