

# ***Integrating Homebound Women into Lucrative Supply Chains***

## ***By Alexandra Snelgrove<sup>1</sup>***

*In a culturally sensitive manner, MEDA's recently completed program in Pakistan enabled women embroiderers to overcome constraints and participate directly in the hand-embroidered garment subsector, increase their household income, and become empowered to contribute to household decision-making. The implementation of a sustainable business model involved the training and deployment of commission-based women mobile sales agents who, unlike traditional middlemen, can conduct face-to-face transactions with sequestered embroiderers who by the tradition of purdah are excluded from market interaction. Behind the Veil offered 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. The program is an excellent case study of how a market facilitator can effectively integrate isolated populations into growing markets on a sustainable basis.*

### ***1. Introduction***

Mennonite Economic Development Associates (MEDA) and Entrepreneurship Career Development Institute (ECDI) recently completed implementing the Behind the Veil Project in Pakistan. Started in 2004, the project's objective was to integrate rural women into more profitable value chains, to increase their economic participation, and enable greater contribution to household income. Substantial economic and social empowerment has been achieved for rural women involved in this project.

### ***2. Context***

Close to three quarters of the population of Pakistan survives on less than \$2 per day (United Nations, 2007). Over 65% of the total population resides in rural areas (United Nations, 2007). The situation is compounded for women who are effectively poorer than men; when engaged in paid employment, women typically earn less than 35% of the income of their male counterparts (United Nations 2007).

Women suffer from a triple burden of labour. In addition to their responsibilities in the agricultural field, women also have full responsibility for the home and children and supplement family income through handicraft piecework, characterized by exceptionally low wages for long hours of work (Jones and Shaikh, 2003). The situation for women living in rural areas of Pakistan is further compounded with remote communities that are highly dispersed and connected by weak infrastructure. Social-cultural norms, particularly in rural areas, contribute to the marginalization of women in Pakistan. The traditional practice of *purdah* confines women to their homes and community thereby isolating them from the larger society. As a result, rural homebound women are unable

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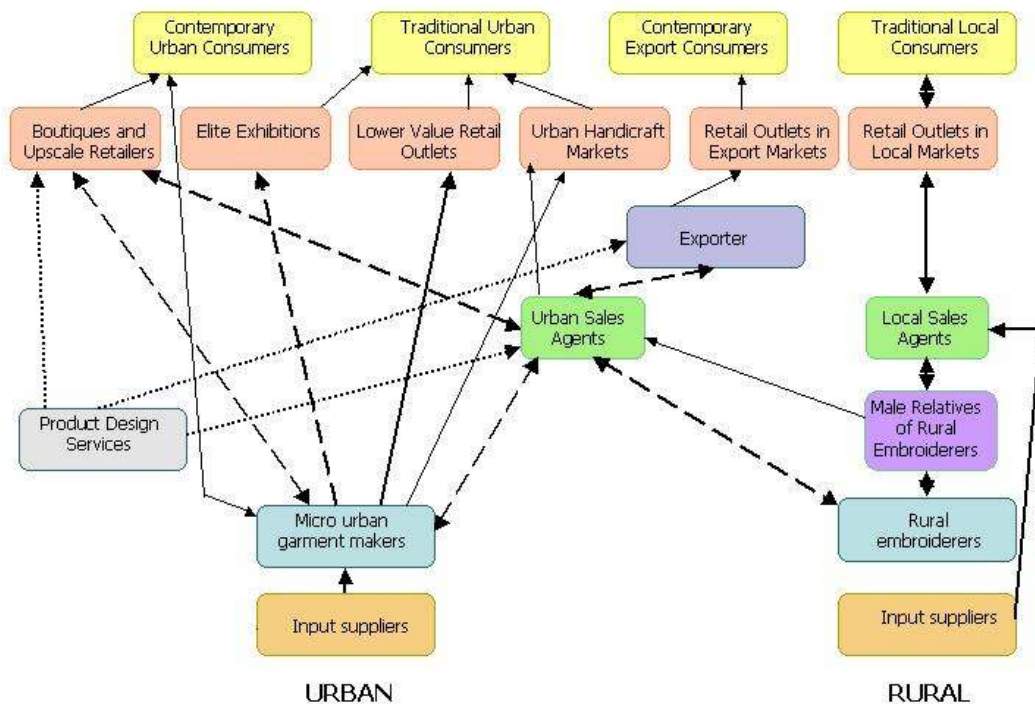
to interact with markets and have diminished employment opportunities preventing their contribution towards building their household's income.

