

MEDA ECDI MARKET ASSESSMENT REPORT

For the

**Small Enterprise Education and Promotion Network
Practitioner Learning Program**

DECEMBER 2003

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1.0 DESCRIPTION OF THE RESEARCH

In 2000, MEDA was commissioned by the Aga Khan Foundation to conduct a study that would determine the feasibility of a marketing initiative for women entrepreneurs in multiple subsectors across Pakistan. We partnered with ECDI Pakistan to complete the research work. The study took economic, political, social and financial factors into consideration and concluded with recommendations on the scope, size, and institutional arrangements for the initiative. Activities included: a review of available documents; interviews with selected NGOs to assess the demand for marketing services; identification of the marketing service providers (private individuals, companies and/or organizations) that would be best suited to support women entrepreneurs; and an assessment of issues surrounding the marketing initiative with respect to the legislative, political, economic and social context. The study found that the government of Pakistan would support increased recognition of women and an improved environment for women-owned enterprises. Further, the government realizes that there are limitations on what government programs can offer in this sector and are supportive of efforts made by the ‘independent sector’.

Capitalizing on the results of the feasibility study – knowledge of the region and established contacts, the readiness of women to engage in increased entrepreneurial activity, the at least somewhat supportive political climate, and the identification of marketing service providers – MEDA and ECDI undertook a SEEP PLP project to contribute to the assessment and improvement of business development services (BDS) to women micro and small entrepreneurs (MSEs) in Pakistan

The project provided a preliminary assessment of the supply side of BDS markets in three sub-sectors involving women MSEs in specific regions. As such, the project was not intended to deliver comprehensive quantitative data, but to pilot a supply-side assessment framework in selected situations. BDS providers were identified in the selected subsectors and regions, and evaluated in terms of their contribution to the marketability, sales and long-term sustainability of constituent MSEs and MSE products or services. The SEEP project is not intended to provide comprehensive quantitative data on BDS markets in Pakistan, but to provide the foundation for future work that can broaden out or focus in on a specific niche. Based on the results of this work, MEDA-ECDI will design a program for strengthening the supply side of BDS providers in the fashion industry and seek funding for the implementation of the program.

a. Objectives

The overall objective of the SEEP PLP project was to evaluate providers’ ability to assist client MSEs, in accessing markets and increasing sales. Specifically, we focused on

assessing providers' understanding of target markets¹, and their capacity to apply this information to service product design.

To meet the overall objective, MEDA-ECDI proposed a framework to assess the supply side of BDS markets. Based on MEDA-ECDI experience, the services that we planned to focus on were: input supply, market access, technology, and product design and development.

Specific Proposed Outputs

At the Project Level:

1. A preliminary list and description of BDS providers to women entrepreneurs in specific sub-sectors and regions of Pakistan;
2. An in-depth assessment of a range of selected BDS providers;
3. A program design to implement widespread BDS market assessment in Pakistan; develop sustainable and results-oriented BDS markets; strengthen connections of clients to markets, both local and export; strategies to assist BDS providers in accessing and utilizing target market research to improve a range of services;
4. A plan for networking BDS providers in order to augment the overall BDS market through enhanced communications and opportunities for partnerships;

At the Industry Level:

The project deliverables will provide the basis for sharing with other development practitioners, partially in the form of a BDS supply side assessment framework;

1. A framework for assessing the supply side of BDS provision in a specific sub-sector and region, that can be expanded to a multi-sectoral national program.
2. A survey methodology to catalog BDS providers including hidden providers;
3. An interview methodology for assessing BDS providers' knowledge of clients' needs and target markets for client products, as well as the quality and sustainability of services.
4. An example of a program design emerging from the results of model testing;
5. Documentation of the project findings and dissemination of lessons learned at SEEP.

b. Approach and why the approach was chosen

Since our research is preliminary, in the sense that women entrepreneurs in Pakistan have not received much attention in the literature, we decided to conduct qualitative research that would provide us with insights into BDS supply. To ensure that our findings had breadth as well as depth, we investigated BDS supply across three subsectors – garments, handicrafts and IT – and multiple regions – Karachi/Sindh, Lahore/Quetta and Islamabad.

Our BDS MA team was comprised of Perveen Shaikh, founder and president of ECDI Pakistan who is conducting the hands-on work for phase 1 and 2 of our project, and

¹ The term 'target market' is used in reference to the end market for MSE products and services. The term 'target market' is used in contrast to 'BDS market' which defines BDS providers and their services within a given region or sub-sector.

Linda Jones, a project manager at MEDA, who is responsible for design, analysis and reporting. The process was facilitated by Perveen's reputation and contacts in the garment and handicraft subsector. Linda had previously established contacts in the IT industry which were also useful.

c. Sources of information

Sources of information included the following:

1. Secondary data sources such as government directories, NGO listings and association membership rosters provided information about known BDS providers. These providers were often large, well-established, and catered to mainly male clients.
2. Primary data came from both MSEs and BDS providers.
 - Interviews with MSEs provided information about the types of services available to women, and were extremely useful in uncovering embedded services. We interviewed 56 women across three sub-sectors as follows: 10 IT, 20 handicraft, 26 garment. Of these, 41 had microbusinesses (<10 employees) and 15 ran small businesses (>10 employees).
 - Interviews and focus group discussions (FGDs) with BDS providers offered information on the nature of supply. In Phase One, we interviewed 125 BDS providers: 13 cross sector, 44 garment, 66 handicraft and 12 IT. In Phase Two, FGDs were held with 58 of the 125 providers. The FGDs focused on the use of target market research in the design and provision of services.

d. Tools used including sampling strategy etc.

Copies of the tools that we used appear as **Appendix One**. To summarize, they included the following:

1. Interviews with MSEs to identify service providers including embedded and informal;
2. Identification of other BDS providers through conventional means such as government listings, association membership, NGOs and directories;
3. Interviews of BDS providers to collect general information about services and market awareness;
4. Focus group discussion with selected service providers to reach a deeper understanding of their knowledge and use of target market research, as well as their willingness to develop their skills in this area.

2.0 SUMMARY OF THE FINDINGS:

See complete reports in **Appendix Two**.

BDS Providers

The following provides an analysis of the 125 BDS providers who were interviewed in Phase One according to type of organization, services provided, focus on women and level of commercial involvement:

Cross-Sector BDS Providers

- 3 NGO, 10 Gov't
- 4 finance/credit, 4 training/counseling, 6 marketing, 2 product development
- 8 of 13 deliver services to women only
- No private providers identified

Garment Sub-Sector BDS Providers

- 14 NGO, 5 Gov't, 25 Private
- 4 finance/credit, 19 training/counseling, 20 marketing, 8 product development, 12 input supply
- Most provide services to women only

Handicraft Sub-Sector BDS Providers

- 15 NGO, 4 Gov't, 46 Private, 1 Other
- 4 finance/credit, 12 training/counseling, 42 marketing, 23 product development, 26 input supply
- Most provide services to women only

IT Sub-Sector BDS Providers

- 3 Gov't, 7 Private, 2 Association
- 0 finance/credit, 5 training/counseling, 2 marketing, 1 input supply, 8 other
- Of 12, just one (a college) provides services to women only
- No NGO involvement in IT Subsector

Use of BDS by MSEs - Garments and Handicrafts

The next summary indicates key issues relevant to the use of BDS by women MSEs in the garment and handicraft subsectors.

Technology / Technical Skill

- Rural MSEs tend to have no formal training
- Urban MSEs more likely to attend courses
- Garment subsector often have post-secondary education
- Some MSEs learn by trial and error
- Occasionally learn in family-business setting

Market Access

- Local, regional and export markets served
- Buying Agents / Commission Agents
- Exhibitions and Trade Shows
- Own Outlets

- Third Party Retailers
- Home sales

Publicity / Advertising

- Home-based businesses don't advertise
- New clients by word-of-mouth
- Small shopkeepers don't advertise
- Shops based in malls or shopping areas have high visibility

Entrepreneurship Development Training

- Only 11 women had attended training in entrepreneurship development
- Main interest in marketing courses, business management and networking
- Others interested and would pay a reasonable fee

BDS Required by MSEs – Garments and Handicrafts

We also identified priority issues of women MSEs in terms of BDS supply in key areas:

Product Development

- Service to help meet the ever-changing market demands
- Interested in new designs for local and export markets
- Customers interested in continuous innovation
- Entrepreneurs not equipped to handle alone

Technology / Technical Skills

- Eager to adopt new technologies
- Perceived timesaving techniques
- Increase quantity of goods produced
- Improve competitive edge by improving quality of goods

Marketing

- Main area of need cited by entrepreneurs
- Marketing services would be utilized
- Manufacturers interested in increased orders
- Non-manufacturers keen to enhance marketing management
- New markets, increased sales

Entrepreneurship Development Training

- Need for quality business courses
- Manufacturing improvement
- Market management
- Willing to pay reasonable fees

The most significant finding was the awareness of both MSEs and BDS providers regarding target markets, the need to access more information, and the willingness to pay for such services. BDS providers are willing to pay for workshops and MSEs are willing to pay BDS providers for support if appropriate payment mechanisms are in place.

3.0 ANALYSIS OF THE FINDINGS

What do the findings mean in terms of the markets studied?

In terms of the markets studied, we found that the services provided to women entrepreneurs could be strengthened to help them increase sales and access new markets. Interestingly, commercial BDS providers were quite aware of their shortcomings in terms of target markets and specifically requested assistance in the following areas:

- Information on permanent buyers in the foreign markets.
- Linkage with big chain stores in UK – US.
- Facilitation in development of Brand Names for handicraft items made by women entrepreneurs
- Assistance in quality and standards so that MSEs products can compete in foreign markets
- Product development / design workshops for women MSEs
- Workshops on market research for BDS provider, and to learn about the existing demand in local and foreign markets
- Interactive meetings with other BDS providers.

Women MSEs were also aware of these issues, as outlined above, were eager to participate in the development of markets, and were open to accessing BDS support.

What are the implications of the findings for the program?

The implications for our program is that BDS providers are open to facilitation and see greater market potential for MSE products. Since MSEs are also interested in increasing sales and accessing new markets, the climate will be very favourable in the implementation of a full program. We were especially interested in the branding idea and how MSE products from Pakistan could be come recognized in the global market.

4.0 SHAPING THE PROGRAM

What decisions about the program have been or will be made and how did the market assessment findings contribute to these decisions?

We have decided to focus our program on the fashion industry which combines both the garment and handicraft subsectors. Although the IT subsector would not be a direct part of this program, the IT MSEs could be providers to the fashion industry on a number of levels (market research, webpage design and hosting, MIS systems etc.). The reason for this decision is that there are not many women in IT and we did not collect a lot of useful information. We could see a clear way of working with women in the other subsectors, what the gaps are and the potential long-term benefits.

What will be the next steps in developing and/or starting the program?

We will hold workshops with BDS providers to the handicraft and garment subsectors to talk about the development of the fashion industry, target market research, and marketing programs including branding. At the same time, we will meet with local mission offices of USAID, DFID and CIDA to discuss the potential for program funding.

Based on your thinking now, what will the program design look like?

We are in the preliminary stage of program design, but the diagram in the next section represents our initial thinking on the long-term vision.

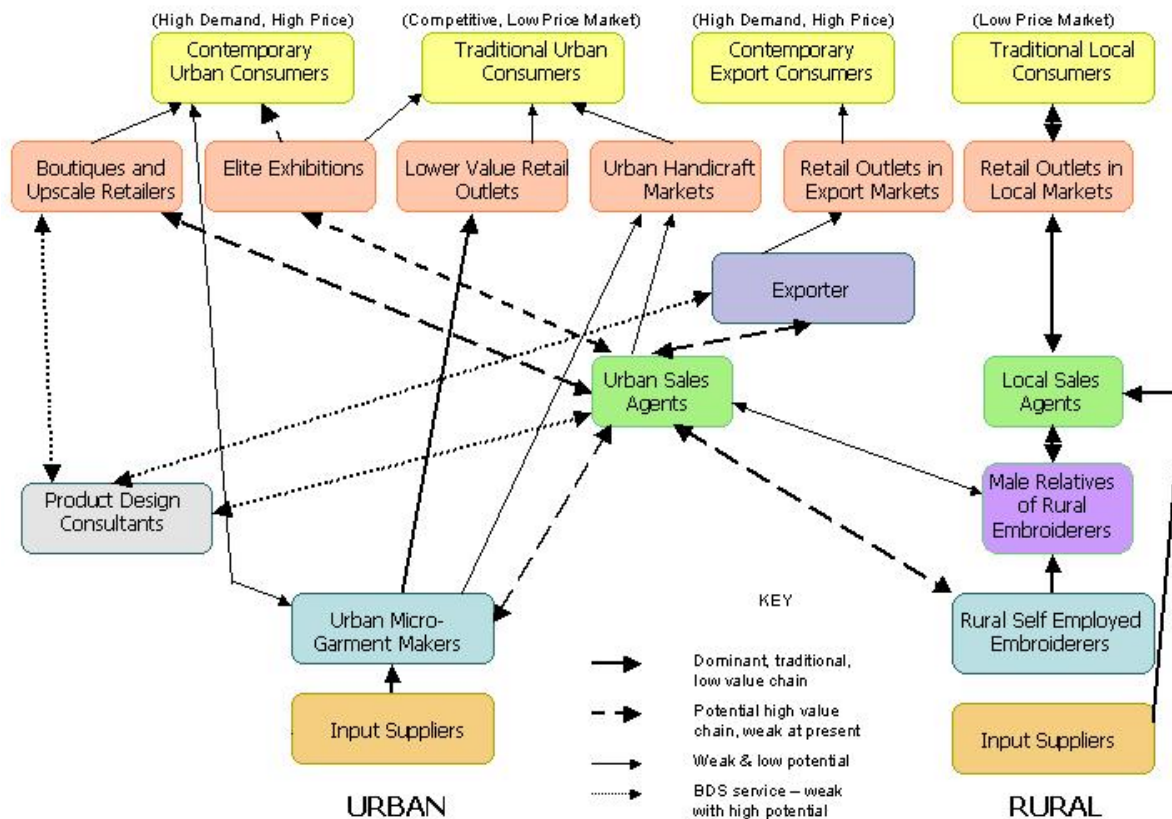
We will facilitate the mainstreaming of the products of poor rural homebound women, using a subsector approach and the development of women's BDS capacity. We will design an intervention that strengthens linkages between the different players and encourages the development of the supply chain. Our goal will be increased sales of garments with handicraft work (e.g., embroidery) to both local and export markets. Target market research and its application to services throughout the chain will be a key component of our program.

