



From Behind the Veil: Industry-Level Methodologies and the Implications for Disadvantaged Communities, the Case of Sequestered Women in Pakistan

Author: Linda Jones, Technical Director, Production and Marketing Linkages, MEDA

Co-author: Alexandra Snelgrove, Project Lead / Consultant, Production and Marketing Linkages, MEDA (Mennonite Economic Development Associates)

'Enterprise development' has evolved from the upgrading of individual businesses to the advancement of entire industries. New approaches – value chain development, making markets work for the poor, and industry competitiveness – are based on holistic views of economic structures and systems. This change has resulted in an increased focus on macro-level issues such as enabling environments, trade agreements, and national associations. As a result, some contributors to the development field are questioning the relevance of programmes that target microenterprises. Although the impact goals of development initiatives remain focussed on the world's poor, some argue that engagement at a higher level increases the potential for wealth creation for all. This paper presents the case of rural homebound women in Pakistan to illustrate that, although systemic analysis is essential to good programme design, projects that specifically target marginalized communities can produce significant results that would not be achievable through industry-level interventions alone.

Introduction

In recent years, the field of 'enterprise development' has shifted from a focus on upgrading individual businesses – whether microenterprises themselves or the supporting firms that provide essential services – to the advancement of entire industries. Programmes have been designed to include hundreds and even thousands of producers who are being served by a wide range of competitive support services. New approaches that have gained widespread acceptance – value chain development, making markets work for the poor, and industry competitiveness – are based on holistic views of economic structures and systems that incorporate poor producers at the bottom of the supply chain. This approach is resulting in an increased focus on macro-level issues such as enabling environments, trade agreements, and national associations. Practitioners are wrestling with

a host of critical challenges: for example, how can poor producers be integrated into global value chains and reach effective export markets if regulations and infrastructure are not supportive of this goal. As a result, some contributors to the development field are questioning the impact of activities that target producers at the microenterprise level. This position is manifested in strategies such as: strengthening of lead firms, streamlined export procedures, and improved standards at the processing level. Functioning as a kind of renewed trickle down approach, higher level interventions are seen as having the potential to create wealth for all.

The authors do not question the need for interventions at various levels in market systems, particularly in environments that impede commerce and disrupt the flow of products to viable consumers. And, we fully endorse a comprehensive

understanding of the industry and specific value chain in which one is intervening. However, we take a strong stand that direct engagement with marginalized communities must not be renounced for more glamorous interventions aimed at big business and government reform. We present the case of rural homebound women in Pakistan to illustrate that appropriate initiatives, focussed at the producer level, can enable large numbers of disadvantaged people to become active partners in the development of a targeted industry.

This paper provides a brief description of the evolution of the enterprise development field, background information on women in rural Pakistan that highlights the extreme degree of their marginalization, an overview of MEDA's work in Pakistan relating to economic development of sequestered women, a summary of the original programme design for the integration of homebound women into lucrative value chains, results of the programme to date, and conclusions relevant to the broader development industry.

Evolution of the Enterprise Development Field

Since the inception of widespread microfinance initiatives in the late 1980s, microenterprises have had access to non-financial services such as business plan development and training. It was not until relatively recently, however, that these services became a distinct development field, established in response to the need for expanded support (McVay and Miehlabradt, 2002). In 1998, the Committee of Donor Agencies for Small Enterprise Development established a separate Business Development Services (BDS) working group, including agencies such as GTZ, ILO, SDC, and DFID (Committee of Donor Agencies for Small Enterprise Development, 2001). Consistent with its roots, BDS was initially comprised of mainly training and technical assistance to address the internal business capacity of small enterprises. As firms began to demand additional products, the field evolved to encompass a wider array of services that helped entrepreneurs operate and grow their businesses, such as training on quality standards and control, product development and design, and market access and information (McVay and

Miehlabradt, 2004). At this early stage, government agencies and NGOs were directly involved in the provision of BDS, either as providers or through subsidies for services delivered by other entities.