### 3. MEDA & ECDI's Methodology

It was in this context that MEDA and ECDI launched a new USAID-funded project in 2004 aimed at improving income opportunities for rural, homebound women in Pakistan, specifically those producing hand-embroidered fabric.

A critical component of the program design process was an in-depth market assessment to determine key opportunities and barriers that hindered home-bound women from reaching high-value markets for their products. The research team discovered that there was a growing market, particularly amongst the large middle class, for quality fabrics that incorporated contemporary designs. And while rural embroiderers possessed excellent technical expertise, they were essentially cut off from markets due to the reliance on male family members for trading activities. As a result, they continued to produce low-quality product with traditional designs that sold through low-value market channels. The inability of these producers to interact with the market meant that they were unaware of new market opportunities and were unable to access critical support services which would assist them in serving these new customers.

*Embroidery Sector Value Chain Map, Pre-Project, Pakistan*

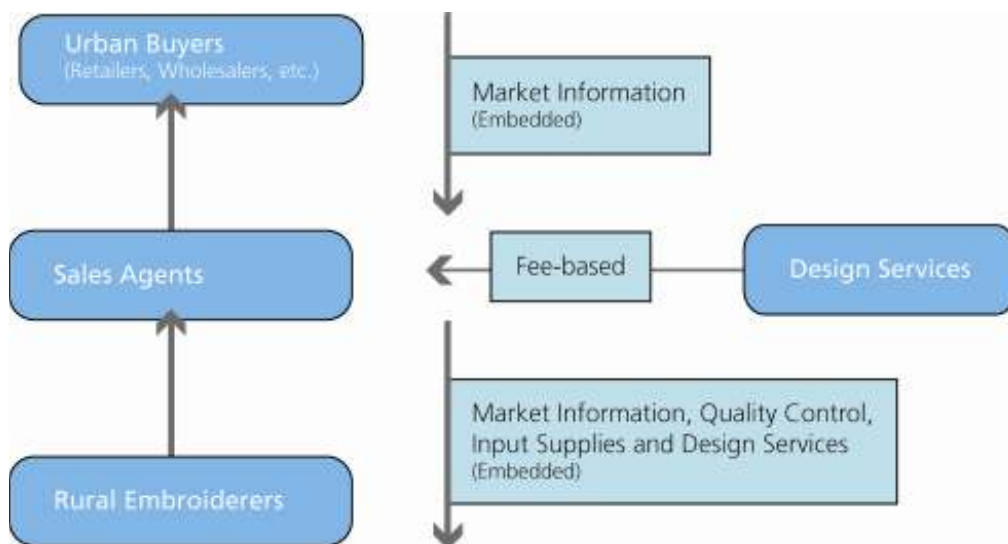


As part of MEDA and ECDI's market assessment, a fledgling business model was identified whereby female sales agents purchased product from homebound women for sale to retailers and wholesalers. These sales agents were relatively more mobile and

were therefore able to connect to both rural communities and urban buyers. This business model had substantial potential for replication and could be leveraged to transfer critical support services, such as information, modern designs, and quality inputs, through to rural, homebound producers.

