REPORT 2023

Balochistan Livelihoods and Entrepreneurship Project (BLEP)

Study on Value Chain of 'Handmade Carpets, Hand Embroidery / Needle Work, and Tailoring'

in the Targeted Areas of Balochistan

March, 2023

TABLE OF CONTENTS

Executive Summary

1. In response to the priorities of the Government of Pakistan on poverty reduction, the World Bank in close consultation with Government of Balochistan (GoB) and relevant stakeholders have designed the Balochistan Livelihoods and Entrepreneurship Project (BLEP).
2. BLEP hired the services of ECI to conduct value chain study in targeted districts of Balochistan on "Handmade Carpets, Hand Embroidery / Needle Work and Tailoring" and write a comprehensive report on these value chains.
3. The targeted districts included Killa Abdullah, Killa Saifullah, Chaghi, Sherani, Pishin, Mastung, Zhob, and Nushki.

Balochi Handmade Carpets and Rugs

1. Balochi handmade carpets and rugs are made by employing age-old weaving techniques that have been passed down from one generation to the next for centuries.
2. Stakeholders of handmade carpet manufacturing in Balochistan include Input Suppliers, Producers, Commission Agents, Financial Institutions, and Government.
3. Majority of the Input Suppliers and Commission Agents are operating from rented shops while majority of the Producers are operating from homes which they own. Females are involved in the production of the handmade carpets and rugs.
4. Majority of Input Suppliers, Producers, and Commission Agents have been in business for less than 10 years; majority of the customers of all three Value Chain Actors are local people and are, consistently increasing.
5. Monthly sales of all three Value Chain Actors were less than PKR 30,000 at the start of the business; is now in the range of up to PKR 50,000; and is consistently increasing.
6. Some of the Producers who remarked that their sales were not increasing, sighted the following reasons:
   - non-availability of raw material;
   - high price of handmade carpets paid by the ultimate buyers;
   - lack of proper marketing; and
   - no access to buyers.
7. The Input Suppliers buy the material from the suppliers whereas the Producers and the Commission Agents buy it themselves from the market. It was also revealed that, majority of the Input Suppliers and Commission Agents buy the material from the same seller whereas the Producers buy the raw material from different sellers.
8. Most of the Input Suppliers and the Producers easily get the raw material, while the Commission Agents buy the material (handmade carpets) locally as well as from faraway places.
9. Majority of all three Value Chain Actors did not have any requirement for additional machinery and equipment to run their business.
10. There seems to be no scope for women employment with raw material suppliers and commission agents of this business sector, however, women are involved in production of handmade carpets as women are able to work from their homes.
11. We found out that, majority of the Producers and Commission Agents are content with the price they are getting for their product, while most of the Input Suppliers are not happy. Majority of the survey respondents representing all three Value Chain Actors were of the opinion that their buyers are selling the products to the end-users for more than double the purchase price.
12. The survey respondents predominantly confirmed that their business is profitable and they are generating a profit of up to PKR 30,000 per month.
13. The majority of all three Value Chain Actors think that their product and processing does not cause any negative environmental impact. However, the Producers and Commission Agents dispose of their waste either by burning it, throwing it in the drain, or throwing it in the street,

which means that they do not have any understanding of the negative environmental impact caused by pollution. As per our research, EPA only exists in Quetta and Mastung.

14. Almost all of the Producers and the Commission Agents think that their product cannot be exported. Majority of them confirmed that they have never exported their product themselves, neither do they think that the companies who buy from them export it.
15. The above findings clearly indicate that most of the Producers and Commission Agents are actually unaware of the potential for export which their product has.
16. Producers require the facilities for processing of their product and these processing facilities are mostly located in Quetta or even as far as Faisalabad.
17. In response to what other support did they require for making their product better, the highest priority for all three Value Chain Actors was 'local availability of processing'.
18. Majority of the respondents of all three Value Chain Actors remarked that 'ease of doing business' is 'good'. However, when they were asked about availability of water, gas, electricity, and infrastructure, majority of them termed it as 'poor'.
19. The government policies were termed as 'not beneficial'. The respondents require that the government should provide them the required training facilities and support such as electricity, raw material, equipment, infrastructure etc.
20. The concerned government authorities/ departments as well as the financial institutions and MFIs are not present in most of the areas surveyed.
21. Majority of all three Value Chain Actors are doing business with their own funds. Some of the respondents who said that they are doing business with borrowed funds, had borrowed from family and friends. Very few respondents said that they had borrowed funds from a financial institution and said that the loan mark-up is between 12% - 25%. We also found out that, the respondents for the Commission Agents from Killa Saifullah had availed interest-free loans from Akhuwat Foundation.
22. When the respondents were asked if they needed more funds, majority of the respondents for all three Value Chain Actors said yes. When asked 'why do they need more funds?', most of them said 'to expand their business' while a few said 'to settle their existing debt'.
23. With regard to the question about training needs for development of marketing, business management, and financial management skills, the data was received only from the respondents of Chaghi district who were interested in training courses for Advertising, Branding, Digital Marketing, Management Skills, and Record keeping. When asked about the need for any vocational training for themselves or their staff, the respondents for Producers from most of the districts surveyed said that, they needed training for 'carpet weaving' and 'carpet designing'.
24. Several other survey questions were asked, such as opportunities available for starting similar new businesses or expanding existing ones, level of government support, etc., however, no responses were received from the respondents. We found out during the survey that there are no research laboratories or other research facilities in all districts surveyed. With regard to presence of BTEVTA, the survey data revealed that they are not present in most of the areas surveyed, except for small presence in Killa Abdulla, Zhob, Mastung, Nushki, and Chaghi.

Balochi Embroidery / Needlework

1. Balochi needlework (also known as Balochi embroidery) is a type of handicraft made by the Baloch people. It is considered a heritage art, and has been recognized by UNESCO, and it sells internationally.
2. Stakeholders of Balochi Embroidery / Needlework in Balochistan include Input Suppliers, Producers, Commission Agents, Financial Institutions, and Government.
3. Majority of the Producers are operating from home as this is a female dominated business, while most of the Input Suppliers and Commission Agents, who are also women, work from home as well as they have to deal with the Producers who are mostly women;
4. Majority of all three Value Chain Actors operate from the properties (homes) they own;

5. majority of Input Suppliers, Producers, and Commission Agents have been in business for less than 10 years which shows that there is still scope for this business despite of various challenges;
6. majority of the customers of all three Value Chain Actors are local people and are, consistently increasing.
7. Generally monthly sales of all three Value Chain Actors were less than PKR 30,000 PKR 30,000 for both Input Suppliers and Producers, while it is between PKR 51,000-100,000 for the Commission Agents;
8. Although, Hand Embroidery / Needle Work exists in all eight districts which were surveyed, however, according to most of the respondents, these were dying skills due to low worth of the skill in terms of return, the fact that it is a time-consuming activity; and poor connection of the producers with the market.
9. This trade is mostly being carried out by women at the household level and the buyers/boutiques exploit the producers by paying negligible amount for their work. A small number of men also work in this business who work at small local embroidery workshops. The raw material required for hand embroidery is easily available locally.
10. The storage facilities are mainly required by the Producers as well as the Commission Agents. The required storage facilities are generally available in their areas.
11. Majority of the Input Suppliers and Producers did not have any requirement for additional machinery and equipment to run their business. Whereas, a very small percentage of the Producers (9%) said they require new machines with latest features.
12. It is quite evident from the survey data that, there is further scope for women employment in the future in the business of hand embroidery/needlework with all three Value Chain Actors.
13. Majority of the Input Suppliers, Producers and Commission Agents are content with the price they are getting for their product. Producers and Commission Agents were of the opinion that their buyers are selling the products to the end-users for more than double the purchase price.
14. The survey respondents predominantly confirmed that their business is profitable and they are generating a profit of up to PKR 30,000 per month after meeting their expenses.
15. Input Suppliers of this business do not cause any waste or pollution due to very nature of their business activity; The Producers and the Commission Agents also feel that their products do not cause any noticeable negative environmental impact. Only a few of them remarked that their product or processing cause some environmental impact and pointed out garbage as the major cause of negative impact on the environment.
16. Almost all Value Chain Actors of this product think that their product cannot be exported. Majority of them confirmed that they have never exported their product themselves, neither do they think that the companies who buy from them export it. These findings clearly indicate that most of the Producers and Commission Agents are actually unaware of the potential for export which their product has.
17. Majority of the respondents of all three Value Chain Actors remarked that 'ease of doing business' is 'good'. However, when they were asked about availability of water, gas, electricity, and infrastructure, majority of them termed it as 'poor'.
18. The relevant government departments as well as the financial institutions and MFIs are not present in most of the areas surveyed.
19. Most of all three Value Chain Actors are doing business with their own funds. Few respondents are doing business with funds borrowed from family and friends.
20. When the respondents were asked if they needed more funds, majority of them responded affirmatively. The additional funds required by them are for expansion of business or to settle their existing debt.

Tailoring

1. Tailoring is a common and a highly relevant service amongst low-income population segments to generate income. The service is offered by both men and women, at household, community,

market, and service industry levels. There is consistent demand for this service by individual customers, and in the form of skilled labor by tailoring enterprises and garment industry.

2. Stakeholders of Tailoring in Balochistan include Input Suppliers, Producers, Commission Agents, Financial Institutions, and Government.
3. Majority of all three Value Chain Actors in Tailoring are operating from rented shops.
4. Majority of Input Suppliers, Producers, and Commission Agents have been in business for less than 10 years which shows that there is still scope for this business despite of various challenges;
5. majority of the customers of all three Value Chain Actors are local people, and are consistently increasing.
6. Average of monthly sales of all three Value Chain Actors is PKR 30,000.
7. Raw material used by tailors is easily available locally.
8. The storage facilities are mainly required by the Producers and Commission Agents, which are available in their areas.
9. Some producers of this value chain require new machines with latest features.
10. There is scope for women employment in the tailoring business with all three Value Chain Actors.
11. Producers and Commission Agents were of the opinion that their buyers are selling the products to the end-users for more than double the purchase price.
12. The survey respondents predominantly confirmed that their business is profitable and they are generating a profit of up to PKR 30,000 per month after meeting their expenses.
13. Respondents pointed out garbage as the major cause of negative impact on the environment.
14. All three Value Chain Actors think that their product cannot be exported, and all of them confirmed that they have never exported their product themselves, neither do they think that the companies who buy from them export it.
15. The respondents rated 'availability of water' as 'good'; 'availability of electricity', and 'infrastructure' as 'average', while 'availability of gas' was rated as 'poor'.
16. The financial institutions and MFIs are not present in most of the areas surveyed. Majority of all three Value Chain Actors are doing business with their own funds. Some of the respondents who said that they are doing business with borrowed funds, had borrowed from family and friends and none of them had borrowed from a financial institution.
17. When asked about the need for any vocational training for themselves or their staff, some of the respondents for Producers from Killa Abdullah and Nushki said that they needed training for 'Tailoring', 'Embroidery', and 'wool work'.
18. We found out during the survey that there are no research laboratories or other research facilities in all districts surveyed.

1. About Balochistan

1.1 History of Balochistan

[1]Balochistan has an eventful history dating back to the Stone Age. Recent research and archaeological excavations at Mehrgarh have revealed 9000 years old civilization. Human settlement pattern at Mehrgarh was unparalleled and unique, inaugurating the distinct shift from a hunting gathering to a settled life for the first time in human history. Domestication of animals, cultivation of plants, and perfume export were modern features of Mehrgarh civilization. Alexander the Great passed through Balochistan in 325 BC. After his death, Balochistan came under the rule of Selects Nicator whose descendants lost power to the Graeco-Bactrians. The province has also witnessed the march of a number of great conquerors and warriors such as Macedonians, Arabs, Ghaznavies, Mangols and Mughals in the past.

Map of Balochistan Province

The Muslim rule began in 712 AD. The parts of Balochistan which were ruled by the Arabs were called by them Turan (Jhallawan area) having capital at Khuzdar and Nudha or Buddha (Kachhi). In the 11th century AD., Balochistan fell into the hands of Nasir-ud-din Subuktagin marking the beginning of Ghaznivid dynasty. Ghorids succeeded the Ghaznivids. In 1219, it was annexed to the dominion of Sultan Mohammad Khan of Khwarizm (Khiva). The year 1223 saw the danger of the Yellow Peril, the Mongols, in the south of Mekran. In the 1595 it became a part of the Mughal Empire and later Nadir Shah of Persia captured it . Ahmed Shah Durrani of Afghanistan was successful to establish his rule in 1747. The Khanate of Kalat emerged in 1758 when Nasir Khan-I revolted against the Afghans.

The Muslim rule was followed by the British rule in 1839. Two Afghan wars between 1839 and 1879 helped the British to consolidate their power in Balochistan. Sir Robert Sandeman, who later became the Chief Commissioner of Balochistan, was the architect of British strategy in the region and he negotiated a number of treaties with the Khan of Kalat during 1854 to 1901. Through these treaties, the British Government gained control over the leased territory of Chaghi, Bolan Pass, Quetta and other areas. The princely states of Mekran, Kharan, Lasbela and a little later Kalat state acceded to Pakistan after it came into being in 1947. In 1955, Balochistan was merged into one unit of West Pakistan. After the dissolution of one-Unit, Balochistan emerged as one of the four new provinces of Pakistan.

1.2 Economy of Balochistan

Balochistan, the largest of the four provinces of Pakistan, spreads over an area of 347,190 Sq, Kms., forming 43.6% of the total area of Pakistan. It has clustered population and is smallest in proportion as compared to that of other provinces. Its population, according to 2017 census, was 12.3 million, having very low density per square kilometer. Physically, Balochistan is an extensive plateau of rough terrain divided into basins by ranges of sufficient heights and ruggedness.

[1] https://balochistan.gov.pk/explore-balochistan/history/

Broadly, Balochistan's geographic area can be divided in to four distinct zones: Upper high lands, lower high lands, plains, and deserts.[2]

[3]There are number of areas where people of the province experience great deal of difficulties, have access to basic public services, including safe drinking water and public health services. The government of Balochistan is making concerted efforts to provide clean water, basic health and educational services to the scattered population despite scarce financial resources and socio-political challenges. Balochistan can expect to see a massive influx of economic activity with Gwadar Port becoming operational and the advent of CPEC in near future.

Balochistan has yet to take full advantage of its large mines of gold reserves, a valuable safety net for any economy, and tremendous reserves of coal, gas, and minerals and potential to generate solar and wind energy. It is in unique position to leverage these resources to cater to the needs of not only its own population, but also contribute significantly to Pakistan's economic wellbeing.

In terms of socio-economic indicators, Balochistan is the most backward province of the federation. Its share in the national GDP is estimated at around 3% while its share in the population is around 6%. Static contribution in national GDP and increase in population overtime has caused significant reduction in per capita income of Balochistan. Other federating units contribute more in national GDP if compared with the population aggregates. Sindh pours in 30% in GDP while its population share is 23%. On the other hand, Punjab is the most populous province with a share in the population of around 53% while it contributes 54% to the national economy. These two provinces account for more than four-fifths of the national income.

Majority of Balochistan's GDP is aggregated by services sector which mainly comprises of transportation and wholesale trade, etc. By nature, the provincial GDP is concentrated in low productivity activities such as retail and wholesale trade, thereby, depressing the overall productivity, and poor outcome in education and health, leading to an adverse impact on the quality of human capital, under-employment and lower-than-minimum wage in informal activities. These GDP contributors have less multiplier effect as compared to industrial activities which have greater forward and backward linkages.

Agriculture sector is the second largest GDP contributor and employment source for Balochistan employing almost 40% of the total labor force. However, it turned into negative growth during FY 2014-18. Slow or no growth in agriculture sector is a major reason of Balochistan's stagnant growth. Balochistan is the most water unsecure province. Acute water shortages due to mismanagement have hit small farmers, depriving them of adequate and timely availability of water for their crops.

1.3 DISTRICT PROFILES

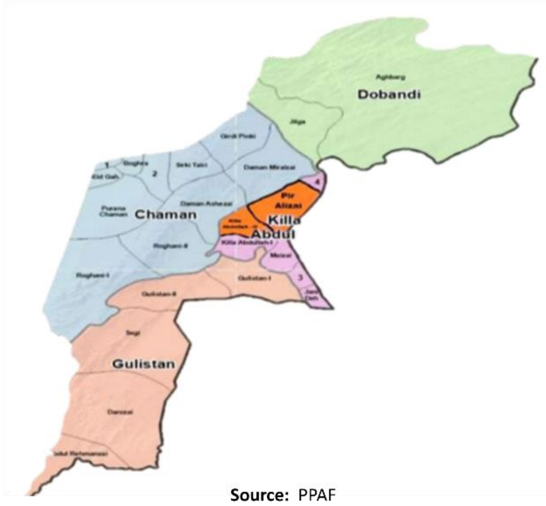
i) Killa Abdullah

Population of Killa Abdullah District was estimated to be 757,578 in 2017 out of which 393,941 (52%) were males and 363,637 (48%) were females, the vast majority being Pashtuns.[4] The rural population of Killa Abdullah District was around 80% whereas the urban population was 20%. Average household size was 7.79 persons. Major tribes living there are Karar, Achakzai, Syed, and Tareen.[5]

[2] https://balochistan.gov.pk/explore-balochistan/about-balochistan/
[3] https://balochistan.gov.pk/wp-content/uploads/2020/06/White-Paper-2020-21.pdf
Source: Balochistan Government
[4] https://en.wikipedia.org/wiki/Killa_Abdullah_District
[5] http://www.rspn.org/wp-content/uploads/2018/04/District-Profile-KillaAbdullah.pdf

Before 2021, Killa Abdullah District was divided into four Tehsils, namely: Dobandi, Chaman Gulistan, and Killa Abdullah. However, in 2021, Chaman was separated from Killa Abdullah and made a district. Therefore, now Killa Abdullah comprises of only three Tehsils, namely: Dobandi, Gulistan, and Killa Abdulla.

Map of District Killa Abdullah



Source: PPAF

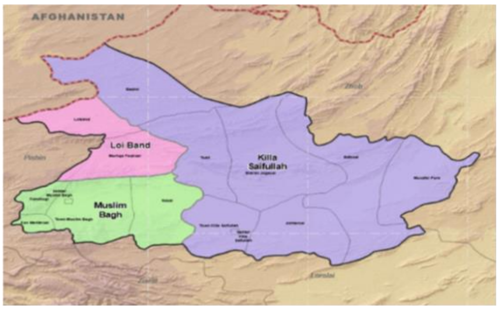
Local economy of Killa Abdullah is mainly based on agriculture & horticulture, livestock, mining, and forestry. The climatic conditions of Killa Abdullah District are particularly suitable for growth of fruits such as apples, apricots, peaches, plums, grapes, cherries, pomegranate, and vegetables such as potatoes, onions, tomatoes. Other agricultural products grown there are wheat, barley, cumin and fodder. Tube wells and Karezes (springs) are commonly used sources of irrigation for agriculture.

In Killa Abdullah District, household woman is involved in making traditional handicrafts like embroidery work for dresses of women and children, caps, bed and pillow covers. Traditional handicraft activities also include making sweaters from sheep's wool.[6] There is an Afghan refugee camp in Killa Abdulla District by the name of 'Jangle Piralezai', and the people living there are involved in making Afghani embroidery, handmade rugs, and needle work.

ii) Killa Saifullah

Killa Saifullah District is divided into two tehsils, namely: Killa Saifullah and Muslim Bagh. Killa Saifullah comprises of one tehsil (Killa Saifullah) and one sub-tehsil (Badinai). Muslim Bagh comprises of Muslim Bagh tehsil and Loiband sub-tehsil.[7]

Map of District Killa Saifullah



Source: Forestrypedia

Population of Killa Saifullah District was almost 343,000 as per 2017 census, out of which 181,790 (53%) were males and 161,210 (47%) were females. Pushto is the predominant language which is spoken by about 97% people living in the district.[8]

Both important towns, Killa Saifullah and Muslim Bagh, are located on the National Highway. Buses, vans and pick-ups provide inter as well as intra-district transport. Because of the mountainous nature of the area, development of infrastructure and communications is a difficult as well as expensive task.[9] Local economy of Killa Saifullah is mainly based on agriculture & horticulture, livestock ,fisheries, mining, and forestry. Important vegetables of the district include Carrot, Cauliflower, Peas, Tomatoes and Watermelon, etc., most of which are exported to Punjab. Moong, and Mash daal are also grown in the district but in small quantity and are consumed locally. Chromite mining is being carried in the district for decades and is considered as a major source of income and employment.[10]

[6] https://www.ppaf.org.pk/doc/programmes/Situational%20Analysis%20Report%20of%20PPR%20-%20District%20Profile%20Killa%20Abdullah.pdf
[7] https://smeda.org/phocadownload/Balochistan/killa_saifullah_profile.pdf
[8] https://en.wikipedia.org/wiki/Killa_Saifullah_District
[9] https://smeda.org/phocadownload/Balochistan/killa_saifullah_profile.pdf
[10] https://smeda.org/phocadownload/Balochistan/killa_saifullah_profile.pdf

Women in Killa Saifullah are involved in home-based work such as cultural embroidery work but no vocational training centers exist in the district. Embroidery work and Handicraft items produced by women of this area have several varieties which include “Chakan”, “Charposh”, “Khajur” “Sukrai” and “Gulan” which are worn by Pashtoon women. The other articles produced in the district are “Peshawars”, “Kormah”, “Masae” or “Paicha”, “Gaiters”, Shagai, “Khurjins”, “Pokh, Ghindae”, “Darwar”, “Ghindae” (Corn sacks), “Uzhdan” (bag for keeping cloths), “Marai tubrai” (a case for keeping bread), “Sarai” (Blanket), and goat hair blanketing for “Kizhdis” or tents.

Tribal women are very good at the art of embroidery but only few do it for income generation. They are mostly involved in darri and blanket making, carpet weaving, caps, and dressmaking for women.[11] There is an Afghan refugee camp in Killa Saifullah District (in Muslim Bagh Tehsil) by the name of ‘Mal Gagai’, and the people living there are involved in making Afghani embroidery, handmade rugs, and needle work.

iii) Chaghi

Chaghi District is divided into two Tehsils, namely: Dalbandin, and Nokundi.

At the time of 2017 census, the district had a population of 226,517, out of which 118,973 (53%) were males and 107,537 (47%) females. About 76% of the people speak Balochi, 20% Brahui, and 2% Pushto.[12]

Map of District Chaghi

Source: cms.ndma

Local economy of Chaghi District primarily depends on agriculture & horticulture, livestock, fisheries, forestry and mining. In Chaghi District, handicrafts like embroidery work on women's dresses, men's caps and on leather are very common. Women and girls, in particular, have got excellent skills and craftsmanship who mostly do the embroidery work at home for personal use and to pass their leisure time. However, some poor women do embroidery for their livelihood and to assist their families by generating additional income. The best of local Brahui embroideries are "Mosan", MahiPusht, Sucking Kun and Puriwal. Rough carpets (Ghali), Striped rugs (Kont), and coarse woolen cloth (Shall) and blankets are made for domestic use. Mats and baskets made of Mazri and Pish, mostly found in the nullah beds of Yakmach in Dalbandin are also important handicrafts of Chaghi district.[13]

There are three Afghan refugee camps in Chaghi District by the names of ‘Chaghai Leji Karaz’, ‘ ‘Posti’, and ‘Girdijangal. The people living there are involved in making Afghani embroidery, handmade rugs, and needle work.

iv) Sherani

Sherani is an entirely rural district of Zhob Division in Balochistan and was separated from Zhob in the year 2006. Sherani District is surrounded by South Waziristan in the North, Dera Ismail Khan in the East, Musakhel District in the Southeast, Zhob District in the Southwest, and Paktika Province of Afghanistan in the Northwest. It is the least developed district of Balochistan.

[11] https://smeda.org/phocadownload/Balochistan/killa_saifullah_profile.pdf
[12] https://en.wikipedia.org/wiki/Chagai_District
[13] https://cms.ndma.gov.pk/storage/app/public/publications/January2021/UPEJszFagE88LLZiWx92.pdf

Map of District Sherani

Source: cms.ndma

Since Sherani was carved out of Zhob District and was given the status of a separate district, the history of Sherani is, therefore, very much similar to Zhob District. Tribes inhabiting the area are indigenous to the land. Sherani District comprises of only one Tehsil, namely: Sherani, and there are six main villages, namely: Ahmadi Dirga, Karama, Zarkai Landawar, Shinghar, Tsappar Kili, and Manikhawa.

Sherani District had a population of 153,116 as of 2017 census out of which 84,213 (55%) were males and 68,902 (45%) were females.[14]

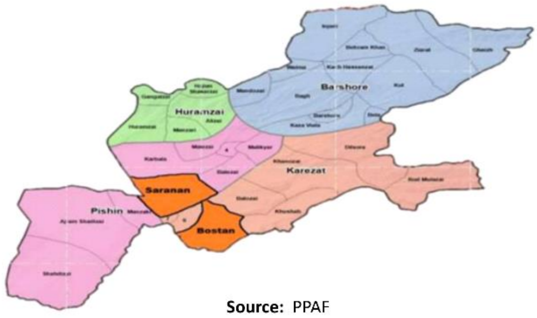
Sherani district is a nascent district, therefore, it suffers from limitations and difficulties of various kinds. Government is the only agency that is involved in data collection, development planning, and infrastructure building. Civil Society Organizations (CSOs) and Non-Governmental Organizations (NGOs are yet to step in and contribute towards socioeconomic betterment of the district. Like other tribal areas of Balochistan, Sherani has its own characteristics of tribal society. The district has only one post office, one police station and no jail or prison. Moreover, Sherani district hardly has any paved roads.