There was limited impact with this approach as outreach was restricted by the level of subsidies available, and underperforming commercial providers were crowded out of the market rather than upgraded as sustainable alternatives (Committee of Donor Agencies for Small Enterprise Development, 2001). The limitations of this model led to the emergence of the Market Development Approach which focused on fostering vibrant BDS markets through the advancement of commercial providers (Morgan, 2005). The role of government and NGOs in service delivery consequently evolved into that of facilitator, i.e. promoting the development of effective commercial and sustainable support markets (Committee of Donor Agencies for Small Enterprise Development, 2001). This shift also opened the BDS field to include an even richer range of services, such as infrastructure, product/technology development, market access, management/organization, policy/advocacy, and alternative finance for weak BDS markets. Initially, the facilitation approach was not as effective in reaching disadvantaged groups causing further introspection by practitioners and, ultimately, greater progress in the field (Morgan, 2005).

New methodologies, such as value chain analysis, have been developed to examine entire industries and identify leverage points to upgrade market players and improve their ability to participate in global markets. No longer stand-alone activities, BDS interventions are now part of larger market development programs, viewed as one of many tools available for enterprise promotion (Miehlabradt and McVay, 2004). With this more holistic approach, greater emphasis is being placed on overall industry competitiveness with reduced attention to constraints and opportunities facing individual microenterprises. Agencies aim to address growth constraints by linking small enterprises to enhanced market opportunities, targeting entire subsectors or value chains, and focussing on higher level industry issues (USAID, 2005). Strategies, such as those that address supply chain efficiency or product differentiation, now

centre on interventions that promote economic growth for entire industries based on a causal model that this expansion will improve opportunities for small enterprises.

MEDA's experience in Pakistan demonstrates that while taking a systems perspective results in positive impact for disadvantaged populations (Jones and Shaikh, 2005a), in certain circumstance, interventions must specifically target producers in order to achieve impact and realize the industry vision.

Rural Women in Pakistan: extremes of marginalization

Poverty, illiteracy, remoteness, and tradition combine to create some of the most marginalized communities in the world; that is, rural women across Pakistan. For the past decade, 13.4% of the population of Pakistan has survived on less than \$1 per day, while almost two thirds have lived on under \$2 per day (United Nations, 2004). A significant percentage of the poor live in non-urban settings, with over 65% of the total population residing in rural areas (United Nations, 2004). Contributing to rural poverty in Pakistan is an entrenched feudal system whereby large landowners benefit from agricultural production while tenant labourers live at a subsistence level. It is estimated that almost half of Pakistan's gross national product and the bulk of its export earnings are derived primarily from the agricultural sector controlled by a few thousand feudal families (Shuja, 2000).

Women are effectively poorer than men, having little or no control over household income (e.g., Panhwar, 2004) and, when engaged in paid employment, earn less than 35% of the income of their male counterparts (United Nations 2004). In fact, many rural women in Pakistan suffer from a triple burden of labour. We commonly hear of the double burden faced by women in poor agrarian societies: that is, while they have full responsibility for the home and children, they are a primary source of unpaid agricultural labour on the homestead or in the landowner's fields (e.g., FAO, 2000). In Pakistan, the FAO estimates that women engaged as unpaid family workers account for 25% of all full-time and 75% of

all part-time agricultural labour (FAO website). Added to this, effectively creating a triple burden, women in rural Pakistan frequently supplement family income through handicraft piecework on commission for local middlemen (Jones and Shaikh, 2003). Piecework is characterized by exceptionally low wages for long hours of work: for example, MEDA and its partner in Pakistan, ECDI, have found that women earn as little as \$1 for embroidering a complete woman's outfit that can consume several days or even weeks. Women around the world continue to produce piecework in their spare time despite terribly low returns as it is often the only way that they can augment poverty-level household income (Suich and Murphy, 2002).

Nationally, 65% of women are illiterate (United Nations, 2004), with higher rates in rural areas: totalling 88% across rural Pakistan, and climbing to over 93% in Balochistan province (ADB, 2000).

Rural women are further isolated by remote living conditions in highly dispersed communities. Overall, the population is at approximately 166 people per square kilometer; while in Balochistan, the figure reaches a low of 19 people per square kilometer (Federal Bureau of Statistics website). Poor infrastructure heightens the geographic isolation of these communities. Only 56% of the roads are paved in Pakistan (World Bank, 2004), and there is a lack of access to communication technologies with only 44.2 fixed line or mobile phones for every 1000 people, and these are concentrated in urban centres (World Bank, 2004).