Behind the Veil focused on developing the embroidered garment value chain by replicating this model and identifying mobile women to become intermediaries. Female sales agents purchase embroidered fabrics from rural producers with sales to retailers, wholesalers, and other buyers in high-value urban markets. As part of these transactions, the sales agents embed product information, quality control and contemporary designs into their sales services to enhance the quality and productivity of rural embroiderers and strengthen the product offering. Additionally, the availability of contemporary designs is strengthened as female sales agents purchase new designs from both formal designers and tracer designers to disseminate to rural producers. The result is a product that more appropriately matches the demands of middle-class consumers in Pakistan. The graph below highlights the information flows that have been facilitated through this model.

*Sales Agent Model Information Flows*



The program was extremely cost-effective with a cost of \$100 per direct project client over three years (a few dollars per year per direct and indirect beneficiary).<sup>2</sup>

<sup>2</sup> Jones and Snelgrove (2006), Jones and Shaikh (2005)

#### **4. Project Activities**

The following section describes the key project interventions to facilitate the aforementioned women-to-women sales agent model. The description includes activities outlined in the initial program design as well as additional efforts that responded to changing market signals.

##### *Skills Enhancement of Sales Agents*

Recruitment of Sales Agents for the program was one of the first activities carried out by the project. Groups of potential sales agents were identified and invited to attend a workshop which included a program overview as well as training on basic business management. Selected sales agents for the program were provided with an orientation and additional training on technical topics such as cutting and marketing. Further capacity building training modules included sessions on: design needs assessment, design training, quality and innovation, group formation, mobilization and group dynamics, market survey and research, exhibition techniques, time management, unity organization and conflict resolution, new cluster development, product development, and entrepreneurial skill development. Ongoing counseling and mentoring was also provided to sales agents to ensure they were effectively able to act as intermediaries. In addition, rural embroiderers were provided with training on practical negotiation and bargaining techniques to help counter monopolies and promote improved win-win relationships.

To facilitate on-going skills enhancement, project staff supported a sales agent-led membership association called Association of Women Entrepreneurs in Small and Micro Enterprise (AWESOME). Support was in the form of training in entrepreneurial competency development and association building. The association is membership-based and provides ongoing assistance for sales agents to discuss common issues and for further capacity building.

##### *Input Supply Linkages*

In order to address limited access to quality input suppliers, the project developed a range of innovative strategies including training for existing input supply shops, support for SAs to act as mobile input suppliers and assistance for women opening small home-based supply shops. Input suppliers received support in building their capacity to serve their clients with training topics including product development, pricing, marketing, and service delivery.

##### *Introduction of New Designs*

In addition to design training for sales agents, it was originally envisioned that linkages would be facilitated between intermediaries and formal designers. Designers introduced contemporary design concepts to sales agents, specifically less “busy” designs, more accent focus (borders), enhanced tone on tone, new twists on old patterns, and improved quality control. Given financial and cultural constraints, attempts to link sales agents to formal designers on an on-going basis proved difficult. An

alternative type of designer, a tracer designer, was therefore identified. Providing a critical support service, the tracer designer stencils the design on the fabric. Through the project, these designers participated in a range of training (both group and one-on-one sessions) to help improve their capacity to advise sales agents on fabrics and colour and develop new designs. Interesting to note is that contemporary designs have also been introduced by the sales agents themselves who have been able to adapt and modernize designs based on their participation in design training.

### *Marketing Activities*

As part of the market assessment at the start of the project, the staff were able to identify potential buyers (including retailers, boutiques, and wholesalers) and establish program links. Over the life of the project, efforts were made to facilitate the capacity of sales agents to work with these buyers on a sustainable basis. Exhibitions were a key marketing activity as they allowed the sales agents to explore new market opportunities while at the same time strengthen their marketing skills. Originally, the project covered the costs associated with participation for these events. This was eventually transitioned out with the sales agents paying full registration fees by the end of the project. Another integral marketing activity was support of the buying houses which link wholesalers and producers and provide quality control, transportation, and sales services. These entities are operated by sales agents and are sustainable and commercially viable.