Sherani District's geography is typical of a mountain eco-system where the livelihood of inhabitants / communities mainly depends upon livestock and rain fed agriculture. The natural dry temperate forests of Chilghoza Pine and sub-tropical broadleaved evergreen scrub forests of Olive and Phulai, which occupy large areas in the district, play pivotal role in this regard. These forests act as grazing grounds by providing forage to a large number of livestock and also serve as water harvesting areas for supporting the rain fed agriculture.[15]

Sherani District's negligible sized economy comprises of small-scale agriculture & horticulture, livestock, fishing, forestry, and mining. A small portion of the local population (including women) are also involved in making handicrafts and embroidery work which they sell to support their livelihood.

v) Pishin

Map of District Pishin



Source: PPAF

The main tribes of the district are Kakar, Tareen, Achakzai, and Syed. Majority of the population comprises of the Kakar tribe.

As per 2017 census, Pishin District had a population of almost 737,000, out of which 387,000 (52%) were males and 356,000 (48%) were females. Almost 98% of the population speaks Pushto and 1% Brahui in Pishin District.

Local economy of Pishin District is mainly dependent on agriculture (i.e., wheat, fruits & vegetables), mining (i.e., chromite, iron ore, etc.), livestock (i.e., cattle, sheep, goats, etc.), and forestry. In Pishin District, traditional handicrafts like embroidery work on dresses (Kameez and Shalwar) of children and women, on caps, beds and pillow covers are very common. Women and girls do the embroidery work at home. It also includes making sweaters from sheep's wool.[16] There are a few Afghan refugee camps in Pishin District by the names of 'New and Old

[14] https://en.wikipedia.org/wiki/Sherani_District
[15] https://cms.ndma.gov.pk/storage/app/public/publications/January2021/UPEJszFagE88LLZiWx92.pdf
[16] https://en.wikipedia.org/wiki/Mastung_District

Saranan', 'Surkhab', and 'Killa Haji Khan'. The people living there are involved in making Afghani embroidery, and handmade carpets & rugs.

vi) Mastung

Mastung is situated at the bottom of Lak pass, in northwest of Balochistan. Prior to its creation as a separate district in 1991, it was part of Kalat District. Mastung District consists of three Tehsils, namely: Dasht, Kardigap, and Mastung.

Map of District Mastung

Source: SMEDA

At the time of 2017 census, the district had a population of 265,676, of which 137,504 (52%) were males and 128,169 (48%) females. 86% of the people living in Mastung District speak Brahui, 8% Balochi, and 3% Pushto.[17]

Local economy of Mastung District is mainly dependent on agriculture (i.e., wheat, fruits & vegetables), livestock (i.e., cattle, sheep, goats, etc.), poultry & dairy farms, mining (i.e., marble, iron ore, fluorite, etc.), and handicrafts. In Mastung District, traditional handicrafts like embroidery work on dresses (kameez and shalwar) of children and women, on caps, on bed and pillow covers, etc., are very common. Balochi embroidery ornaments, and needlework dresses are very eye catching and good-looking. They are a good source of income generation for the household women. Balochi embroidered dresses are named as Arif-e-chadar, Dil-o-bitab, Gad-o-band, Chandan-ohaar, Jallar, kantolo, kundi Gul, Arabi Chandan, Copsasar Molido and Sormor. These dresses have great value inside the country as well as overseas, especially in the Gulf countries. However, due to lack of proper marketing mechanisms, Balochi embroidery products remain hidden from the eyes of the global market; otherwise, this art can be a very lucrative industry.[18]

vii) Zhob

Zhob District comprises of two Tehsils, namely: Karar Khurasan, and Zhob.

Population of Zhob District as per 2017 census was over 310,000, comprising of 167,400 (54%) males and 142,600 (46%) females. Majority (96%) of the people speak Pushto and 2% speak Seraiki. Major tribes include Mandokhail, Khosti, Sherani, Kakar, Sulaimankhail, Harifal, Lawoon, and Babar.[19]

Map of District Zhob

Source: CMS-NDMA

Zhob has a semi-arid climate and its rainfall is just high enough to save it from being labeled within the arid climate category, found at lower elevations. Unlike most of Balochistan, Zhob does, on occasions, receive rainfall from the monsoon, though this occurs very erratically.[20]

Local economy of Zhob District is mainly dependent on agriculture & horticulture (i.e., wheat, barley, fruits & vegetables), livestock (i.e., cattle, goats, sheep), fisheries, forestry, and mining (i.e., chromite, coal, granite, etc.). In Zhob District, handicrafts include traditional women's embroidery work. Women

---

[17] https://en.wikipedia.org/wiki/Mastung_District
[18] https://smeda.org/index.php/business-facilitation/reports/financing-opportunity/category/2-balochistan-district-economic-profiles
[19] https://en.wikipedia.org/wiki/Zhob_District
[20] https://smeda.org/index.php/business-facilitation/reports/financing-opportunity/category/2-balochistan-district-economic-profiles

and girls do the embroidery work at home and some women sell their work to assist their families with additional income. However, due to lack of home industry, lack of access to market, and lack of interest of the Industrial Department to this unique skill, middlemen get major portion of the profit.[21]

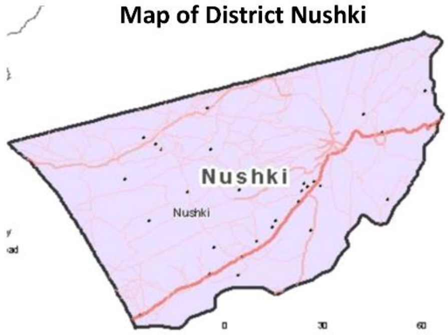
viii) Nushki

Nushki District is located in the North of Balochistan, sharing its boundaries in the East with Quetta, and Chaghai District in the West. Kharan and Kalat Districts are on the South of Nushki District, and Afghanistan in the North.

Nushki District consists of only one Tehsil, namely: Nushki Tehsil.

At the time of 2017 census, Nushki District had a population of 178,947, of which 92,571 (52%) were males and 86,373 (48%) females. Over 60% of the people speak Brahui, 32% speak Balochi, and 6% speak Pushto. Following tribes are found in Nushki District: Mandaic, Badini, Jalamdini, Mohammad Hassani, Sarparah, Syed, Barech, Mengal, Pirkani, Sasoli, Sumalani, Rodeni, Yallanzai, and Hassanzai.[22]

Map of District Nushki



Source: emis-Govt. of Balochistan

Local economy of Nushki District consists of agriculture & horticulture, livestock (i.e., cattle, sheep, goats, camels), handicrafts, forestry, mining (i.e., Chromite, Granite, etc.).[23]

It is interesting to note that a large number of people originating from Nushki District are also engaged in trading activities, such as buying goods from Iran and selling them in the district. District Nushki is a water-stressed area for both agriculture and drinking water. Out of a total irrigated area of 90,324 hectares, 99.98% is irrigated by tube wells. Important rabbi crops are wheat, barley, cumin, fodder and vegetables. Major kharif crops are cash crops including onion, fruit, fodder, vegetables, and melon.[24]

[21] https://cms.ndma.gov.pk/storage/app/public/publications/January2021/05HfnykCroOSZ2pKXZGU.pdf
[22] https://en.wikipedia.org/wiki/Nushki_District
[23] http://www.emis.gob.pk/Uploads/NUSHKI%20DISTRICT%20EDUCATION%20PLAN%20FOR%202016-2017%20TO%202020-2021.pdf
[24] https://smeda.org/index.php/business-facilitation/reports/financing-opportunity/category/2-balochistan-district-economic-profiles

2. Background and Introduction

2.1 About BLEP

In response to the priorities of the Government of Pakistan on poverty reduction, the World Bank in close consultation with Government of Balochistan (GoB) and relevant stakeholders have designed the Balochistan Livelihoods and Entrepreneurship Project (BLEP) focusing on improving livelihoods of rural communities by promoting employment opportunities and sustainability of enterprises in project Districts. The project will be implemented in eight districts in the north of Balochistan, including Killa Abdullah, Killa Saifullah, Chaghi, Sherani, Pishin, Mastung, Zhob, and Nushki, and will benefit rural households to promote livelihoods through enterprise development and job creation. The project will predominantly target communities based in areas affected by a protracted refugee situation. These districts are also affected by a protracted refugee situation.

The project is likely to gain benefits for the communities in selected districts, having reliance on enterprises related to various sectors, with a priority on Agriculture, Livestock, Mines & Minerals, Handicrafts and Small Industries, Ecotourism and Forestry. In addition, the Project will have specific benefits for people living in these geographical locations through improved facilities development. The Project has three main components and will be implemented during the course of 5 years. It is financed by the World Bank and executed by Planning and Development (P&D) Department Balochistan.[25]

2.2 About the Project

BLEP hired the services of ECI to conduct value chain study on in targeted districts of Balochistan on "Handmade Carpets, Hand Embroidery / Needle Work and Tailoring" and write a comprehensive report on these value chains.

2.3 Objectives of the Study

The prime objectives of carrying out the Value Chain Study were as follows:

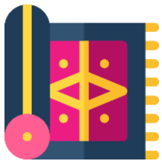
1	To map the targeted value chains including main areas, actors, flow of products, infrastructure facilities, financial institutions and all supporting organizations.
2	To identify gaps and develop recommendations on how to improve the selected value chains and maximize the impact based on the primary and secondary data.
3	To design guideline for small grants, modalities of disbursement, management and saving and loan schemes.
4	To guide for the formation of Community Institutions and Associations or producer groups in different enterprises involving different stakeholders

[25] https://blepgob.org.pk/

5	To facilitate development and delivery of capacity building activities in the areas of value chain and marketing development.
6	To help BLEP in effective monitoring and evaluation of activities related to livelihood diversification, value chain and marketing.
7	To facilitate discussions on policy issues involving representatives of the private and public sector.

2.4 Scope of the Study

Under this assignment, ECI has covered detailed value chain analysis of the following:

Handmade carpet	Hand embroidery / Needle Work	Tailoring
		

A detailed dissection of each business has been undertaken by addressing the points given below:

1	Main areas where these are concentrated / needed;
2	Data of existing MSMEs / rural businesses and perform a detailed analysis on their existing and growth potential;
3	Socio economic profile of these value chains;
4	Entrepreneurial opportunity mapping in these value chains;
5	Their impacts on the livelihoods of the actors involved;
6	Identify existing business support facilities (markets, cold storages, processing plants, etc., and propose new dimensions;
7	Problems in availability of inputs and machinery;
8	Highlight financial, regulatory and institutional constraints and suggest suitable measures for mitigating their impacts;
9	Production constraints including financial liquidity of the farmers;
10	Marketing and export potential of that crop along with challenges that constraint exports and its remedial measures;
11	Issues related to low produce including losses;
12	Percentage of share going to actual producers and other stakeholders involved in these value chains, from farmer to end consumers;
13	Identify social dimensions like impact on marginalized communities;

14	Status of environment dimensions like climate smart technology;
15	Level / scale of interviewees involved in this business;
16	Main impediments for farmers in getting proper returns of their produce;
17	Opportunities & support needed from the concerned quarters;
18	Role of federal and provincial governments, research and financial institutions;
19	Scope for women development and skilled and unskilled labor;
20	SWOT analysis of these value chains.

3. Research Methodology

To meet the anticipated objectives of the Value Chain Study, the overall process for commencing the assignment was carried out according to the following logical sequencing:

3.1 Desk Review

The project started with the desk review of the documents provided by BLEP, via email. The consultants started the project by comprehensively reviewing these documents to gain a proper understanding of BLEP, its project areas and the products (Handmade Carpets, Hand Embroidery / Needle Work and Tailoring) on which the Value Chain Analysis was to be conducted. The desk review also involved gathering relevant data through the internet and from ECI's internal library.

3.2 Development of Survey Tools

Following three separate survey tools were developed one for each actor of the value chain:

1	2	3
Survey tool for Input Suppliers	Survey Tool for Producers	Survey Tool for Commission Agents

Each survey tool consisted of semi open-ended questionnaire, i.e., for ease of the interviewees either the questions provided multiple choice answers and where necessary, open-ended questions were also asked. Each survey tool comprised of around 70+ questions covering following areas:

- Sales
- Raw material & Suppliers
- Business Support
- Financial Management and Funding
- Machinery and Equipment
- Labor Issues
- Profitability
- Government Policies, Government Support And infrastructure
- Environmental Impact and Hazards
- Export potential
- SWOT Analysis
- Capacity Building

In addition to the above, separate questionnaires were developed for:

- Government Departments
- Chambers of Commerce & Industry
- Financial Institutions
- Companies in Business

3.3 Development of CAPI

For ensuring that the survey is conducted in a modern and seamless way it was decided to conduct the survey using Computer-Assisted Personal Interviews (CAPI) hence the above-mentioned survey tools were programmed into DIME software for CAPI surveys. CAPI is a face-to-face data collection method in which the interviewer uses a tablet, mobile phone or a computer to record answers given during the interview.

3.4 Selection and Training of Field Teams

For conducting the survey in eight districts of Balochistan, a team of 24 well trained and experienced enumerators were hired (two males and one female for each district). Out of this team of three enumerators, one member in each team served as a senior enumerator and facilitate the consultants in conducting FGDs and KIIs.

Enumerators were acquainted with all survey tools and were given comprehensive training on conducting the interviewees using the CAPI technique.

3.5 Data Collection

Data from the input suppliers, producers and commission agents of the above mentioned three products viz: Carpets, Hand Embroidery / Needle Work and Tailoring was collected from the following eight districts of Balochistan:

1	2	3	4
Killa Abdullah	Killa Saifullah	Chaghi	Sherani
5	6	7	8
Pishin	Mastung	Zhob	Nushki

As per the Terms of Reference provided by BLEP, the consulting firm was supposed collect the data from at least 200 people involved in each value chain (each Product) like producers, input dealers, commission agents, companies and financial institutions. The distribution of interviews is given below:

Type of stakeholder	**100**	**40**	**40**	**10**	**10**
No. of respondents	Producers	Inputs Dealers	Commission Agents / Arhities	Companies in the business	Financial institutions

As per the ToRs, ECI had to collect data from 600 individuals for all the three businesses including producers, input suppliers, commission agents, and institutions, ECI has over achieved the target and collected data from 636 stakeholders. Since in all the districts, all the products are not produced or are produced by lesser number of people, therefore the number is slightly varied from the one mentioned in the ToRs. The details of the data collected is given below:

Table 1: Data Collected from the Field

District	**Business**	**Data Collected**			**Total**
		Input Suppliers	**Producers**	**Commission Agents**	
Chaghi	Handmade carpet	**5**	**8**	**5**	**18**
	Hand Embroidery / Needle Work	**4**	**14**	**4**	**22**
	Tailoring	**19**	**7**	**8**	**34**
	Handmade carpet	**2**	**8**	**2**	**12**

District	Business	Data Collected			Total
		Input Suppliers	Producers	Commission Agents	
Killa Abdullah	Hand Embroidery / Needle Work	**8**	**12**	**3**	**23**
	Tailoring	**8**	**16**	**10**	**34**
Killa Saifullah	Handmade carpet	**11**	**0**	**2**	**13**
	Hand Embroidery / Needle Work	**6**	**19**	**3**	**28**
	Tailoring	**6**	**26**	**23**	**55**
Mastung	Handmade carpet	**2**	**7**	**3**	**12**
	Hand Embroidery / Needle Work	**4**	**17**	**10**	**31**
	Tailoring	**11**	**16**	**7**	**34**
Noshki	Handmade carpet	**13**	**5**	**0**	**18**
	Hand Embroidery / Needle Work	**2**	**7**	**17**	**26**
	Tailoring	**3**	**28**	**3**	**34**
Pishin	Handmade carpet	**8**	**13**	**6**	**27**
	Hand Embroidery / Needle Work	**6**	**12**	**7**	**25**
	Tailoring	**3**	**14**	**6**	**23**
Sherani	Handmade carpet	**7**	**9**	**6**	**22**
	Hand Embroidery / Needle Work	**9**	**10**	**14**	**33**
	Tailoring	**14**	**5**	**6**	**25**
Zhob	Handmade carpet	**1**	**12**	**4**	**17**
	Hand Embroidery / Needle Work	**10**	**15**	**11**	**36**
	Tailoring	**11**	**19**	**4**	**34**
Total	Handmade carpet	**49**	**62**	**28**	**139**
	Hand Embroidery / Needle Work	**49**	**106**	**69**	**224**
	Tailoring	**75**	**131**	**67**	**273**
Grand Total		**173**	**299**	**164**	**636**

It would be observed from the above table that least number of respondents were in the Handmade Carpets because fewer people are working in this value chain.

The Interviews with the government departments like Planning & Development Department, Small Industries Department, Chamber of Commerce & Industry Quetta, SMEDA and BTEVTA, Government Training Centers in various districts; financial institutions like NRSP, BRSP, Meezan Bank, Akhuwat Foundation etc.; and companies in business were conducted by the ECIs senior team.

3.6 Data Processing and Analysis

Since the survey was conducted using the CAPI technique, the data was captured directly into the software, hence, manual data entry of the survey forms was saved. ECI's statistical analysis team conducted all data analysis which comprised of over 240 tables which are presented in this report.

3.7 Limitations of the Research

Limited Time

This may be acknowledged that in fact, these are three separate Value Chain Analysis studies that ECI has undertaken. Each study involved data collection from the large number of stakeholders including producers, input suppliers, and commission agents, government institutions, financial institutions, chambers of commerce, NGOs, etc. To write a comprehensive report covering all the aspects specified in the ToRs was also an uphill task. The original timeline of the study was three months, and although the client very kindly extended the timeline by 1.5 months still it was challenging. The recommended timeline for undertaking such studies in the future is given in the recommendation section.

Climatic Conditions

The timeline was also adversely affected by severe winter and the climatic conditions in the project areas. ECI had planned the data collection in January 2023 but due to snowfall and rain the data collection had to be postponed to February 2023.

Geographic areas / Long distances

Balochistan is the largest province of Pakistan by size. The team had to travel long distances to reach out to the stakeholders. The team put in extra efforts and collected more data than desired.

Unavailability of the Secondary data

ECI has conducted extensive desk research, and we are thankful to BLEP for providing us some very informative secondary data. Apart from this, little reliable data on the selected value chain was available. During the field visit, our team conducted interviews with several key stakeholders and tried to extract some relevant secondary data. However, unfortunately, no data was available from any department.

4. Findings

4.1 Value Chain Analysis of Handmade Carpets and Rugs

4.1.1 Overview of Handmade Carpets

[26]The art of weaving developed in the region comprising Pakistan at a time when few other civilizations employed it. Excavations at Moenjodaro and Harappa - ancient cities of the Indus Valley civilization - have established that the inhabitants used spindles and spun a wide variety of weaving materials. Some historians consider that the Indus Valley civilization first developed the use of woven textiles. Carpet weaving may have been introduced into the area of present-day Pakistan as far back as the 11th century with the coming of the first Muslim conquerors, the Ghaznavids and the Ghauris, from the West. It can with more certainty be traced to the beginning of the Mughal Dynasty in the early 16th century, when the last successor of Timur, Babar, extended his rule from Kabul to India to found the Mughal Empire. Under the patronage of the Mughals, Indian craftsmen adopted Persian techniques and designs. Carpets woven in the Punjab at that time made use of motifs and decorative styles found in Mughal architecture.

During the Mughal period, the carpets made on the Indian subcontinent became so famous that demand for them spread abroad. These carpets had distinctive designs and boasted a high density of knots. Carpets made for the Mughal emperors, including Jahangir and Shah Jahan, were of the finest quality. Under Shah Jahan's reign, Mughal carpet weaving took on a new aesthetic and entered its classical phase.

At present, hand-knotted carpets are among Pakistan's leading export products and their manufacture is the second largest cottage and small industry. Pakistani craftsmen have the capacity to produce any type of carpet using all the popular motifs of gulls, medallions, paisleys, traceries, and geometric designs in various combinations.

4.1.2 Balochi Handmade Carpets and Rugs

[27]Balochi carpets (also called Baluch or Beluchi carpets) are handmade carpets originally made by Baluch nomads, living near the border between Iran, Pakistan and Afghanistan. About 70% live in the main part in Pakistan and are divided into two groups; Sulaimani and Makrani.

[28]Balochi handmade carpets and rugs are made by employing age-old weaving techniques that have been passed down from one generation to the next for centuries. These rugs have a high knot density as compared to the handmade carpets made in Iran, Afghanistan, and even India. This makes the handmade carpets and rugs from Balochistan highly-durable and long-lasting.

Natural dyes used in Balochi Handmade Carpets

Source: Qaleen.com

Handmade carpets and rugs crafted by Baloch tribesmen are of the finest quality. Before the carpet making process begins, the wool to be used is naturally dyed in bold bright hues of classical red, shades of blue, green, golds, ivory, greys, brown, apricot, orange, and more. These pigments are extracted from vegetables, plants, and other natural sources, and hence they are chemical free, and 100% eco-friendly.

[26] https://www.bashircarpets.com/en/pakistani-rugs
[27] https://www.carpetencyclopedia.com/styles-origin/baluchi-carpets
[28] https://qaleen.com/blog/5-things-you-need-to-know-about-handmade-baluchi-rugs#two

4.1.3 Types of Handmade Carpets produced in Balochistan

[29]Considering the fact that Balochi handmade carpets' design patterns include lots of geometrical shapes such as hexagons, octagons, triangles, and squares, these carpets take months, and sometimes even years to be crafted. In order to make a single Balochi handmade carpet, 4 to 5 skilled craftsmen are required who spend as much as 6 working hours every day working on the carpet. Exactly how much time a handmade carpet takes to be completed depends largely on its size, but a Balochi carpet usually takes up to 10 months before it is ready to be sold. Since they are made of premium quality wool and natural dyes, Balochi handmade carpets and rugs are not only incredibly durable and long lasting, but they are also water and stain resistant.

Typical Patterns of Balochi Handmade Carpets and Rugs

Source: Carpetencyclopedia

4.1.4 Uses and Benefits of Handmade Carpets

Handmade Carpets are used for a variety of purposes, including insulating a person's feet from a cold tile or concrete floor, making a room more comfortable as a place to sit on the floor (e.g., when playing with children or as a prayer rug), reducing sound from walking (particularly in apartment buildings) and adding decoration or color to a room.

Display of Beauty of Baluchi Handmade Carpets

Source: Little-persia

Below are some other distinct benefits of Handmade Carpets:

- **Improves Indoor Air Quality:** New handmade carpet is the lowest VOC-emitting flooring choice available. It actually acts as a passive air filter, trapping dust, pollen and other particles and removing them from the breathing zone.
- **Provides Warmth and Comfort:** Carpet provides actual thermal resistance. In colder climates, it retains warm air longer - an energy conservation benefit.

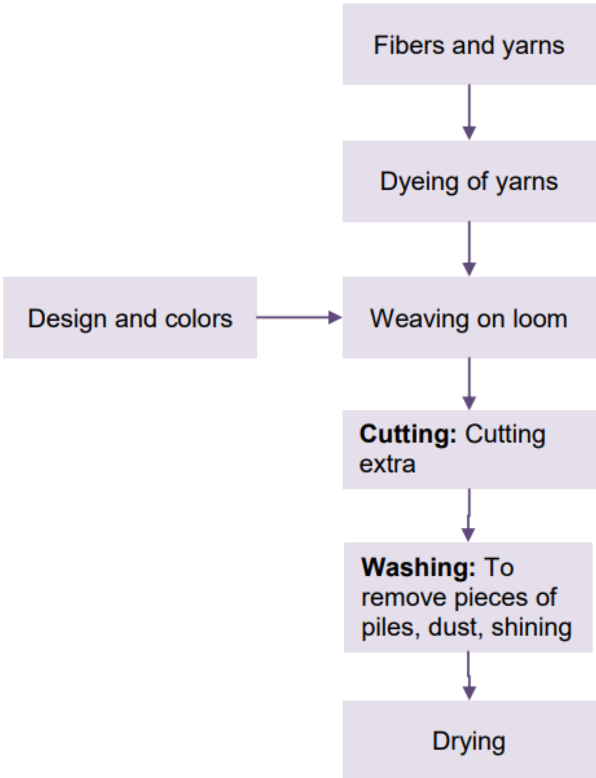
[29] https://qaleen.com/blog/5-things-you-need-to-know-about-handmade-baluchi-rugs#two

- **Softens Slips and fall:** Carpet is ideal for cushioning our footsteps, reducing slips and falls and minimizing injuries when falls do occur.
- **Reduces Noise:** Big screen TVs, speaker phones, computers and modern sound systems make our homes noisy places. Carpet helps absorb these sounds.

Display of Beauty of Baluchi Handmade Carpets

Source: Little-persia

Handmade Carpet Manufacturing Process



Source: *SBP Report on Handmade Carpet Manufacturing*

Table 2: Handmade Carpet Manufacturing in Balochistan - Stakeholders and their Interests

Stakeholder	Interest
Input Suppliers	Better terms, and attractive pricing
Producers	Growth, government initiative, and access to finance
Commission Agents	Product quality, reasonable price, timely delivery
Financial Institutions	Debt servicing, and increase in deposits
Government	Economic growth, and benefit to community at large

Source: *SBP Report on Handmade Carpet Manufacturing*

4.1.5 Preliminary Mapping of the Value Chain

Based on the insights obtained during the survey, the Value Chain Map for Handmade Carpets, showing relationships at all levels, is presented below:

Figure 1: Map of Handmade Carpets Value Chain

Source: *ECI's Primary Research*

4.1.6 Analysis of Value Chain Actors

Below table presents major Actors/ Stakeholders at Micro, Meso, and Macro Level, who are engaged or have an impact on the Value Chain of handmade carpets:

Table 3: Key Micro, Meso, and Macro Level Actors in Handmade Carpets Value Chain

Micro – Operators	Meso – Support Functions	Macro – Enabling Environment
▪ Input Suppliers dealing with Handmade Carpet Producers (Machinery, Looms, Wool, Colors, etc.); ▪ Producers - Household; ▪ Commission Agents; ▪ Traders (domestic and foreign markets); ▪ Export Agents (Provincial, national and overseas markets); ▪ Distributors, Wholesalers; ▪ Retailers; ▪ Individual Consumer	▪ Transporters; ▪ Banks and MFIs; ▪ groups; ▪ Small Industries Department; ▪ Training Service Providers; ▪ BTEVTA; ▪ SMEDA;	▪ Planning and Development Department; ▪ Labor Department.