Conservative socio-cultural norms also contribute to the marginalization of women in Pakistan; this is particularly evident in impoverished rural areas such as Interior Sindh. The UN Human Development Report rates Pakistan 107 out of 177 on the Gender-Related Development Index (United Nations, 2004). Despite their recent advancement to this mid-level ranking, the situation of poor women is dire. The condition of women's lives results in Pakistan having the lowest female sex ratio in the world with 105 men to every 100 women (CIA World Factbook), and one of the highest maternal mortality rates (United Nations, 2004). But more significant in

terms of economic development, communities of women are bound by traditional rules of *pardah*, confining them to the homestead and segregating them from the larger society. Home seclusion in rural areas ranges from approximately 50% to 95%. (These estimates of home confinement rates are based on the experience of the MEDA and ECDI, and other NGOs working in the region.) The economic impact of such isolation from the public arena is dramatic – with no knowledge of markets and consumer demand, and limited options for gainful employment, women are denied the opportunity to contribute their human capital to the economic development of their families, communities and nation.

Overview of MEDA's work in Pakistan

In 2000, the Aga Khan Foundation commissioned MEDA to carry out a study (Sauder and Shaikh, 2000) that would determine the feasibility of a marketing initiative for women entrepreneurs engaged in a range of handicraft production activities across Pakistan. MEDA partnered with Entrepreneurship and Career Development Institute (ECDI), a Pakistani NGO, to complete the research work. This collaboration allowed MEDA to leverage ECDI's extensive experience and network amongst women microentrepreneurs, NGOs and government agencies throughout the country. 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.

Following on this feasibility study, MEDA and ECDI undertook a USAID-funded Small Enterprise and Education Promotion Network project under its Practitioner Learning Program to analyze the availability of support services to women microentrepreneurs in Pakistan. The research focussed on three subsectors in selected regions: urban and peri-urban garment manufacturers in Karachi, Lahore and Quetta; rural handicraft producers in Sindh, Balochistan and Punjab; and urban information technology entrepreneurs in Karachi and Islamabad (Jones and Shaikh, 2004). During the market assessment, MEDA and ECDI

discovered a fourth industry with significant unrealized commercial potential that crossed both the garment and handicraft subsectors: embroidered garments. Findings revealed that there is a growing market amongst middle class Pakistani women in urban centers who seek out quality hand-embroidered garments in contemporary styles, and are willing to pay a premium for these items. Although the quality of the embroidery of rural women is excellent, products are usually sold into low value traditional markets by means of long-established monopolistic distribution channels. A primary reason for this disconnect in consumer demand and producer supply results from socio-economic norms; since traders are generally men, transactions must be mediated by a male member of the household. As a result, cloistered women have neither the knowledge nor opportunity to develop products for higher value markets such as those found in Karachi and Islamabad.

MEDA and ECDI consequently conducted a subsector analysis to understand the constraints and opportunities pertaining to market players and mechanisms involved in hand-embroidered garment production and sales. This led to the design of a market development programme for the integration of homebound rural embroiderers into more profitable value chains (Jones, 2006). Based on effective facilitation strategies (Jones and Shaikh, 2005a), the project was launched in August 2004 with funding from USAID's Microenterprise Development (MD) Office's Implementation Grant Program.

Approach to Integrate Homebound Women into Lucrative Value Chains

Over the past year and a half, MEDA and ECDI have facilitated the development of commercial linkages and support services that are enabling marginalized homebound women to reach higher value markets with their products. There are two primary initiatives that specifically target rural embroiderers: the first focusses on the creation of a network of female intermediaries who link rural embroiderers to markets, providing product information, quality control, and design advice as part of their service

(Jones and Shaikh, 2005b). The second key intervention affecting homebound embroiderers directly involves the introduction of commercial design services into the subsector, stimulating the flow of valuable product development information throughout the supply chain. These interventions place an emphasis on building the capacity of individual producers and intermediaries so that they are better able to contribute to the development of a dynamic and sustainable market system.