A critical strategy of the program will be a phased approach. That is, we would need to do test marketing and the development of niche markets to gradually increase the capacity of and pressures on MSEs and providers. By building strength in this way, stakeholders will be able to meet the challenges of larger orders, more stringent quality issues and firm deadlines.

Note: Since the original market assessment report was written, we have prepared a full proposal for USAID's IGP in BDS. The narrative for this proposal is included as Appendix Seven.

Description of Market Context for Proposed Program

In addition to the description of the market context provided in the body of the proposal, the following is a Subsector Map of the embroidered garment subsector.



The thick solid arrows in the subsector map represent the current dominant links between players in the value chain. Note that in the rural chain, women embroiderers interact with markets mainly through male relatives. Even input supplies generally go through local sales agents to male relatives and then finally to producers. Another dominant aspect of the rural chain is the flow of goods into low value traditional markets through monopolistic local sales agents. We will not seek to eliminate these relationships but to offer alternatives.

The thick dashed arrows in the map show potentially high value links that are currently very weak. It is our intention to strengthen these relationships, developing sustainable, commercial, mutually beneficial BDS markets. In particular, the diagram illustrates that the role of the sales agent is pivotal to the development of the market linkages for rural embroiderers and urban garment makers to higher value contemporary markets. Finally, these arrows are bi-directional showing that these are two-way relationships with information flowing down, and products flowing up the value chain.

The light solid lines indicate existing relationships that are weak and have low potential. It is important to understand these links, and to observe changes as the program proceeds, but we have no plan to intervene in these areas.

The dotted lines indicate a commercial service that will be developed in the program. Note that the only independent service is product design/development, and that other services will be developed as embedded services.

5.0 LESSONS LEARNED

What have you learned about conducting an effective and useful market assessment and using the information for program design?

- The importance of careful interview and FGD design to elicit the information that is required to meet the assessment's objectives. For example, our interviews were quite long and asked questions that were extraneous to our long-term focus. The FGD guide was more concise, and is a better example of how we would like to design future MA materials.
- The effectiveness of trial interviews and FGDs with flexibility to rework the interview form and FGD guidelines for subsequent usage. In this case, we realized that it is important to leave time and space for unexpected issues. In the FGD, for example, the participants were interested in talking about branding as a method to promote products and increase marketing impact. It was useful to learn about this from participants, and an inflexible FGD would not have allowed us to do so.
- There is a need to involve MSEs even if the focus is on the supply side of the market – for example, MSEs can provide valuable information about embedded services and service gaps. MSEs were able to tell us about suppliers that would not have known about using conventional sources. For example, in interior Sindh, some of the embroiderers were selling their products to a well-to-do woman, who lives in Karachi but had grown up in the village. This woman provided designs and inputs, and sold the products to her friends and family in the city. She is an important model of a mobile woman sales agent, and yet we would not have learned about her through conventional supply side sources such as directories, NGO listings, government programs etc.
- The value of sub-sector analysis to understand the issues throughout the entire chain and the potential impact of an intervention (in terms of both limitations and positive outcomes). Sub-sector analysis enabled us to realize that there is a cross-over between the garment subsector and the handicraft subsector in the embroidered garments subsector. If we had not done subsector analysis, we would have continued to think of these as two distinct subsectors and we would have missed an opportunity to develop a viable subsector that will allow rural women to access mainstream markets.

What will you do differently when you conduct a market assessment again. Why?

- Complete at least a preliminary subsector analysis prior to (or along with) the BDS market assessment. This will ensure that we do not have gaps in

our research in terms of the types of MSEs and providers that we interview and in the kinds of questions that we ask.

- Focus on an initial phase of MSE interviews – regardless of the desire to understand supply or demand. MSEs have valuable insights into both supply and demand. Further, since they are the final beneficiary of any intervention, their situation should be well understood.
- Be clear on a benefit to MSEs and BDS providers when their participation is requested in the study. If one is taking the time of these busy people, it is respectful to offer or at least explain the benefit to them. This worked out very well for us in Phase Three of the market assessment when we conducted marketing workshops for providers and producers. We were able to provide information to the participants while learning more about their issues. In fact, we were also able to bring the two sides together so there was a greater understanding of each other's concerns. This was received very positively by participants and provided opportunities for brainstorming and follow-up meetings.
- Trial run interviews and FGDs. This will provide a feedback loop and allow us to rework interviews and FGDs for better results.

Questions Relating to the PLP Learning Agenda

What insights have you gained related to each of the overarching learning questions for the PLP (5 questions) and the specific learning questions for your organization (outlined at the beginning of the PLP program)?

How can MA be used to design a program?

In doing an MA, one learns about the gaps in supply and demand in a market and in a subsector. By designing a program that fills these gaps, it is possible to develop a high-impact intervention. For example, we learned that there is a fledgling model of women sales agents who are able to reach homebound women and offer a package of embedded services that include design, quality control and inputs. This model can be built upon and expanded to reach more women and assist them in the mainstreaming of their products.

How can MA assist a program manager to choose or design BDS that are relevant and high impact as well as have the greatest demand?

As with the first learning question, an MA enables a program manager to identify gaps in services and in demand. For example, MSEs might not be able to sell products because they do not have access to final customers and do not know their requirements. In this case, the gap in supply could be filled by working with BDS providers or agents who could deliver embedded services. On the demand side, if an MSE does not purchase a service because they think it is not affordable, an intervention could involve promotion of the benefits of the service or the development of alternative payment mechanisms.

How can market information be gathered and applied in weak markets?

Our research is a good example of this. In order to learn about supply, we went directly to the MSEs to understand where they got services from. In weak markets, this can be embedded (e.g., buyers give product feedback), piggyback (through a microfinance organization), informal (e.g., advice from friends and family) or peer (from other MSEs). Such information is not accessible through government listings, NGO sources or association membership rosters. We asked women MSEs about inputs, design services, and buyers. We knew what we were looking for, but we did not use technical terms or leading questions to elicit the information. For example, we asked if they anyone helped them in their embroidery designs, and if so, who. We didn't talk about embedded services with them.

How can MA lead to an in-depth understanding of dynamic SME and BDS markets?

Even though a market is dynamic, the underlying processes and exchanges are not always obvious. Further, although a market is dynamic, it does not mean that all SMEs are receiving the products they need and that BDS providers are functioning to their fullest potential. An MA can still uncover gaps in supply and demand and strengthen the market even further, bringing in weaker or marginalized players on both sides. In addition, an MA can lead to product market development (e.g., move from regional to international markets) which has the potential to further strengthen the subsector.

How can a program manager choose appropriate MA tools by weighing such factors as cost vs. benefit, available time and resources and the size of the market opportunity?

Certain MA tools are much more costly to design and implement and the resources must be available to use them. In particular, quantitative tools such as surveys require time for design, implementation, data entry and analysis. If a program manager has a limited budget, then he can choose less costly tools such as interviews and focus group discussions. The result of this research will be qualitative. However, the nature of the program objectives are also issues choosing tools and cannot be disregarded. If a program manager will not have the resources for surveys, then he/she may have to shy away from quantitative research and design the program accordingly.

Questions Specific to Our Project

How can the market for a specific service be effectively assessed across subsectors? For example, can information be gathered on service products that are specific to individual subsectors within a market assessment aimed at a range of subsectors?

Our study examined the services that are available in three subsectors: garments, handicrafts and IT. Since garments and handicrafts are closely related in terms of using textiles and threads, there was some cross-over in terms of services. However, we really did find it more productive to examine the services to each subsector separately. In particular, IT is so different from garments and handicrafts in terms of needed services, there was no overlapping of service provision. Even in terms of finance, IT businesses require larger investment of capital and are therefore unlikely to approach the same microcredit institutions as garment and handicraft makers. Cross-sector research has been

valuable but not for the reasons anticipated – through examining the garment and handicraft subsectors, we became aware of the embroidered garment subsector upon which our full program design focuses.

What are the best ways to directly assess the supply side of the market?

We found that in weak markets, the best way to assess the supply side of the market is to qualitative research with both providers and producers. Since services are often informal or embedded, it is not possible to learn about all sources of services through the supply side only. And, in particular, it is not possible to acquire comprehensive information about the supply side from conventional sources such as directories, industry associations, NGOs and government departments. So, we interviewed MSEs, interviewed and held FGDs with providers and held workshops with both. This enabled us to learn from where MSEs were getting services. We may have been aware of a provider offering marketing services, and then in an interview learned that they also

Can providers use market assessment tools to gather market information and develop new products? How can the tools be designed so that it is both practical and profitable for providers to use them?

We have not investigated this question in a methodical way, as our MA took us in unexpected directions. However, these new directions do provide some interesting insights into this question. Our intention was to assess the services available to women microentrepreneurs across three subsectors. During this research, we became aware of the fourth subsector described above (embroidered garments). It appeared to have the most obvious potential for a BDS market development program and the final phase of our MA focused in on this area of the market. The providers with the most potential in this subsector are mobile women sales agents who can deal directly with homebound women. These women to women networks will make an embedded package of services (design, inputs, quality control) for homebound embroiderers possible while also offering access to mainstream higher value markets. In the final phase of our project, we held workshops for providers, and, when they heard about the workshops, many embroiderers attended also (some traveled by bus for five hours to learn about our program, even though they did not generally venture out of their own region). As a result, we were able to initiate a dialogue between producers and providers. This enabled them to better understand each other's issues, and helped providers to begin thinking about ways to continue the communication. This direct communication is an important component of our full proposal and it is an activity that we will support if we are awarded a USAID IGP for BDS.

6.0 APPENDICES

Appendix One: Interview Form for Women MSEs
(All Sectors)

Survey Form

Women Entrepreneurs

Form No: _____

Name of Respondent: _____

Age: _____

Address: _____

Tel. No: _____

What is your education?

Primary	1
Middle	2
Matric / O level	3
Intermediate / A level	4
Graduation	5
Diploma	6
Any Other	7

Are you studying currently?

Yes	1
No	2

Which types of educational institutions are there in your area?

School	1
College	2
University	3
Technical Training Centre	4

What is your business?

For how long have you been are in business?

Less than 2 years	1	End interview
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More than 2 years	2	Continue interview
-------------------	---	--------------------

Exact Period

What is the name of your business?

How many people work for you?

What is your average monthly income?

Management Training

Have you ever attended any business training?

Yes	1
No	2

If yes, on which of the following;

Management	1
Marketing	2
Costing/ Pricing	3
Book Keeping	4
Others	5

From where did you get this training?

Name of the institution: _____

Address: _____

Tel:

What fee did you pay for this training?

No Fee	1
Rupees 500 to 1000	2
Rupees 1000 to 2000	3
More than 2000	4

Were you satisfied with the training?

Fully satisfied	1
-----------------	---

To some extent	2
Unsatisfied	3
Need more training	4

What benefits did you get from this training?

Initiation of business	1
Increase in sale	2
New business ideas	3
Linkages to market	4
Linkages to DFI	5
Product development	6
Personal development	7
Others	8

Technology / Skill Training

Have you ever attended any of the following technology training?

Garment / Stitching	1
Textile	2
Fabric Painting	3
Handicrafts	4
IT	5
Any Other	6

From where did you get this training?

Name of the institution:

Address:

Tel:

What fee did you pay for this training?

No Fee	1
Rupees 500 – 1000	2
Rupees 1000 – 2000	3
Rupees 2000 – 5000	4
More than 5000	5

Were you satisfied for the training?