Source: *ECI's Primary Research*

In the context of eight districts in Balochistan where Handmade Carpets Value Chain has been studied during this assignment, the team carried out interviews with a range of above listed actors to understand the relationships and the supply chain. the summary of number of respondents surveyed for Handmade Carpets Value Chain in all eight districts surveyed:

Table 4: Number of Respondents Surveyed (Handmade Carpet)

Number of Respondents Surveyed (Handmade Carpets Value Chain)				
District	**Input Suppliers**	**Producers**	**Commission Agents**	**Total**
Killa Abdullah	2	8	2	**12**
Killa Saifullah	11	0	2	**13**
Chaghi	5	8	5	**18**
Sherani	7	9	6	**22**
Pishin	8	13	6	**27**
Mastung	2	7	3	**12**
Zhob	1	12	4	**17**
Nushki	13	5	0	**18**
Total	**49**	**62**	**28**	**139**

Source: *ECI's Primary Research*

It is worth mentioning that no producers of handmade carpets were found in Killa Saifullah, whereas no Commission Agents were found in Nushki.

Images of Field Surveys Conducted by ECI Officials for Interviews with Handmade Carpet Value Chain Actors in Eight Districts surveyed in Northern Balochistan

Source: *ECI's Primary Research*

4.1.7 Business Analysis

Some of the individual carpet producers are associated with informal local handmade carpet industry and provide services as skilled carpet makers. While the supply chain for informal handmade carpet industry can be quite complex, the nature of their role as a skilled service provider is quite simple. Handmade Carpet producers work as individuals or as groups and receive orders along with specifications and inputs from handmade carpet industry. They either work out of their homes, rented places of work or at the space provided by the company.[30]

Our survey revealed the following facts about the business model of handmade carpets in all eight districts:

Table 5: Nature of Business Operation (Handmade Carpet)

District	Input Suppliers			Producers			Commission Agents		
	Home	Shop	Factory*	Home	Shop	Factory	Home	Shop	Factory
Killa Abdullah		100%		25%	75%		50%	50%	
Killa Saifullah	27%	73%		-	-		50%	50%	
Chaghi	20%	80%		75%	25%		20%	80%	
Sherani	29%	71%		22%	78%		33%	67%	
Pishin	25%	75%		92%	8%		83%	17%	
Mastung	50%		50%	57%	14%	29%	33%	67%	
Zhob		100%		75%		25%	25%	75%	
Nushki		100%		80%	20%		-	-	

Majority of the Input Suppliers operate from a shop, whereas some operate from home or a factory. With regard to the Producers, majority of them operate from home, whereas some of them operate from a shop or a factory. Majority of the Commission Agents operate from a shop while some of them operate from home as well.

Since females are involved in the production of handmade carpet, they prefer to work at home due to the cultural norms and values. Moreover, they also can't afford rent of shops. On the other hand, the commission agent and raw material supply are male dominated businesses and therefore majority of them operate from a shop.

Across all the eight districts, about 68% of the Input Suppliers operate from a rented premises whereas 54% of the Producers operate from their own property and 55% producers and commission agents operate from a rented space respectively.

The data depicts that more than 50% of the input suppliers are in business from over 10 years, similarly, 35% and 53% suppliers and commission agents are in business from over 10 years respectively. This data shows that there is a still scope for handmade carpet business despite various challenges. The table below gives more details.

[30] https://www.ppaf.org.pk/doc/programmes/Final%20Report_AiD%20Market%20Assessment%20and%20Value%20Chain%20Analysis.pdf

Table 6: Years in Business Operation (Handmade Carpet)

District	Input Suppliers			Producers			Commission Agents		
	0-5 Years	6-10 Years	More than 10 years	0-5 Years	6-10 Years	More than 10 years	0-5 Years	6-10 Years	More than 10 years
Killa Abdullah	100%			12%	25%	63%	100%		
Killa Saifullah	9%	45%	46%	-	-	-		100%	
Chaghi	40%	40%	20%	63%	37%		80%	20%	
Sherani		43%	57%	11%	44%	45%	33%	17%	50%
Pishin	25%	25%	50%		54%	46%	50%	17%	33%
Mastung	100%			43%	28%	29%		67%	33%
Zhob		100%		17%	25%	58%		50%	50%
Nushki	31%	46%	23%	40%		60%		-	-

83% of the respondents replied that the local people are their customers. The district wise detail of the types of customers is given below:

Table 7: Types of Customers (Handmade Carpet)

District	Input Suppliers			Producers			Commission Agents		
	Local people	Commission Agents / Arhities	Companies operating in Quetta or other places	Local people	Commission Agents / Arhities	Companies operating in Quetta or other places	Local people	Commission Agents / Arhities	Companies operating in Quetta or other places
Killa Abdullah	100%			62%	38%		100%		
Killa Saifullah	64%	36%		-	-	-	100%		
Chaghi	60%	40%		63%	25%	12%	20%	80%	
Sherani	100%			89%	11%		83%	17%	
Pishin	38%	62%		39%	31%	30%	83%	17%	
Mastung	100%			57%	14%	29%	100%		
Zhob	100%			33%	42%	25%	100%		
Nushki	100%			80%	20%		-	-	-

According to the research, it is revealed that Majority of the Input Suppliers generate average monthly sales of more than PKR 100,000, while others make up to PKR 30,000, between PKR 31,000-50,000, and between PKR 51,000-100,000. With regard to the Producers, majority of them generate average monthly sales of up to PKR 30,000, while some between PKR 51,000-100,000, between PKR 31,000-50,000, and more then PKR 100,000. Meanwhile, majority of the Commission Agents generate average monthly sales of up to PKR 30,000, while others generate between PKR 51,000-100,000, between PKR 31,000-50,000, and some of them generate more than PKR 100,000.

Table 8: Average Sale per Month (Handmade Carpet)

District	Input Suppliers				Producers				Commission Agents			
	Up to Rs. 30,000	31,000 – 50,000	51,000 – 100,000	More than 100,000	Up to Rs. 30,000	31,000 – 50,000	51,000 – 100,000	More than 100,000	Up to Rs. 30,000	31,000 – 50,000	51,000 – 100,000	More than 100,000
K. Abdullah	50%			50%	50%		25%	25%	50%	50%		
Killa Saifullah	9%	18%		73%	-	-	-	-			100 %	
Chaghi	40%	40%		20%	75%		12%	13%	20%	40%		40%
Sherani			43%	57%		11%	67%	22%	33%		34%	33%
Pishin		25%	25%	50%	46%	8%	30%	16%	17%	33%	33%	17%
Mastung		50%	50%		29%	43%	14%	14%	34%	33%	33%	
Zhob	100%				17%	50%	33%		50%	25%		25%
Nushki	15%	54%	15%	16%	40%	20%		40%	-	-	-	-

The majority of the respondents of all three Value Chain Actors in all eight districts said that they had average monthly sales up to PKR 30,000 at the start of the business.

Now according to the respondents, the sales have been increasing for majority of the Input Suppliers, and the Producers, while a considerable number of the Commission Agents said that their sales are somewhat increasing. Similarly, 88%, 75% and 81% input supplier, producers and Commission agents respectively reported that their customers are increasing. The input suppliers (88%), producers (75%) and commission agents (49%) reported that at the start of the business they were serving lest than 10 customers while now according to 54% input suppliers they are serving 21-50 customers while 49% commission agents replied that their customers are above 100. However, the producers are still serving less than 10 customers. The data shows that there is a still scope for this business, however, there is a need to fully facilitate them and measure a step for ease of doing business.

Even though only a small percentage of the respondents of all three Value Chain Actors said that their customers are not increasing, the prime common reasons for this (as highlighted by some of the Producers) are: high price of handmade carpets in comparison to machine made carpets, followed by non-availability of raw material, and no access to buyers.

Table 9: Increase in Sale (Handmade Carpet)

District	Input Suppliers			Producers			Commission Agents		
	Yes	No	Somewhat	Yes	No	Somewhat	Yes	No	Somewhat
Killa Abdullah	50%	50%		100%			50%		50%
Killa Saifullah	45%	9%	46%	-	-	-	50%		50%
Chaghi	80%	20%		50%	50%		20%	20%	60%
Sherani	43%		57%	22%	56%	22%	17%		83%

Pishin	88%	12%		46%	46%	8%	67%		33%
Mastung		50%	50%	28%	29%	43%	33%		67%
Zhob	100%			58%	42%		50%	25%	25%
Nushki	77%		23%	80%		20%	-	-	-

Analysis: The survey of Value Chain Actors of Handmade Carpets in all eight districts revealed that,

i) majority of the Input Suppliers and Commission Agents are operating from rented shops while majority of the Producers are operating from homes which they own.
ii) majority of Input Suppliers, Producers, and Commission Agents have been in business for less than 10 years;
iii) majority of the customers of all three Value Chain Actors are:
   - local people; and
   - Are, consistently increasing.

iv) majority of monthly sales of all three Value Chain Actors:
   - was less than PKR 30,000 at the start of the business;
   - is now in the range of up to PKR 50,000; and
   - is consistently increasing.

v) Some of the Producers who said that their sales were not increasing, sighted the following reasons:
   - non-availability of raw material;
   - high price of handmade carpets paid by the ultimate buyers;
     - lack of proper marketing; and
     - no access to buyers.

Recommendation: In order to nurture growth of handmade carpets business in all eight districts which were surveyed:

a. it is necessary to facilitate easy and timely delivery of the required raw material to the producers especially at the government operated facilities;
b. handmade carpets have to be promoted because machine made carpets (which are much cheaper in price) are threatening future of handmade carpets; and
c. producers may to be provided access to the buyers through SMEDA and TDAP.

4.1.7.1 Economic & Market Analysis

[31]Famous hand-knotted carpets are disappearing from Balochistan as weavers say that their craft has been pushed to the brink of extinction by cheap, machine-made rugs from Iran. The neighborhoods of Hazara Town, Ghosabad, and Marriabad in Quetta, the capital of Balochistan province, used to be Pakistan's main handmade carpet center, with regular exports to the United States and Europe, giving employment to thousands of weavers. Now, only a few such workshops are left.

According to some of the handmade carpet producers in Balochistan, what makes Iranian carpets so cheap is not only machine-weaving but also the fact that they enter Pakistan through the porous border without paying custom duty. They added that, even though Balochi handmade carpets are still exported to the US and Europe, they are no longer sent from Balochistan but are first sent for finishing to centers such as Karachi and Lahore before being exported at significantly higher price.

[31] https://www.arabnews.pk/node/1871331/pakistan

4.1.7.2 Raw Material and Suppliers

During the survey we found out that, the required raw material for making handmade carpets is not available in all the districts, therefore, most of the carpet producers have to buy it from the input suppliers located in other districts, even as far as the Quetta City.

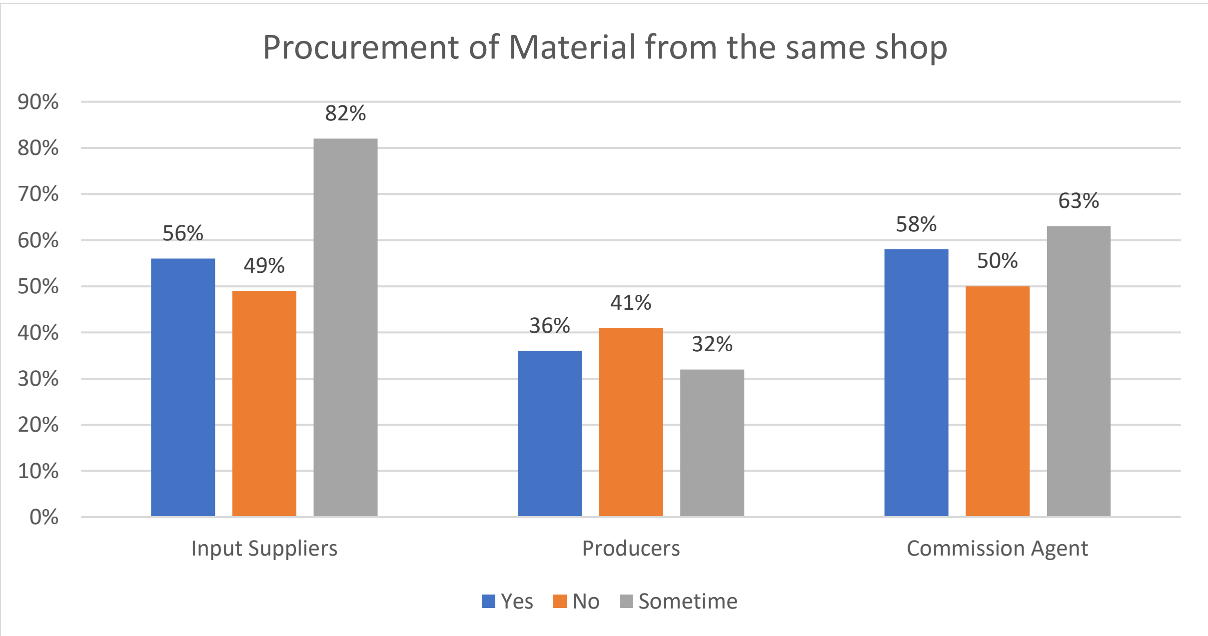
The raw material required for making Balochi handmade carpets includes wool, wool threads, cotton, goat/sheep/camel hair, silk, fiber, needles, thread reels, colors, and natural dyes.

In response to a question that from where do you get your raw material, the majority of the Input Suppliers responded that they get their raw material from the local suppliers, whereas, majority of the Producers and Commission Agents procure the raw material (or finished product in case of Commission Agents) themselves from the market.

Table 10: Procurement of Raw Material (Handmade Carpet)

District	Input Suppliers		Producers		Commission Agents	
	Procure myself from the market	Get it from the supplier	Procure myself from the market	Get it from the supplier	Procure myself from the market	Get it from the supplier
Killa Abdullah	50%	50%	75%	25%	100%	
Killa Saifullah	27%	73%	-	-	50%	50%
Chaghi	20%	80%	63%	37%	20%	80%
Sherani	86%	14%	89%	11%	100%	
Pishin	25%	75%	85%	15%		100%
Mastung		100%	71%	29%	67%	33%
Zhob	100%		33%	67%	50%	50%
Nushki	77%	23%	60%	40%	-	-

It is revealed during the survey that majority of the Input Suppliers, Producers, and the Commission Agents do not buy the raw material from the same shop.



According to the survey 61% of the Input Suppliers said that their suppliers deliver the raw material at their doorstep, whereas 64% of the Producers and the 75% Commission Agents said that their suppliers do not deliver the raw material at their doorstep.

As shown in the table below majority of the Input Suppliers as well as the Producers easily get the required raw material, whereas the Commission Agents have a mixed opinion on this question.

Table 11: Easy Availability of the Raw Material (Handmade Carpet)

District	Input Suppliers		Producers		Commission Agents	
	Yes	No	Yes	No	Yes	No
Killa Abdullah	50%	50%	50%	50%	50%	50%
Killa Saifullah	54%	46%	-	-	-	-
Chaghi	80%	20%	25%	75%	-	-
Sherani	100%		78%	22%	-	-
Pishin	88%	12%	69%	31%	-	-
Mastung	100%		100%			
Zhob		100%	50%	50%	-	-
Nushki	92%	8%	100%		-	-

Material sold by the Input Suppliers is actually the raw material for the Producers. Based on the survey data in the above table, we found out that,

- most of the material sold by the Input Suppliers is procured by them locally while some of the material is procured by them from Quetta and some from their neighborhood districts such as the supplier or producer in Zhob procure the raw material from Dera Ismail Khan, and those located in Sherani purchase the raw material from Zhob district. The respondents from Killah Saifullah reported that they purchase the raw material from Quetta.
- with regard to the Producers, most of them procure the raw material locally while some buy it from nearby places or even from Quetta.

This survey question does not pertain to the Commission Agents because they do not require any raw material but rather buy the finished product (i.e., handmade carpets) from the producers, either from their respective districts, or from the producers in other places.

About 47% of the Input Suppliers and 34% producers and 52% commission agents reported that they have to wait 3-5 days to get delivery of the raw material, depending on the type of handmade carpet they have ordered. Meanwhile, some of the Commission Agents are able to buy the finished product (handmade carpets) on the same day if a producer offers to sell them a finished carpet.

Analysis: The Input Suppliers buy the material from the suppliers whereas the Producers and the Commission Agents buy it themselves from the market. It was also revealed that, majority of the Input Suppliers and Commission Agents buy the material from the same seller whereas the Producers buy the raw material from different sellers.

Most of the Input Suppliers and the Producers easily get the raw material, while the Commission Agents buy the material (handmade carpets) locally as well as from faraway places. With regard to delivery, the Input Suppliers and the Producers get the material delivery in 3-5 days, whereas the Commission Agents get the material either on the same day or after certain period of time if they have placed an order for future delivery.

Recommendation: It is recommended that, in order for the Producers to be more efficient and well remunerated,

- the required raw material must be made available to them locally, as much as possible, and at reasonable price;
- the Producers must have easy access to the Buyers/Commission Agents.

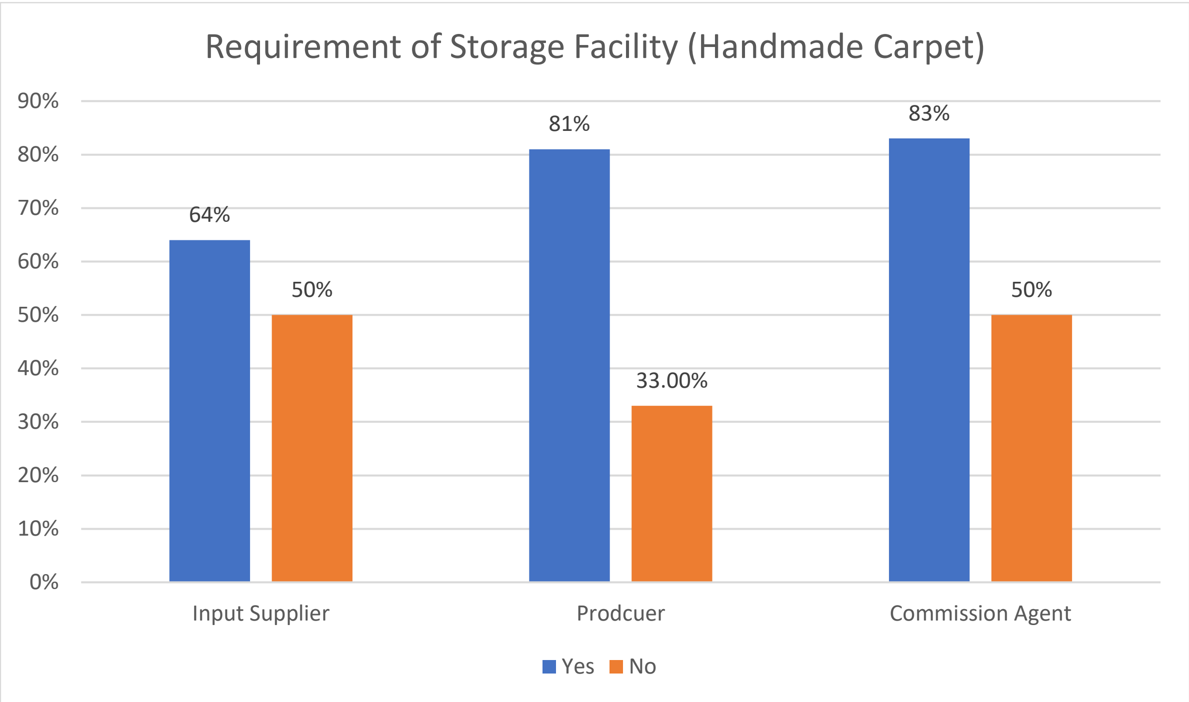
4.1.7.3 Business Support

With regard to the opportunities available for starting a new business to produce handmade carpets or expand an existing business, various government and private sector entities are working to extend their support. However, we found out during our survey that,

a. even though private sector is trying to help out, but it is not enough. For instance, presence of NGOs such as Akhuwat Foundation is only limited to urban areas / Tehsil headquarters. Other microfinance banks/ institutions are non-existent in Balochistan. BRSP is operating in the bordering districts but their focus is on strengthening of schools, health facilities, civil veterinary hospitals, youth sport centers, economic hubs, markets, women technical training, drinking water, disaster risk reduction (DRR) & energy etc. Hence BRSP is not offering access to finance to the businesses under study in this project. .NRSP is not operating in the bordering districts and is only present in Kech, Awaran, Gawadar and Quetta. Unfortunately, at present NRSP offers loans only against collateral. Almost all major banks are present at the tehsil headquarter level but they only accept deposit and offer secured loans;

b. while all government departments are present in Quetta, some government departments such as Small Industries Department, and Labor Department etc. are mostly present in all districts.

In response to a question that do you require storage facility the responses are given below:



According to 92%, 90% and 88% input supplier, producer, commission agents respectively report that the required storage facilities are available in their areas, however, some of the respondents reported that they use the storage facility located in Quetta. It is reported by the respondents, Input Suppliers do not use storage facilities, whereas Producers and Commission Agents do use them.

Analysis: The storage facilities are mainly required by the Producers as well as the Commission Agents. While majority of all three Value Chain Actors said that the storage facilities are available in their areas, few of them said that the closest storage facilities are available only in Quetta.

Recommendation: The relevant authorities should ensure that storage facilities are made available, particularly to those Commission Agents who are concentrated in certain areas/districts where there are no storage facilities.

4.1.7.4 Machinery and Equipment

Machinery and equipment required for producing handmade carpets in relatively simple and primarily consists of wooden frames and some basic tools which are long lasting and do not require huge investment.

The majority of the respondents of all three Value Chain Actors confirmed that, the existing machinery and equipment was sufficient for their business. Majority of Input Suppliers in Mastung, and Producers in Chaghi said that the existing machinery was not sufficient for their business, however, they were not able to identify any specific machinery requirement. Only few respondents reported that we do not have the requirement for machines because we use traditional mechanism.

Table 12: Sufficiency of existing machinery & equipment (Handmade Carpet)

District	Input Suppliers		Producers		Commission Agents	
	Yes	No	Yes	No	Yes	No
Killa Abdullah	-	-	100%		100%	
Killa Saifullah	60%	40%	-	-	-	-
Chaghi	-	-	25%	75%	-	-
Sherani	100%		78%	22%	80%	20%
Pishin	100%		77%	23%	-	-
Mastung		100%	86%	14%	-	-
Zhob	-	-	100%		-	-
Nushki	100%		100%		-	-

Analysis: Majority of all three Value Chain Actors did not have any requirement for additional machinery and equipment to run their business.

Recommendation: Based on the above analysis, we do not feel that any action is required for this part of the survey.

4.1.7.5 Labor Issues

It was revealed during our survey that the skilled labor involved in producing handmade carpets was usually exploited by the Commission Agents, i.e., by under-paying them or paying them late. As a result, lot of skilled workers move to bigger cities in search of other better paying jobs which is a big loss for sustainability and growth of handmade carpet industry in the eight districts which were surveyed.

In the handmade carpet, the majority of the respondents of all three Value Chain Actors said that their business requires skilled labor.

Table 13: Requirement of Skill Labour (Handmade Carpet)

District	Input Suppliers		Producers		Commission Agents	
	Yes	No	Yes	No	Yes	No
Killa Abdullah	100%		100%		100%	
Killa Saifullah	82%	18%	-	-		100%
Chaghi	20%	80%	75%	25%	60%	40%
Sherani	71%	29%	67%	33%	50%	50%
Pishin	88%	12%	100%		83%	17%
Mastung		100%	71%	29%	33%	67%
Zhob	100%		100%		50%	50%
Nushki	39%	61%	100%		-	-

It was revealed during the research that the skilled labor was available in their area. A small percentage of the Producers, who earlier said no to availability of skilled labor in their area, further added that sometimes they are forced to use unskilled labor or borrow skilled labor from elsewhere.

Table 14: Availability of the Skilled Labour (Handmade Carpet)

District	Input Suppliers		Producers		Commission Agents	
	Yes	No	Yes	No	Yes	No
Killa Abdullah	50%	50%	75%	25%	50%	50%
Killa Saifullah	89%	11%	-	-	-	-
Chaghi	100%		100%		66%	34%
Sherani	60%	40%	67%	33%	67%	33%
Pishin	100%		100%		100%	
Mastung	-	-	100%		100%	
Zhob	100%		100%		100%	
Nushki	100%		100%		-	-

Input Suppliers and Commission Agents said that women do not work in their business, whereas the Producers said that women do work in their business primarily due to the fact that handmade carpet producers mainly work from their homes where women are also able to help. As mentioned earlier that input supplying and commission agents are mainly male dominated business and hence the only opportunity for women employment in this business in the future is with the Producers.