### *Exit Strategy*

Three key activities ensured that program benefits for target clients continued beyond the project: 1) the transition of the project-funded Rural Facilitators into Business Development Services Centers, 2) the commercialization of the buying houses, and 3) expansion of the AWESOME network.

The Rural Facilitators were key project staff located in each region. These Rural Facilitation Offices have been commercialized into a business unit (with revenue streams) to provide ongoing support services to different value chain actors. To facilitate this transition, training was provided on delivery of business services, basic bookkeeping, and basic business management. These offices are now commercially viable Business Development Services (BDS) Centers run by the Rural Facilitators.

The second component of the exit strategy was support for complete commercialization of the buying houses in each district. Specialized training was provided to buying house owners to ensure that they were able to generate sustainable incomes and formulate lucrative linkages with markets beyond the life of the project. Training centered on enhancing the owners' capacity such that the buying houses operate as market-based boutiques catering to high-income consumers as well as display venues for samples supplied by CSAs to generate orders from wholesalers and retailers.

The Association of Women Entrepreneurs in Small and Micro Enterprise (AWESOME) establishes a free space for the SAs to discuss views, share market

information and pool resources to expand business concerns. AWESOME, as a forum, has far-reaching impacts on the duplication and the 'multiplier effect' of the project's success in rural Pakistan. The project has continued to support the development of this association as it transitions into a revenue generating endeavour.

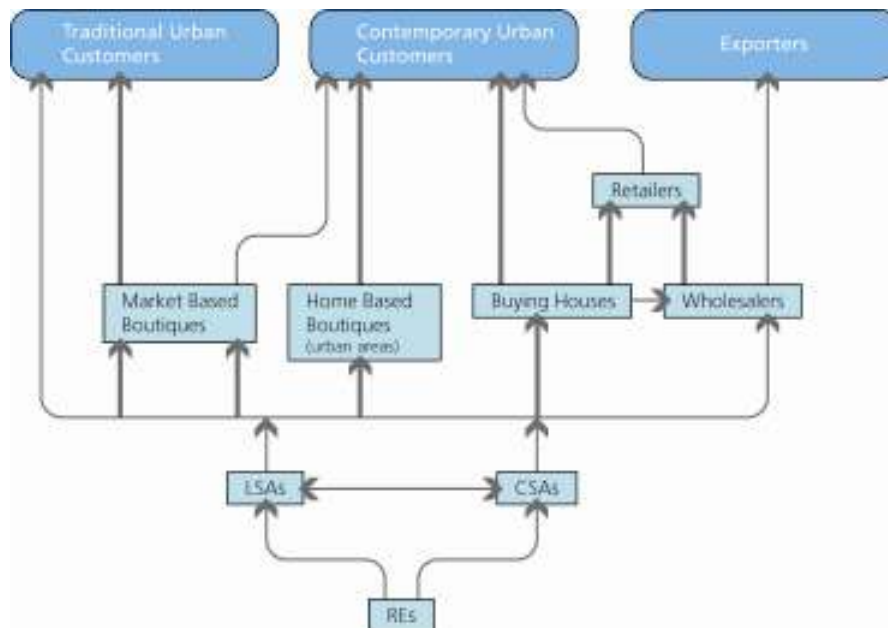
## **5. Project Results**

The Behind the Veil Project closed in the fall of 2007. At the end of the project, 213 female sales agent had been trained and were working with 9,295 rural embroiderers. Of the sales agents participating in the project, 174 engaged 6,746 rural embroiderers on a monthly basis. Prior to the launch of the project, it was estimated that the average monthly income for a rural embroiderer was approximately Rps 360/month (US\$6.00). At the end of the project, the average monthly income for embroiderers participating in the project had risen, on average, to approximately RPS1295 (\$21). Incomes for sales agents at the end of the program averaged Rps 75,180 (USD\$1252).

