

**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), EDCI 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 EDCI 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. EDCI 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

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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.

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- 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**

<b>Revenue Increases for Rural Embroiderers</b>	
<p><b>High Value Markets and Pricing</b></p> <p>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  <b>Embroiderers Earn:</b> 200 Rs per unit            3 units @ 200 = 600 / 3 units @ 60 = 180  <b>Total Monthly Income = 780</b></p>	<p><b>Low Value Markets</b></p> <p>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.  <b>Embroiderers Earn:</b> 40-70 Rs per unit            6 units at 60 = 360  <b>Total Monthly Income = 360</b></p>

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 Miehlbradt, 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
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.