Completely satisfied	1
----------------------	---

To some extent	2
Unsatisfied	3
Need more	4

What benefits did you get from the training?

Improvement in tech. skills	1
Improvement in product quality	2
Product development	3
Any other	4

Product Design Development

Have you attended any training specifically for product development?

Yes	1
No	2

If yes, then what type of training?

1. From where did you get this training?

Name of the institution: _____
 Address: _____
 Tel: _____

Who designs your product?

Self	1
Buyers	2
Individual customers	3
Bulk work supplier	4
Trained designers	5

Provide us the details of the product development designer and of the person who provided you the information about them.

Name: _____
 Address: _____
 Tel: _____

Marketing

Do you make products on order (Bulk work supplier)?

Yes	1
No	2

If yes then who gives you the orders?

Exporters	1
Shopkeepers	2
Commission Agents	3
Factory owners	4
Any Others	5

What is the name and address of the persons who give you orders?

Name: _____
Address: _____
Tel: _____

If not produced by orders, where do you supply or sell your products?

Retail shops	1
Weekly Bazaar	2
Exhibitions	3
Others	4

Who purchases your products? (Buyer's category)

Do outlets stock your products for sale? If yes, on what basis?

b. How do they pay you?

After sale payment	1
50% on second order	2

c. How do you supply your products to the market?

Weekly basis	1
Fortnightly	2
Monthly basis	3

On order	4
No fixed schedule	5

d. What mark up/ commission do they charge you for this service?

10%	1
20%	2
30%	3
More	4

e. How do they charge you on bulk order (CMT)?

Per piece	1
Per dozen	2
Per bulk	3

Who supplies your products to the market?

Self	1
Family member	2
Commission agent	3
Any other person	4

If you supply yourself then what is your marketing strategy?

How do you learn about the commission agent?

Does any institution provide you advice / training in this regard?

If yes, who

Raw Material

From where do you purchase the raw material?

Wholesale market	1
Retail shops	2
R.M Suppliers	3
Others	4

Is the raw material that you used are easily and perennially available in the market?

Yes, always	1
-------------	---

Yes but with gaps	2
-------------------	---

If raw material is available with gaps does this effect the production or quality of your products?

What have you done to solve this issue?

Have you ever used the service of a raw material supplier?

Yes	1
No	2

Are you satisfied with the services?

Yes	1
No	2

If no, give your suggestions for improvements?

Would you like to use some such service?

Yes	1
No	2

Are you ready to pay for this service?

Yes	1
No	2

Conclusion

Excluding above-mentioned institution which other institutes do you know, who provide the following services?

Management Training	Raw Material	Marketing	Product Design Development

2. From where did you learn about these institutions?

3. Which services will you like to get to increase your product demand?
4. Are such services available?

If such services are made available will you use service on payment?

On what terms?

Per piece	1
Percentage	2

In your opinion what service is most important for improving your business?

Which of the following services that you used, are you satisfied with:

	Completely satisfied	Satisfied to some extent	Unsatisfied
Management Training			
Raw Material Supply			
Marketing			
Product Design Development			

What should you do to improve your sell?

What difficulties do women face in business?

Appendix Two: Initial Interview Form for BDS Providers
(All Sectors)

Market Assessment for Business Development Services

Survey Form for BDS Provider

SECTION I
About Organization

1. Name of Organization:

2. Address:

Telephone _____

Telex _____
Fax _____
E-mail _____

3. Dates:

Established _____
Registered _____

4. Type of Organization:

Govt. Agency	1
Semi Govt.	2
NGO	3
Professional Association	5
Commercial Service Provider	6
Commercial Marketer a. Wholesaler b. Retailer	7
R&D Institute/Design Institute	8
Credit Institution	9
Others	10

5. For NGOs only:

National Social Welfare Organization	1
Provincial Social Welfare Organization	2
General Voluntary & Welfare Organization	3
Foreign NGO	4
NGO operating with Foreign Donation	5
Other, specify	6

Outreach

1. Please inform us of operations in the following geographical areas (state the number please).

Rural	1
Urban	2
Both	3

2. In which geographical areas do you operate in the country?

National level	1
Provincial level	2
Other (specify)	3

Target Groups

1. Which of the following best describe your target group

Existing Entrepreneurs	1
Potential Entrepreneurs	2
Low income women	3
Poor, destitute and refugee women	4

2. Which of the following sectors generally represents your client

- a. Micro and small entrepreneurs
- b. Cottage industries
- c. Craftsman & artisans
- d. Technically qualified / semi-skilled women
- e. Cottage enterprise
- f. Women Cooperatives
- g. Producers' groups

3. What is the proportion of your women beneficiaries? _____%

Resources

1. How many of your personnel directly perform the following tasks?

	Numbers
Marketing	
Credit & financial	
Technology	
Extension & consultancy	
Training	
General admin & management	

2. Personnel

Full-time _____ female _____

Part-time _____ female _____

3. How much was your expenditure (in Rs.) from 2000-01, for

Admin & Operations _____

Programmes & services _____

Others _____

4. Where do you obtain your funds?

Grants _____

Loans _____

Earnings _____

5. How do you charge for your services?

On Profit

- Not for Profit
- Subsidized

Services offered

Which of the following services do you provide to women clients?

Product design and / or development	1
Marketing	2
Management Training	3
Technology including ICT	4
Raw Material Supplies	5
Credit & Financial	6
Support or infrastructure services	7

Which of the following (you may tick one) sub-sectors do your beneficiaries/ clients belong to?

Garments (leather / textile)	1
Handicrafts	2
IT	3
Food Processing	4
Other (please elaborate)	5

A. Marketing Related

1. Which of the following embedded services do you provide to your clients?

Training in Marketing consultancy to micro	1
--	---

enterprise	
Marketing advice	2
Packaging services	3
Transportation of products	4
Export license processing	5
Linkage with local buyers	6
Linkage with sub contractors	7
Linkage with exporters	8
Assistance with pricing of products	9
Product quality improvement	10
Marketing studies	11
Product catalogues, profiles, brochures etc. made	12
Directories for potential buyers made	13
Trade fairs, exhibitions, displays organized	14
Group advertising in news media	15
Buyers-sellers meets	16
Others, specify	17

Do you “buy” and “sell” products of your beneficiaries, if yes, how much on what terms
what mark up do you charge
what are mode of payments did you buy in?

Do you sub-contracting services to your beneficiaries, how much do you charge?

If you do consignments for your beneficiaries’ products, how much did you do in last one year:

B. Technology Related

1. Which of the following technology assistance do you provide?

Advice on materials	1
Advice on designs	2
Prod’s methods tips	3
Product standardization & quality tips	4
Advice on improved tools	5
Product/process adaptations	6
Prototypes making	7
Research & Development	8
Pilot production	9

C. Training Related

1. Do you provide training programs to women?

Yes	1
No	2

2. Which of the following training do you provide to women?

Start, up courses (e.g. entrepreneurship feasibility studies, starting business etc.)	1
Small business management (e.g. general management and other small business disciplines, etc.)	2
Courses for extension agents in small enterprises (e.g. trainers' training, industrial extension course, information management etc.)	3
Technical skills development courses (e.g. metal working, electronics, textile, handicrafts, IT, etc.)	4

D. Product Development Related

Do you provide any training specifically for product development?

Yes	1
No	2

If yes, then what type of training?

Who are your clients and how do they approach you?

Provide us the details of the product development designs training and the person who provide these courses

Name: _____

Address: _____

Tel: _____

Do you charge for your services, how much for the course?

E. Raw Material Related

Do you supply raw material to your clients?

Yes	1
No	2

Is the raw material that you supply is easily and perennially available to women entrepreneurs?

Yes, always	1
Yes but with gaps	2

If raw material is available with gaps does this affect your sale?

What have you done to solve this issue?

Have often and how many women use your raw material supply service?

Are you clients satisfied with your services?

Yes	1
No	2

If no, what are the reasons for dissatisfaction?

Would you like to provide your services to women entrepreneurs at their enterprises?

Yes	1
-----	---

What would be the basis of your charges for the service?

On the basis of quantity	1
On the basis of frequency	2

Extension Services (Legal etc.)

1. Which of the following extension services do you provide?

Registering enterprise	1
Monitoring enterprise investments	2
Consulting services for expansion of enterprises	3
Accounts / audits	4
Others, specify	5

Information Dissemination

1. Which of the following information do you disseminate to your clients?

Newsletters	1
Manuals/ catalogues	2
Technical profiles	3
Machine producers, suppliers & prices guides	4
Materials suppliers & price guides	5
Market demand studies	6
Directories	7
Product catalogues	8
Others, specify	9

2. Which of the following information-related assistance do you provide your clients?

Fairs or exhibitions	1
Commercial inquiry services	2
Technical inquiry services	3
Library & documentation services	4
Foreign trade mission	5
Translation services	6
Business correspondence	7

3. Which of the following do you mainly use for information dissemination?

Internet, Website	1
Television	2
Radio	3
Newspaper	4
Newsletters and news bulletins	5
Letters and correspondence	6
Others, specify	7

4. What language do you mainly work with?

Urdu	1
Bilingual (Urdu & English)	2
Others, specify	3

Impact of Services

1. What impact did these services have?

Started the units _____
Strengthened marketing _____
Improved productivity _____
Introduced new products _____
Changed obsolete technology to new one _____
Reduced costs _____
Gained financial strength _____
Increased employment _____
Others, specify _____

3. What three factors would you attribute your overall performance to?

Highly professional and motivated staff _____
Better salary and incentives for staff _____
Effective interdepartmental collaboration _____
Well-chosen clients _____
Extensive field operations _____
Adequate funding _____
Few procedures _____
Decisiveness of top management _____
Others, specify _____

SECTION II

Capacity as BDS Provider

1. In your opinion is there increasing scope of women's enterprise in Pakistan? To what extent?

2. What do you understand by the phrase "Business Development Services (BDS)"?

3. What type of BDS do you think are required generally and would be beneficial for growth of women enterprise?

4. What are the requirements for BDS now and in the future in your opinion?

5. How many of the BDS providers do you know in Pakistan? How adequate, with regard to quantity and quality, are they?

6. How large do you think is the market for BDS providers? Do you think are MSEs willing to pay for these services?

7. What is your organization capacity at present? How do you think you may increase this to reflect a greater demand? What incentive for development for such service would be required?

8. In your opinion what is the demand: supply ratio gap between BDS suppliers & MSEs? Where are the supply gaps, if any, and how could the shortfall be met?

9. Would you be willing to collaborate with other BDS suppliers who work with women entrepreneurs SMEs?

10. Do you have the interest and/or capacity to provide BDS in Pakistan? If so, please provide details of the same. Do you know of any other parties in Pakistan or in the region who would be able to help in promotion of women MSEs?

11. What kind of BDS would you like to provide in future? What is your particular strength in this regard?

Product design	1
Quality control	2
Linkages to wholesaler	3
Retailers	4
Producers	5
Suppliers	6

12. What is required to build your capacity in order to become an effective BDS provider?

13. If you collaborate with other institutions, which of the following benefits will you want to have?

Enhanced ideas	1
Facilitated staff exchange	2
Implemented joint projects	3
Improved facilities and equipment sharing	4
Promoted cooperation in package program	5
Promoted joint policy initiation	6
Others, specify	7

14. How much were you able to generate on your own as income?

2001 Rs. _____

2000 Rs. _____

15. Please provide us brochures, which describe your activities.

16. Thank you for your time & cooperation.

Name of Respondent: _____

Designation: _____

Date: _____

Appendix Three: Focus Group Discussion Guideline re: BDS Providers
(Used with Garment and Handicraft Sub-Sectors)

**FOCUS GROUP DISCUSSION GUIDE FOR MEETINGS WITH BDS PROVIDERS
TO WOMEN MSEs IN PAKISTAN**

Background:

The FGDs will build upon interviews that have already been completed with selected BDS providers. The original interviews collected information on the BDS provider's organization, clients and services.

Goal:

To deepen MEDA/ECDI's understanding of the role that BDS providers play in enhancing the marketing and sales potential of women SMEs in three sub-sectors in Pakistan, for the purpose of developing market development programs such as workshops and training packages.

Objectives:

To meet our stated goal, key objectives of the FGD are to measure and/or explore:

The knowledge of BDS providers regarding the target markets for their SME clients' products

The capacity of BDS providers to conduct target market research relevant to their SME clients' products

The ways in which BDS providers use, or would be willing to use, target market information in the design and development of service products for their clients

The extent to which BDS providers design, or would be willing to design, relevant products for women SMEs in the specific sub-sectors

The attitude of BDS providers regarding the value of target market information in the provision of services to client SMEs

The attitude of BDS providers towards workshops and other training packages that would assist them in utilizing target market information for the design of service products for client SMEs

Method:

Participants: BDS providers who participate in the FGDs should be serving women SMEs the same sub-sector: handicrafts, garments or IT. As much as possible, commercial BDS providers should be selected for the FGDs since we our ultimate goal is to understand sustainable markets. If possible 8 – 12 participants should be involved in each FGD. We don't generally have a large enough sample to limit the discussions to specific services (e.g., product design) and we will combine service providers. NGOs should not be mixed with commercial providers.