Analysis: It is quite evident from the survey data that, there is no scope for women employment in the future in the business of handmade carpets, except with the Producers. Due to prevailing culture and traditions in all eight districts which were surveyed, women are not allowed to freely move around. Therefore, the only area where women employment could be increased is with the Producers as women are able to work from their homes, helping their men in production of handmade carpets.

Recommendation: It is recommended that; the Producers must be provided with all the facilities to boost their business which will in turn increase women employment.

4.1.7.6 Profitability

We found out during our survey that, most of the people involved in making handmade carpets in all eight districts are generally paid up to 20% of the final sale price of the carpets they produce. Some of the survey respondents strongly suggested that, government should establish display centers at district levels to help them sell their products, thereby facilitating higher profit margins for the producers.

As shown in the table below, majority of the Producers and Commission Agents felt that they are getting the right price for their product, while most of the Input Suppliers seemed to be unhappy with the price they fetch for their product.

Table 15: Getting the right price of the product (Handmade Carpet)

District	Input Suppliers			Producers			Commission Agents		
	Yes	No	Somewhat	Yes	No	Somewhat	Yes	No	Somewhat
Killa Abdullah		50%	50%	75%		25%	50%		50%
Killa Saifullah	27%	18%	55%	-	-	-	50%		50%
Chaghi	100%			63%	12%	25%	20%	40%	40%
Sherani	57%		43%	56%		44%	33%		67%
Pishin	87%		13%	23%	39%	38%	67%		33%
Mastung			100%	28%	29%	43%	33%	34%	33%
Zhob	100%			92%		8%	50%	25%	25%
Nushki	77%		23%	100%			-	-	-

The respondents think that their product is sold for at least double the price to the end user.

District	Input Suppliers			Producers			Commission Agents		
	Double	Triple	More than three times	Double	Triple	More than three times	Double	Triple	More than three times
Killa Abdullah	-	-	-	87%	13%		100%		
Killa Saifullah	-	-	-	-	-	-	100%		
Chaghi	-	-	-	62%		38%	80%		20%
Sherani	100%			100%			100%		
Pishin	100%			100%			100%		
Mastung	-	-	-	29%	14%	57%	67%	33%	
Zhob	-	-	-	42%	58%		100%		
Nushki	-	-	-	100%			-	-	-

Almost all of the respondents for the three Value Chain Actors i.e., input suppliers (100%), producers (85%) and commission agent (87%) said that their business is profitable after meeting all the expenses. According to them all three Value Chain Actors earn a profit of up to PKR 30,000 per month.

Table 16: Profit per Month (Handmade Carpet)

District	Input Suppliers				Producers				Commission Agents			
	up to 30,000	31,000 - 50,000	51,000 - 100,000	More than 100,000	up to 30,000	31,000 - 50,000	51,000 - 100,000	More than 100,000	up to 30,000	31,000 - 50,000	51,000 - 100,000	More than 100,000
Killa Abdullah	100%				38%	50%		12%	100%			
Killa Saifullah	9%	36%	27%	27%	-	-	-	-	50%		50%	
Chaghi	60%	20%	20%		60%	20%	20%		67%			33%
Sherani	14%	71%	15%		50%	50%			50%	50%		
Pishin	75%	25%			100%				80%	20%		
Mastung	100%				83%	17%			50%	50%		
Zhob	100%				67%	33%			100%			
Nushki	85%	15%			60%	20%		20%	-	-	-	-

Analysis: We found out that, majority of the Producers and Commission Agents are content with the price they are getting for their product, while most of the Input Suppliers are not happy. Majority of the survey respondents representing all three Value Chain Actors were of the opinion that their buyers are selling the products to the end-users for more than double the purchase price.

The survey respondents predominantly confirmed that their business is profitable and they are generating a profit of up to PKR 30,000 per month after meeting their expenses. While discussing this point with the government departments during our survey, we were informed that handmade carpets take a long time to finish, sometimes even up to 1 year. Therefore, it actually means that the typical producers sell 1 or 2 carpets in a year and if the profit is divided by number of months it took to make one carpet, it translates to around PKR 30,000 per month.

Recommendation: It is recommended that; government should do a bit of hand holding of the Producers and facilitate increase in the selling price of handmade carpets to make it worthwhile for the producers.

4.1.7.7 Environmental Impact and Hazards

Our survey revealed that, handmade carpet manufacturing does not cause any noticeable environmental hazards. However, handmade carpet manufacturing does have some health hazards for the people involved in making the carpets such as inhaling fine particles of wool as well as back curvature issues due to wrong postures for extended periods of time.

The majority of all three Value Chain Actors think that their product and processing does not cause any negative environmental impact. It is evident from the above table that, the Producers and the Commission Agents **dispose of their waste either by burning it, throwing it in the drain, or throwing it in the street, which means that they do not have any understanding of the negative environmental impact caused by pollution.**

Only a few respondents in Pishin said that they either recycle their waste or use it as fuel. Moreover, most of the respondents confirmed that EPA set up does not exist in most of the districts surveyed under this project.
Out of the eight districts, producers in only three districts and commission agents in four districts have said that the product or processing has negative impact. They further reported that they dispose of the waste in the following manner:

- Burn
- Drain
- Throw it outside work place
- Use as fuel
- Recycle

Analysis: It is evident from the survey data that, the Input Suppliers do not cause any waste or pollution due to very nature of their business activity – trading.

With regard to the Producers and the Commission Agents, their product or processing does not cause any negative environmental impact. Few of them, who said yes, their product or processing cause some environmental impact, pointed out dust, smoke and garbage as the major causes of negative impact on the environment.

As confirmed by most of the Producers and the Commission Agents, they either burn the garbage, throw it in the street or in the drain.

As per our research, EPA only exists in Quetta and Mastung. However, the status of EPA presence is to be confirmed from ECI – Quetta Team.

Recommendation: It is, therefore, recommended that, EPA makes appropriate arrangements in the respective districts in educating people about pollution created by throwing the garbage in the street or by burning it. EPA may also coordinate with the local government for implementing a system of garbage collection and proper disposal.

4.1.7.8 Export potential

The survey revealed that, potential for exporting Balochi handmade carpets and rugs was very much there, provided that, Federal and Provincial government departments, private sector, and the financial institutions play their roles in creating an export-friendly environment. In this regard, in particular, SMEDA, and Trade Development Authority of Pakistan (TDAP) must play a cohesive role to help boost export of handmade carpets from Balochistan.

Our survey revealed the majority of the Producers and Commission Agents said that their product cannot be exported.

We need to give some reasons here

Table 17: Export Potential (Handmade Carpet)

District	Input Suppliers		Producers		Commission Agents	
	Yes	No	Yes	No	Yes	No
Killa Abdullah	N/A*	N/A	25%	75%		100%
Killa Saifullah	N/A	N/A	-	-		100%
Chaghi	N/A	N/A		100%		100%
Sherani	N/A	N/A	11%	89%		100%
Pishin	N/A	N/A	39%	61%		100%
Mastung	N/A	N/A		100%		100%

Zhob	N/A	N/A	20%	80%	-	-
Nushki	N/A	N/A	14%	86%	24%	76%

**N/A: Not Applicable (Nature of goods which Input Suppliers deal with do not have export potential)*

A very few of the Producers, who earlier said yes, their product can be exported, further added that there is demand in foreign countries for Balochi handmade carpets, and if promoted properly, it will expand their business.

Almost 100% of the Producers and Commission Agents said that their product is not exported by the companies who buy it from them. Similarly, almost all of the Producers and Commission Agents said that they have never exported their product, themselves. Only a small number of the Producers from Killa Abdullah said that they have exported their product in the past. They further revealed that in the years 2020 and 2021, they had unofficially exported handmade carpets to Afghanistan for a total value equivalent to PKR 280,000 only.

Analysis: Almost all of the Producers and the Commission Agents think that their product cannot be exported. Majority of them confirmed that they have never exported their product themselves, neither do they think that the companies who buy from them export it.

The above findings clearly indicate that most of the Producers and Commission Agents are actually unaware of the potential for export which their product has.

Recommendation: Government departments, such as Trade Development Authority of Pakistan (TDAP), in conjunction with SMEDA and Small Industries Department in Balochistan have to find ways to increase export of Balochi handmade carpets.

A Beautiful Pattern of Balochi Handmade Carpets

Source: *carpetencyclopedia*

4.1.8 Analysis of Enabling Environment

We found out during our survey that, handmade carpet manufacturing business in all eight districts faced multiple obstacles in the enabling environment, such as:

1	Lack of market accessibility;
2	Poor linkages;
3	Lack of education;
4	Lack of mobility of females as the society was very conservative;
5	Limited access to finance; and
6	Lack of business skills and technical training.

Most of the Producers were of the opinion that their product requires further processing. Whereas, the Commission Agents said that they do not require further processing because they usually buy the handmade carpets which are already processed and are ready for onward sale.

Table 18: Requirement for Processing (Handmade Carpet)

District	Input Suppliers		Producers		Commission Agents	
	Yes	No	Yes	No	Yes	No
Killa Abdullah	N/A*	N/A*	88%	12%		100%
Killa Saifullah	N/A	N/A	-	-		100%
Chaghi	N/A	N/A	100%			100%
Sherani	N/A	N/A	100%			100%
Pishin	N/A	N/A	100%		17%	83%
Mastung	N/A	N/A	86%	14%		100%
Zhob	N/A	N/A	8%	92%		100%
Nushki	N/A	N/A	80%	20%	-	-

**N/A: Not Applicable (Nature of goods which Input Suppliers deal with do not require processing)*

It is learnt during the research that the required processing for pressing and finishing of handmade carpets is mainly done in Quetta.

According to the producers, the processing facilities are not located close to the Producers and Commission Agents. Most of the processing facilities are located in Quetta or even as far as Faisalabad. According to the KIIs, there is no processing facility in Balochistan and it is assumed that commission agents or big wholesale may procure carpet from them and then processed from various factories located in Faisalabad and Quetta.

The majority of the respondents of all three Value Chain Actors said that, local availability of processing will make their product better, followed by local availability of raw material, packaging, and training.

Table 19: Support Required for Better Product Making (Handmade Carpet)

District	Input Suppliers				Producers				Commission Agents			
	Local availability of Processing	Local availability raw material	Packaging	Training	Local availability of Processing	Local availability raw material	Packaging	Training	Local availability of Processing	Local availability raw material	Packaging	Training
Killa Abdullah	33%	17%	17%	33%	43%	36%	14%	7%	33%	33%	17%	17%
Killa Saifullah	26%	26%	26%	22%	-	-	-	-	100%			
Chaghi	37%	13%	37%	13%	35%	41%	12%	12%	37%	38%	-	25%
Sherani	35%	25%	25%	15%	35%	19%	27%	19%	50%	8%	25%	17%
Pishin	17%	25%	42%	17%	18%	30%	30%	22%	38%	25%	13%	24%

Mastung	-	33%	34%	33%	27%	27%	28%	18%	50%	25%		25%
Zhob	50%	50%			22%	28%	28%	22%	57%	14%	15%	14%
Nushki	40%	53%	7%		43%	57%			-	-	-	-

Analysis: The survey results show that the Producers require the facilities for processing of their product and these processing facilities are mostly located in Quetta or even as far as Faisalabad. In response to the question about what other support did they require for making their product better, the highest priority for all three Value Chain Actors was 'local availability of processing'. According to the Small Industries Department - Quetta, some Uzbik carpet producers in Balochistan dye the carpets they produce but they are of poor quality.

Recommendation: It is, therefore, recommended for the relevant authorities/departments to set up processing facilities relatively closer to the Producers, thereby bringing efficiency in the value chain process.

4.1.8.1 Government Policies, Government Support And infrastructure

The survey respondents in handmade carpet manufacturing in all eight districts were unhappy with government policies, and provided their suggestions for government to play an effective role, such as:

- Provision of facilities at government owned training centers in all eight districts;
- Exposure visits may be arranged for the carpet producers, and trainees;
- Linkages with the input suppliers, and buyers/dealers;
- Setting up research laboratories;
- Improved infrastructure, i.e., improved roads, electricity, gas, water, upgradation of mobile networks, etc.

Small Industries Department – Quetta: However, it is worth mentioning here that, during our detailed meeting with the Small Industries Department (SID) in Quetta, we were pleased to find out that, they operate 114 vocational training institutes in all eight districts surveyed by us. They offer various training courses to men and women for the products studied during this survey (i.e., Handmade carpets, Embroidery/Needle Work, and Tailoring) particularly in Killa Abdullah, Chaghi, Pishin, and Mastung. SID officials said that, carpet making courses are usually from 3 to 12 months long and are mostly offered to females.

SID officials also told us that, in carpet weaving training centers operated by them, the carpets are woven by the apprentices and it takes between 3 to 12 months to weave a carpet, depending upon its design and size. These carpet training centers are currently operating at around 20% of their capacity, i.e., if there are 10 carpet weaving frames in a carpet training center, only two are operational. We also found out that, the raw material for carpet weaving training centers is provided by Government of Balochistan, and each apprentice is paid PKR 2,000 per month. The carpets woven at these centers are then sent to the display center in Quetta, and are generally gifted to the dignitaries during their official visits to Balochistan.

According to SID, it costs approximately PKR 1 million to set up a handmade carpet manufacturing facility, therefore, a lot of skilled workers work for rich people who have onward connections outside Balochistan. We are of the opinion that, for real success of these training courses, the apprentices who successfully complete the courses in carpet making should be provided with the required toolkits and machines so that they could set up their own business, thereby further boosting handmade carpet making sector in Balochistan as well as creating employment, particularly for women.

Small Industries Department officials highlighted some of the issues faced by the handmade carpet producers in Balochistan such as:

1	there are no market linkages;
2	lack of access to finance;
3	issues of availability of raw materials;
4	issues of space for workers;
5	finishing is done in faraway cities such as Quetta, Karachi, and Lahore;
6	exploitation of workers due to lack of awareness; and
7	there is a process available for registration of a small business with SID but people avoid registering because of the requirement of CNIC and tax certificate;
8	there are no market linkages;

Our survey revealed the following facts about the business model of handmade carpets in all eight targeted districts:

- Majority of the respondents of all three Value Chain Actors said that ease of doing business is 'good'.
- Majority of the respondents of all three Value Chain Actors rated availability of water as 'poor'.
- Vast Majority of the respondents of all three Value Chain Actors rated availability of gas as 'poor'.
- Majority of the respondents of all three Value Chain Actors rated availability of electricity as 'poor'.
- Majority of the respondents of all three Value Chain Actors rated infrastructure as 'poor'.
- Vast majority of the respondents of all three Value Chain Actors said that government policies are 'not' beneficial for their business.

The respondents of all three Value Chain Actors, who had said that government policies were beneficial for their business (in the previous table), pointed out the major reason for that as *'government provides the required training'.*

The respondents of all three Value Chain Actors, who said that government policies were 'not' beneficial for their business (in the previous table), overwhelmingly pointed out the main reason for that as *'government policies are not supportive'.*
Majority of the respondents of all three Value Chain Actors chose their first option as: *Government to provide facilities and support (electricity, raw material, equipment, etc.)*

Analysis: When the respondents of all three Value Chain Actors were asked the question about 'ease of doing business', majority of them said it is 'good'. However, when they were asked about availability of water, gas, electricity, and infrastructure, majority of them said it is 'poor'.

Table 20: Ranking of Facilities offered by the Government
(On a Scale of **'Very Good' to 'Poor'**)

Facilities & Ranking
1. Ease of doing business (Ranking: **Good)**
2. Availability of Water (Ranking: **Poor)**
3. Availability of Gas (Ranking: **Poor)**

4.	**Availability of Electricity (**Ranking: **Poor)**
5.	**Availability of Infrastructure (**Ranking: **Poor)**

In response to the question whether the government policies are beneficial to their business, the overwhelming majority said that the government policies are not beneficial. They further said that:

- government should provide them the required training;
- government should provide facilities and support (electricity, raw material, equipment, infrastructure etc.).

When asked about any suggestions for improvement in government services, a considerable number of the respondents from all three Value Chain Actors said '*training*'.

Recommendation: It is recommended that the relevant government authorities take appropriate measures to improve civil and infrastructure services in order to address the concerns shared by all Value Chain Actors who are involved in production of handmade carpets. Moreover, Government of Balochistan can earn reasonable amount of money by ensuring that the carpet training centers operated by the Small Industries Department function at 80% - 100% efficiency and by marketing those products nationally, and internationally.

4.1.8.2 Analysis of Key Facilitating Institutions/Services

Various Federal and Provincial government departments such as SMEDA, BTEVTA, Planning & Development Department–Government of Balochistan, and Small Industries Department, Balochistan Rural Support Program (BRSP), are mostly present in Quetta and only in some of the districts we surveyed. Moreover, Balochistan Environmental Protection Agency (BEPA) has its offices only in Quetta and Mastung.

While financial institutions are present in almost all of the locations surveyed, however, microfinance institutions do not have their presence in most of the districts surveyed. This has resulted in ineffective and insufficient support for nurturing the handmade carpet business in all eight districts we surveyed.

Analysis: The concerned government authorities/ departments as well as the financial institutions and MFIs are not present in most of the areas surveyed.

Recommendation: The Federal Government as well as the Provincial Government of Balochistan must find ways to increase presence of various facilitating institutions and services (including financial services) in all eight districts surveyed by us, which will not only help in growth of handmade carpet business but will also benefit other business activities.

4.1.8.3 Financial Management and Funding

It requires considerable amount of money to set up a handmade carpet making business which is a huge amount for most of the people living in the districts which were surveyed. It was also revealed that, majority of the people who were already involved in this business were working from home, were very poor, and had a very basic/primitive set-up (i.e., loom) in their homes to make handmade carpets.

During our survey, we also discussed the issue of access to finance with some of the government departments as well as some financial institutions and microfinance institutions who provided us with the following input:

Government Departments:

Balochistan Rural Support Program (BRSP):

Provides short term loans from PKR 25,000 up to 35,000, but only in Killa Abdullah and Zhob.

National Rural Support Program (NRSP):

Provides only fully collateralized / secured loans, and that too only in Quetta;

Financial Institutions and Microfinance Institutions

Almost all government and private banks have branches at district and tehsil level. But none of these banks provides financial assistance to the cottage industry. Their prime function is deposit mobilization. These banks give out only fully collateralized / secured loans. The most popular credit product in all districts offered by almost all banks was advance against salary. This facility is only provided to the government employees. Hence it is difficult for the typical handmade carpet producer to arrange a collateral. With regard to history of repayment of loans extended in the past, according to Balochistan Rural Support Program (BRSP), only 55% - 60% of the loans availed were fully repaid by the clients. However, as per Akhuwat Foundation, the loan delinquency rate is between 2% - 3%.

Overall, answers to the survey question about 'access to finance' from handmade carpet producers revealed the following issues:

1	Lack of presence of financial institutions / microfinance institutions in all the districts/tehsils which were surveyed;
2	Lack of awareness by the people about the possibility of availing a bank loan;
3	Strict lending policies of financial institutions with harsh/tangible collaterals;
4	Family restrictions on availing bank loans;
5	People consider bank loans as unislamic.

During this survey study, while talking to the officials of Small Industries Department-Quetta, we were informed that, microfinance banks cannot become popular until they become Islamic. There added that, at present, there are no microfinance banks in Balochistan except NRSP and BRSP.

According to the respondents, vast majority of the respondents of all three Value Chain Actors said that they are doing business with their own funds as shown in the table below:

Table 21: Funds for doing a business (Handmade Carpet)

District	Input Suppliers			Producers			Commission Agents		
	Own funds	Borrowed money	Both	Own funds	Borrowed money	Both	Own funds	Borrowed money	Both
Killa Abdullah	100%			87%		13%	100%		
Killa Saifullah	82%	18%	-	-	-	-	50%	50%	
Chaghi	100%			100%			60%	20%	20%
Sherani	100%			100%			67%	33%	
Pishin	75%	12%	13%	61%	31%	8%	100%		
Mastung	100%			42%	43%	15%	33%	67%	
Zhob	100%			100%			100%		

Nushki	85%	8%	7%	100%			-	-	-

Out of those respondents (in the previous table) who said that they are doing business with borrowed funds, most of them said that they had borrowed money from their family or both 'family & friends'. Very few respondents said that they had borrowed from a financial institution.

Respondents for the Commission Agents from Killa Saifullah said that they had borrowed from financial institutions and upon further inquiry we found out that they had borrowed funds from Akhuwat Foundation (an NGO) which provides interest free loans to deserving people for micro/small businesses. Therefore, these borrowings are not considered as typical loans availed from a financial institution. According to the responses of Commission Agents from Chaghi, half of them said that the mark up is between 12-15% while others said that it is between 21-25%.

Since almost none of the Value Chain Actors had borrowed funds from a typical financial institution, they were unaware of their terms and conditions.

Majority of the respondents of all three Value Chain Actors said yes, they require more funding.

Table 22: Requirement for more funding (Handmade Carpet)

District	Input Suppliers		Producers		Commission Agents	
	Yes	No	Yes	No	Yes	No
Killa Abdullah	-	-	100%		-	-
Killa Saifullah	100%		-	-	100%	
Chaghi	-	-	-	-		100%
Sherani	-	-	-	-		100%
Pishin	50%	50%	100%		-	-
Mastung	-	-	75%	25%	100%	
Zhob	-	-	-	-	-	-
Nushki		100%	-	-	-	-

Most of the respondents said that they require more funding to expand their business while a couple of them said they need more funding to pay off the existing debt.

Analysis: Majority of all three Value Chain Actors are doing business with their own funds. Some of the respondents who said that they are doing business with borrowed funds, had borrowed from family and friends. Very few respondents said that they had borrowed funds from a financial institution and said that the loan mark-up is between 12% - 25%. We also found out that, the respondents for the Commission Agents from Killa Saifullah had availed interest-free loans from Akhuwat Foundation.

Those respondents, who said that they had borrowed funds from a financial institution, when asked, were unable to provide further details such as,

- Which financial institution did they borrow from?;
- Was it easy to get funding from a financial institution?; and
- Which collaterals are required from the financial institutions?.

When the respondents were asked if they needed more funds, majority of the respondents for all three Value Chain Actors said yes. When asked 'why do they need more funds?', most of them said 'to expand their business' while a few said 'to settle their existing debt'.

Recommendation: It is recommended that the financial institutions, in particular micro-finance institutions, increase their presence in these far-flung areas which were surveyed, and provide small loans at subsidized mark-up rates. This will not only help deserving micro/small businesses involved in handmade carpet making but various other economic sectors as well.

4.1.8.4 Capacity Building

Our survey revealed that, in order to uplift capacity of handmade carpet makers, the government needs to prepare a comprehensive Capacity Building Plan, establish display centers to facilitate sale of locally made handmade carpets, and set up incubation centers for women thereby encouraging and facilitating increased involvement and employment for women.

Moreover, the government needs to address the following areas:

- Facilitate easy access to finance in order for the producers to upgrade their looms, machinery and tools;
- Facilitate availability of the required raw material in close proximity of the producers, i.e., at least within their district instead of travelling to Quetta to procure the required raw material;
- Facilitate higher returns / profit margins for the producers, thereby encouraging them to increase their production which will also result in increased employment opportunities;
- Facilitate easy access to the market.
- Set up training centers at Tehsil level in all the districts to teach handmade carpet making which will ensure continuity of this skill because the younger generation of most of the handmade carpet producers is (reportedly) losing interest in learning this unique skill. This is also very important due to the fact that a considerable number of Afghan refugees are still involved in making handmade carpets who are gradually moving back to Afghanistan which will further shrink the number of skilled workers who are currently involved in making Balochi handmade carpets.

In response to a question about the need of a training program required for development of marketing, business management and and financial management etc., However, the responses were received only from Chaghi district. Based on the above data, Chaghi respondents mainly chose the following training programs:

- Advertising
- Branding
- Digital Marketing
- Management Skills
- Record keeping

Most of the respondents of the Producers said that they would be interested in vocational training courses for themselves and their staff such as 'Carpet Weaving', while a few of them chose 'Carpet Designing'.

We found out that there are no research laboratories or other research facilities in all eight districts which we surveyed.

Majority of the respondents, for all three Value Chain Actors surveyed, said that BTEVTA is not active in their area, while some of the respondents from Killa Abdullah, Zhob, Mastung, Nushki, and Chaghi said that BTEVTA was active in their area.

Analysis: With regard to the question about training needs for development of marketing, business management, and financial management skills, the data was received only from the respondents of

Chaghi district who were interested in training courses for Advertising, Branding, Digital Marketing, Management Skills, and Record keeping. When asked about the need for any vocational training for themselves or their staff, the respondents for Producers from most of the districts surveyed said that, they needed training for 'carpet weaving' and 'carpet designing'.

Several other survey questions were asked, such as opportunities available for starting similar new businesses or expanding existing ones, level of government support, etc., however, no responses were received from the respondents. We found out during the survey that there are no research laboratories or other research facilities in all districts surveyed. With regard to presence of BTEVTA, the survey data revealed that they are not present in most of the areas surveyed, except for small presence in Killa Abdulla, Zhob, Mastung, Nushki, and Chaghi.

Another Typical Pattern of Baluchi Handmade Carpets

Source: *Little-persia*

Recommendation: Training courses should be organized on a regular basis for improving management and vocational skills of all three Value Chain Actors, in particular the Producers. Moreover, research facilities need to be established in the districts which were surveyed for the benefit of handmade carpet making as well as other important business activities.

