



Investing in rural people

## Mobilizing public-private partnerships in support of women-led small business development

GRANT RESULTS SHEET



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The goal was to create new sources of income for women in Tajikistan, Kyrgyzstan and Afghanistan, and contribute to improving their status

### Goals and objectives

When trying to develop a business, women in Afghanistan, Kyrgyzstan and Tajikistan, face multiple obstacles that have to do with their gender and with the challenging economic environment, which affects women more profoundly than men. The project set out to establish 30 sustainable women-led businesses that would generate incomes for about 500 rural households in these three countries by supporting the fibre value chain. Its specific objectives included:

- value-added processing of fibre
- building institutions
- creating links with international buyers and fibre producers.

### Beneficiaries

Participants included about 300 small goat and sheep producers in Tajikistan and Kyrgyzstan, who sold cashgora, cashmere and wool fibre to local women artisans. A further 150 rural women spinners, felters and weavers in Tajikistan, Kyrgyzstan and Afghanistan then processed these fibres into yarn and products both for export and for the local market.

### Main results

#### Afghanistan

Two spinning groups comprising 20 spinners were established in remote areas of northern Afghanistan near the Tajik border. The groups spin yarn from Afghan cashmere and export it with the help of the groups in northern Tajikistan, who dye the Afghan yarn and ship it to the United States together with their own yarn. The Afghan cashmere yarn is also marketed by PortFiber and sells very well on the USA market.



## Facts at a glance

### Name of agency

Aga Khan Foundation UK

### Theme

Economic inclusion, Gender, Value Chains

### Benefiting countries

Afghanistan, Kyrgyzstan, Tajikistan

### Total programme cost

US\$2,300,000

IFAD contribution: US\$1,300,000

AKF co-financing: US\$1,000,000

### Partners

Mountain Societies Development Support Programme Tajikistan, Mountain Societies Development Support Programme Kyrgyzstan and Aga Khan Foundation Afghanistan

### Effectiveness and duration

March 2013 - March 2017

### Linkages to IFAD investment projects

Afghanistan: Rural Microfinance and Livestock Support Programme; Central Region Community Development Project

Kyrgyzstan: Livestock and Market Development Project

Tajikistan: Livestock and Pasture Development Project

The Afghan spinners also earn approximately US\$100 from part-time spinning and are in charge of their business. In total, 55 kg of cashmere yarn suitable for the international market was produced and 46 kg was exported to the USA, making a profit of US\$7,042. Additionally, 80kg of local wool for the domestic markets was produced and 55 kg of it was sold, allowing the groups to make a profit of US\$800.

Linkages with the Herat-based Hotak Cashmere Company were created for de-hairing cashgora wool.

The groups were trained to manage their own funds and were able to manage payments for some of their expenses during the project. This helped them to gain skills in money transactions, savings, paying bank charges, distribution, and calculation of wool and yarn prices.

### Kyrgyzstan

Some 100 beneficiaries have developed skills in handicraft production and marketing, and are generating increased income. Women were provided with training, as well as the equipment and tools needed to improve the quality and quantity of their output. As a direct result, handicraft products are now being retailed internationally.

In order to increase their domestic sales, a point of sale was established at a major hotel in a town close to the women's handicraft groups. Each entrepreneur earned about US\$1,236, representing a significant contribution to their household incomes (which average US\$1,400 per annum). Some of the profits have been channelled into a revolving fund that will enable women to access the capital needed to purchase raw materials.

To extend outreach to more women, the targeted groups formed a registered association called *Aidemi* (women's inspiration), which can provide training, counselling, coaching and other services. The association will further enable members to arrange exports with local and international customers, and will serve as a platform for fundraising.

### Tajikistan

Seven independent, women-led, export-oriented businesses were established that process dehaired cashgora fibre into export-grade yarn (three in northern Tajikistan and four in the Gorno-Badakhshan Autonomous Region [GBAO]). They are officially registered, provide workspace for members, finance yarn production with the help of a revolving fund, and have linkages with fibre suppliers in GBAO, a dehairing facility in Afghanistan and yarn buyers in the USA.

The value chain currently benefits approximately 80 Tajik spinners and 250 cashgora goat producers, generating about US\$68,000 in earnings each year. The spinners earn US\$80-100 per month working part-time and receive a yearly share of profits. During the project, they earned US\$46,300 from yarn sales and started using these funds to finance yarn production. Yarn exports grew from 7kg to 218kg (2013-2016); it is expected that 600kg will be produced within the next 2-3 years.