Timing: The FGDs should be planned for approximately two hours: 30 minutes warm-up, one hour discussion, and fifteen minutes for wrap-up.

Facilitator: The facilitator should guide the discussion and try to keep it on track, encourage all to speak, focus on practical (not theoretical) issues, and not direct the actual content. The facilitator should tape the discussion in order to transcribe and document the information.

Questions:

The questions posed to encourage the discussion will focus on the six objectives outlined above.

Suggested Questions:

What do you know about the target market for your SME clients' products?

Have you ever conducted target market research for your SME clients' products?
 Describe an example of when you conducted target market research and how you used it.
 How easy/difficult/useful was this?
 How have you used target market information in the design and development of service products for your clients? Please give an example.
 To what extent would you be willing to develop products for SMEs? For example, would you only do this as custom work or would you be prepared to develop a product or line of products for any interested SME?
 Do you think knowledge of target market information would enable you to provide better products to SMEs? If so, how?
 What type of assistance do you want to help you use target market information for the design of service products for client SMEs?

Appendix Four: Phase Two Interview with BDS Providers
 (Used in IT Sector)

Understanding Target Markets and Product Design:
 Questionnaire Form for BDS Providers

SECTION I

Organization

1. Name of Organization:

2. Address:

Telephone _____ Fax _____

Telex _____ E-mail _____

SECTION II

Customer Information

A. Clients

How do you find and attract your customers?

What are the delivery mechanisms of the services that you provide?

Embedded	
Fee for service	
Piggyback (Microfinance)	

Other	

Who are your customers and in what proportion?

Women owned MSEs	
Microenterprises (> 10 employees)	
Small enterprises (>10 <50 employees)	
Garment sector	
Handicraft sector	
IT sector	

SECTION III

Service Product Offerings

A. Services

Which of the following BDS services do you provide to women SME clients?

Training in Marketing consultancy to micro enterprise	
Marketing advice	
Packaging services	
Transportation of products	
Export license processing	
Linkage with local buyers	
Linkage with sub contractors	
Linkage with exporters	
Assistance with pricing of products	
Product quality improvement	
Marketing studies	
Product catalogues, profiles, brochures etc. made	
Directories for potential buyers made	
Trade fairs, exhibitions, displays organized	
Group advertising in news media	
Buyers-sellers meets	
Others, specify	

B. Technology Related

Which of the following technology BDS services do you provide to women clients?

Advice on materials	
Advice on designs	
Prod's methods tips	
Product standardization & quality tips	
Advice on improved tools	
Product/process adaptations	
Prototypes making	
Research & Development	
Pilot production	

C. Training Related

Which of the following training services do you provide to women clients?

Start, up courses (e.g. entrepreneurship feasibility studies, starting business etc.)	
Small business management (e.g. general management and other small business disciplines, etc.)	
Courses for extension agents in small enterprises (e.g. trainers' training, industrial extension course, information management etc.)	
Technical skills development courses (e.g. metal working, electronics, textile, handicrafts, IT, etc.)	

D. Product Related

Which of the following product related BDS services do you provide to women?

Product design (as embedded service)	
Product design for fee	
Product design training	
Raw materials (actual)	
Raw material advice	
Quality control	

Section IV

Impact of Services

1. What impact did these services have?

Started the units _____
Strengthened marketing _____
Improved productivity _____
Introduced new products _____
Changed obsolete technology to new one _____
Reduced costs _____
Gained financial strength _____
Increased employment _____
Others, specify _____

3. What three factors would you attribute your overall performance to?

Highly professional and motivated staff _____
Better salary and incentives for staff _____
Effective interdepartmental collaboration _____
Well-chosen clients _____
Extensive field operations _____
Adequate funding _____
Few procedures _____
Decisiveness of top management _____
Others, specify _____

Section V

Using Target Market Information in BDS Service Product Design

What do you know about the target market for your SME clients' products?

Have you ever conducted target market research for your SME clients' products?
Describe an example of when you conducted target market research and how you used it.
How easy/difficult/useful was this? _____

How have you used target market information in the design and development of service products for your clients? Please give an example.

To what extent would you be willing to develop products for SMEs? For example, would you only do this as custom work or would you be prepared to develop a product or line of products for any interested SME?

Do you think knowledge of target market information would enable you to provide better products to SMEs? If so, how?

What type of assistance do you want to help you use target market information for the design of service products for client SMEs?

Appendix Five - Narrative Report on Women MSEs

Women Owned MSEs

The recent move of the GoP resulting in devolution of power to the grass-roots level and ensuring political participation of women, with reserved seats for them in the District Councils, the Provincial and the National Assemblies, is a commendable action for the overall empowerment of women in Pakistan. At the same time, the launch of the long-awaited poverty alleviation programme through targeted microfinance lending by the government is also a highly appreciable step. Some MFL are opening their offices at the district levels as well to cater to the financial needs of microentrepreneurs.

Although there are no credit programmes specifically designed for women, there is an impetus under the new plans to give due attention and weightage to the development of women in the economic sector. As a consequence, a new business culture is evolving, the concept that business is a male field is losing ground and many women are entering into the field.

In order to identify and understand the profile of women entrepreneurs in three selected sub-sectors and to understand the dynamics of micro and small businesses owned by women, meetings/discussions with groups of existing women entrepreneurs were arranged at various locations in Pakistan. Sixty women entrepreneurs were selected for an in-depth study and an attempt was made to investigate the process they underwent to start and manage businesses as well as implications with respect to the unmet service needs of the women MSEs.

Out of the sixty women selected for the study, ten hailed from the IT sector (who would be dealt with separately), twenty were from the handicrafts sector (fifteen manufacturers and five non-manufacturers), twenty-six were from the garment sector (all in the manufacturing category), while twelve women in the embroidered garment sector were manufacturers and eight were non-manufacturers.

Those businesses that employed five to ten persons were categorized as micro-businesses while those who had more than ten but less than fifty employees were considered small enterprises.

Out of the sixty entrepreneurs, fifteen owned small enterprises and forty-five were micro entrepreneurs (rural and urban). The age of entrepreneurs at the time of start up varied between the three sub-sectors. In the handicrafts sub-sector, most women started their own ventures between the ages of 20 to 25. All the manufacturers fell in this category as they began production from their homes, used traditional skills and most of them manufactured products for the local area-based markets. A large number of the urban handicraft manufacturers also belonged to the same age group and were often associated with the lower income strata. The rural entrepreneurs had gained skills from their family women while urban women had often acquired formal technical skills from vocational, Govt./NGO institutes. However, in the garment sector and the embroidered garment sector, most of the women started businesses between the ages of 30 to 35 years.

Most women handicrafts manufacturers from the rural areas either had no formal schooling or had attained primary education. Most of them had learnt needlework from their mothers/grandmothers. Very few had attended any formal vocational training. However, the urban entrepreneurs in this sector, had usually completed ten years of schooling and had formal arts/handicrafts training from various institutions.

The age of these businesses varied between two to eighteen years and most of the micro-businesses employed five to seven persons. Small businesses employed up to twenty people. However, five entrepreneurs from the garment sector were exporters and their ventures employed more than fifty people. Two of these entrepreneurs had about one hundred machines in their units.

Most of the microentrepreneurs quoted their net profit to be between Rs.10,000 to Rs15,000 per month, while owners of small enterprises were reluctant to quote their incomes. Most of the micro-enterprises were not registered and were home-based ventures. About two-thirds of the entrepreneurs were sole proprietors while other were in partnership with a family member or a friend.

BDS Used

1. Technology/ Technical Skill

This includes handwork, art and craft, dress-making and designing.

In the handicraft sector, rural entrepreneurs had no formal training while urban entrepreneurs had attended courses, paying subsidized fees in government/ private or NGO-run institutes. Most of the latter belonged to low income strata. In the garment sector, most of the women belonged to the middle/ high-income class. Most of them possessed a Bachelors' degree and some had studied at art schools like the National College of Arts in Lahore or the Indus Valley School of Art and Architecture in Karachi. Others had been educated at home economics colleges. Most of these women felt that they had natural designing skills and had initiated businesses to prove themselves. Some wanted to use the spare time at their hands to do something useful and creative and others wished to supplement the family income. A small number had taken over family businesses.

However, there were several women in this sector who were forced to undertake business activities to ensure their survival and that of the family either due to the untimely death of a spouse or a divorce. Some also had to generate income to supplement low family resources. They often learnt through trial and error. Some, from the lower income group, however, had acquired skills from formal vocation centres. They too had initiated business for economic reasons.

Those who belonged to the higher middle income had not attended any courses in design or dressmaking. They had their own manufacturing units and most of sold their products at their own outlets. Women from the lower income group had attained comprehensive technical knowledge, but their businesses had expanded slowly in ten to fifteen years. They would often play the role of manufacturers only, supplying their products to various outlets in the market. Most did not have outlets of their own.

2. Markets

Retailers, to whom they supply their products, sell the produce of the lower income bracket of women entrepreneurs. These retailers often charge a markup of between 50 to 100% on the quoted price of the products, and payments are made to the women after sale.

Some of the women produce on order from the retailers, once their sample is approved. They are usually paid 30% of the total price in advance, and the rest is paid on delivery. Women entrepreneurs, who have bigger units, produce on CMT for the local wholesalers. Others produce for buying agents/ commission agents who buy large quantities of products for export. Five of the entrepreneurs studied were exporters themselves.

Some of the entrepreneurs in the rural handicraft sector, were producing only to satisfy the demand of the local markets, based on the tastes of the local people. Others were manufacturing products on order for various urban entrepreneurs. They receive the raw material and specifications, and most of them produce and supply their products through middle men/ women who are also the investors in most cases. These persons are responsible for taking the produce to the city handicraft markets. Only a few women were selling their produce directly at the village melas and at the weekly bazaars.

The lower income women belonging to the embroidered garment sector had acquired formal training from semi-urban area institutes. They were often manufacturers and marketed their products themselves. Most of them had reached this level of business skill in a period of about seven to ten years. They often had to face problems because of their low investment capability.

However, about 70% of all the entrepreneurs in this sector had investment capability. These women often purchased products from middle men/ women. They possessed designing skill, were aware of changing market needs, and also had investment capability. These women could be classified as natural entrepreneurs. Some of them had their own outlets or they would arrange exhibitions in five-star hotels in big cities or participate in national and international exhibitions. Some of the high-income women in this sector sell their products in their own social circle, often from their homes.

3. Delivery Schedule

Manufactures usually supply the product to the market on weekly basis, in the garment sector, but on monthly basis in the handicraft and embroidered handicraft sector.

4. Publicity/ Advertisement

Women who had home-based enterprises do not advertise widely. They usually acquire new clients through word of mouth. Others own shops in malls or large shopping areas and sell their products through these outlets.

5. EDP Training

Only eleven entrepreneurs had attended some sort of training in entrepreneurship development. Nine of them had paid subsidized fees for the service used. The users of these services stressed that they wanted to undertake a marketing course. They also mentioned that such courses provided them several practical skills of business management and an opportunity to network.

Those who had never attended such training showed keen interest in attending quality business courses where they could learn about manufacturing and market management. They were ready to pay reasonable fees for the service.

BD Services Needed

1. Product Development

It was felt by all that they need some sort of service to help them meet the ever-changing demands of the market by being able to produce new designs for both the local and foreign market. They felt that the customer continuously demanded innovation and they were often ill equipped to meet that demand effectively.

2. Technology/Technical Skill

All the entrepreneurs felt that becoming familiar with and adopting new technology would not only enable them to produce greater numbers of their products, but it would provide them with a competitive edge. They all favored the adoption of modern timesaving techniques and the learning of various skills to make them more effective.

3. Markets

All the entrepreneurs cited the need for services, which could facilitate access to markets. Manufacturers described their need to attain orders while non-manufacturers were keen to enhance entrepreneurial skills and marketing management.

4. EDP Training

Those who had never attended such training showed keen interest in attending quality business courses where they could learn about manufacturing and market management. They were ready to pay reasonable fees for the service.

Appendix Six: Report on Focus Group Discussions

With BDS Providers to Women MSEs in Pakistan

Background

The FGDs were built upon interviews that have already been completed with selected BDS providers. The original interviews collected information on the BDS providers' organization, clients and services.

Objectives

The key objectives of the FGDs were to measure and / or explore:

The knowledge of BDS providers regarding the target markets for their SME clients' products

The capacity of BDS providers to conduct target market research relevant to their SME clients' products

The ways in which BDS providers use, or would be willing to use, target market information in the design and development of service products for their clients

The extent to which BDS providers design, or would be willing to design, relevant products for women SMEs in the specific sub-sectors

The attitude of BDS providers regarding the value of target market information in the provision of services to client SMEs

The attitude of BDS providers towards workshops and other training packages that would assist them in utilizing target market information for the design of service products for client SMEs

About the FGDs

The three types of BDS providers Govt., NGOs and Commercial Providers participated in the FGDs. The discussion focused on non-financial BDS, though some of the providers were catering financial products as a core service but it did not come much under discussion.