4.1.9 SWOT Analysis

Following is the SWOT Analysis of Balochi Handmade Carpets, including overall challenges, and constraints:

Strengths	Weaknesses, Hinderances, and Challenges
▪ Contribution in country's exports. ▪ Cheap Labor - Balochi handmade carpets are woven by men as well as housewives in their homes and are sold in the market by male members of the family. ▪ Employment generation; ▪ Handmade Carpet Industry in Balochistan is a Vertical and Horizontal Promoter of the following other Industry Segments: ➢ Wool supply Industry; ➢ Industrial Chemicals and Dyes Manufacturers /Suppliers Industry; ➢ Iron and wooden Looms Manufacturers; ➢ Transport Industry with Packaging, Forwarding and Exports Agents; ➢ Dyeing/Finishing, Washing and Repairing Industry; ➢ Contractors/Traders/Local bazaars/collectors/ Exporters;	▪ Unorganized sector; ▪ New manufacturing techniques and skills are required on an ongoing basis; ▪ The workers require safer and comfortable working conditions, i.e., to avoid working in open areas, harsh weather conditions, etc., - lot of the workers are living and weaving carpets in the camps; ▪ Workers inhale wool dust which causes them severe respiratory problems. ▪ There is a problem of consistent product quality and productivity; ▪ Shortage of skilled workers; ▪ Insufficient profit margin for the producers; ▪ Shortage of funds faced by the producers which hampers increase in production; ▪ Shortage of quality raw material; ▪ Raw material is expensive; ▪ Lack of (or inadequate) Government initiatives and policies; ▪ Bad law and order situation;

Strengths	Weaknesses, Hinderances, and Challenges
	▪ No link with the market; ▪ Processing of Balochi handmade carpets in available only in Quetta or as far away as Karachi, Lahore, and Faisalabad. With regard to increasing exports of Balochi handmade carpets from the eight districts surveyed, the following challenges need to be addressed: ▪ No concrete initiatives, including R&D, in all sub sectors of the Carpet Sector; ▪ No serious attempts to set up robust Training Programs for the Sector's development by creating new workforce and capacity building of exiting workers; ▪ No new investments in creating Physical Infrastructure for continued development of the Sector and sub sectors; ▪ Almost no policy support by the successive governments for handmade carpet sector, especially in its Export and Import Policies and Taxes/Duties; ▪ The indifferent approach and disinterest on the part of Industry beneficiaries, especially Exporters, to modernize their manufacturing technology, exploring new markets and welfare of the workforce. ▪ Standardized wool and Yarn are not maintained/applied/ensured in bulk supplies. ▪ Looms are made without any approved qualified standardized mechanism. ▪ The looms are installed in a defective manner causing manufacture of crooked carpets. ▪ Carpet manufacturing time is too long and slow besides cause of loss of income to the workers notwithstanding the constraint of hand weaving process: ▪ Majority of the workforce is part time. This state of affairs and attitude of workers not only effects productivity but also causes them loss of income. ▪ The output of workers is badly affected and resultantly, single standardized uniform one patterned output cannot be

Strengths	Weaknesses, Hinderances, and Challenges
	determined /achieved per month to ensure the on-time delivery of customer's orders. ▪ The untrained workers under this unorganized production operations system badly affect the quality and lead to finished product variations. Due to these quality issues, the demand of exports is decreasing.
Opportunities	**Threats**
▪ Potential to increase our share in export business by focusing on consistently producing high quality export-oriented products with proper marketing and promotion; ▪ Rising trends including an increase in the demand for eco-friendly handmade carpets; ▪ Local availability of processing facilities (i.e., for cutting, finishing, etc.) will further boost handmade carpet making business in eight districts which were surveyed.	▪ Competition from carpet manufacturers from other parts of Pakistan; ▪ Machine made carpets are entering the market (particularly from Iran) which are cheaper and also the comparative rate of production is high; ▪ Internationally, there has been a growing concern about child labor, which can be one of the threats for export.

4.1.10 Solutions & Recommendations

After concluding our detailed survey (KII's and discussions with various government departments, financial institutions, micro-finance institutions, NGOs, etc.), we strongly believe that, handmade carpet business in eight districts surveyed in Balochistan has a promising future with potential for further expansion of business, particularly the export business, thereby resulting in the following benefits:

i) generate additional employment opportunities for men, and women;
ii) generate much needed foreign exchange for Balochistan and Pakistan;

The above-mentioned potential and benefits will, however, be achieved in their true sense if our Handmade Carpet Manufacturing Industry, Pakistan Carpet Manufacturers and Exporters Association (PCMEA), along with Local, Provincial, and Federal Governments ensure the following:

1	facilitate easy and timely delivery of raw material to the producers, at reasonable price;
2	handmade carpets have to be promoted for their uniqueness because machine made carpets (which are much cheaper in price) are threatening future of handmade carpets;
3	producers have to be provided easy access to the buyers;
4	relevant authorities should ensure that storage facilities are made available, particularly to those Commission Agents / Buyers who are concentrated in certain districts where there are no storage facilities;

5	government should do a bit of hand holding of the Producers and facilitate increase in the selling price of handmade carpets to make it worthwhile for the producers;
6	EPA should make appropriate arrangements in the respective districts to implement measures for proper disposal of waste caused by production and processing of handmade carpets;
7	increase awareness about export potential of handmade carpets because most of the Producers and Commission Agents are actually unaware of the potential;
8	relevant authorities to set up processing facilities relatively closer to the Producers, thereby bringing efficiency in the value chain process.
9	relevant authorities to improve government facilities and infrastructure services (i.e., water, gas, electricity, etc.) in order to address the concerns shared by all Value Chain Actors who are involved in production of handmade carpets.
10	Federal Government as well as the Provincial Government of Balochistan must find ways to increase the presence of various facilitating institutions and services (including financial services) in all eight districts surveyed by us, which will not only help in growth of handmade carpet business but will also benefit other business activities.
11	financial institutions, in particular micro-finance institutions, must increase their presence in these far-flung areas which were surveyed, and provide small loans at subsidized mark-up/ rates. This will not only help deserving micro/small businesses involved in handmade carpet making but various other economic sectors as well.
12	training courses should be organized on a regular basis for improving management and vocational skills of all three Value Chain Actors, in particular the Producers;
13	research facilities need to be established in the districts which were surveyed for the benefit of handmade carpet making.

4.1.11 Summary of Constraints:

Cross-cutting Constraints	
1	Need to explore new export markets
2	Need for robust training centers
3	doing business is not easy
4	No or very little access to finance
5	Need for coordination between key responsible organizations
6	Facilitate timely delivery of raw material
7	Machine made carpets are threatening the future of Handmade Carpets
Infrastructure Constraints	
1	Water
2	Gas
3	Electricity
4	Storage and processing facilities

4.2 Value Chain Analysis of Hand Embroidery / Needlework

4.2.1 Background:

[32]Baloch embroidery is a form of decorative needlework associated with the Balochis. The Balochis form an ethnic group in Pakistan and the extreme southeast of Iran (together generally called Balochistan), and in the extreme southwest of Afghanistan. In addition, Baloch families can be found in the Gulf States, in particular Oman, and UAE.

[33]Balochi needlework (also known as Balochi embroidery) is a type of handicraft made by the Baloch people. It is considered a heritage art, and has been recognized by UNESCO, and it sells internationally. The exact history of Balochi needlework is unknown, but one theory is it was brought from the migration of the Slavs to Balochistan approximately 200 years before the founding of Islam. Their traditional embroidery is called Rushnyk and contains many similarities with Balochi Needle work. Another theory is the craft had developed alongside the silk production industry.

4.2.2 Balochi Embroidery / Needlework

In our survey, the focus was on studying Embroidery and Needlework services in the local contexts of Eight districts in Northern Balochistan, namely Killa Abdullah, Killa Saifullah, Chaghi, Sherani, Pishin, Mastung, Zhob, and Nushki. Different regions of Balochi tribes have their own distinct needlework designs. This craft has traditionally been created only by women, and has been passed down through generations. The stitching designs and patterning hold meaning; common motifs include arrows, "chicken feet", diamonds, and flowers.

A Typical female dress with Balochi Hand Embroidery

Source: *meerasplussizestore*

[34]A major feature of Baloch clothing is the embroidery that appears on the trousers and dresses worn by women. The cap is the main embroidered item for men. The basic outfit for a Baloch woman or girl consists of (a) a pair of baggy trousers (*shalwar*), (b) a knee-length dress (*pashk*) with pleats (*chin*) on either side of the waist, and (c) a large rectangular shawl or head covering (*chadar*). Nowadays, the trousers and the dress are made in the same material, with a complementary colored head covering.

A Baluch woman's dress invariably has four panels of embroidery (*doch*): a large yoke covering the chest (*jig*), which contains a central patterned strip (*toi*), two panels on the sleeve cuffs (*banzar*; *banzari*), and a long, narrow, rectangular pocket (*pado*, *las*), which runs from just above the waist line to the hem of the skirt.

Different Styles of Balochi Hand Embroidery / Needlework

Source: *Wikipedia*

---

[32] https://trc-leiden.nl/trc-needles/regional-traditions/iranian-plateau/baluch-embroidery
[33] https://en.wikipedia.org/wiki/Balochi_needlework
[34] https://trc-leiden.nl/trc-needles/regional-traditions/iranian-plateau/baluch-embroidery

A Typical female dress with Balochi Hand Embroidery

Source: *Wikipedia*

Some of the designs may also incorporate other materials such as small pieces of mirror (known as shisha), different colors of thread, and/or pieces of colored fabric. Balochi needlework was traditionally used for decorating women's clothing, however, it has also been used for decorating pillows, curtains, tablecloths, and men's clothing.

[35]Farah Diba Pahlavi, the former Shahbanu of Iran, was particularly interested in Balochi needlework handicrafts and had used it in many of her formal dresses. It has been speculated that Mahtab Nowroozi (a famous Irani Embroiderer) may have embroidered the Pahlavi dresses.

A Typical Balochi female footwear with Balochi Embroidery / Needlework

Source: *meerasplussizestore*

Embroidery and Needle Work is a common trade/service amongst low-income population segments of Balochistan to generate income. Even though this service is offered by both men and women, at household, community, market and service industry levels, however, this activity is dominated by women in Balochistan. There is consistent demand of these services by individual customers, and in the form of skilled labor by tailoring enterprises and garment industry.

A Typical Balochi male cap with Balochi Embroidery / Needlework

Source: *subhay*

The trade offers relatively easy entry as an individual worker for Hand Embroidery / Needlework, or as a skilled service provider for existing small and large enterprises. In the socially conservative context of Balochistan, where mobility of women for accessing economic opportunities is limited, this trade can offer flexible home-based income to women. For men, the prospects of working in the market with existing service providers or starting their own enterprise are also promising.

[36]The intricacy and beauty of Balochi hand embroidery on a traditional dress is one of the most prominent cultural aspects of Balochistan. Balochi embroidery and traditional dresses are attractive, fashionable, classic, and very rich.

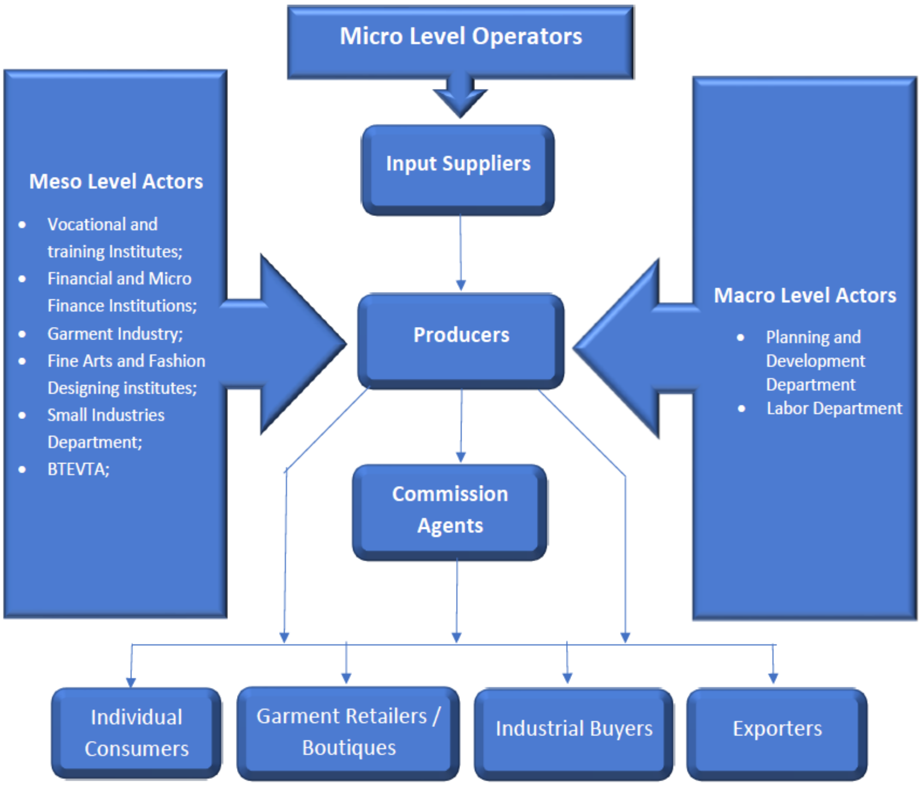
4.2.3 Preliminary Mapping of the Value Chain

The research team carried out interviews with Actors/Stakeholders to understand the relationships and the supply chain. Based on the insights obtained, the Value Chain Map for Hand Embroidery / Needlework is presented below:

35 https://en.wikipedia.org/wiki/Balochi_needlework#:~:text=Balochi%20needlework%20(also%20known%20as,UNESCO%2C%20and%20it%20sells%20internationally.

36 https://meerdeal.com/products/balochi-embroidery-traditional-dress-casual-bridal-wedding-party-wear-authentic-ethnic-balochi-hand-embroidery

Figure 2: Map of Hand Embroidery / Needlework Value Chain



Source: *ECI's Primary Survey*

4.2.4 Analysis of Value Chain Actors

Hand Embroidery/Needlework Value Chain as an individual service provider or as a small enterprise is quite linear. The key actors are as follows:

Table 23: Key Actors in Hand Embroidery / Needlework Value Chain

Micro – Operators	Meso – Support Functions	Macro – Enabling Environment
▪ Input Suppliers (for machines, embroidery / needle work material, clothes, etc.); ▪ Producers (of Hand Embroidery / Needle Work); ▪ Commission Agents; ▪ Individual Consumers; ▪ Garment Retailers / Boutiques; ▪ Industrial Buyers; ▪ Exporters.	▪ Vocational and training Institutes; ▪ Financial and Micro Finance Institutions; ▪ Garment Manufacturers; ▪ Fine Arts and Fashion Designing institutes; ▪ Small Industries Department; ▪ BTEVTA;	▪ Planning and Development Department ▪ Labor Department.

Source: *ECI's Primary Survey*

In the context of 8 districts in Balochistan where Hand Embroidery / Needlework Value Chain has been studied during this survey, the team carried out interviews with a range of above listed actors to understand the relationships and the supply chain.

Details of the Respondents who were surveyed for Hand Embroidery / Needlework Value Chain in all 8 districts:

Table 24: Number of Respondents Surveyed – Hand Embroidery / Needlework

District	Input Suppliers	Producers	Commission Agents	Total
Killa Abdullah	8	12	3	**23**
Killa Saifullah	6	19	3	**28**
Chaghi	4	14	4	**22**
Sherani	9	10	14	**33**
Pishin	6	12	7	**25**
Mastung	4	17	10	**31**
Zhob	10	15	11	**36**
Nushki	2	7	17	**26**
Total	**49**	**106**	**69**	**224**

Source: *ECI's Primary Research*

4.2.5 Business Analysis

While some of the Hand Embroidery / Needle Work Producers in eight districts which we studied in Northern Balochistan work privately from their homes, others are associated with informal local market and provide services as skilled workers and receive orders along with specifications and inputs from Garment Boutiques / Fashion industry.

Our survey revealed that majority of the Producers operate from home as this is a female dominated business activity, and women in Balochistan prefer to work from home due to cultural norms and values. With regard to Input Suppliers and Commission Agents, most of them also work from home because, predominantly, these two Value Chain Actors are also mainly operated by women, as they have to interact with the Producers who are mostly women.

Table 25: Business Operate in (Shop/Hone)

District	Input Suppliers		Producers		Commission Agents	
	Home	Shop	Home	Shop	Home	Shop
Killa Abdullah	13%	87%	92%	8%	33%	67%
Killa Saifullah	100%		100%		100%	
Chaghi	100%		93%	7%	100%	
Sherani	89%	11%	90%	10%	71%	29%
Pishin	33%	67%	50%	50%	29%	71%
Mastung	25%	75%	88%	12%	80%	20%
Zhob	20%	80%	80%	20%	100%	
Nushki	50%	50%	86%	14%	35%	65%

Source: *ECI's Primary Research*

Across all eight districts, majority of the Input Suppliers (53%), the Producers (63%), and the Commission Agents (58%) operate from their own property.

The data depicts that more than 82% of the Input Suppliers, 72% of the Producers, and 76% of the Commission Agents are in business for up to 10 years. This data shows that there is still scope for hand embroidery / needlework business despite of various challenges. The table below gives more details.

Table 26: Years in doing business

District	Input Suppliers			Producers			Commission Agents		
	0-5	6-10	More than 10 years	0-5	6-10	More than 10 years	0-5	6-10	More than 10 years
Killa Abdullah	75%	25%		33%	50%	17%	67%		33%
Killa Saifullah	33%	34%	33%	37%	42%	21%	33%	67%	
Chaghi	75%	25%		86%	14%		75%	25%	
Sherani		33%	67%	20%		80%		29%	71%
Pishin	17%	50%	33%	33%	33%	34%	57%	29%	14%
Mastung	25%	75%		41%	53%	6%	60%	30%	10%
Zhob	20%	70%	10%	53%	27%	20%	9%	55%	36%
Nushki	50%	50%		29%	28%	43%	59%	12%	29%

Source: *ECI's Primary Research*

About 90% of the respondents replied that the local people are their customers. According to the research, it is revealed that majority of the Input Suppliers generate average monthly sales of up to PKR 30,000, while others make between PKR 31,000-50,000, between PKR 51,000-100,000, and a small percentage make more than PKR 100,000. With regard to the Producers, majority of them generate average monthly sales of up to PKR 30,000, while some make between PKR 31,000-50,000, and between PKR 51,000-100,000. Meanwhile, majority of the Commission Agents generate average monthly sales between PKR 51,000-100,000, while others make up to PKR 30,000, between PKR 51,000-100,000, and some of them generate more than PKR 100,000.

Table 27: Average monthly sales (Embroidery/Needle Work)

District	Input Suppliers				Producers				Commission Agents			
	Up to Rs. 30,000	31,000 – 50,000	51,000 – 100,000	More than 100,000	Up to Rs. 30,000	31,000 – 50,000	51,000 – 100,000	More than 100,000	Up to Rs. 30,000	31,000 – 50,000	51,000 – 100,000	More than 100,000
Killa Abdullah	87%	13%			83%	17%			67%	33%		
Killa Saifullah	66%	17%	17%		89%	5%	6%		67%	33%		
Chaghi	100%				78%	22%				75%	25%	
Sherani	66%	34%			30%	70%			42%	22%	22%	14%
Pishin	33%		50%	17%	58%	25%	17%		43%	57%		
Mastung	50%	50%			47%	53%			40%	20%	30%	10%
Zhob	30%	40%	30%		46%	34%	20%		27%	63%		10%
Nushki	100%				71%	29%			35%	47%	12%	6%

Source: *ECI's Primary Research*

Majority of the respondents of all three Value Chain Actors in all eight districts said that they had average monthly sales up to PKR 30,000 at the start of the business.

Now, according to the respondents, sales have been increasing for majority of all three Value Chain Actors. Similarly, 97%, 93%, and 95% Input Suppliers, Producers, and Commission Agents, respectively, reported that their customers are increasing. The Input Suppliers (72%), Producers (80%), and Commission Agents (73%) reported that, at the start of the business they were serving lest than 10 customers while now according to 48% Input Suppliers and 44% Commission Agents, respectively, they are serving 21-50 customers, whereas, the Producers are serving between 10-20 customers. The data shows that there is still scope for this business, however, there is a need to fully facilitate them and look into ease of doing business.

Even though only a very small percentage of the respondents of all three Value Chain Actors said that their customers are not increasing, the prime common reason for this (as highlighted by some of the Producers) are high price of hand embroidery / needlework in comparison to machine made embroidery.

Analysis: The survey of Value Chain Actors of Hand Embroidery / Needlework in all eight districts revealed that,

i	majority of the Producers are operating from home as this is a female dominated business, while most of the Input Suppliers and Commission Agents, who are also women, work from home as well as they have to deal with the Producers who are mostly women;
ii	Majority of all three Value Chain Actors operate from the properties (homes) they own;
iii	majority of Input Suppliers, Producers, and Commission Agents have been in business for less than 10 years which shows that there is still scope for this business despite of various challenges;
iv	majority of the customers of all three Value Chain Actors are: ▪ local people; and ▪ are, consistently increasing.
v	majority of monthly sales of all three Value Chain Actors: ▪ was less than PKR 30,000 at the start of the business; ▪ is now in the range of up to PKR 30,000 for both Input Suppliers and Producers, while it is between PKR 51,000-100,000 for the Commission Agents; ▪ is consistently increasing.
vi	a small number of all three Value Chain Actors said that their sales are not increasing , and some of the Producers sighted the reason for this as ‘high price’ paid by the ultimate buyers of hand embroidery / needlework;

Recommendation: In order to promote growth of hand embroidery / needlework business in all eight districts which were surveyed:

a. it is necessary to facilitate easy and timely delivery of required raw material to the producers at a reasonable price;
b. hand embroidery / needlework has to be promoted because machine made embroidery (which are much cheaper in price) is threatening the future of hand embroidery / needlework; and
c. producers have to be provided access to the buyers (i.e., through SMEDA, TDAP, etc.) in order to facilitate higher profit margin for the Producers.

4.2.5.1 Economic & Market Analysis

Our survey revealed that, Hand Embroidery / Needle Work existed in all eight districts which were surveyed, however, according to most of the respondents, these were dying skills due to:

- low worth of the skill in terms of return;
- the fact that it is a time-consuming activity; and
- poor connection of the producers with the market.

This trade is mostly being carried out by women at the household level and the buyers/boutiques exploit the producers by paying negligible amount for their work. A small number of men also work in this business who work at small local embroidery workshops.

4.2.5.2 Raw Material and Suppliers

During the survey we found out that, the required raw material for making Hand Embroidery / Needle Work is not available in all the Districts/Tehsils, therefore, the producers have to buy it from the input suppliers located in district town centers or even as far as Quetta City.

The raw material required for hand embroidery / needlework include threads, wool, wool threads, beads, buttons, needles, chips, moti (artificial pearls), and ribbons.

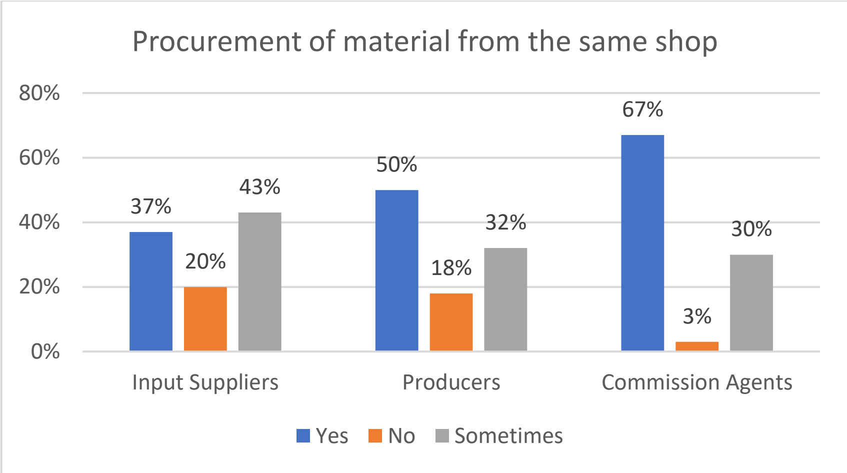
In response to a question, from where do you get your raw material, majority of the Input Suppliers and Producers said that they procure it themselves from the market. Moreover, majority of the Commission Agents also procure the raw material (or finished product in case of Commission Agents) themselves from the local market as shown in the table below:

Table 28: Procurement of raw material (Embroidery/Needle Work)

District	Input Suppliers		Producers		Commission Agents	
	Procure myself from the market	Get it from the supplier	Procure myself from the market	Get it from the supplier	Procure myself from the market	Get it from the supplier
Killa Abdullah	75%	25%	91%	8%	100%	
Killa Saifullah	66%	33%	94%	5%	100%	
Chaghi	100%		100%		100%	
Sherani	100%		90%	10%	100%	
Pishin	66%	33%	75%	25%	57%	42%
Mastung	50%	50%	94%	5%	80%	20%
Zhob	70%	30%	86%	13%	9%	90%
Nushki	100%		85%	14%	47%	52%

Source: *ECI's Primary Research*

It is revealed during the survey that majority of the Input Suppliers sometimes buy the raw material from the same shop, whereas, most of the Producers, and the Commission Agents buy the raw material (or finished product in case of Commission Agents) from the same shop.



Source: *ECI's Primary Research*

According to the survey, majority of the Input Suppliers (53%), Producers (54%), and Commission Agents (51%) said that their suppliers deliver the raw material at their doorstep.

As shown in the table below, majority of the Input Suppliers as well as the Producers easily get the required raw material, whereas there are no responses were received from the Commission Agents because they do not require raw material.