Details of our original programme design as regarding these initiatives are:

Embedded package of market access, product development and quality control to rural embroiderers provided by women sales agents: The MEDA and ECDI programme planned to introduce mobile female sales agents directly to rural embroiderers, creating market linkages to urban buyers and developing an avenue for information flow from markets to producers. The project identified women who already acted or were willing to act as sales agents for rural embroiderers including: existing commercial intermediaries interested in expanding their reach and/or services, town- and city-based sales agents and retailers who wanted to connect with rural women but lacked established contacts, and village-level female entrepreneurs with more mobility than the majority of the population. To develop the necessary links with buyers, sales agents would be assisted to foster relationships with retailers, wholesalers, exporters, and exhibition organizers. New and existing sales agents would also be trained in areas such as community outreach, sales and marketing, and business development.

Product development and design services to mobile women sales agents, garment makers, retailers and exporter: MEDA and ECDI's research indicated that 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 full-time employees of small and medium scale garment manufacturers. The third are independent contractors who design for small garment manufacturers, selected boutiques and their own outlets. Not surprisingly, the third group

was identified as the most promising source of design services for the target clients. The project planned to raise the awareness of producers, intermediaries, retailers and other buyers regarding design services. At the same time, designers would be presented with an opportunity to expand their business, and the project would help them develop strategies for tapping into this new market – for example, affordable packages of services such as group consultations, workshops/training seminars, and off-the-shelf patterns and instruction kits.

Over the past year, adjustments have been made to the business models and strategies described above. These changes are reflective of both a holistic view of the value chain, and a focus on the integration and upgrading of microenterprises.

It was expected that homebound rural embroiderers would sell their products to mobile female sales agents who in turn would sell to male wholesalers and retailers. Yet, the level of segregation in project areas is so deep that even many female sales agents (outsiders) are often unable to interact directly with the embroiderers. To overcome this constraint, a two-tiered model has been devised with embroiderers selling to lead women from their own villages – Community Sales Agents (CSAs) – who in turn sell the products to town-based women intermediaries – Local Sales Agents (LSAs). As this model has developed and as CSAs have gained greater skills, they sometimes compete with LSAs by selling directly to retailers and other buyers. This adds richness to the value chain and provides greater choice for women entrepreneurs, reducing the potential for the emergence of exploitative monopolies.

The threat of monopolies is an ongoing concern of the project. CSAs have been a positive response to this challenge since, as members of the village, they are less able to push inequitable business deals than outsiders who have no family or community connections. However, another step has been taken to improve the bargaining power of and increase benefit to producers: the programme has facilitated the establishment of informal joint ventures. In this model, the CSA is a part of the community producer group, but acts as a lead

member. Order information is shared transparently with the group; CSAs receive a commission that recognizes their leadership role; and producers can choose to contribute to individual orders as time allows. The formation of these joint ventures therefore not only reduces the risks of monopolies, it also promotes the sharing of work that takes women's other commitments into consideration.

To enhance the ability of women to reach new markets, formal designers were identified for the introduction of contemporary designs into the value chain. However, although alternative pricing and delivery mechanisms were tested, neither CSAs nor most LSAs have been able and/or willing to purchase custom designs on an ongoing basis. At the same time, a cultural divide between the formal designers and the women operating in the informal market has emerged, and this schism makes the development of consistent win-win relationships problematic. MEDA and ECDI conducted further market research to find a solution to this constraint and learned about the existence of another value chain actor who could offer the needed services: the tracer designer. These individuals, mostly men, design embroidery stencils and either sell the prints to input supply shops or provide an imprinting service directly to clients. The majority of these designers are located in local town markets where mobile SAs are not only able to interact with them but can also afford their services. The project has therefore invested resources to upgrade the capacity of tracer designers which has proven to be a successful strategy for the introduction of contemporary designs into the value chain.

A final project innovation is the development of buying houses as a means to manage orders and ensure product quality. There are currently two in operation that have been facilitated by programme staff: one in Multan and the other in Karachi. The buying houses are owned by independent sales agents, although the latter was initially subsidized through non-project funds. The buying houses function as a link between urban buyers and SAs: they display samples, take orders, distribute orders to appropriate producer groups via a network of CSAs and LSAs, monitor timeliness, receive completed

work, review quality, package, ship to buyers, manage accounts payable, and distribute payment to SAs and producers. SAs are not obliged to work through buying houses, and many still take orders directly from buyers.