The FGDs were carried out separately for the selected commercial providers and joined for the Govt. and NGO sector programs. The FGDs were done in four major cities in three provinces of Pakistan. The details follow:

Karachi – three FGDs were held: one for commercial providers while two for the Govt. programs reps. and NGOs (together).

Islamabad – one FGD was carried out for commercial providers, while for the Govt. and NGO representatives discussions were held separately.

Lahore – one FGD was carried out where representative from the Govt. and NGO programs participated.

Multan – one FGD was carried out for commercial providers. No Govt. or NGOs programs were selected.

Quetta – two FGDs were conducted, one for the representatives of Govt. and NGO programs while the other for commercial providers

Distribution of Participating BDS Providers

Sub-Sector	Types	Karachi	Quetta	Lahore	Multan	Islamabad	Total per Sub-Sector
Garments	Govt.	2	2	-	-	-	19
	NGO	5	1	5	-	-	
	Commercial	2	2	-	-	-	

Handicrafts/ Embroidered Garments	Govt.	1	-	-	-	-	29
	NGO	8	1	1	-	2	
	Commercial	5	5	-	6	-	
Information Technology	Govt.	-	-	-	-	1	6
	Commercial	3	-	-	-	2	
Cross Sector	Govt.	-	1	2	-	-	4
	NGO	-	-	-	-	1	
GRAND TOTAL		26	12	8	6	6	58

Methodology

The Team

The team consisted of a facilitator, a coordinator/ moderator and a secretary. The facilitator had 12 years experience in the field of micro-enterprise development and knew the subject of facilitation very well, such as that of ensuring participants' interest in the focused topic discussion, time management and providing equal opportunity of participation to the respondents of various services in the three selected sub-sectors. She also had greater ability to keep the attention of the participants to the topics of focus discussion without discouraging them.

Design of the Questionnaire

A questionnaire was designed by the team leader and the facilitator before hand for structured group discussion, to be able to fully cover the topic.

Logistic Preparations

The process initiated with forwarding of invitations to the BDS providers. It was ensured that enough time was given for confirmation from the invitees. Before sending the invitation letters, personal telephone calls were also made for information. A day before actual conduct of the FGD proceeding reminder calls for participation were made. With the invitation letters some background information was also sent. People from top management were requested to join the FGD.

Formal conference rooms were rented at city hotels for FGDs and necessary arrangements such as that of stationery / materials for the participants were made.

Conduct of the FGDs

A formal introduction was done by the facilitator and the participants for ice breaking. A cordial atmosphere was created for ensuring participants' readiness to participate in discussion and share ideas.

A very brief introduction to the topic of discussion was done highlighting the services being provided to women MSEs in three sub-sectors. The selection criteria were explained and reasons of their selection from the database were also informed.

The spontaneous responses were recorded to understand the quality and quantity of services available for women MSEs and for designing a program for the participating BDS providers. All the answers were considered correct and there was no competition among the participants. The mechanisms of provision of services took longest discussions. The service providers of different programs had different service delivery mechanisms.

While the facilitator raised the questions, a secretary noted the answers. The questionnaire was designed in a way that it had repetitions for clarity of understanding.

At times responses from the participants were so elaborated that it almost covered the next question. Such a question was slipped to avoid overlapping. A friendly atmosphere was ensured throughout the discussion.

Open discussions were held with a group of 8 – 12 participants in each group. At the end of discussion a form was circulated among the participants. They were requested to fill up these forms and express more if they wanted to. They were allowed 10-15 minutes to write down, specifically on the service delivery mechanism of their institutions.

All FGDs in four selected towns ended on time, in Multan and Karachi the commercial providers had agreed to participate in the morning sessions while in Quetta they preferred to join in the afternoon session.

Focus Group Discussions

Responses of Commercial Providers

Delivery Mechanisms

1. What mechanisms do you adopt to sell the services to your client MSEs?

Women MSEs / skilled artisans are spread in rural areas, we supply them raw materials, sample design and then collect produce from MSEs through our agents.

Women groups have their own agents also (Men or Women) who supply raw materials and a design of a product to copy which they get from the markets, women produce the items and the agents supply it to the markets.

2. How do you reach your clients and communicate to the MSEs on your services?

We operate from the main local retail and wholesale markets, so MSEs know about us.

We do not need to advertise.

3. How do you assess target market demands?

From the customers' feedback who visit our shops.

Available product variety in the markets.

Special orders that are placed by customers.

Judgement from customer's satisfaction/ dissatisfaction (Responses)

Faster selling items

Seek customers' advice for improvement in the design or colour

Have you ever designed marketing programs (promotional campaigns) for local and / or export markets? If yes, when?

No, we only

Display products at Govt. exhibitions or festivals for sale and participate in exhibitions (Local & Foreign)

Are you working for MSEs to become export ready? If yes, how?

We know MSEs handicraft is export oriented (sometimes it is smuggled)

We only need to know changing demands of the foreign markets to enable MSEs products export

We ask local and foreign buyers (who reach us to place orders or take ready stuff from our outlets) about foreign markets demands
We believe procedures of export are too tedious for women MSEs

Target Market Information (For Program Design)

1. What do you know about the target market for your SME clients' products?

We know the local demand and supply situation from our experience.
We can foresee and understand gaps and saturation form our experience.

Have you ever conducted target market research for your SME clients' products?
Describe an example of when you conducted target market research for your SME clients' products? How easy/ difficult/ useful was this?

No formal research has been done but we have learnt from our experiences as we are in close contact of consumers on one hand and with MSEs on the other.
Most of the times we copy each other's designs.
We refer to catalogue only sometimes.

b. Have you done market research using Internet?

No, we haven't (two from Multan were familiar with technology.)

How have you used target market information in the design and development of service products for your clients? Please give an example?

According to customers' demand we immediately change design and cater according to the needs of customers.
We copy a design get a sample made and get it copied by MSEs. (Creating a sample is a service to MSEs)

To what extent would you be willing to develop products for SMEs? For example would you only do this as custom work or would you be prepared to develop a product or line of products for any interested SME?

We already have a fixed product line

Do you think knowledge of target market information would enable you to provide better products to SMEs? If so, how?

Yes

If we understand demands of local and foreign markets we would develop new products with new technology

What type of assistance do you want to use target market information for the design of service products for client SMEs?

Information on permanent buyers in the foreign markets.

Linkage with big chain stores in UK – US.

Facilitation in development of Brand Names for handicraft items made by women entrepreneurs

Assistance in initiation of buying houses and link with design consultants for quality and standards MSEs produce to compete in the foreign markets

b. What sort of program would you be interested in?

A program which could enhance our sales

(Commercial providers from Multan felt that no formal program was needed for them, they needed links to foreign buyers for selling MSEs produce

Suggested to arrange product development / design workshops for women MSEs

Providers from Karachi and Quetta showed great interest in a program on “how to do market research” and know the needs of the buyers local and foreign / new technologies and new products

How to explore existing demand local and foreign markets demands and create the need of the produce of MSEs

Suggested to arrange interactive meetings of various BDS providers)

c. Are you ready to pay some fee for this assistance?

Yes, if the program is worthwhile and provides us information on new markets.

Responses of Representatives from Govt. and NGO Programs

Delivery Mechanisms

What mechanisms do you adopt to sell the services to your client MSEs?

Information dissemination (for promotion of the products)

Technical training courses

Workshops

Business development courses

Establishing sale points

Providing production facilities

Providing marketing assistance

Arrange exhibitions

Provision of supplies

How do you reach your clients and communicate to the MSEs on your services?

Advertisement

Brochures

Orientation sessions

Bill boards

Send representatives to communities

Arrange meetings

Participate in other NGOs programs

Display on notice boards at institution

Banners

3. How do you assess target market demands?

Collection of market information on demand and supply

Surveys

Need assessment

Personal contacts with customers

4. Have you ever designed marketing programs (promotional campaigns) for local and / or export markets? If yes, when?

Local sales at weekly markets

Exhibitions

Local melas

Are you working for MSEs to become export ready? If yes, how?

Yes, we are working on: -

Improving on product quality

Information on Export Promotion Bureau

Arrange seminar on export techniques

Target Market Information (For Program Design)

1. What do you know about the target market for your SME clients' products?

We understand target market demand through trends

Through surveys

Note buyers responses at exhibitions

No formal target market research is done

2. Have you ever conducted target market research for your SME clients' products? Describe an example of when you conducted target market research for your SME clients' products? How easy/ difficult/ useful was this?

No, formal research is conducted

We display products at exhibitions for responses

We display products at the closing ceremony of the workshops for feedback

Only discussions and meetings are held to know market demands

Do feasibility study and incubate MSEs for women

Take prototype to market for feedback from market

b. What methods were used?

Survey Questionnaires

c. Have you done market research using Internet?

No

(Most of the respondent had never used internet for target market research)

3. How have you used target market information in the design and development of service products for your clients? Please give an example?

Have redesigned courses and changed products in order to meet market demands

4. To what extent would you be willing to develop products for SMEs? For example would you only do this as custom work or would you be prepared to develop a product or line of products for any interested SME?

Yes

(Most of the respondents wanted to develop a product line)

5. Do you think knowledge of target market information would enable you to provide better products to SMEs? If so, how?

Yes, once we know our market we are set for life

Demand changes frequently, we need to get target market information

6. What type of assistance do you want to use target market information for the design of service products for client SMEs?

Latest techniques of selling

Trainers training in design development

MSEs' service needs assessment

How to conduct Market Survey / research

TOT in entrepreneurship and micro-enterprise

b. What sort of program would you be interested in?

Product design and development workshop

Sales and marketing techniques

How to collect target market information in cost effective manner

How to create demand for products of women SMEs specially those of handicrafts in competitive foreign markets

c. Are you ready to pay some fee for this assistance?

Yes for a good designed market research program (subsidized fee for NGOs)

(All of the participants showed interest in attending some workshop)

For Future Direction

What more services do you think are required by MSEs?

Business training

Information dissemination on BDS through NGOs and media

Market demand and supply gaps

All NFBDS under one window and contacts with buyers

Quality control systems

Demands of local/foreign markets in handicraft and garment sub-sector

Newspaper/ Media support / closer contacts with BDS providers

Design a program on quality and product development according to the demand of markets

How can it be ensured that women MSEs in three-sub sectors meet target market demands?

Through Local NGOs' support / Govt. institutions' support.

Through market information

BDS providers network ensuring required to women MSEs in three sub-sectors according to target market demand

Transport facilities for women

Contact with buyers

Business start courses for women in handicrafts according to their expressed needs

Establishment of quality standardization systems and display centres

Commitment from local commercial market providers for promotion of women made products

Exposure of rural micro-entrepreneurs to the urban markets

Teach MSEs sharing resources, materials, manpower and cooperative marketing

What mechanisms do you propose for catering BDS to women MSEs in handicraft (rural) / garment (home-based) sector?

Meetings of providers of various BD services for reaching women MSEs

Programs by EPB at village level for micro-entrepreneurs

Conduct studies for MSEs needs assessment to understand overall environment their access and capacity to grow and also gather statistics on number of women working in particular village/ Town.

Assess the unmet needs of MSEs and facilitate linkage

Creating network of rural and urban women MSEs

Develop network of providers of various services

Local NGOs at district level reach rural women

Arrange FGDs like this

A focal institution should take the role of facilitating links between MSEs and BDS providers from private, Government or NGO sector.

What methods are required for a long term & sustainable collaboration among various BDS providers?

Design a program to bring them together and then form a group or a network

Arrange workshops for capacity building of BDS providers

Facilitate contacts of local BDS providers with international BDS providers

Develop web sites of providers

Bring out a newsletter covering reports of successful initiatives

Arrange common forums for micro-entrepreneurs and BDS providers (bring them together)

A program be designed by the ECDI for better understanding demand and supply gap in BDS

Form A (Questionnaire)

Details of Services from Commercial Providers

Customer Information

A. Clients

How do you find and attract your customers?

Through our agents	9
From each other (shopkeepers)	2
Women MSEs reach us through their agents	11
Personal contacts	8
Web sites	5

What are the delivery mechanisms of the services that you provide?

Provide market access as core product to MSEs with embedded services as incentives	22
Supply input / design and micro-finance	19
Make 50% advance payment / 50% on delivery	2
Purchase MSEs product at shops on cash / on sight / at site	6

Who are your customers and in what proportion?

Women owned MSEs	22
Micro enterprises (> 10 employees)	1
Small enterprises (10 < 50 employees)	2

Customers in sub-sectors

Embroidered Garment	4
Handicraft sector	16

IT sector	5
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Service Products

A. Services

Which of the following BDS services do you provide to women SME clients?