In addition to tracking income and sales improvements, the project also developed a system to monitor qualitative improvements in terms of household status and quality of life. The results of these surveys revealed that while the project offers an economic opportunity for women, increased contribution to household income has resulted in improved standards of living and status within the household. In addition to reporting that their status in the household has risen as a result of greater economic contribution (78%), target clients have also reported an increased mobility through the new income opportunity (76%).

Prior to the launch of Behind the Veil, the majority of product flowed through male family members to traditional low-value markets. Most rural embroiderers were unable to interact with potential buyers and were unaware of the changing market opportunities in their sector. The diagram below highlights the richness of the embroidered garment subsector as a result of the sales agent model. Embroiderers are no longer dependent on their male family members and now have a range of selling options in addition to access to critical support services to enhance product development.

*Embroidered Garment Subsector Map – post-project*



The richness that has developed in the value chain will allow actors in the chain to respond to changing market dynamics and opportunities in a sustainable manner without support from outside parties.

## **6. Lessons Learned on Integrating Rural Producers into Lucrative Value Chains**

The Behind the Veil Program started with an in-depth market assessment to determine the key constraints preventing rural, homebound women from integrating into more lucrative value chains. The assessment identified a fledgling model that had significant potential to facilitate access for rural producers to new market opportunities thereby improving their incomes and economic contribution to the household. Through implementation and facilitation of this model, a number of key lessons emerged.

*Responding to market dynamics:* One of the most significant lessons has been the importance of responding to new initiatives in the market and incorporating them into the program design. MEDA and ECDI were very successful at recruiting entrepreneurial SAs for the program. These SAs seized on new opportunities in the market with the project providing support as they pursued these new initiatives. A prime example is the establishment of buying houses – operations that were not included in the original project design but developed in response to market conditions. The ability to be flexible and adapt the program model based on market feedback has allowed the project to ensure rich, dynamic, web-like value chains which have enhanced the level of benefits for program clients and strengthened their long-term viability.

*Deepening value chains:* One of the key lessons learned over the life of the project is the importance of ensuring rich, dynamic value chains when attempting to connect

rural, isolated women. The original project design envisioned rural embroiderers reaching male wholesalers and retailers through direct links with female sales agents. It was soon apparent, however, that the level of segregation was so deeply entrenched that even a number of these mobile sales agents were unable to interact directly with the embroiderers. Instead, a two-tiered model was devised with embroiderers selling to Community Sales Agents (CSAs). The CSAs often sell the product to Local Sales Agents (LSAs), typically women based in urban areas with home boutiques. As this model developed and as CSA gained greater skills, they sometime compete with LSAs by selling direct to retailers and buyers, adding richness to the market system and providing more choices for women entrepreneurs. This second level ensures that women are able to be incorporated into the value chain, whether through one intermediary or two. The use of producer groups and buying houses also helped to enhance links between sales agents and rural embroiderers. These developments have added richness to the value chain and provided greater choice for remote, isolated women entrepreneurs. They have also demonstrated that a range of options are required to ensure their access to mainstream markets.

*Connect at similar points in value chain:* To further enhance the ability of women to reach new markets, formal designers were identified to introduce contemporary designs into the value chain ensuring products met the demands of urban consumers. While it was originally planned to link embroiderers to formal designers through sales agents, it soon became apparent that intermediaries did not have the financial means to purchase new designs on an ongoing basis. The cultural divide between formal designers and women operating in the informal market further prevented the purchase of innovative designs. However, an additional value chain actor was identified: the tracer designer. These individuals, mostly men, design the embroidery stencils and imprint the designs on the fabric. The majority of these designers are located in local markets. Mobile sales agents were not only able to interact with these men but could also afford their services. Helping improve the quality and innovativeness of these trace designs have proven to be a successful way to introduce contemporary designs into the market. As a result, greater focus was placed on the links between informal tracer designers and SAs demonstrating that in order to integrate informal actors into mainstream markets, entry points for value chain interventions often must occur at equivalent points in the chain.