These project modifications have led to increased quantities of higher quality products moving up the value chain to more lucrative markets, while facilitating the flow of market information to producers. In this way, a more competitive value chain has been developed by focusing on the functioning and contribution of rural homebound producers.

Mid-Term Programme Results

Rural homebound women, marginalized by geography, poverty, and home confinement, are now active participants in the hand-embroidered garment subsector. Programme initiatives have enabled embroiderers to acquire information, respond to consumer demand, access higher value markets, and raise revenues by two to three times without an increase in actual labour.

Quantitative Mid-Term Results

The goal of the market development programme is to reach 6000 homebound embroiderers over three years, providing them with opportunities to participate in the embroidered garment subsector, and earn incomes of at least \$30 per month by the end of the project. By December 2005, at the halfway point in the project, over 7000 women had been reached and had some involvement in the initiative with at least occasional employment. Of this total, almost 2000 are regular participants, already earning over \$20 per month on average. At the same time, the programme is assisting over 160 urban garment makers and 185 women sales agents to participate in the value chain. The garment makers and sales agents have also seen increased revenues as a result of project-related sales, with profits of \$14/month and \$45/month respectively.

Qualitative Mid-Term Results

The project offers women an opportunity for economic advancement, but for many it has also led

to broader empowerment on a number of levels: participation in community groups, changing family relationships, and engagement with the larger society. Some of these outcomes are briefly described below.

From the outset, MEDA and ECDI have been very clear in their offer to women, their families, and communities; the programme presents an economic opportunity. There is no pressure exerted on any woman or her household to participate in the initiative, or any aspect of programming with which they are not completely comfortable. And, the project does not preach social change – there is no discussion of gender or socio-cultural issues. As communities have become more involved in market development activities, they have developed trust for the MEDA and ECDI personnel and interventions, and this has led to increased participation by women in every facet of the programme.

Rural embroiderers are actively participating in group activities: workshops and seminar, meetings, and joint ventures. Women have come together to act as an economic unit in order to fill larger orders and to negotiate with buyers. When a joint venture is formed, a community woman takes the role of lead producer, and the rest of the group negotiates both with and through her.

Group activities have also impacted family relationships. Initially, some producers would only participate in a group venue if a male family member accompanied them and observed the proceedings. As trust was built, this situation evolved through various stages: first, escorts waited outside the meeting room; next, women were dropped off and picked up; and finally, multiple producers travelled to meetings together without a male escort. Families are often very supportive and proud of women as they become economically empowered and demonstrate their productive capacity outside the household sphere.

Finally, project activities have brought rural embroiderers more and more into the public arena. In particular, CSAs have left their village homes to participate in exhibitions and interact with LSAs and other buyers. Women who rarely left their rural communities prior to the programme have journeyed

in pairs or groups on the train from Balochistan, Sindh and Punjab to participate in public exhibitions of their work in the teaming metropolis of Karachi.

Conclusions

The MEDA and ECDI programme is providing thousands of homebound women in Pakistan with the opportunity to increase incomes and contribute to the economic advancement of their households, communities and the selected industry. If MEDA and ECDI had chosen to focus on a higher level in the subsector – such as regulations concerning the formalization of microenterprises or trade agreements that surround the garment industry – the desired impact on poor rural producers would not have been achieved. Embroiderers' potential to organize, produce better outputs, and engage with the market would not have been realized and they therefore would not be able to meet market demand. Consequently, the entire industry would not have developed as it has, and a series of players in the chain – producers, community and local sales agents, urban buyers and exporters, tracer designers and retailers – would not have had the opportunity to participate in this lucrative subsector. Concentrating efforts at the producer level, in this situation, has not only enabled marginalized women to improve their livelihoods, but has also helped them to become active partners in the economic advancement of an industry.

A holistic approach that leads to an understanding of a market system in which practitioners plan to intervene is often an essential ingredient to programme success. Systemic analysis enables project facilitators to determine the specific interventions that will accomplish maximum growth for an industry and the stakeholders within it. In some cases, the greatest need may be at the industry level. However, under certain circumstances, significant impact can only be achieved by focusing on the capacity of individual producers at the bottom of the supply chain. The case in Pakistan provides an illustration where optimal results have been achieved through the design and implementation of producer-focused programming.