Provide market access	22
Linkage with other local buyers	1
Product quality improvement	14
Product catalogues, brochures etc.	3
Trade fairs, exhibitions organized display centre	3

Are people paying fee for your services?

Keep profit / percentage	16
Mark-up strategy	4
Charge fee	5

If yes, what are the different payment modes?

Cash	21
Commission on sale	4

B. Technology Related

Which of the following technology BDS assistance do you provide to women clients?

Input supply (raw materials)	20
Product Designs	13
Advice on improved tools	1
Prototypes making	22
Pilot production	10

C. Training Related

Which of the following training services do you provide to women clients?

Advice to extension agents	1
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Technical skills development courses (handicrafts)	2
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D. Product Related

Which of the following product related BDS services do you provide to women?

Core service Raw Material Supply (actual)	20
Product design (as embedded service)	20

Impact of Services

What impact did these services have?

Strengthened market	<u>22</u>
Improved productivity	<u>20</u>
Introduced new products	<u>18</u>
Changed obsolete technology to new one (to some extent)	<u>01</u>
Reduced costs	<u>10</u>
Gained financial strength	<u>20</u>
Increased employment	<u>18</u>

What three factors would you attribute your overall performance to?

Better payment mechanisms	<u>08</u>
Effective collaboration with MSEs	<u>17</u>
Well chosen clients MSEs	<u>10</u>
Extensive field operations	<u>22</u>
Adequate funds	<u>09</u>
Few procedures	<u>20</u>

Details of Services from Govt. and NGO Programs

Customer Information

A. Clients

How do you find and attract your customers?

Through Newspapers	2
Through brochures	3
Information seekers	3
Through exhibitions	3
Through invitations	1
Words of mouth	5
Community surveys	2
Advertisement	3

What are the delivery mechanisms of the services that you provide?

Other embedded services	6
Fee for service (subsidized)	33
Small Micro-finance	3
Core Product	33

Who are your customers and in what proportion?

Women owned MSEs	33
Also Micro enterprises (> 10 employees)	3
Small enterprises (> 10 < 50 employees)	3

Providers in sub-sectors

Garment sector	15
Handicraft sector	13
IT sector	1
Cross sector	4

Services Product Offerings

A. Services

Which of the following BDS services do you provide to women SME clients?

Training in marketing and micro enterprise dev.	4
Marketing advice	9
Packaging services	2
Transportation of products	3
Export license processing	1
Linkage with local buyers	9
Linkage with sub contractors	
Linkage with exporters	2
Assistance with pricing of products	3
Product quality improvement	11
Marketing studies	3
Product catalogues, profiles, brochures etc.	6
Directories for potential buyers	1
Trade fairs, exhibitions, display	13
Advertising in news media	5
Buyers-sellers meets	2
Others, specify:	
1-Technical Training	23
2-Take part in exhibition & fairs and train underprivileged women	2

Are people paying fee for your services?

Yes (including subsidized and cost recovery)	26
No (third party payer)	7

If yes, what are the different payment modes?

Cash	23
Consultancy fee / Training fee	9
Commission on sale	8
Kind	4

B. Technology Related

Which of the following technology BDS assistance do you provide to women clients?

Advice on materials	23
Fashion Dress Designing Courses	14
Prod's methods tips	14
Product standardization & quality tips	12

Advice on improved tools	12
Product/ process adaptations	11
Prototypes making	8
Research & Development	4
Pilot production	6

C. Training Related

Which of the following training services do you provide to women clients?

Start, up courses (e.g. entrepreneurship feasibility studies, starting business etc.)	4
Small business management (e.g. general management and other small business disciplines etc.)	6
Courses for extension agents in small enterprises (e.g. trainers' training, industrial extension course, information management etc.)	3
Technical skills development courses (e.g. electronics, textile, handicrafts, IT, etc.)	23

D. Product Related

Which of the following product related BDS services do you provide to women?

Product design (as embedded service)	6
Fashion Designing courses for fee	14
Training in basic dress designs	9
Product production raw materials (actual)/ during training	6
Raw material advice	23
Quality control	7

Impact of Services

What impact did these services have?

Started own units	<u>07</u>
Strengthened marketing	<u>09</u>
Improved productivity	<u>12</u>
Introduced new products	<u>14</u>
Changed obsolete technology to new one	<u>10</u>
Reduced costs	<u>09</u>
Gained financial strength	<u>09</u>
Increased employment	<u>12</u>

What three factors would you attribute your overall performance to?

Highly professional and motivated staff	<u>26</u>
Better salary and incentives for staff	<u>14</u>
Effective interdepartmental collaboration	<u>22</u>
Well chosen clients	<u>20</u>

Extensive field operations	<u>14</u>
Adequate funding	<u>07</u>
Few procedures	<u>10</u>
Decisiveness of top management	<u>25</u>
Others, specify:	
Large No of Volunteer	<u>06</u>
Grading of demand	

There is a great potential of development of BDS in quality standards and new designs that could result in better product design and quality and increase in sale (local & export). New markets need to be explored for produce women MSEs in handicraft and embroidered garment sub-sector.

Observations

Some NGOs like Kashf foundation has established its own enterprise where about 200 women are involved as workers for producing handicrafts and Kashf is exporting the produce.

Some NGOs are in the same practice as commercial providers, they provide equipment, raw material and design and make the payments to women as workers and sell the produce through exhibitions for themselves.

NGOs arrange meetings with rural women who have skills but don't have exposure and provide them outlet facilities and charge commission after sale every three months.

NGOs like Memon Foundation provides materials for their trainees at the technical training centre to reduce the cost of products for competing in the market. They sell the produce of the women who can not get orders on their own due to inadequate business communication skills.

Meetings of providers helped in discovering various technical trainings that were being catered.

Commercial providers were very cautious in providing some information initially.

Appendix Seven: IGP Program Proposal

FROM BEHIND THE VEIL:

Access to Contemporary Markets for Homebound Women Embroiderers in Pakistan

Executive Summary

The majority of women in rural Pakistan are marginalized by poverty, home confinement and geographic isolation. The proposed program will reduce the poverty of poor homebound women embroiderers in three conservative areas of rural Pakistan by helping them access higher value

markets in the embroidered garment subsector. The quality of the embroidery of rural women is excellent, but products are generally sold into low value traditional markets through monopolistic buying channels. Since buyers are usually men and transactions must therefore take place through a male family member, confined women do not have the knowledge or opportunity to develop products for alternative markets. At the same time, there is a growing middle class of Pakistani women in urban centers who seek out quality hand-embroidered garments in contemporary styles, and are willing to pay a premium for them. Our program will develop commercial BDS markets that will overcome social barriers and limitations in the value chain, enabling rural embroiderers to reach affluent consumers and realize a higher return on their labor.

The program will develop three BDS markets to achieve our program goal. First, we will expand and replicate a fledgling business model of mobile women sales agents who deal directly with rural embroiderers, embedding product information and contemporary designs in their service. Through face-to-face, woman-to-woman business transactions, gender relations will be adjusted in a culturally sensitive manner so that poor homebound women will earn more for their labor and be more economically empowered within the household. Second, we will expand and replicate a similar sales agent model for micro garment makers who are urban women that have limited mobility. Women sales agents will create linkages to both raw materials – quality hand-embroidered fabrics – and to more profitable consumers – via retailers, exporters and exhibitions. Finally, we will stimulate the supply and demand of commercial design services to the subsector and facilitate the flow of this valuable information throughout the value chain, reaching down to isolated rural women living in poverty.

Program targets over three years are to: directly reach 6000 poor rural homebound women embroiderers raising revenues two to three times; recruit and develop 60 women sales agent entrepreneurs; facilitate market access of 180 urban micro garment makers; and involve 9 commercial designers in the subsector. We will support the growth of three commercial, vibrant, competitive BDS markets, and the development of a viable subsector. Program activities will focus on information sharing, creation and strengthening of linkages, and training / mentoring with no direct subsidies to the subsector or BDS markets. The result will be sustainable commercial BDS service markets within a viable and growing subsector, enabling MEDA and ECDI to exit the market at the end of the program.

The proposed program will contribute to the following learning themes: strategies for including the poor in mainstream markets; strategies for developing BDS markets inclusive of embedded services; and strategies for reaching down market.

MEDA has fifty years experience developing businesses in underserved communities around the world, with a strong focus on the rural poor. We have worked in Pakistan and the region, and we are currently completing a SEEP PLP market assessment (with ECDI) on which this proposal is based. Our local partner, ECDI has a long commitment to the development of low-income women entrepreneurs and has knowledge of the garment sector.

Rural Areas of Focus

We will focus our efforts in the same areas where we conducted our PLP market assessment: Multan District in Punjab; Thatta, Badin and Hyderabad (Hala) Districts of interior Sindh; and three killies – Ismail, Siriki Kalan and Qambrani – adjacent to Quetta in Balochistan. Home confinement ranges from 50% to 95% in these areas, with Multan being the most and Quetta the least liberal. Poverty is extreme; the majority of women are illiterate (e.g., 67% in Multan). Further, Pakistan has the lowest sex ratio in the world with 937 women per 1000 men, and maternal, infant and child mortality rates are among the highest in the world.

Applicant Institution

MEDA's mission is: to bring hope, opportunity and economic well being to low-income people around the world through a business-oriented approach to development. We support the development of viable, locally-owned businesses and institutions, and each year we contribute to the creation or maintenance of over 10,000 jobs. We have a proven commitment to working with local partners, and the development of local capacity. Our technical expertise is in microenterprise development, business development, rural and underserved communities, production marketing linkages, domestic and export marketing, and gender in development.

MEDA has considerable experience in Pakistan and the region. In Pakistan we have participated in: the creation of a model for marketing apricots, commissioned by the Aga Khan Rural Support Project; development of export market opportunities for an offshore data services company; consulting for KAHSF Foundation, including marketing and product design; and a report on the development of a marketing initiative for women microentrepreneurs for the Aga Khan Foundation. We have also completed numerous assignments and projects in Bangladesh, India and Sri Lanka, including long-term consulting for Proshika for a large integrated social and microfinance program.

MEDA has tested a range of market development models, for example: PROARTE, a handicraft marketing organization in Nicaragua; ASOMEX, an association for bean exporting from Bolivia; Agronegocios, a rice marketing company in Peru; and a trade office in North America. We have learned from these and related experiences, and we are committed to the development of commercial BDS markets based on sound knowledge of final goods and services markets. As part of our commitment, senior consultants / project managers at MEDA have participated in a range of training and workshops, and participate on the SEEP BDS working group (more details in personnel section below).

In order to achieve program targets, MEDA will contribute technical inputs as follows: design and implementation of strategies and activities that are in line with BDS market development; expertise in research on and marketing to final goods and services markets – including export markets; monitoring and evaluation.

Partner Implementing Institution

ECDI was founded on the belief that entrepreneurs can be developed through well-conceived and well-directed activities. Founded in 1989 as an autonomous institution under the Women and Social Development Department, Sindh, Pakistan, ECDI targets women entrepreneurs including rural women artisans and skilled traditional crafts women among others.

ECDI's Education and Training Division is dedicated to education, research and training, and has undertaken workshops, seminars, training of trainer programs and vocational programs for the advancement of women entrepreneurs. ECDI has worked directly with over 2000 women entrepreneurs, and has developed 180 trainers who are working with banks and other organizations in microenterprise development efforts. Research, reports, studies and publications have focused on women microentrepreneurs including the garment sector (paper presented at Regional Workshop of the ILO, 1999). ECDI's Gender and Development Division has been involved in gender sensitization activities since 1994.

More recently ECDI has partnered with MEDA in strategy development and market assessment projects. ECDI's extensive network of contacts amongst BDS providers, NGOs, government agencies, and women microentrepreneurs in rural and urban areas has been critical to the success of these projects.

ECDI will offer technical inputs in the following areas: knowledge of local socio-cultural issues and practices including gender relations; network of contacts throughout the target regions among microentrepreneurs, BDS providers, NGOs and government agencies; and expertise in training and entrepreneurship development.

Current and Proposed Clientele

Proposed Clientele: The program will target 6000 self-employed poor women in rural areas of Balochistan, Punjab and Sindh (100% women, 100% microenterprise) with the intent that even more women will be reached as commercial networks develop and flourish. The UN indicates that between 1990 and 1999, 31% of the population of Pakistan lived on less than \$1 per day. According to DFID, the Human Poverty Index for Pakistan is 47% and 75% of the poor live in rural areas, with the poorest areas in Balochistan and Punjab. Further Pakistan rates 120 out of 146 on the Gender-related Development Index, and in the selected areas home confinement of women ranges from 50% to 95%. **Current clients:** Over 15 years, EDCI has directly served over 2000 entrepreneurs in Pakistan: 98% women, and 60% low income (less than 3000 rupees or US\$50.00 per month). In addition, through offering institutional career development training, gender sensitization and capacity building, along with extensive training of trainers (in microenterprise development), ECDI has indirectly reached thousands more poor women.