A personalized marketing approach was developed, with each skein sold bearing a tag that includes the name and photo of the spinner. The spinners' bios are posted on the website "cashmerepeople.com". An enthusiastic customer base is developing for the yarn in the United States, where a distributor has been engaged (fibre arts studio PortFiber). Strong demand has been confirmed and there are plans to promote the yarn to retail stores.

## Lessons learned

### Afghanistan

The collaboration between Afghan and Tajik women proved to be effective, and connections to the international market opened up a new perspective to doing business in cross-border districts of Afghanistan.

### Kyrgyzstan

The project-supported groups primarily work out of their (or a co-worker's) home. The women's status in their communities improved as a result of their becoming wage-earners. This enabled enterprise group members to have more ready access to informal credit and loans from within their communities. More work is needed, however, to strengthen access to formal credit and loans. Existing microfinance institutions offer products at interest rates of 20-30 per cent, which is not suitable for women engaged in small-scale handicraft production.

In Kyrgyzstan, 82 per cent of the enterprise group members increased their income and 84 per cent perceived an improvement in their well-being. Of the sampled enterprise group members, 78 per cent indicated that increases to their household income had enabled them to provide more nutritious meals for their family.

### Tajikistan

Identifying and supporting strong women leaders is key to overcoming challenges facing women-led businesses. But in these countries it is difficult to find women who are able to play this role and the selected women business leaders require long-term, individual expert support to learn business management skills and put them into practice.

Developing a value chain is a highly complex initiative that requires flexibility and speed in allocating funds, and an empowered grassroots team emphasizing participatory, collaborative activities at the community level.

The value chain needs to be market-driven, and should focus on establishing close linkages between producers and buyers to guarantee sustainability.

## Way forward

### Afghanistan and Tajikistan

A business plan was developed to establish a de-hairing facility in Tajikistan, with a view scaling up fibre harvesting and processing. About 4,000 rural households in GBAO and Afghanistan were expected to benefit and to collectively earn US\$120,000 from selling sheared cashgora, cashmere or yak fibre to the facility. In addition, the facility could provide access to de-haired fibre for a further 150-200 poor rural women, thus creating opportunities for individual spinners and new spinning groups to replicate the business model developed by this project.

*According to interviews with group members in Afghanistan, household income and food security has improved for these women, as has their social status*

*"In my opinion, working in a group has helped enterprise members to have money at least for daily food, and each woman and her family members have slippers, which are a significant help – they get sick less often. There are two to three members that are planning to start their own business, for instance sewing workshops."*

**Group member,  
Kyrgyzstan**

As the groups are still in the early stages of operating as businesses, there is a need for continued monitoring to ensure that the volume of production and quality standards are maintained, together with business management and accounting skills. The Sughd groups in Tajikistan are already supporting the GBAO groups, and good links are now established with the groups in Afghanistan. AKF/MSDSP will continue to facilitate the institutionalization of these relationships through other programmes and opportunities.

## Kyrgyzstan

In Kyrgyzstan, there is no formal government support for the development of the handicraft sector. Moving forward, a market-informed case for such programmes should be presented for the government's consideration.

Continued capacity-building efforts will focus on strengthening the expertise of the Aidemi Association to further support association members and engagement with external stakeholders. It is recommended that the association becomes part of the development of a handicraft development strategy, which will look at a range of issues, such as access to finance, market, enabling environment.

## Knowledge generated

Knowledge exchange is ongoing between all the value chain participants and also between regions and countries. Fibre processors share knowledge with goat producers about which type of fibre is best for spinning. Goat producers are now focusing on breeding the preferred breed of goat – the cashgora goat – which produces fibre valued by spinners. Spinners from Tajikistan and Afghanistan share knowledge about yarn production and how to organize and register their businesses.

In Kyrgyzstan, moderate improvements in technical skill and marketing capacity have yielded significant results for members of the enterprise groups. However, the market for handicraft products remains fragmented and highly competitive. Poor linkages with handicraft retailers abroad and reticence about becoming involved with export regulations impede international sales for the project's groups. In addition, demand for cheaper products often means the higher-priced but higher-quality goods produced by the groups have less appeal for some consumers.

Materials produced include the following:

- Case study on one of the spinning group leaders in Tajikistan
- Manual on achievements, best practices and lessons learned
- Website to share information about the Tajik and Afghan spinning groups and their products: [cashmerepeople.com](http://cashmerepeople.com)
- Video about the visit of Tajik spinners to the Vogue Knitting Live show in New York in January 2016



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