REFERENCES

Asian Development Bank 2000, *Women in Pakistan: country briefing paper*, Asian Development Bank, Manila.

Central Intelligence Agency 2004, *The World Factbook*, Central Intelligence Agency, Washington, DC, viewed March 3, 2006, <http://www.cia.gov/cia/publications/factbook/geos/pk.html>.

Committee of Donor Agencies for Enterprise Development 2001, *Business Development Services for Small Enterprises: Guiding Principles for Donor Intervention*, Committee of Donor Agencies for Enterprise Development.

Federal Bureau of Statistics 2004, *Population Statistics*, Federal Bureau of Statistics, Islamabad, viewed March 3, 2006, <http://www.statpak.gov.pk/depts/pco/statistics/statistics.html>.

Food and Agriculture Organization 2000, *A Synthesis Report of the Near East Region – Women, Agriculture and Rural Development*, Food and Agriculture Organization, Rome.

Food and Agriculture Organization, viewed March 3, 2006, Food and Agriculture Organization, Rome, <http://www.fao.org/sd/WPdirect/WPre0111.htm>

Jones, Linda 2006 pending, *Using Market Research to Discern Innovative Solutions*, Trickle Up – 25th Anniversary Symposium Papers, New York.

Jones, Linda and Perveen Shaikh 2003, *MEDA ECDI Market Assessment Report*, for the Small Enterprise Education and Promotion Network Practitioner Learning Program, Washington DC.

Jones, Linda and Perveen Shaikh 2005a, *The Role of the Facilitator: Taking a Systems Perspective*, The Small Enterprise Education and Promotion Network Technical Paper, Washington DC.

Jones, Linda and Perveen Shaikh 2005b, *Middlemen as Agents of Change: the Case of MEDA and ECDI in Pakistan*, The Small Enterprise Education and Promotion Network Technical Paper, Washington DC.

McVay, Mary and A. Miehlabradt 2002, *Developing Commercial Markets for Business Development Services: Are 'How-to-do-it Recipes Possible?*, Publications

International Training Centre of the International Labour Organization, Turin, Italy.

McVay, Mary and A. Miehlabradt 2004, *Developing Markets for Business Development Services: Pioneering Systemic Approaches*, Publications International Training Centre of the International Labour Organization, Turin, Italy.

McVay, Mary and A. Miehlabradt 2005, *From BDS to Making Markets Work for the Poor*, Publications International Training Centre of the International Labour Organization, Turin, Italy.

Morgan, Mary 2005, Personal Communication via Listserv Discussion *Enterprise Development: Defining the Field*, The Small Enterprise Education and Promotion Network, Washington DC.

Panhwar, Farzana 2004, 'Organic Farming in Pakistan', *City Farmer: Canada's Office of Urban Agriculture*, viewed March 3, 2006, <http://www.cityfarmer.org/pakistanOrgFarming.html>.

Sauder, Allan and Perveen Shaikh 2000, *A Marketing Initiative for Women Entrepreneurs in Pakistan*, The Aga Khan Foundation, Ottawa.

Shuja, Sharif 2000, 'Feudalism: Root Cause of Pakistan's Malaise,' *News Weekly Australia*, viewed March 3, 2006, http://www.newsweekly.com.au/articles/2000mar25_pfrco pm.html.

Suich, Helen and Carol Murphy 2002, *Crafty Women: the livelihood impact of craft income in Caprivi*, report for Directorate of Environmental Affairs, Ministry of Environment and Tourism, Namibia.

United Nations Development Program 2004, *UN Human Development Report*, viewed March 3, 2006 <http://hdr.undp.org/statistics/data/countries.cfm?c=PAK>.

United States Agency for International Development 2005, *Value Chain Approach to Poverty Reduction: Equitable Growth in Today's Global Economy*, United States Agency for International Development Accelerated Microenterprise Advancement Project, Washington, D.C.

World Bank 2005, *World Development Indicators (WDI) database*, World Bank, Washington D.C., viewed March 3, 2006, <http://devdata.worldbank.org/external/CPProfile.asp?PTYPE=CP&CCODE=PAK> .