Proposed Impact on client microentrepreneurs: The proposed program will lead to the economic empowerment of women who are currently isolated by geography, poverty and home confinement. We will directly involve rural homebound women in the hand-embroidered subsector, enabling them to acquire information, respond to consumer demand, access higher value markets, and raise revenues by two to three times without an increase in actual labor.

Benefit to small and medium sized firms: All the firms involved are microenterprises. In addition to the target clientele – microenterprise women embroiderers – the program will also impact a range of predominantly women-owned microenterprises: sales agents, garment makers, retailers, exporters and designers.

Market Assessment, Program Goal, Market Development Objectives

The goal of our program is to economically empower poor homebound women embroiderers in three conservative areas of rural Pakistan by enabling them to overcome barriers and participate directly in the embroidered garment value chain. This will be achieved by the development of three BDS markets: 1) A package of services including market access, product development and input supply for rural embroiderers; 2) Market access for urban micro garment makers (who use hand embroidered fabrics); and 3) Product development and design services for urban micro garment makers (women), retailers, exporters and women sales agents who interact with rural women embroiderers.

Research Base

This proposal is based on independent and joint work of the partners. MEDA and ECDI are currently collaborating on a SEEP PLP in BDS Market Assessment. We have collected qualitative information from 56 women microentrepreneurs and 125 BDS providers in the three rural areas and urban centers where we propose to locate our market development program. In September we will complete the MA work, holding

workshops with BDS providers along with key informant interviews to flesh out our knowledge of the embroidered garment subsector. The BDS MA was based on a research assignment commissioned by the Aga Khan Foundation to determine the feasibility of a marketing initiative for women entrepreneurs. Field work was carried out and 40 organizations were interviewed, resulting in the conclusion that market contacts and professional product design should be the two top priorities in any market development initiative. ECDI has also researched the garment subsector and issues facing women entrepreneurs in Pakistan including studies for the ILO and UNICEF. Also in Pakistan, MEDA has conducted agriculture sector market research and program design, and consulted in the field of microenterprise development.

Description of Subsector, and Final Goods and Services Market: A high value niche market exists for quality contemporary hand-embroidered garments amongst middle class and affluent Pakistani women in both urban centres in Pakistan and nearby Middle Eastern countries such as Dubai. Garment makers currently use some of the embroidered output of rural women to make clothing for urban markets. Most of the embroidered garments are sold into lower value traditional markets, but a portion of the embroidered garments reach the high value contemporary market through retail outlets, exporters, and exhibitions. If more embroidered fabrics made from inputs of appropriate quality and materials, in contemporary colors and designs, were available, market access could be easily expanded as hand-embroidered garments are sought after and highly valued. (See Subsector Map in Annex.)

The reason that few hand-embroidered fabrics of poor rural homebound women reach high value urban markets are numerous: 1) the embroidered outputs of rural women are rarely of a suitable design or made with inputs of the quality demanded by high value markets (for example, contemporary Pakistani women favor border designs, tone on tone colors, westernized motifs etc.; rural women usually embroider all over the fabric in bright colors and with traditional motifs); 2) rural embroiderers lack mobility and most transactions are conducted by male family members who are not conversant in embroidery, and therefore women do not get information regarding more profitable designs that they could easily produce; 3) market access tends to be monopolized by local sales agents who purchase embroidered handicrafts and fabric for clothing on order, buying from male relatives and selling to shopkeepers in low value local markets; 4) there are a limited number of women sales agents who deal directly with rural women embroiderers; 5) women who would be interested in acting as sales agents do not have the necessary contacts / relationships in the villages to set up commercial relationships; 6) garment makers are limited in reaching retailers, exporters and exhibitions; and 7) although all players recognize the need for designs, no mechanism has been developed to purchase and disseminate designs through the subsector.

A more detailed description of the three selected BDS markets along with opportunities and constraints follows.

1) **Embedded service package to poor homebound rural embroiderers** that includes market access, product development and input supply.

Demand Opportunity: During interviews for a study prepared for the Aga Khan Foundation, and our current SEEP PLP market assessment, rural women overwhelmingly report that their highest business priority is increasing revenues. Many feel constrained

by the lack of options regarding buyers, would like to deal with new buyers, and are willing to improve their designs/products in order to do so.

Supply Opportunity: Models exist for women sales agents who work directly with homebound embroiderers. There are a few existing independent women sales agents as well as NGOs who would like to commercialize activities. Others, including urban buyers, have expressed an interest in reaching rural embroiderers.

Demand Constraints: Women have established relationships with buyers through male family members. Although we have been able to meet with these women, it has not been possible to date to understand fully the different household dynamics of women embroiderers. It will be important to understand the extent to which women benefit from increased sales, and to establish market channels that most empower and benefit targeted homebound women in a culturally and gender-sensitive manner.

Supply Constraints: Existing women sales agents are very low in numbers. Potential women sales agents do not have access to women embroiderers.

2) **Market Access services for urban garment makers** to high value urban retailers, exhibitions and exporters who serve Pakistani expatriates in nearby countries such as Dubai.

Demand Opportunity: Urban micro garment makers are aware of the demand among retailers, exporters and exhibitions for more contemporary, higher value designs, and garment makers are driven to reach these markets

Supply Opportunity: There are some female garment makers and sales agents who are more mobile and can trade on behalf of urban garment makers who have limited mobility.

Demand Constraints: Urban garment makers have limited mobility and are socially constrained in interacting with male retailers and exporters. Urban garment makers are not aware of the potential for sales agents to represent them

Supply Constraints: There are few existing sales agents who can interact with both women garment makers, and male retailers and exporters. Sales agents are not aware of the various marketing opportunities for embroidered garments and how to reach them.

3) **Product Development and Design services to mobile women sales agents, garment makers, retailers and exporters**, enabling sales agents to include product design and development in their embedded service package to rural embroiderers.

Demand Opportunity: There is high awareness among sales agents, garment makers, retailers and exporters that designs are a major constraint to growth and that new designs are needed. Participants in the value chain recognize that access to contemporary, quality-designed embroidery is limited, many of those interviewed were interested in accessing product design services, and they expressed a willingness to pay for product development training.

Supply Opportunity: There are affordable skilled designers who currently work with small garment makers and selected boutique owners, or operate their own outlets. Some of these designers are aware of and interested in the hand-embroidered garment subsector. It is also normal for buyers and input providers to include designs as embedded services in the subsector. For example, of the 125 BDS providers that we interviewed, there are 21 commercial buyers and input suppliers who provide some kind of design services and/or advice as an embedded service.

Demand Constraints: Design services are considered to be too expensive and there are limited established relationships with designers among retailers, exporters, garment makers, and sales agents.

Supply Constraints: Embedded designs are not of good quality. Designers do not know how to reach the hand-embroidered subsector, and design services are not packaged appropriately for this subsector (dominated by microentrepreneurs).

Approach to BDS Market Development and Program Description

Personal relationships are key to doing business in Pakistan. A primary focus of our program will be to facilitate the development of relationships between rural embroiderers, women sales agents, urban micro garment makers, retailers, exporters, and designers. MEDA and its Pakistani partner ECDI will develop a facilitation team comprised of a local facilitator based in each of the three rural and three urban areas, and an overall project coordinator. We will leverage ECDI's extensive network of contacts throughout these areas as a basis for the development of the BDS market network.

Vision for the BDS markets: In our vision for the BDS markets, mobile women sales agents will play a pivotal role in delivering services to homebound rural women and urban micro garment makers that have limited mobility, linking them to markets and strengthening the entire hand-embroidered garment subsector through improved products. We further envisage that the hand-embroidered garment subsector will be commercial and competitive, replacing rural buying patterns that are monopolistic, and empowering rural women embroiderers and urban micro garment makers to interact directly in the value chain. A key result is that women microentrepreneurs will realize a higher return per hour on their labor.

Vision for final goods and services market: Our vision of the final goods and services market is that high quality hand-embroidered garments will be available to consumers who are satisfied with designs, fabric and quality, and other opportunities will be accessible in final goods and services markets such as embroidery on other articles of clothing including western styles, other embroidered articles including children's clothing, table linens, and gift items, expatriate Pakistani export markets, and general export markets.

The following describes our planned intervention in the three BDS markets that we have selected.

Embedded package of market access, product development and input supplies to rural embroiderers provided by women sales agents:

Demand Intervention: On a temporary basis, our program will intervene to further our understanding of how rural embroiderers can benefit most from increased earnings and the development of market channels, building on their stated desire to generate more sales/revenue.

Increase awareness among rural embroiderers that women sales agents are available to help them reach markets and provide embedded service packages.

Introduce mobile female sales agents directly to rural embroiderers, creating the market linkage to urban garment makers and the avenue for information flow from markets to producers.

Supply Intervention: The program will recruit and develop women sales agents to provide a package of services to rural embroiderers, offering liaison with urban garment makers and other buyers. Key activities will be:

Identify women who already act or would be willing to act as sales agents to rural women embroiderers. These women will be: existing commercial women sales agents who are interested in expanding their reach and/or services; NGOs or staff of NGOs that participate in the handicraft market and are interested in moving to commercial activities; urban sales agents who would like to reach rural women but do not have established contacts; rurally-based female entrepreneurs

who have more mobility than the majority of the population and are interested in learning this role.

Leveraging ECDI's extensive network of contacts amongst women entrepreneurs and NGOs throughout Pakistan, we will initiate and support the development of direct relationships between sales agents and rural women embroiderers. In order to work against the development of monopolies, we will ensure that multiple introductions are made, and that rural embroiderers have choice in terms of buyers. We will also look at the value of association formation to provide peer support for rural embroiderers and economies of scale for sales agents.

Work with sales agents to develop embedded service packages (see also Service 3).

Assist sales agents to develop existing or new contacts with urban garment manufacturers, retailers, exporters and exhibition organizers (see Service 2).

Build the capacity of new and existing sales agents in areas such as community outreach, sales and marketing, and business development.

Design services will be purchased by a range of service providers and embedded in commercial relationships ensuring that new designs are available through sales agents to women embroiderers, enhancing the value of hand-embroidered fabrics for garment manufacture.

2. Market Access services for urban garment makers to high value urban markets provided by women sales agents: The urban facilitators and project coordinator will work with sales agents to develop and strengthen market linkages for garment makers to, retailers, exporters and exhibitions.

Demand Intervention

Increase awareness among urban garment makers that sales agents can help them reach markets.

Introduce mobile female sales agents to urban garment makers, creating the market linkage to retailers, exporters and exhibitions while also providing access to contemporary embroidered fabrics.

Supply Intervention

Identify more mobile women who can play the role of sales agent between urban garment makers, retailers, exporters and exhibition organizers; train them to be effective sales agents; provide them with a list of the garment makers and buyers.

Facilitate information sharing and introductions among the market players through workshops, meetings of buyers and sales agents, mini exhibitions, and other relationship building activities. Capacity building of sales agents and garment makers through training, mentoring, peer support etc.

Build a competitive, fair and trusting market of these sales agents by identifying and training sufficient numbers and discouraging any carving out of the market by territory – in part through open supply of information and training.

3. Product Development and Design services to mobile women sales agents, garment makers, retailers and exporters: There are three types of product designers in Pakistan – the first are elite, well trained designers that are out of reach of the target population in terms of cost and social status. The second are employees of small and medium scale garment manufacturers. The third are independent designers who design for small garment manufacturers, selected boutiques and their own outlets. This third group is the most likely source of design services for the hand-embroidered garment sector, and a number have already expressed an interest in commercial involvement in the program

Demand Intervention

Help sales agents, garment makers, retailers and exporters to be aware of and access commercial design services.

Identify, interview, select and catalogue designers – provide this information to garment makers, buyers and input providers for development of embedded design services to sales agents.

Introduce designers directly to sales agents, and develop models for service delivery and payment.

Supply Intervention

Strengthen urban to rural flow of product design information directly through designers to sales agents, or as an embedded service through garment makers, buyers or input suppliers to sales agents.

Introduce a range of micro customers to designers, demonstrating to designers that there is a demand and a market, and different ways of entering this market.

If needed, offer vouchers to sales agents and other micros, to purchase design services, or work with them to develop payment mechanisms (e.g., commission work, installment plans).

Help designers develop affordable packages of services for microentrepreneurs such as group consultations, workshops/training seminars, and off-the-shelf design patterns and instruction kits.

Current NGO and Government Involvement

ECDI participated in meetings and FGDs with NGOs and government departments as part of our PLP BDS MA study. We have determined that there is an emphasis on the provision of business and technical training to entrepreneurs (often small to medium enterprises), as well as some design and marketing support. The key benefit that we have derived from our FGDs are models for commercial market development, including the fledgling development of woman-to-woman market linkages.