Table 29: Easy Availability of Raw Material (Embroidery/Needle Work)

District	Input Suppliers		Producers		Commission Agents	
	Yes	No	Yes	No	Yes	No
Killa Abdullah	88%	12%	75%	25%	N/A*	N/A
Killa Saifullah	100%		100%		N/A	N/A
Chaghi	75%	25%	71%	29%	N/A	N/A
Sherani	100%		100%		N/A	N/A
Pishin	83%	17%	100%		N/A	N/A
Mastung	100%		100%		N/A	N/A
Zhob	80%	20%	100%		N/A	N/A
Nushki	100%		100%		N/A	N/A

**N/A = Not Applicable (Commission Agents buy finished products, not the raw material)*

Source: *ECI's Primary Research*

Input Suppliers and Producers procure their material from various main suppliers who are located either in their own district, in nearby districts, or even as far as Quetta, Multan, and Lahore. With regard to the Commission Agents, their main suppliers are located in different villages in their own district, or in nearby district(s).

About 48% of the Input Suppliers, 53% Producers, and 52% Commission Agents reported that they get delivery of the material on the same day (or finished product in case of Commission Agents if the Embroiderers wish to sell ready products).

Analysis: The Input Suppliers, Producers, and Commission Agents buy the material themselves from the market (or finished product in case of Commission Agents). It was also revealed that, majority of the Input Suppliers sometimes buy the material from the same shop, whereas the Producers and Commission Agents mostly buy the material from the same seller.

Majority of the Input Suppliers, and Producers said that they easily get their material, while the Commission Agents buy the material (embroidered items) locally as well as from other districts. With regard to delivery, majority of the Input Suppliers, and Producers get delivery of the material on the same day, and in case of Commission Agents either on the same day (if the Embroiderers have ready products to sell) or after certain period of time if they have placed an order for future delivery.

Recommendation: It is recommended that, in order for the Producers of embroidery/needlework to be more efficient and well remunerated,

- the required raw material must be made available to them locally, as much as possible, and at reasonable price;
- the Producers must have easy access to the ultimate Buyers, instead of selling it much cheaper to the Commission Agents.

4.2.5.3 Business Support

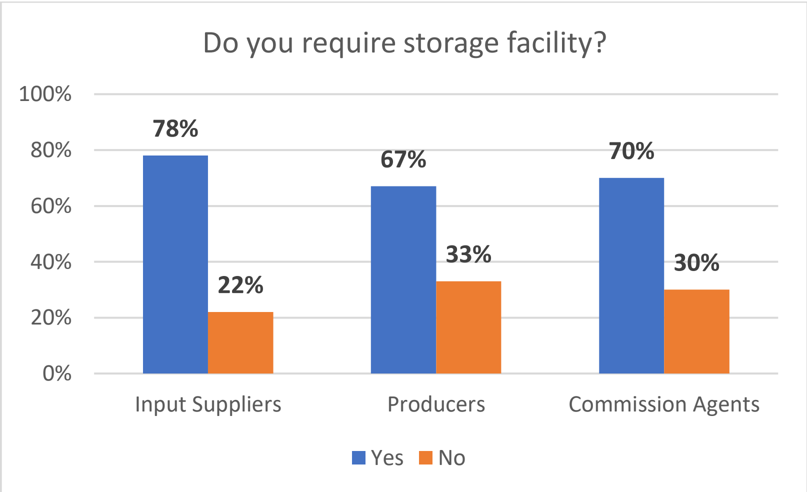
With regard to business support by the government as well as the private sector to start a new business to produce Hand Embroidery / Needle Work or expand an existing business, we found out during our survey that,

a. government departments such as SMEDA, Small Industries Department, Planning & Development Department, NRSP, and BTEVTA are present in urban areas only which is not really helpful for the people involved in small/micro businesses such as Hand Embroidery / Needlework who are mostly based in small towns and villages.

b. private sector is trying to help out, however, their existing role is negligible. Meanwhile, it is worth mentioning that, a Social Organization by the name of 'DOCH Pvt Ltd - Quetta' is playing a very positive role in training, and encouraging women to establish their own business for making Hand Embroidery / Needlework. DOCH is ISO 9000-2015 certified, and out of the eight districts which were surveyed, DOCH is present in Kila Abdullah, and Kila Saifullah. DOCH has so far trained over 700 women in Balochistan for Hand Embroidery & Needle Work. After initial training, they provide those women with the required raw material, buy the finished product, and pay them up to 30% - 40% of the final sale price of each item, which is better than the other buyers who pay them up to 20%. DOCH also organizes 'National Women Expo' where women set up their stalls and sell their products.

c. financial institutions are present in almost all of the location surveyed; however, microfinance institutions are almost non-existent in most of the areas covered during our survey.

In response to the question, 'if you require storage facility', following responses were received.



Source: *ECI's Primary Research*

According to 100%, 86% and 87% Input Suppliers, Producers, and Commission Agents, respectively, report that the required storage facilities are available in their areas, however, some of the respondents reported that they use the storage facility located in Quetta. It is reported by the respondents that, Input Suppliers do not use storage facilities, whereas Producers and Commission Agents do use them.

Analysis: The storage facilities are mainly required by the Producers as well as the Commission Agents. While majority of all three Value Chain Actors said that the storage facilities are available in their areas, few of them said that the closest storage facilities are available only in Quetta.

Recommendation: The relevant authorities should ensure that storage facilities are made available, particularly to those Commission Agents who are concentrated in certain areas/districts where there are no storage facilities.

4.2.5.4 Machinery and Equipment

Setting up Hand Embroidery / Needle Work business only requires some basic tools and is relatively easy to start, along with the skill required to produce Hand Embroidery & Needlework.

Majority of the respondents of Input Suppliers and Producers confirmed that, the existing machinery and equipment was sufficient for their business. Whereas, majority of Input Suppliers in Killa Abdullah, Sherani, and Zhob said that the existing machinery was not sufficient for their business, however, they were not able to identify any specific machinery requirement. Only few respondents of the Producers reported that they require new machines such as computerized sewing machines, buttonhole making machines, JUKI industrial sewing machines, and advanced Embroidery machines. It is worth mentioning that the Commission Agents did not provide their response to this question because they do not have any need for machinery as they are into buying finished products.

Table 30: Sufficiency of Machinery

District	Input Suppliers		Producers		Commission Agents	
	Yes	No	Yes	No	Yes	No
Killa Abdullah	43%	57%	100%		N/A*	N/A
Killa Saifullah			100%		N/A	N/A
Chaghi	100%		100%		N/A	N/A
Sherani		100%	90%	10%	N/A	N/A
Pishin	66%	34%	75%	25%	N/A	N/A
Mastung			82%	18%	N/A	N/A
Zhob		100%	80%	20%	N/A	N/A
Nushki	100%		100%		N/A	N/A

**N/A: Not Applicable – Commission Agents do not require machinery because they buy finished products*

Source: *ECI's Primary Research*

Analysis: Majority of the Input Suppliers and Producers did not have any requirement for additional machinery and equipment to run their business. Whereas, a very small percentage of the Producers (9%) said they require new machines with latest features. With regard to the Commission Agents, they do not require machinery because they deal with finished products.

Recommendation: Based on the above analysis, we do not feel that any action is required for this part of the survey.

4.2.5.5 Labor Issues

It was revealed during our survey that the skilled labor involved in producing hand embroidery / needle work is usually exploited by the Commission Agents, i.e., by under-paying them or paying them late. As a result, lot of workers (i.e., who are mostly women) get discouraged which is threatening sustainability and growth of hand embroidery / needle work business in all eight districts which were surveyed.

In hand embroidery / needlework business, majority of the respondents of all three Value Chain Actors said that their business requires skilled labor.

Table 31: Requirement of require skilled labor (Embroidery/Needle Work)

District	Input Suppliers		Producers		Commission Agents	
	Yes	No	Yes	No	Yes	No
Killa Abdullah	100%		75%	25%	67%	33%
Killa Saifullah	17%	83%	79%	21%	66%	34%
Chaghi	75%	25%	71%	29%	75%	25%
Sherani	66%	34%	100%		65%	35%
Pishin	100%		100%		100%	
Mastung	50%	50%	36%	64%	70%	30%
Zhob	100%		100%		90%	10%
Nushki	100%		28%	72%	89%	11%

Source: *ECI's Primary Research*

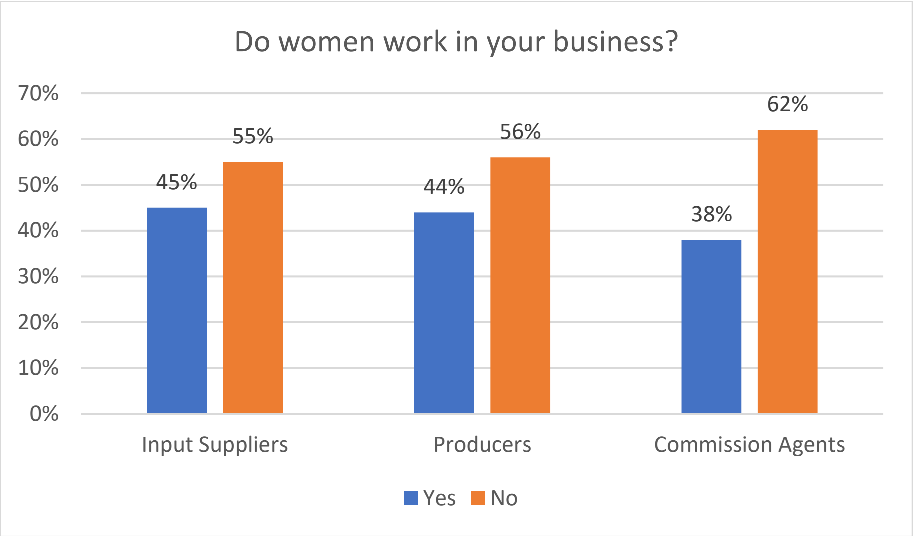
It was revealed during the research that the skilled labor was available in their area. A small percentage of all three Value Chain Actors, who said no to availability of skilled labor in their area, further added that sometimes they are forced to use unskilled labor or borrow skilled labor from elsewhere.

Table 32: Availability of Skilled Labour (Embroidery/Needle Work)

District	Input Suppliers		Producers		Commission Agents	
	Yes	**No**	**Yes**	**No**	**Yes**	**No**
Killa Abdullah	**100%**		**88%**	**11%**		**100%**
Killa Saifullah	**100%**		**100%**		**100%**	
Chaghi	**66%**	**33%**	**100%**		**100%**	
Sherani	**83%**	**16%**	**100%**		**100%**	
Pishin	**100%**		**100%**		**85%**	**14%**
Mastung	**100%**		**100%**		**100%**	
Zhob	**100%**		**100%**		**90%**	**10%**
Nushki	**100%**		**100%**		**86%**	**13%**

Source: *ECI's Primary Research*

Respondents of all three Value Chain Actors said that women do work in their business due to the fact that hand embroidery/needlework business is dominated by women who mostly work from home.



Source: *ECI's Primary Research*

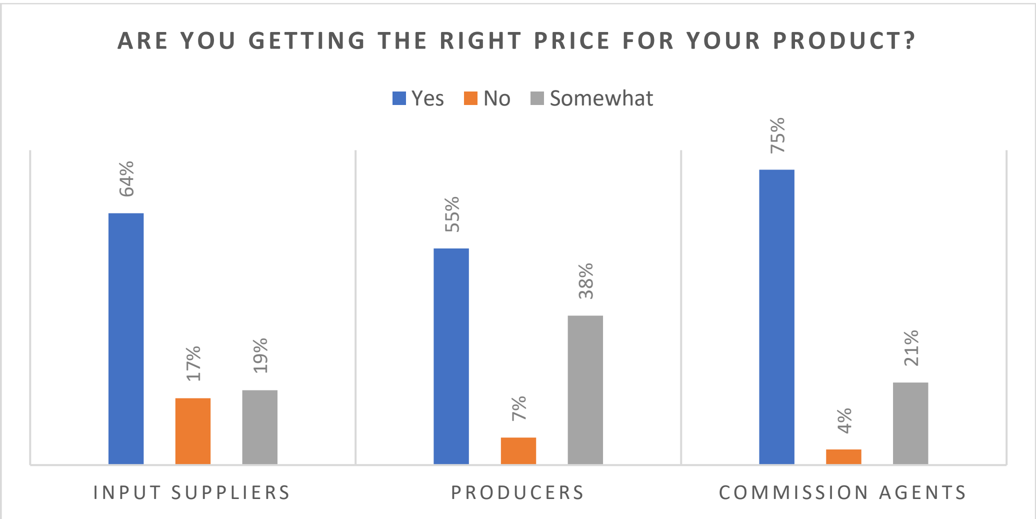
Analysis: It is quite evident from the survey data that, there is further scope for women employment in the future in the business of hand embroidery/needlework with all three Value Chain Actors.

Recommendation: It is recommended that; all three Value Actors must be provided with the required facilities to boost their business which will in turn increase women employment.

4.2.5.6 Profitability

We found out during our survey that, most of the people involved in doing hand embroidery / needle work are paid up to 20% of the final sale price of the items they produce. Some of the survey respondents strongly suggested that, government should establish display centers at district levels to help them sell their products, thereby facilitating higher profit margins for the producers.

As shown in the below graph, majority of the respondents of Input Suppliers, Producers, and Commission Agents felt that they are getting the right price for their product.



Source: *ECI's Primary Research*

In response to the question about how much was their product sold for to the end user, majority of the Producers and Commission Agents said 'double', whereas the Commission Agents did not respond because they sell their material to the Producers who use that to produce finished products.

Table 33: Product sold to end user at price (Embroidery/Needle Work)

District	Input Suppliers			Producers			Commission Agents		
	Double	Triple	More than three times	Double	Triple	More than three times	Double	Triple	More than three times
Killa Abdullah	N/A*	N/A	N/A	100%			100%		
Killa Saifullah	N/A	N/A	N/A	68%	31%		100%		
Chaghi	N/A	N/A	N/A	100%			75%	25%	
Sherani	N/A	N/A	N/A	100%			85%	14%	
Pishin	N/A	N/A	N/A	83%	16%		100%		
Mastung	N/A	N/A	N/A	41%	17%	41%	100%		
Zhob	N/A	N/A	N/A	93%	6%		90%	9%	
Nushki	N/A	N/A	N/A	71%	14%	14%	76%	23%	

**N/A = Not Applicable (Material sold by Input Suppliers is used by the Producers to produce finished products)*

Source: *ECI's Primary Research*

Almost all of the respondents for the three Value Chain Actors, i.e., Input Suppliers (89%), Producers (88%) and Commission Agents (87%), said that their business is profitable after meeting all the expenses. Most of the three Value Chain Actors earn a profit of up to PKR 30,000 per month.

Table 34: Profit per Month (Embroidery/Needle Work)

District	Input Suppliers				Producers				Commission Agents			
	up to 30,000	31,000 - 50,000	51,000 - 100,000	More than 100,000	up to 30,000	31,000 - 50,000	51,000 - 100,000	More than 100,000	up to 30,000	31,000 - 50,000	51,000 - 100,000	More than 100,000
Killa Abdullah	100%				90%	10%			100%			
Killa Saifullah	84%	16%			95%	5%			50%	50%		
Chaghi	100%				100%				100%			
Sherani	77%		23%		100%				92%	8%		
Pishin	34%	66%			91%	9%			100%			
Mastung	100%				100%				84%	16%		
Zhob	90%	10%			86%	7%		7%	100%			
Nushki	100%				100%				92%	8%		

Source: *ECI's Primary Research*

Analysis: We found out that, majority of the Input Suppliers, Producers and Commission Agents are content with the price they are getting for their product. Majority of the survey respondents representing Producers and Commission Agents were of the opinion that their buyers are selling the products to the end-users for more than double the purchase price, while the Input Suppliers did not respond because this question did not pertain to them (i.e. Input Suppliers sell their material to Producers who use it to produce finished products).

The survey respondents predominantly confirmed that their business is profitable and they are generating a profit of up to PKR 30,000 per month after meeting their expenses.

Recommendation: It is recommended that; the government should do a bit of hand holding of the Producers and facilitate increase in the selling price of hand embroidery/needlework to make it worthwhile for the producers.

4.2.5.7 Environmental Impact and Hazards

Our survey revealed that, hand embroidery / needle work business did not cause any environmental hazards.

Majority of all three Value Chain Actors think that their product and processing does not cause any negative environmental impact. They further reported that they dispose of the waste in the following manner:

- Through outside work place
- Burn,
- Drain
- Use as Fuel,
- Recycle

It is evident from the data that, the Input Suppliers, Producers, and Commission Agents dispose of their waste either by burning it, throwing it in the drain, or throwing it in the street, which means that they do not have any understanding of the negative environmental impact caused by pollution.
Only a few respondents in Killa Saifullah, Chaghi, and Zhob said that they either recycle their waste or use it as fuel. Moreover, most of the respondents confirmed that EPA set up does not exist in most of the districts surveyed under this project.

Analysis: It is evident from the survey data that, the Input Suppliers do not cause any waste or pollution due to very nature of their business activity – trading. Moreover, with regard to the Producers and the Commission Agents, their products also do not cause any noticeable negative environmental impact. Few of them, who said yes, their product or processing cause some environmental impact, pointed out garbage as the major cause of negative impact on the environment.

Recommendation: It is, therefore, recommended that, EPA makes appropriate arrangements in the respective districts in educating people about pollution created by throwing the garbage in the street or by burning it. EPA may also coordinate with the local government for implementing a system of garbage collection and proper disposal.

4.2.5.8 Export potential

The survey revealed that, potential for increasing export of Balochi Hand Embroidery / Needlework is very much there, provided that, Federal and Provincial government departments, private sector, and the financial institutions play their roles in creating an export-friendly environment. In this regard, in particular, SMEDA, Trade Development Authority of Pakistan (TDAP), and Small Industries Department must play a cohesive role to help boost export of hand embroidery / needlework from Balochistan, i.e. particularly to the Gulf countries .

Majority of the Producers and Commission Agents said that their product cannot be exported as shown in the table below:

Table 35: Export Potential (Embroidery/Needle Work)

District	Input Suppliers		Producers		Commission Agents	
	Yes	No	Yes	No	Yes	No
Killa Abdullah	N/A*	N/A	16%	83%		100%
Killa Saifullah	N/A	N/A		100%		100%
Chaghi	N/A	N/A		100%	25%	75%
Sherani	N/A	N/A		100%	7%	92%
Pishin	N/A	N/A	41%	58%	57%	42%
Mastung	N/A	N/A		100%		100%
Zhob	N/A	N/A		100%	9%	90%
Nushki	N/A	N/A	14%	85%	23%	76%

**N/A = Not Applicable (Input Suppliers are selling material to the Producers who produce the end product)*

Source: *ECI's Primary Research*

Meanwhile, some of the Producers and Commission Agents who said that their product can be exported, sighted the reasons for that as: 'demand in foreign countries', and 'it will expand their business', provided that their products are properly promoted in other countries.

Majority of the Producers and Commission Agents said that their product is not exported by the companies who buy it from them. Similarly, almost all of the Producers and Commission Agents said that they have never exported their product, themselves. Only a very small number of the Producers and Commission Agents from Pishin said that they have exported their product in the past between 2005 and 2015 to Dubai and some other Asian countries for a total value equivalent to PKR 3 Million only.

Analysis: Almost all of the Producers of hand embroidery/needlework and the Commission Agents think that their product cannot be exported. Majority of them confirmed that they have never exported their product themselves, neither do they think that the companies who buy from them export it.

The above findings clearly indicate that most of the Producers and Commission Agents are actually unaware of the potential for export which their product has.

Recommendation: Government departments, such as Trade Development Authority of Pakistan (TDAP), in conjunction with SMEDA and Small Industries Department in Balochistan have to find ways to increase export of Balochi hand embroidery/needlework.

4.2.6 Analysis of Enabling Environment

We found out during our survey that, hand embroidery / needlework business in all eight districts faced multiple obstacles in enabling environment, such as:

- Lack of market accessibility;
- Poor linkages;
- Lack of education;
- Lack of mobility of females as the society is very conservative;
- Limited access to finance; and
- Lack of business skills and technical training.

Most of the Producers and Commission Agents were of the opinion that their product does not require further processing.

Table 36: Requirement for further processing (Embroidery/Needle Work)

District	Input Suppliers		Producers		Commission Agents	
	Yes	No	Yes	No	Yes	No
Killa Abdullah	N/A*	N/A		100%		100%
Killa Saifullah	N/A	N/A		100%		100%
Chaghi	N/A	N/A		100%		100%
Sherani	N/A	N/A		100%		100%
Pishin	N/A	N/A	58%	41%	14%	85%
Mastung	N/A	N/A	11%	88%		100%
Zhob	N/A	N/A		100%		100%
Nushki	N/A	N/A		100%	11%	88%

**N/A: Not Applicable (Nature of business of Input Suppliers [trading] does not require processing)*
Source: *ECI's Primary Research*

The majority of the respondents of all three Value Chain Actors said that, local availability of processing will make their product better, followed by local availability of raw material, packaging, and training.

Analysis: The survey results show that all three Value Chain Actors do not require the facilities for processing of their product

Recommendation: Based on the above analysis, no action is required from any authority.

4.2.6.1 Government Policies, Government Support And infrastructure

It was revealed during the survey that, producers of hand embroidery / needle work in all eight districts were unhappy with government policies, and provided their suggestions for the government to play an effective role, such as:

- Provision of facilities at government owned training centers in all eight districts;
- Exposure visits may be arranged for the producers, and trainees;
- Linkages with the input suppliers, and dealers;
- Improved infrastructure, i.e., improved roads, electricity, upgradation of mobile networks, etc.

Small Industries Department – Quetta: However, it is worth mentioning here that, during our detailed meeting with the Small Industries Department (SID) in Quetta, we were pleased to find out that, they operate 114 vocational training institutes in all eight districts surveyed by us. They offer various training courses for men and women for the products studied during this survey (i.e., Handmade carpets, Embroidery/Needle Work, and Tailoring) particularly in Killa Abdullah, Chaghi, Pishin, and Mastung.

It was communicated by SID officials that courses for Embroidery making are offered only to females who are trained by the department in embroidery and about 50% of them work after training. We also found out that, the raw material for embroidery training centers is provided by Government of Balochistan, and each apprentice is paid PKR 2,000 per month. The embroidered products at these training centers are then sent to the display center in Quetta, and are generally gifted to the dignitaries during their official visits to Balochistan.

We are of the opinion that, for real success of these training courses, the apprentices who successfully complete the courses in embroidery, should be provided with the required toolkits and machines so that they could set up their own business, thereby further boosting embroidery/needlework sector in Balochistan as well as creating employment for other women.

Small Industries Department officials highlighted some of the issues faced by embroidery/needlework producers in Balochistan such as:

- here are no market linkages;
- lack of access to finance;
- issues of availability of raw materials;
- exploitation of workers due to lack of awareness; and
- there is a process available for registration of a small business with SID but people avoid registering because of the requirement of CNIC and tax certificate;

When asked about the government support and infrastructure, majority of the respondents of all three Value Chain Actors said that, ease of doing business is ‘good’, while a vast majority of the respondents of all three Value Chain Actors rated availability of water, gas, electricity, and infrastructure as ‘poor’.

A small number of respondents who had said that government policies are beneficial for their business, cited the following reasons:

- for Input Suppliers and Producers, the major reason for that is *‘government provides the required training’,*
- for Commission Agents the major reason is *‘government provides the required support in doing business.*

The respondents of all three Value Chain Actors, who said that government policies were ‘not’ beneficial for their business overwhelmingly pointed out the main reason for that as *‘government policies are not supportive’.* Majority of the respondents of all three Value Chain Actors chose their first option as: *Government to provide facilities and support (electricity, raw material, equipment, etc.)*

Analysis: When the respondents of all three Value Chain Actors were asked the question about ‘ease of doing business’, majority of them said it is ‘good’. However, when they were asked about availability of water, gas, electricity, and infrastructure, majority of them said it is ‘poor’.

Table 37: Ranking of Facilities offered by the Government
(On a Scale of **‘Very Good’** to **‘Poor**’)

Facilities & Ranking
1. Ease of doing business (Ranking: Good)
2. Availability of Water (Ranking: Poor)
3. Availability of Gas (Ranking: Poor)
4. Availability of Electricity (Ranking: Poor)
5. Availability of Infrastructure (Ranking: Poor)

Source: *ECI’s Primary Research*

In response to the question whether the government policies are beneficial to their business, the overwhelming majority said that the government policies are not beneficial. They further said that:

- government should provide them the required training;
- government should provide facilities and support (electricity, raw material, equipment, infrastructure etc.).

When asked about any suggestions for improvement in government services, a considerable number of the respondents for Input Suppliers and Producers said that, government should provide facilities and support (i.e., Electricity, Raw Material, Equipment etc.

Recommendation: It is recommended that the relevant government authorities take appropriate measures to improve civil and infrastructure services in order to address the concerns shared by all Value Chain Actors who are involved in production of hand embroidery/needlework.

4.2.6.2 Analysis of Key Facilitating Institutions/Services

The relevant Federal and Provincial government departments such as SMEDA, BTEVTA, Planning & Development Department–Government of Balochistan, and Small Industries Department, Balochistan Rural Support Program (BRSP), are mostly present in Quetta and only in some of the districts we surveyed, Moreover, financial institutions have presence in some of the areas whereas microfinance institutions do not have any presence in most of the districts surveyed. This has resulted in ineffective and insufficient support for nurturing the hand embroidery / needle work business in all eight districts we surveyed.

Analysis: The relevant government departments as well as the financial institutions and MFIs are not present in most of the areas surveyed.