*Embedded service provision:* Due to the lack of finance in the value chain, the project model was heavily centred on services provided through embedded packages. The rural embroiderers receive contemporary designs and product improvement through their contracts with the sales agents. SAs have also acquired services in the form of input supplies and fabric. Some SAs have relied on third party payment through wholesalers. Provision of services on this basis has proven problematic due to the lack of trust in the value chain. Wholesalers are reluctant to provide third-party payment for input supplies as they worry SAs may use these products for other orders; meanwhile, SAs are anxious that wholesalers will not provide a fair price. REs believe that SAs will develop monopolies, hence the evolution of joint ventures/producer groups. In all of these situations, it has become apparent that embedded and third party services can be problematic in value chains with weak relationships.

*Reaching women in conflict prone areas:* The project experienced varying rates of growth in different geographic areas, in large part due to the level of isolation of women in these regions. For example, the difficulty in accessing and reaching women in Thatta, a very conservative area, has meant lower levels of engagement than experienced in other regions. As a result, the project is highlighting some of the challenges incorporating isolated women into the project. One of the strategies adopted was to work with the men in the community to make them aware of the project, the commitment that it entails from their female family members, and the benefits to the family that will accrue through their participation.

*Preventing monopolies:* Enriched value chains help mitigate the risk that remote producers are subject to a monopoly. Strategies to prevent monopolistic buying patterns have included expanding the range of selling options for producers, developing links between informal actors, including interventions at points further down the value chain, and strategies to promote the project benefits to male members of the target communities. Prevention of monopolies is key when working with remote populations; their integration into markets and creative strategies towards fostering competition can help prevent monopolistic buying patterns.

*Intermediaries as catalysts:* Today, most value chain development organizations would agree that intermediaries can play an effective role as agents of change. However, when the Behind the Veil program was designed the myth of the malicious middlemen still prevailed; intermediaries were not widely used as entry points for program interventions. The Behind the Veil program has demonstrated that intermediaries (in this case female sales agents) can effectively be used as channels to disseminate important market information. The delivery of information and training through these channels fostered relationship-driven transactions that helped improve the balance of power in the value chain, leading to enhanced benefits for all value chain actors.

*Consider sustainability from day one:* Three factors that will substantially impact the ongoing accrual of benefits are creation of BDS centers, the commercialization of the buying houses, and expansion of the AWESOME network. Each started as a program intervention designed to further facilitate market access for SAs and REs and foster improved relationships and linkages, either horizontally and vertically, and contributed immensely to the program's success. The sustainability of each activity had to be considered from the onset to ensure that the service or benefit provided from these entities would continue beyond the life of the project. Considering sustainability measures and strategies helped ensure the longevity of each initiative.

*Don't limit focus to one value chain:* From the onset of the project, a key market opportunity was identified – urban, middle class consumers. This consumer segment represented an excellent market opportunity for homebound embroiderers to upgrade from traditional low-value markets. However, the project did not focus on only one market opportunity for producers. It was recognized that there was merit in enhancing

sales to the traditional markets while building quality of products. And that while there were substantial opportunities in export markets, producers and sales agents needed to manage growth to ensure products delivered to market consistently met quality and design standards. Facilitating access to a range of markets helped ensure embroiderers were able to reach diverse market channels thereby enhancing the stability of their incomes.

In conclusion, the significant results achieved by MEDA and ECDI's Behind the Veil Project have demonstrated a proven model in Pakistan to facilitate the integration of rural women into profitable supply chains. MEDA recently launched a new project, funded by the Canadian International Development Agency, to replicate the success of the Behind the Veil Project to new geographic areas and value chains. MEDA and ECDI's project is a solid example of how to effectively reach marginalized populations, i.e. homebound rural female producers, with a market development approach. The lessons discussed in this paper carry significant relevance for market facilitators as they aim to effectively integrate new producers in productive value chains in a culturally and context appropriate manner.

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