Sustainability Plan and Exit Strategy

There is ample room in the profit margin between the price of rural embroidered cloth and the final price of contemporarily designed clothing to pay for the business services described here. To illustrate, rural-embroidered fabrics are currently made into traditional Pakistani outfits that sell in local markets for 300 to 400 rupees, while products in contemporary designs sell to typical middleclass consumers for at least 1800 Rs (= \$30), and outfits of the highest quality and most intricate designs sell for up to 15,000 Rs (\$250). Women sales agents and designers will share in this markup, while the incomes of rural embroiderers will increase. The commercial sustainability of each service is:

1. Women sales agents will provide embedded services as a package to rural embroiderers, realizing income through the markup on embroidered garments.
2. Sales agents will provide market linkages between micro garment makers and retailers, exporters, and exhibition planners as part of their embedded services as buyers of embroidered garments, realizing income through the markup on embroidered garments.
3. Commercial design services will be provided on a fee-for-service basis to micro garment makers, retailers, exporters and sales agents. Once these groups have confidence in the market, they will be willing to invest.

MEDA and ECDI's main activities will be in facilitation activities such as information sharing, introductions and relationship building, and capacity development. As a result, women sales agents will have the capability to reach into rural communities, with information and services flowing down through the value chain and quality contemporary products moving up. In this way, once providers and linkages are established, we will be able to exit from the market, leaving behind sustainable commercial BDS markets that benefit poor women microentrepreneurs.

Learning Agenda

Strategies for including the poor in mainstream markets: In our project, we will be specifically trying to understand how to include poor rural homebound women in mainstream markets – that is, women marginalized by poverty compounded by geographic and social isolation. We will be expanding, replicating and testing a fledgling model of mobile women sales agents that will have direct contact with the confined rural women, providing a two-way flow of services and products. Lessons learned from this model will have the potential to benefit other women in Pakistan and throughout much of the Muslim world, and more generally to other isolated populations, particularly the rural poor. However, in this specific case, we must reach a better understanding of household dynamics to ensure that inclusion in the mainstream market is realized in every sense: women themselves should be economically empowered, they and their children should benefit from increased earnings, they must not work longer hours to increase revenues but realize a higher return on their labor, and women’s status should be raised without threatening their vulnerability. Action research during the course of the project will ensure we fill gaps in our knowledge and contribute further to our learning agenda.

Strategies for developing BDS markets inclusive of embedded services: Based on our mobile women sales agent model, we will examine strategies for developing BDS markets that include embedded services. Our model will be particularly challenging in that we will be looking at the development of embedded services throughout a value chain that is founded almost exclusively on microenterprises; there will be no large buyers to provide embedded service packages to smaller organizations. The women sales agents will offer buying services to rural embroiderers, and will embed a package of product development services: product design, inputs and quality control. At present, we do not see a viable alternative to reach rural microentrepreneurs, but we will watch the market closely for any emerging alternatives. The sales agents may in turn receive product design services as embedded services from retailers and exporters or directly from commercial product designers. In this case, we will test the two strategies – direct fee-for-service and embedded service product design – and determine the relative situational merits or disadvantages of each approach.

Strategies for reaching down market: USAID continues to support the development of poverty indicators to measure levels of poverty in communities around the globe. From general poverty indicators such as school attendance and nutritional analysis, indicators also include localized indicators ranging from housing materials to sources of secondary incomes. NGOs have faced challenges in applying indicators to poor rural communities, but models continue to be developed. In assessing our success in reaching down market, we will confront the additional complication of transferring models to commercial relationships that involve women that are generally cut off from mainstream business and society. The measurement of poverty in our program will enable us to assess the differences within and among the three targeted rural areas, and test indicators that work in these situation For example, we may explore the level of home confinement and methods of measuring returns on labor as poverty indicators.

Sharing the Results of our Learning: Building on our Aga Khan Foundation research and PLP BDS market assessment, we will continue to gather information on women microentrepreneurs including service providers. We have already prepared a range of reports and presentations, and designed a preliminary database for consolidating and analyzing the collected data. This information has been disseminated at BDS events such as the State of the Art Workshop in Washington in June 2003, PLP Workshops and Peer Exchanges in Thailand, Indonesia and South Africa. MEDA is also a member of the

SEEP BDS Working Group and has contributed to the online BDS guide. Further, we have become involved in training – e.g., an Aga Khan intern training, and Eastern University’s BDS course for its MBA in International Economic Development – and we will share our learning through such venues. We will also be eager participants in listserv discussions, online conferences and other events organized by USAID and the IGP program. We will independently continue to seek opportunities to share information about our project and disseminate findings, particularly those related to our learning agenda.

Expected Impacts and Accomplishments

Revenue Increases for Rural Embroiderers

High Value Markets and Pricing

Sale price of outfit (minimum): 1800 Rs

Cost of quality materials: 750 Rs

Fee for stitching by garment makers: 150 Rs

Markup of sales agent: 200 Rs

Markup of retailers / other costs: 500 Rs

Embroiderers Earn: 200 Rs per unit

3 units @ 200 = 600 / 3 units @ 60 = 180

Total Monthly Income = 780

Low Value Markets

Traditionally embroidered outfits on lower quality fabrics sell in local markets for 300-400 Rs.

Buying is carried out by middlemen and is generally monopolistic.

Embroiderers Earn: 40-70 Rs per unit

6 units at 60 = 360

Total Monthly Income = 360

The program will create competitive sustainable BDS markets that support the development of a high value productive chain based on the outputs of poor rural women. These homebound women who have been isolated from business contacts will have the opportunity to participate directly in mainstream markets and become economically empowered. At the same time, monopolistic buying patterns will be replaced with fair competition, and gender relations will be adjusted in culturally sensitive ways. A similar impact will be felt by urban garment makers, although to a lesser degree. All participants in the value chain will become more aware of the final goods and services markets and the demands of affluent consumers, realizing greater success and job satisfaction.

Rural Embroiderers: Over the course of our program our target is to assist 6000 rural women embroiderers to raise their income from 2 to 3 times. This will be the case, even with extremely conservative estimates, as outlined in the box above. Rural embroiderers currently receive from 40 to 70 Rs for embroidering one outfit, and can easily produce 6 outfits per month. If we say their average rate is 60 Rs, then current incomes are 360 Rs (\$6). If women who participate in our program only make half of their products according to the new specifications, their income will still be raised by over two times (780 Rs / \$13). By the end of Year 3, the 6000 women participating in the program will have monthly incomes that total 4.68 million Rs or \$78,000. In Year 4, then, when all 6000 are fully operational, that represents annual total incomes of \$936,000. This will be achieved, by increasing the quality of products in terms of designs and materials, and will not result in women working longer hours.

Women Sales Agents: The program will also recruit, train and support 60 women sales agents. As much as possible, we will select women who have knowledge of the garment or handicraft sectors, contacts within the rural areas or someone with previous sales experience. For example, we may recruit staff of NGOs who have a social enterprise for crafts but wish to undertake commercial activities, or a community member who has some mobility and knows many women embroiderers. The program target for the women sales agents is that they will work with 100 women embroiderers each. This is a reasonable target based on current buyers who work with

100's of women, and the existence of extended families where many adult women may live in a single household. Gross profits for sales agents are targeted for 200 Rs per outfit – or approximately 60,000 Rs per month. After expenses – transportation to rural areas, transportation of goods, office or storage space, purchase of design services, marketing activities, training – we estimate net income could be up to 30,000 Rs per month (\$1000). This means that by the end of Year 3, when 60 sales agents are active, monthly net incomes will be approximately \$60,000 per month. Therefore, in Year 4, the total income of sales agents will equal \$720,000.

Independent Designers: Professional designers will also be brought into the hand-embroidered garment value chain. In this case, we have very modest targets since not all sales agents and retailers will use designers and the ratio of designers to purchases of service should not be very high. Our target is to involve 9 designers in the subsector by the end of Year 3. Each designer will continue with current clients, and we cautiously estimate that they will spend 1 day per week working with microentrepreneurs at a rate of 2000 Rs per day. By the end of Year 3, the monthly income for the 9 designers from program-supported activities will be 72,000 Rs (\$1,200) and in Year 4 will total 864,000 Rs (\$14,400).

Urban Micro Garment Makers: Garment manufacturing microenterprises may have one or several employees. We have calculated that on average each sales agent will work with 3 garment makers to stitch 300 outfits per month from the embroidered fabric purchased from rural embroiderers. Each garment maker will receive approximately 150 Rs per outfit, and will therefore realize monthly revenues of 15,000 Rs. By the end of Year 3, this means that 180 garment makers will participate in the program and their monthly revenues will be 2.7 million Rs. In Year 4, the total income will be 32.4 million Rs (\$540,000).

Monitoring and Evaluation Plan

The primary point of intervention for our program will be through sales agents, and products will generally pass through them. As a requirement of our program we will expect them to keep good business records. This will enable us, through monitoring the records of the sales agents, to collect data on every aspect of the program. Random sampling of embroiderers and garment makers will be carried out to verify figures. Main indicators that will be measured through analysis of sales agent business data will be: 1) number of active women sales agents; 2) number of rural embroiderers represented by each sales agent on a month by month basis; 3) volume of embroidered units acquired from rural embroiderers per month; 4) amount paid to embroiderers for each transaction (specifying the number of units and the date of transaction); 5) number of urban garment makers represented or sub-contracted by each sales agent on a month by month basis; 6) volume of embroidered units stitched into outfits by garment makers per month; 7) amount paid to garment makers for each transaction (specifying the number of units and the date of transaction); 8) amount received by sales agents from retailers, exporters and exhibits, for each transaction; 9) costs of materials on a monthly basis; 10) number of sales agents acquiring design services on an fee-for-service or embedded basis per month; 11) amount paid for fee-for-service design work on a month by month basis; 12) other expenditures of sales agents on a monthly basis.

Key Personnel

Linda Jones will be the North American project lead. Linda combines a Ph.D. in Anthropology, extensive cross-cultural experience and ten years as a successful entrepreneur to bring a unique perspective to international economic development. Linda is a senior consultant at MEDA and has carried out business development assignments in Uganda, Peru, and Pakistan. Linda is a member of the SEEP Network's Working Group on Business Development, and has completed the following BDS training: the ILO BDS

Seminar, Turin; the SEEP Network's State of the Art course, Washington, DC; the ILO's certificate course in BDS Market Development; and a number of SEEP Network BDS Participatory Learning Workshops (Thailand, Indonesia, South Africa) supported by USAID.

Perveen Shaikh, Founder and President of ECDI will be the in-country project manager. Perveen has an MSc from the University of Karachi and is an external candidate for a Ph.D. in Development Studies, University of Wales. Perveen has been the driving force behind the ECDI achievements noted above in the Partner Implementing Institution Section. Perveen has been recognized by both national and international organizations, speaks at international events, and sits on numerous committees and boards.

In addition, Mary McVay and Alexandra Miehlebradt, both leading experts in the BDS field, are familiar with the project and have responded positively to our request to provide technical support as needed.

The Pakistani program coordinator and the facilitators will be selected based on relevant subsector and regional experience.

Grant Budget Plan

The total funding requested from USAID is: 2004, \$192,074; 2005, \$142,157; 2006, \$144,451. The proposed program will concentrate the use of funds in two key areas: the development of relationships and the strengthening of local capacity.

Interpersonal relationships are key to doing business in Pakistan. The proposed program will therefore concentrate on the development of relationships throughout the subsector. The program will leverage ECDI's extensive contacts in the targeted regions to build a network of women-to-women business relationships. This component of the program will be labor-intensive, requiring three rural and three urban facilitators. The project coordinator and facilitators will be selected for their interpersonal skills along with their ability to work in the subsector and regions.

Relationships will also be developed through group meetings, mini-exhibits, and workshops. Capacity building activities will include training sessions, workshops, seminars, peer support and mentoring activities. Program staff will be involved in these programs, and external resources will also be used. Once again, this is a labor-intensive activity, and funding will be used to support staff and trainers.

MEDA and ECDI will make a 25% cash and in-kind contribution. Cash contributions will be forthcoming from MEDA members (3000 business people in North America), we have already begun to raise awareness about potential work in Pakistan, and donations have already been made to the program.

Current Funding Source of Implementing Organization

Mennonite Economic Development Associates Statement of Funding Sources Based on the Year Ended June 30, 2003: MEDA obtains funding from a variety of sources including charitable contributions, grants and contracts from various international donors and professional services offered to other organizations. During the most recently completed fiscal year 37% of MEDA's revenue was derived from commercial sources.

Statement of Revenue
Charitable Contributions

\$1,363,414

MEDA ECDI Report
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Co-operative Agreements – USAID	\$ 177,755
Co-operative Agreements – Other US Government Agencies	\$ 585,209
Grants and Contracts – Other	\$1,490,024
Professional Services Revenue	\$1,773,185
Investment Earnings	\$ 92,682
Convention Fees	\$ 135,754
Miscellaneous Revenue	<u>\$ 136,677</u>
Total Revenue	\$5,755,700

MEDA’s partner in Pakistan, ECDI obtains funding from both donors and fee-for-service, primarily institutions.

Note re: NICRA

MEDA does not have a NICRA with USAID. However, MEDA has received previous awards from USAID and the requested documents are on file. Please let us know if you would like to receive duplicate copies.