Recommendation: The federal and provincial government has to find ways to increase the presence of various facilitating institutions and services (including financial services) in all eight districts surveyed, which will not only help in growth of hand embroidery/needlework business but will also benefit other business activities.

4.2.6.3 Financial Management and Funding

Response for the survey question about ‘access to finance’ from hand embroidery/needlework producers revealed the following issues:

- Lack of presence of financial institutions / microfinance institutions in all the districts which were surveyed;
- Lack of awareness by the people about the possibility of getting a bank loan;
- Strict lending policies of financial institutions with harsh/tangible collaterals;
- Family restrictions on availing bank loans as they consider them un-Islamic.

Even though it does not require huge amount of money to set up a hand embroidery/needlework business, it is still considerable amount for most of the people living in the districts which were surveyed. It was also revealed that, majority of the people who were already involved in this business were working from home, were very poor, and had a very basic/primitive set-up in their homes.

During our survey, we also discussed the issue of access to finance with some of the government departments as well as some financial institutions and microfinance institutions who provided us with the following input:

Government Departments:

Balochistan Rural Support Program (BRSP):

Provides short term loans from PKR 25,000 up to 35,000, but only in Killa Abdullah and Zhob.

National Rural Support Program (NRSP):

Provides only fully collateralized / secured loans, and that too only in Quetta;

4.2.6.4 Financial Institutions and Microfinance Institutions

Almost all government and private banks have branches at district and tehsil level. But none of these banks provide financial assistance to the cottage industry. Their prime function is deposit mobilization. These banks give out only fully collateralized / secured loans. The most popular credit product in all districts offered by almost all the banks was advance against salary. This facility is only provided to the government employees. Hence it is difficult for the typical hand embroidery/needlework producer to arrange a collateral. With regard to history of repayment of loans extended in the past, according to Balochistan Rural Support Program (BRSP), only 55% - 60% of the loans availed were fully repaid by the borrowers. However, as per Akhuwat Foundation, the loan delinquency rate is between 2% - 3%.

During this survey study, while talking to the officials of Small Industries Department-Quetta, we were informed that, microfinance banks cannot become popular until they become Islamic. There added that, at present, there are no microfinance banks in Balochistan except NRSP and BRSP.

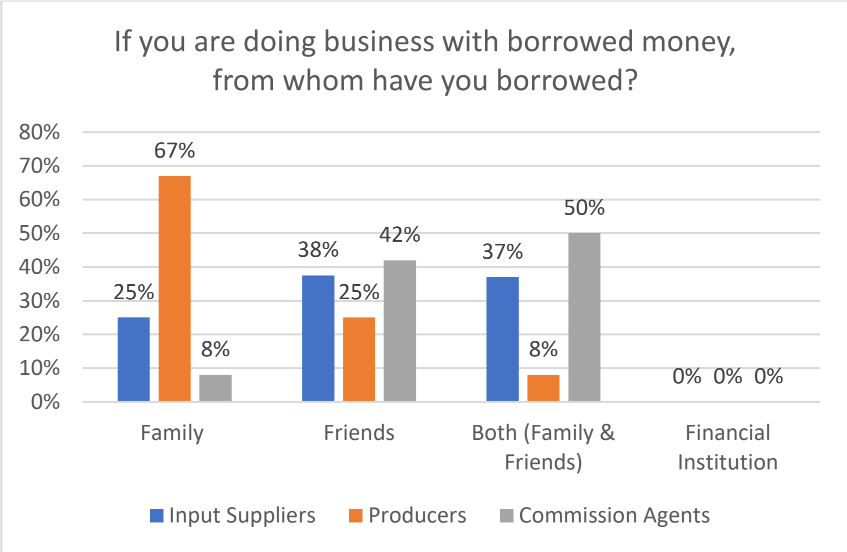
According to the respondents, vast majority of the respondents of all three Value Chain Actors said that they are doing business with their own funds as shown in the table below:

Table 38: Funding for doing business

District	Input Suppliers			Producers			Commission Agents		
	Own funds	Borrowed money	Both	Own funds	Borrowed money	Both	Own funds	Borrowed money	Both
Killa Abdullah	87%	12%		83%	16%		100%		
Killa Saifullah	100%			94%		5%	66%	33%	
Chaghi	100%			100%			100%		
Sherani	100%			100%			85%	14%	
Pishin	83%		16%	58%	25%	16%	42%	28%	28%
Mastung	50%	50%		35%	64%		80%	20%	
Zhob	100%			100%			90%	9%	
Nushki	50%	50%		85%		14%	94%	5%	

Source: *ECI's Primary Research*

Out of those respondents who said that they are doing business with borrowed funds, most of them said that they had borrowed money from their family or both 'family & friends', and none of them said that they had borrowed from a financial institution (please see below graph).



Source: *ECI's Primary Research*

Majority of the respondents of Input Suppliers and Producers said 'yes', they require more funding, whereas, Commission Agents gave a mixed response. When asked about the reason for additional funding, some of them said 'to expand the business' while others said 'to pay off existing debt'.

Analysis: Majority of all three Value Chain Actors are doing business with their own funds. Some of the respondents who said that they are doing business with borrowed funds, had borrowed from family and friends and none of them had borrowed from a financial institution.

When the respondents were asked if they needed more funds, majority of the respondents for all three Value Chain Actors said yes. When asked 'why do they need more funds?', most of them said 'to expand their business' while a few said 'to settle their existing debt'.

Recommendation: It is recommended that the financial institutions, in particular micro-finance institutions, increase their presence in these far-flung areas which were surveyed, and provide small loans at subsidized mark-up rates. This will not only help deserving micro/small businesses involved in hand embroidery/needlework business but various other economic sectors as well.

4.2.6.5 Capacity Building

Our survey revealed that, in order to boost capacity building of hand embroidery / needle work business in all eight districts, government needs to prepare a comprehensive Capacity Building Plan, establish display centers to facilitate sale of locally made hand embroidery & needle work products, and set up incubation centers for women thereby encouraging and facilitating increased involvement and employment for women. Moreover, government needs to address the following areas:

1	Facilitate easy access to finance in order for the producers to buy / upgrade their machines and tools;
2	Facilitate availability of the required raw material in close proximity of the producers, i.e., at least within their district instead of travelling to Quetta to procure the required raw material;
3	Facilitate higher returns / profit margins for the producers, thereby encouraging them to increase their production which will also result in increased employment opportunities;

4	Facilitate easy access to markets.
5	Set up training centers at Tehsil level in all the districts to teach hand embroidery/needle work.

In response to a question about the need of training programs required for development of marketing, business management, and financial management skills, the respondents mainly chose the following training programs:

- Customer Handling;
- Business Management;
- Marketing;
- Accounting;
- Quality assurance;
- Digital Marketing;
- Business Communication;

When asked about vocational training needs, most of the respondents of the Producers said that they would be interested in the vocational training courses for themselves and their staff:

- Embroidery and Needlework;
- Crochet;
- Handicraft making.

Another display of rich Balochi Hand Embroidery on a traditional Balochi Dress

Source: *meerdeal*

In response to the survey question about any research laboratories or other research facilities available in their areas, the response was 'no'. Moreover, when asked about the presence of BTEVTA, in this area, particularly with reference to the development of skilled labor and women through vocational training, the response was 'no'.

4.2.7 SWOT Analysis

Following is the SWOT Analysis of Balochi Hand Embroidery / Needlework, including overall challenges, and constraints:

Strengths	Weaknesses, Hinderances, and Challenges
▪ Traditional designs; ▪ Handmade products; ▪ Modest price; ▪ Contribution to country's exports. ▪ Cheap Labor - Balochi hand embroidery / needlework are mainly made by women / housewives primarily in their homes and are sold in the market by male members of the family. ▪ Employment generation; ▪ Hand embroidery / needlework sector in Balochistan is a Vertical and Horizontal Promoter of the following other Industry Segments: • Raw material supply sector; • Transport sector with Packaging,	▪ Unorganized sector; ▪ There is a problem of consistent product quality and productivity; ▪ Insufficient profit margin for the producers; ▪ Shortage of funds faced by the producers which hampers increase in production; ▪ Shortage of quality raw material; ▪ Raw material is expensive; ▪ Lack of (or inadequate) Government initiatives and policies; ▪ Lack of branding/promotion of this unique art; ▪ Bad law and order situation; ▪ No link with the market;

Strengths	Weaknesses, Hinderances, and Challenges
Forwarding and Exports Agents; • Contractors/Traders/Local bazaars/collectors/ Exporters;	▪ Fake Agents; ▪ Frequent issues of late payment from the Agents / Buyers; ▪ No bargaining power; ▪ Weak communication skills of the Producers; ▪ No hand holding by national and international NGOs. With regard to increasing exports of Balochi hand embroidery / needlework from the eight districts surveyed, the following challenges need to be addressed: ▪ No serious attempts to set up robust Training Programs for the Sector's development by creating new workforce and capacity building of exiting workers; ▪ Majority of the workforce is part time. This state of affairs and attitude of workers not only effects productivity but also causes them loss of income. ▪ The output of workers is badly affected and resultantly, single standardized uniform one patterned output cannot be determined /achieved per month to ensure the on-time delivery of customer's orders. ▪ The untrained workers under this unorganized production operations system badly affect the quality and lead to finished product variations.
Opportunities	**Threats**
▪ Potential to increase our share in export business by focusing on consistently producing high quality export-oriented products with proper marketing and promotion; ▪ Potential to trade/export through online trading platforms such as Ali Baba, Amazon; ▪ Rising trend in wearing traditional dresses and using other decorative products within Pakistan as well as across the world;	▪ Machine made embroidery work, which is cheaper and also the comparative rate of production is high, is threating the future of hand embroidery / needlework; ▪ Internationally, there has been a growing concern about child labor, which can be one of the threats for export.

4.2.8 Solutions & Recommendations

After concluding our detailed survey (KII's and discussions with various government departments, financial institutions, micro-finance institutions, NGOs, etc.), we strongly believe that, hand embroidery / needlework business in eight districts surveyed in Balochistan has a promising future with potential for further expansion of business, particularly the export business, thereby resulting in the following benefits:

i) generate additional employment opportunities, particularly for women;
ii) generate much needed foreign exchange for Balochistan and Pakistan;

The above-mentioned potential and benefits will, however, be achieved in their true sense if Trade Development Authority of Pakistan (TDAP) along with Local, Provincial, and Federal Governments ensure the following:

1	facilitate easy and timely delivery of raw material to the producers, at reasonable price;
2	Balochi hand embroidery / needlework has to be promoted for its uniqueness because machine made embroidery work (which is much cheaper in price) is threatening its future;
3	producers have to be provided easy access to the buyers;
4	government and NGOs should do a bit of hand holding of the Producers and facilitate increase in the selling price of hand embroidery / needlework to make it worthwhile for the producers;
5	increase awareness about export potential of Balochi hand embroidery / needlework because most of the Producers and Commission Agents are actually unaware of the potential;
6	relevant authorities to improve government facilities and infrastructure services (i.e., water, gas, electricity, etc.) in order to address the concerns shared by all Value Chain Actors;
7	Federal Government as well as the Provincial Government of Balochistan must find ways to increase the presence of various facilitating institutions and services (including financial services) in all eight districts surveyed by us, which will not only help in growth of Balochi hand embroidery / needlework business but will also benefit other business activities.
8	financial institutions, in particular micro-finance institutions, must increase their presence in these far-flung areas which were surveyed, and provide small loans at subsidized mark-up/ rates. This will not only help deserving micro/small businesses involved in hand embroidery / needlework business but various other economic sectors as well.
9	training courses should be organized on a regular basis for improving management and vocational skills of all three Value Chain Actors, in particular the Producers;
10	research facilities need to be established in the districts which were surveyed for the benefit of Balochi hand embroidery / needlework.

4.2.9 Summary of Constraints:

Cross-cutting Constraints	
1	Need to explore new export markets
2	Need for robust training centers
3	doing business is not easy
4	No or very little access to finance
5	Need for coordination between key responsible organizations
6	Facilitate timely delivery of raw material
7	Machine made embroidery work is threatening the future of Hand embroidery / needlework.
Infrastructure Constraints	
1	Water
2	Gas
3	Electricity

4.3 Value Chain Analysis of Tailoring

4.3.1 Background

Tailoring is a common and a highly relevant service amongst low-income population segments to generate income in the eight districts in Northern Balochistan which we studied. The service is offered by both men and women, at household, community, market, and service industry levels.

A Lady Tailor busy at work in Balochistan

Source: *Daily Dawn*

There is consistent demand for this service by individual customers, and in the form of skilled labor by tailoring enterprises and garment industry. Tailoring offers relatively easy entry as an individual tailor, and as a skilled service provider for small and large enterprises. The work is highly relevant for both men and women.

In the socially conservative context of Balochistan, where mobility of women for accessing economic opportunities is sometimes limited, this trade can offer flexible home-based income generation opportunity to women. For men, the prospects of working in the market with existing service providers or starting their own enterprise are also promising. In addition to working in the local context, the formal and informal garment industry also offers an avenue to both male and female tailors.

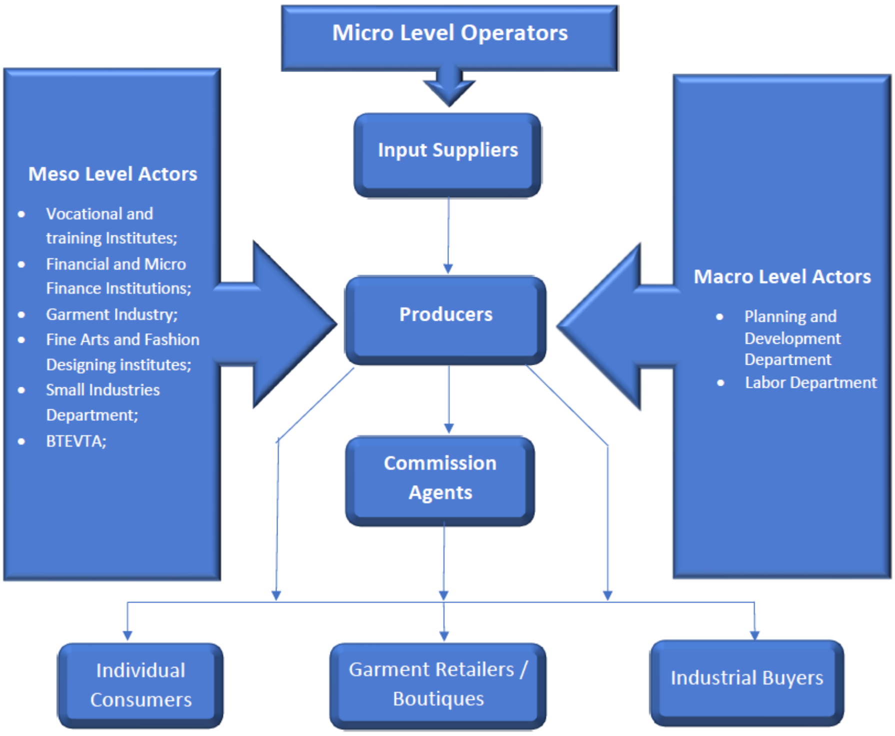
Images of Field Surveys conducted by ECI Officials for Interviews with Tailoring Value Chain Actors in Eight Districts surveyed in Northern Balochistan

Source: *ECI's Primary Research*

4.3.2 Preliminary Mapping of the Value Chain

The research team carried out interviews with Actors/Stakeholders to understand the relationships and the supply chain. Based on the insights obtained, the Value Chain Map for Tailoring is presented below:

Figure 3: Map of Tailoring Value Chain



Source: *ECI's Primary Survey*

4.3.3 Analysis of Value Chain Actors

Tailoring Value Chain as an individual service provider or as a small enterprise is quite linear. The key Actors are as follows:

Table 39: Key Micro, Meso, and Macro Level Actors in Tailoring Value Chain

Micro - Operators	Meso – Support Functions	Macro – Enabling Environment
▪ Input Suppliers (for machines, stitching material, clothes); ▪ Producers (of Tailoring Work); ▪ Commission Agents; ▪ Individual Consumers; ▪ Garment Retailers / Boutiques;	▪ Vocational and training Institutes; ▪ Financial and Micro Finance Institutions; ▪ Garment Industry; ▪ Fine Arts and Fashion Designing institutes; ▪ Small Industries Department; ▪ BTEVTA.	▪ Planning and Development Department ▪ Labor Department.

Source: *ECI's Primary Survey*

In the context of eight districts in Balochistan where Tailoring Value Chain has been studied during this survey, the team carried out interviews with a range of above listed actors to understand the relationships and the supply chain.

Following are the details of the Respondents who were surveyed for Tailoring Value Chain in all 8 districts:

Table 40: Number of Respondents Surveyed

Number of Respondents Surveyed – Tailoring Value Chain				
District	**Input Suppliers**	**Producers**	**Commission Agents**	**Total**
Killa Abdullah	8	16	10	**34**
Killa Saifullah	6	26	23	**55**
Chaghi	19	7	8	**34**
Sherani	14	5	6	**25**
Pishin	3	14	6	**23**
Mastung	11	16	7	**34**
Zhob	11	19	4	**34**
Nushki	3	28	3	**34**
Total	**75**	**131**	**67**	**273**

Source: *ECI's Primary Research*

A total of 273 Respondents were surveyed for Tailoring Value Chain, out of which 75 were Input Suppliers, 131 (majority) were Producers, and 67 were Commission Agents.

4.3.4 Business Analysis

Some of the individual Producers (Tailors) are associated with informal local market and provide services as skilled workers. Tailors work as individuals or as groups and receive orders along with specifications and inputs from individual customers, or garment boutiques. They either work out of homes, rented places of work or at the space provided by the company which is placing the order for tailoring work[37].

A commercial tailoring set-up in Balochistan

Source: *The Express Tribune*

Our survey revealed that majority of the all three Value Chain Actors in Tailoring, across all eight districts surveyed, operate from a shop.

Table 41: Nature of business operate from (Tailoring)

District	**Input Suppliers**		**Producers**		**Commission Agents**	
	Home	Shop	Home	Shop	Home	Shop
Killa Abdullah		100 %	12 %	88 %	20 %	80 %
Killa Saifullah	67 %	33 %	81 %	19 %	27 %	73 %
Chaghi	31 %	69 %	14 %	86 %		100 %
Sherani	22 %	78 %		100 %	16 %	84 %

37 https://www.ppaf.org.pk/doc/programmes/Final%20Report_AiD%20Market%20Assessment%20and%20Value%20Chain%20Analysis.pdf

Pishin	33 %	67 %	29 %	71 %	17 %	83 %
Mastung	10 %	90 %	25 %	75 %	71 %	29 %
Zhob	18 %	82 %	73 %	27 %	100 %	
Nushki	33%	67 %	15 %	85 %		100 %

Source: *ECI's Primary Research*

Across all eight districts, majority of the Input Suppliers (74%), the Producers (69%), and Commission Agents (77%) operate from a rented property.

The data depicts that more than 63% of the Input Suppliers, 74% of the Producers, and 77% of the Commission Agents are in business for up to 10 years. With the growing populations and awareness among the communities about the dressing, we found that there is scope for Tailoring business despite of various challenges. The table below gives more details.

Table 42: Years in Business

District	Input Suppliers			Producers			Commission Agents		
	0-5	6-10	More than 10 years	0-5	6-10	More than 10 years	0-5	6-10	More than 10 years
Killa Abdullah	51 %	12 %	37 %	50 %	38 %	12 %	40 %	50 %	10 %
Killa Saifullah	33 %	17 %	50 %	31 %	35 %	34 %	14 %	39 %	47 %
Chaghi	37 %	52 %	11 %		71 %	29 %	25 %	63 %	12 %
Sherani	29 %	28 %	43 %		60 %	40 %	17 %	33 %	50 %
Pishin	34 %		66 %	22 %	43 %	35 %		83 %	17 %
Mastung	63 %	37 %		44 %	44 %	12 %	72%	28 %	
Zhob	19 %	63 %	18 %	42 %	43 %	15 %	50 %		50 %
Nushki		33 %	67 %	29 %	39 %	32 %	33 %	67 %	

Source: *ECI's Primary Research*

About 90% of the respondents replied that the local people are their customers. According to the research, it is revealed that majority of the Input Suppliers, Producers, and Commission Agents generate average monthly sales of up to PKR 30,000, while some make between PKR 31,000-50,000, between PKR 51,000-100,000, and very few Producers and Commission Agents make more than PKR 100,000.

Table 43: Average Sales per month

District	Input Suppliers				Producers				Commission Agents			
	Up to Rs. 30,000	31,000 – 50,000	51,000 – 100,000	More than 100,000	Up to Rs. 30,000	31,000 – 50,000	51,000 – 100,000	More than 100,000	Up to Rs. 30,000	31,000 – 50,000	51,000 – 100,000	More than 100,000
Killa Abdullah	51 %	12 %	37 %		63 %	31 %		6 %	70 %	20 %	10 %	
Killa Saifullah	50 %	34 %	16 %		75 %	11 %	11 %	3 %	53 %	30 %	17 %	
Chaghi	84 %	9 %	7%		72 %	28 %			75 %			25 %

Sherani	15 %	28 %	57 %		20 %	40 %	40 %		34 %	17 %	16 %	33 %
Pishin	34%	33 %	33 %		50 %	29 %	21 %		50 %	17 %		33 %
Mastung	28 %	27 %	45 %		63 %	19 %	18 %		43 %	29 %	28 %	
Zhob	28 %	45 %	27 %		58 %	42 %				50 %	50 %	
Nushki	34 %	33 %	33%		57 %	43 %			67 %		33 %	

Source: *ECI's Primary Research*

Majority of the respondents of all three Value Chain Actors in all eight districts said that they had average monthly sales up to PKR 30,000 at the start of the business.

Now, according to the respondents, sales have been increasing for majority of all three Value Chain Actors. Similarly, 89%, 93%, and 83% Input Suppliers, Producers, and Commission Agents, respectively, reported that their customers are increasing. The Input Suppliers (64%), Producers (67%), and Commission Agents (69%) reported that, at the start of the business they were serving lest than 10 customers while now according to 36% Input Suppliers, 34% Producers, and 32% Commission Agents, respectively, said that they are serving between 21-50 customers. The data shows that there is still scope for this business, however, there is a need to fully facilitate them and look into ease of doing business.

Analysis: The survey of Value Chain Actors of Tailoring in all eight districts revealed that,

i	majority of all three Value Chain Actors in Tailoring are operating from a shop which is rented ;
ii	majority of Input Suppliers, Producers, and Commission Agents have been in business for less than 10 years which shows that there is still scope for this business despite of various challenges;
iii	majority of the customers of all three Value Chain Actors are: ▪ local people; and ▪ are consistently increasing.
iv	majority of monthly sales of all three Value Chain Actors: ▪ was less than PKR 30,000 at the start of the business; ▪ is now in the range of up to PKR 30,000;

Recommendation: In order to promote growth of Tailoring business in all eight districts which were surveyed, it is necessary for the government to do a bit of hand holding, as this business activity generates employment for men as well as women who are able to work from home and earn a livelihood.

4.3.4.1 Economic & Market Analysis

Tailoring work exists in all eight districts which were surveyed and this trade is being carried out by men as well as women. Men either work at a tailoring shop or have their own operation whereas women mostly work from their homes. We also found out during the survey that, an average male worker (tailor) makes up to PKR 30,000 per month whereas women make less than that because they also have household responsibilities and usually do it on a part time basis.

4.3.4.2 Raw Material and Suppliers

The required raw material for tailoring work is usually available in almost all of the districts which were surveyed. The raw material used in Tailoring work includes buttons, buckram, cloth, laces, chalk, cutting mats, machine oil, scissors, needles, pens & pencils, ribbons, and thread reels.

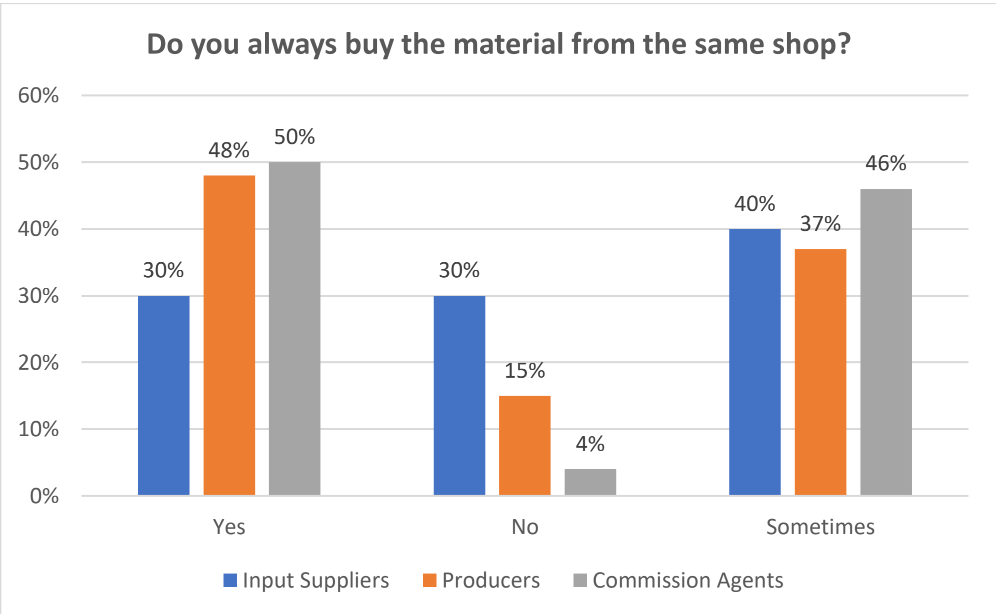
In response to a question, from where do you get your raw material, majority of the Input Suppliers Producers, and Commission Agents said that they procure it themselves from the market.

Table 44: Procurement of Raw Material

District	Input Suppliers		Producers		Commission Agents	
	Procure myself from the market	Get it from the supplier	Procure myself from the market	Get it from the supplier	Procure myself from the market	Get it from the supplier
Killa Abdullah	75 %	25 %	69 %	31 %	70 %	30 %
Killa Saifullah	67 %	33 %	77 %	23 %	96 %	4 %
Chaghi	69 %	31 %	86 %	14 %	88 %	12 %
Sherani	93 %	7 %	100 %		100 %	
Pishin	100 %		79 %	21 %	50 %	50 %
Mastung	28 %	72 %	100 %		86 %	14 %
Zhob	82 %	18 %	100 %		50 %	50 %
Nushki	37 %	66 %	97 %	3 %	100 %	

Source: *ECI's Primary Research*

It is revealed during the survey that majority of the Input Suppliers sometimes buy the raw material from the same shop, whereas, most of the Producers, and the Commission Agents buy the raw material (or finished product in case of Commission Agents) from the same shop.



Source: *ECI's Primary Research*

According to the survey, majority of the Input Suppliers (65%) said that their suppliers deliver the raw material at their doorstep, whereas, the Producers (56%), and Commission Agents (60%) said that their suppliers do not deliver.

As shown in the table below, majority of all three Value Chain Actors easily get the required raw material.

Table 45: Easy Availability of the Raw Material

District	Input Suppliers		Producers		Commission Agents	
	Yes	No	Yes	No	Yes	No
Killa Abdullah	75 %	25 %	75 %	25 %	75 %	25 %
Killa Saifullah	67 %	33 %	100 %		94 %	6 %
Chaghi	95 %	5 %	100 %		97 %	3 %
Sherani	93 %	7 %	100 %		95 %	5 %
Pishin	67 %	33 %	93 %	7 %	89 %	11 %
Mastung	100 %		100 %		100 %	
Zhob	82 %	18 %	90 %	10 %	87 %	13 %
Nushki	100 %		100 %		100 %	

Source: *ECI's Primary Research*

Input Suppliers, Producers, and Commission Agents procure their material from various suppliers who are located either in their own district, in nearby districts, or even as far as Quetta.

Majority of the Input Suppliers, Producers, and Commission Agents reported that they get delivery of the material on the same day.

Analysis: The Input Suppliers, Producers, and Commission Agents buy the material themselves from the market (or finished product in case of Commission Agents). It was also revealed that, majority of the Input Suppliers sometimes buy the material from the same shop, whereas the Producers and Commission Agents mostly buy the material from the same seller. Majority of the Input Suppliers, Producers, and Commission Agents said that they easily get their material. With regard to delivery, majority of all three Value Chain Actors get delivery of the material on the same day.

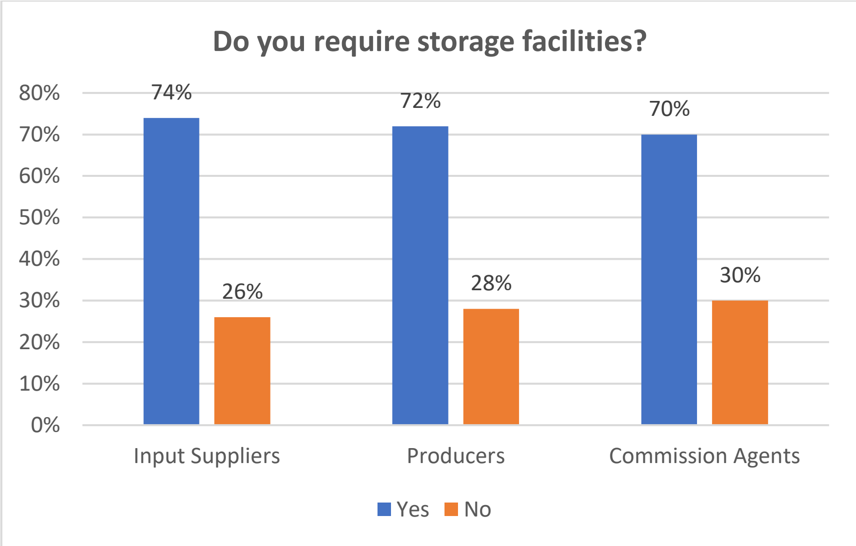
Recommendation: It is recommended that, in order for the Producers of Tailoring to be more efficient and well remunerated, they are provided the raw material at subsidized rates by the relevant government institutions such as the Small Industries Department.

4.3.4.3 Business Support

With regard to business support by the government as well as the private sector to start a new tailoring business or expand an existing operation, we found out during our survey that,

a. The government departments such as SMEDA, Small Industries Department, Planning & Development Department, NRSP, and BTEVTA are present in urban areas only which is not really helpful for the people involved in small/micro level tailoring businesses based in small towns and villages.
b. With regard to financial institutions and microfinance institutions, they are almost non-existent in most of the areas covered during our survey;

In response to the question, 'if you require storage facility', following responses were received.



Source: *ECI's Primary Research*

According to 88%, 94% and 85% Input Suppliers, Producers, and Commission Agents, respectively, the required storage facilities are available in their areas. It is reported by the respondents that, Input Suppliers do not use storage facilities, whereas Producers and Commission Agents do use them.

Analysis: The storage facilities are mainly required by the Producers as well as the Commission Agents, while majority of all three Value Chain Actors said that the storage facilities are available in their areas.

Recommendation: Based on the above analysis, no action is required from the relevant authorities.

4.3.4.4 Machinery and Equipment

Setting up a tailoring business requires machines and some basic tools. Overall, this business requires some initial investment which is difficult for some of the new workers to afford.

Majority of the respondents of Input Suppliers and Producers confirmed that, the existing machinery and equipment was sufficient for their business. Only few respondents of the Producers reported that they require new machines such as computerized/latest sewing machines, buttonhole making machines, and JUKI industrial sewing machines. Commission Agents did not provide their response to this question because they do not have any need for machinery as they are into buying finished products.

Table 46: Sufficiency of Machinery and Equipment

District	Input Suppliers		Producers		Commission Agents	
	Yes	No	Yes	No	Yes	No
Killa Abdullah	86%	14%	94%	6%	N/A*	N/A
Killa Saifullah	100%		92%	8%	N/A	N/A
Chaghi	73%	27%	86%	14%	N/A	N/A
Sherani	25%	75%	100%		N/A	N/A
Pishin	100%		86%	14%	N/A	N/A
Mastung	100%		50%	50%	N/A	N/A
Zhob			74%	26%	N/A	N/A
Nushki		100%	100%		N/A	N/A

**N/A = Not applicable (Commission Agents did not respondent because they buy finished products)*
Source: *ECI's Primary Research*

Analysis: Majority of the Input Suppliers and Producers did not have any requirement for additional machinery and equipment to run their business. Whereas, a very small percentage of the Producers (15%) said they require new machines with latest features. With regard to the Commission Agents, they do not require machinery because they deal with finished products.

Recommendation: Based on the above analysis, we do not feel that any action is required for this part of the survey.

4.3.4.5 Labor Issues

It was revealed during our survey that the skilled labor involved in tailoring work was usually exploited by the owners of tailoring shops as well as garment boutiques by under-paying them or paying them late. As a result, lot of workers are discouraged which is threatening sustainability and growth of tailoring work in all eight districts which were surveyed.

In tailoring business, majority of the respondents of all three Value Chain Actors said that their business requires skilled labor.

Table 47: Skilled Labour Requirement

District	Input Suppliers		Producers		Commission Agents	
	Yes	No	Yes	No	Yes	No
Killa Abdullah	100%		100%		90%	10%
Killa Saifullah	83%	17%	92%	8%	96%	4%
Chaghi	47%	53%	57%	43%	50%	50%
Sherani	79%	21%	100%		100%	
Pishin	100%		86%	14%	100%	
Mastung	36%	64%	25%	75%	71%	29%
Zhob	64%	36%	100%		100%	
Nushki	33%	67%	64%	36%	67%	33%

Source: *ECI's Primary Research*

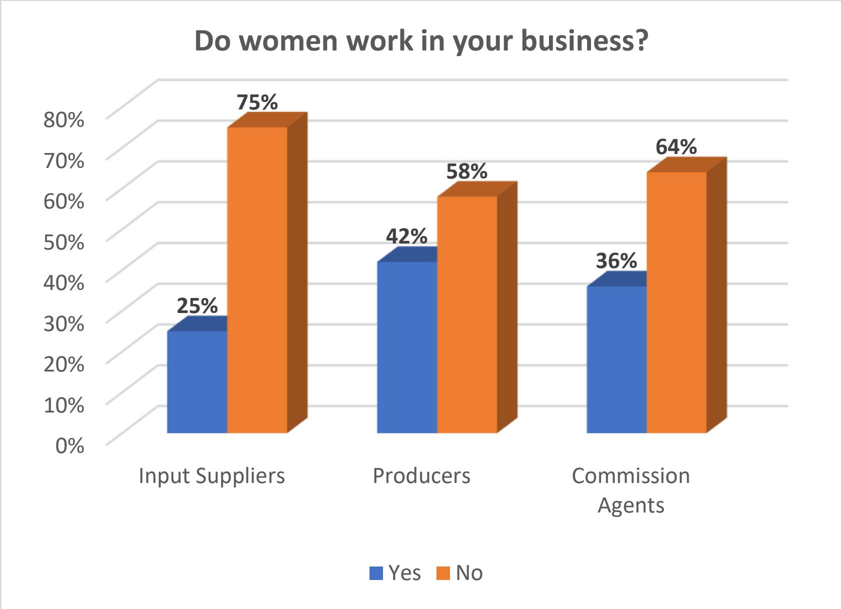
It was revealed during the research that the skilled labor was available in their area. A small percentage of all three Value Chain Actors, who said no to availability of skilled labor in their area, further added that sometimes they are forced to use unskilled labor or borrow skilled labor from elsewhere.

Table 48: Availability of Skilled Labour

District	Input Suppliers		Producers		Commission Agents	
	Yes	No	Yes	No	Yes	No
Killa Abdullah	75%	25%	100%		100%	
Killa Saifullah	80%	20%	96%	4%	95%	5%
Chaghi	78%	22%	100%		25%	75%
Sherani	82%	18%	100%		100%	
Pishin	100%		100%		100%	
Mastung	75%	25%	100%		60%	40%
Zhob	100%		100%		100%	
Nushki	100%		100%		100%	

Source: *ECI's Primary Research*

The majority of the respondents of all three Value Chain Actors said that women do not work in their business due to the fact that tailoring business is dominated by males who mostly work from a shop. Nevertheless, according to the Input suppliers (25%), Producers (42%), and Commission Agents (36%), tailoring does employ considerable number of women (particularly the Producers) who mostly work from home.



Source: *ECI's Primary Research*

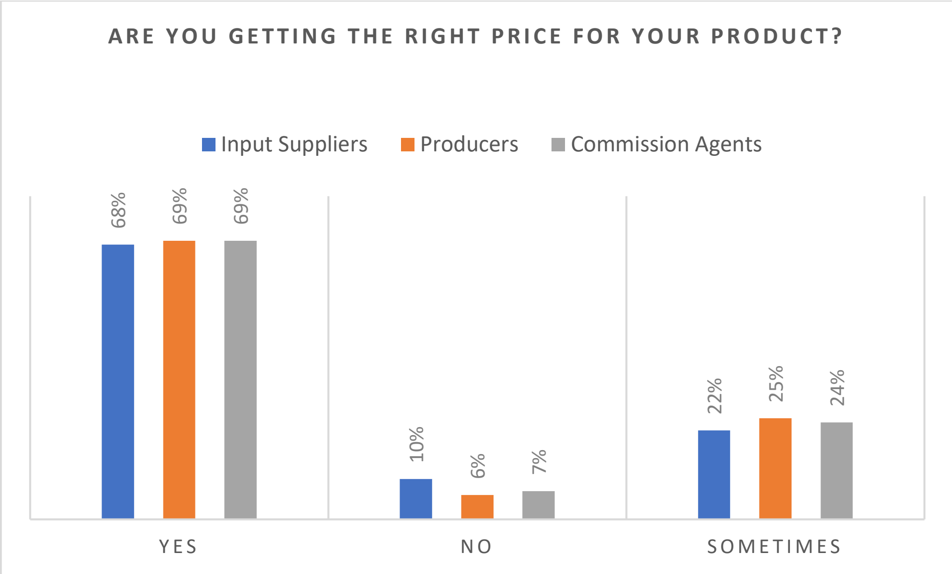
Analysis: It is quite evident from the survey data that, there is further scope for women employment in the future in tailoring business with all three Value Chain Actors.

Recommendation: It is recommended that; all three Value Actors must be provided with the required support to boost their business which will in turn increase women employment.

4.3.4.6 Profitability

The survey revealed that, most of the skilled workers involved in tailoring work were paid less, whereas producers of tailored products were paid up to 20% of the final sale price of the items they produced.

As shown in the below graph, majority of the respondents of Input Suppliers, Producers, and Commission Agents felt that they are getting the right price for their product.



Source: *ECI's Primary Research*

In response to the question about how much was their product sold for to the end user, majority of the Producers and Commission Agents said 'double', whereas the Commission Agents did not respond because they sell their material to the Producers who use it to produce finished products.

Table 49: Price of product to the end user

District	Input Suppliers			Producers			Commission Agents		
	Double	Triple	More than three times	Double	Triple	More than three times	Double	Triple	More than three times
Killa Abdullah	N/A*	N/A	N/A	88%		13%	90%		10%
Killa Saifullah	N/A	N/A	N/A	85%	8%	8%	83%	9%	9%
Chaghi	N/A	N/A	N/A	71%		29%	100%		
Sherani	N/A	N/A	N/A	100%			83%		17%
Pishin	N/A	N/A	N/A	100%			100%		
Mastung	N/A	N/A	N/A	88%	6%	6%	100%		
Zhob	N/A	N/A	N/A	95%	5%		100%		
Nushki	N/A	N/A	N/A	100%			100%		

**N/A = Not applicable (Commission Agents did not respond because they sell their material to the Producers who use it to produce finished products)*
Source: *ECI's Primary Research*

Almost all of the respondents for the three Value Chain Actors, i.e., Input Suppliers (94%), Producers (91%) and Commission Agents (82%), said that their business is profitable after meeting all the expenses. Most of the three Value Chain Actors earn a profit of up to PKR 30,000 per month.

Table 50: Average profit per month

District	Input Suppliers				Producers				Commission Agents			
	up to 30,000	31,000 - 50,000	51,000 - 100,000	More than 100,000	up to 30,000	31,000 - 50,000	51,000 - 100,000	More than 100,000	up to 30,000	31,000 - 50,000	51,000 - 100,000	More than 100,000
Killa Abdullah	63%	13%	25%		88%	6%		6%	100%			
Killa Saifullah	100%				88%	8%	4%		86%	14%		
Chaghi	100%				100%				100%			
Sherani	100%				100%				100%			
Pishin	67%	33%			93%	7%			60%	20%	20%	
Mastung	67%	22%	11%		86%	14%			83%	17%		
Zhob	100%				95%	5%			75%		25%	
Nushki	67%		33%		89%	11%			100%			

Source: *ECI's Primary Research*

Analysis: We found out that, majority of the Input Suppliers, Producers and Commission Agents are content with the price they are getting for their product. Majority of the survey respondents representing the Producers and Commission Agents were of the opinion that their buyers are selling the products to the end-users for more than double the purchase price, while the Input Suppliers did not respond because this question did not pertain to them (i.e., Input Suppliers sell their material to Producers who use it to produce finished products). The survey respondents predominantly confirmed that their business is profitable and they are generating a profit of up to PKR 30,000 per month after meeting their expenses.

Recommendation: It is recommended that; the government should do a bit of hand holding of the Producers and facilitate increase in the selling price of hand embroidery/needlework to make it worthwhile for the producers.

4.3.4.7 Environmental Impact and Hazards

Overwhelming majority of all three Value Chain Actors think that their product and processing does not cause any negative environmental impact. They further reported that they dispose of the waste in the following manner:

- Dust ,smoke and garbage
- Drain, Recycle
- Throw outside work place
- Burn, used as fuel

It is evident from the above table that, the Input Suppliers, Producers, and Commission Agents dispose of their waste either by burning it, throwing it in the drain, or throwing it in the street, which means that they do not have any understanding of the negative environmental impact caused by pollution. Only a few respondents in Killa Abdullah, Pishin, and Zhob said that they either recycle their waste or use it as fuel. Moreover, most of the respondents confirmed that EPA set up does not exist in most of the districts surveyed under this project.

Analysis: It is evident from the survey data that, the Input Suppliers do not cause any waste or pollution due to very nature of their business activity – trading. Moreover, with regard to the

Producers and the Commission Agents, their products also do not cause any noticeable negative environmental impact. Few of them, who said yes, their product or processing cause some environmental impact, pointed out garbage as the major cause of negative impact on the environment.

Recommendation: It is, therefore, recommended that, EPA makes appropriate arrangements in the respective districts in educating people about pollution created by throwing the garbage in the street or by burning it. EPA may also coordinate with the local government for implementing a system of garbage collection and proper disposal.

4.3.4.8 Export potential

The survey revealed that, potential for increasing export of tailored products by fashion industry was very much there, provided that, Federal and Provincial governments, private sector, and the financial institutions play their roles in creating an export-friendly environment. In this regard, in particular, SMEDA, Trade Development Authority of Pakistan (TDAP), and Small Industries Department must play a cohesive role to help boost export of tailored products from Balochistan, i.e., particularly to the Gulf countries.

Majority of the Input suppliers, Producers, and Commission Agents said that their product cannot be exported, as shown in the table below:

Table 51: Potential for Export

District	Input Suppliers		Producers		Commission Agents	
	Yes	No	Yes	No	Yes	No
Killa Abdullah	6%	94%	30%	70%	15%	85%
Killa Saifullah		100%		100%		100%
Chaghi		100%		100%		100%
Sherani		100%	33%	67%	18%	82%
Pishin	21%	79%	33%	67%	25%	75%
Mastung		100%		100%		100%
Zhob		100%	25%	75%	4%	96%
Nushki	4%	96%	33%	67%	6%	94%

Source: *ECI's Primary Research*

Meanwhile, some of the Producers and Commission Agents who said that their product can be exported, sighted the reasons for that as: 'demand in foreign countries', and 'it will expand their business', provided that their products are properly promoted in other countries. Majority of the Producers and Commission Agents said that their product is not exported by the companies who buy it from them. Similarly, almost all three Value Chain Actors said that they have never exported their product, themselves.

Analysis: All three Value Chain Actors think that their product cannot be exported, and all of them confirmed that they have never exported their product themselves, neither do they think that the companies who buy from them export it. The above findings clearly indicate that most of the Producers and Commission Agents are actually unaware of the potential for export which their product has, particularly for bulk commercial orders.

Recommendation: Government departments, such as Trade Development Authority of Pakistan (TDAP), in conjunction with SMEDA and Small Industries Department in Balochistan may look into the possibility of finding ways to increase export of the tailored products from Balochistan.

4.3.5 Analysis of Enabling Environment

We found out during our survey that, tailoring business in all eight districts faced multiple obstacles in enabling environment, such as:

- Poor linkages;
- Lack of mobility of females as the society was very conservative;
- Limited access to finance; and
- Lack of business skills and technical training.

Most of the Producers and Commission Agents were of the opinion that their product does not require further processing.

Table 52: Processing Requirement (Tailoring)

District	Input Suppliers		Producers		Commission Agents	
	Yes	No	Yes	No	Yes	No
Killa Abdullah	N/A*	N/A	6%	94%	10%	90%
Killa Saifullah	N/A	N/A		100%	4%	96%
Chaghi	N/A	N/A		100%		100%
Sherani	N/A	N/A		100%		100%
Pishin	N/A	N/A	21%	79%	17%	83%
Mastung	N/A	N/A		100%		100%
Zhob	N/A	N/A		100%		100%
Nushki	N/A	N/A		100%		100%

**N/A: Not Applicable (this question did not pertain to Input Suppliers due nature of their business [trading] which does not require further processing)*
Source: *ECI's Primary Research*

Analysis: The survey results show that all three Value Chain Actors do not require the facilities for processing of their product

Recommendation: Based on the above analysis, no action is required from any authority.

4.3.5.1 Government Policies, Government Support And infrastructure

It was revealed during the survey that, producers of tailored products in all eight districts were unhappy with government policies, and provided their suggestions for the government to play an effective role, such as, :

- Linkages with the input suppliers, and dealers (for bulk tailoring jobs);
- Improved infrastructure, i.e., roads, electricity, gas, upgradation of mobile networks, etc.

Small Industries Department – Quetta: However, during our detailed meeting with the Small Industries Department (SID) in Quetta, we were pleased to find out that, they operate 114 vocational training institutes in all eight districts surveyed by us. They offer various training courses for men and women for various vocational skills including Tailoring, particularly in Killa Abdullah, Chaghi, Pishin, and Mastung.

We are of the opinion that, for real success of these training courses, the apprentices who successfully complete the courses in tailoring, should be provided with the required toolkits and machines so that they could set up their own business, thereby boosting tailoring sector in Balochistan as well as creating employment for other men and women.

Small Industries Department officials highlighted some of the issues faced by tailoring producers in Balochistan such as:

- there are no market linkages;
- lack of access to finance;
- issues of availability and variety of raw materials;
- exploitation of workers due to lack of awareness; and
- there is a process available for registration of a small business with SID but people avoid registering because of the requirement of CNIC and tax certificate;

When asked about the government support and infrastructure, majority of the respondents of all three Value Chain Actors said that, ease of doing business is 'good', water supply is 'good', gas supply is 'poor', electricity supply is 'average', and infrastructure as 'average'.

A small number of respondents who had said that government policies are beneficial for their business, cited the following reasons:

- for Input Suppliers and Producers, the major reason for that is *'government provides the required training',*
- for Commission Agents the major reason is *'government provides the required support in doing business.*

The respondents of all three Value Chain Actors, who said that government policies were 'not' beneficial for their business overwhelmingly pointed out the main reason for that as *'government policies are not supportive'.*

Analysis: When the respondents of all three Value Chain Actors were asked the questions about 'ease of doing business' and 'availability of water', majority of them said it is 'good'. However, when they were asked about 'availability of electricity', and 'infrastructure', majority of them rated it 'average', while 'availability of gas' was rated by majority of them as 'poor'.

Table 53: Ranking of Facilities offered by the Government

(On a Scale of **'Very Good'** to **'Poor'**)

Facilities & Ranking
1. **Ease of doing business (**Ranking: **Good)**
2. **Availability of Water (**Ranking: **Good)**
3. **Availability of Gas (**Ranking: **Poor)**
4. **Availability of Electricity (**Ranking: **Average)**
5. **Availability of Infrastructure (**Ranking: **Average)**

Source: *ECI's Primary Research*

In response to the question whether the government policies are beneficial to their business, the overwhelming majority said that the government policies are not beneficial. They further said that:

- government should provide them the required training;
- government should provide facilities and support (electricity, raw material, equipment, infrastructure etc.).

When asked about any suggestions for improvement in government services, a considerable number of the respondents for Input Suppliers and Producers said that, government should provide facilities and support (i.e., Electricity, Raw Material, Equipment etc.

Recommendation: It is recommended that the relevant government authorities take appropriate measures to improve civil and infrastructure services in order to address the concerns shared by all Value Chain Actors who are involved in tailoring.

4.3.5.2 Analysis of Key Facilitating Institutions/Services

The relevant Federal and Provincial government departments such as SMEDA, BTEVTA, Planning & Development Department – Government of Balochistan, and Small Industries Department, Balochistan Rural Support Program (BRSP), are mostly present in Quetta and only in some of the districts we surveyed, Moreover, while financial institutions have some presence, microfinance institutions do not have their presence in most of the districts surveyed. This has resulted in ineffective and insufficient support for nurturing commercial tailoring business in all eight districts we surveyed.

Analysis: The relevant government departments as well as financial institutions and MFIs are not present in most of the areas surveyed.

Recommendation: The federal and provincial governments have to find ways to increase the presence of various facilitating institutions and services (including financial services) in all eight districts surveyed, which will not only help in growth of tailoring business but will also benefit other economic activities.

4.3.5.3 Financial Management and Funding

Response for the survey question about 'access to finance' from tailoring work producers revealed the following issues:

- Lack of presence of financial institutions, and in particular 'microfinance institutions' in all the districts which were surveyed;
- Lack of awareness by the people about the possibility of getting a bank loan;
- Strict lending policies of financial institutions with harsh/tangible collaterals;
- Family restrictions on availing bank loans as they are considered un-Islamic.

Even though it does not require a huge amount of money to set up tailoring business, it is still a sizeable amount for most of the people living in the districts which were surveyed are very poor. During our survey, we also discussed the issue of access to finance with some of the government departments as well as some financial institutions and microfinance institutions who provided us with the following input:

<u>**Government Departments:**</u>

Balochistan Rural Support Program (BRSP):

Provides short term loans from PKR 25,000 up to 35,000, but only in Killa Abdullah and Zhob.

National Rural Support Program (NRSP):
Provides only fully collateralized / secured loans, and that too only in Quetta;

4.3.5.4 Financial Institutions and Microfinance Institutions

Almost all government and private banks have branches at district and tehsil level. But none of these banks provide financial assistance to the cottage industry. Their prime function is deposit mobilization. These banks give out only fully collateralized / secured loans. The most popular credit product in all districts offered by almost all the banks was advance against salary. This facility is only provided to the government employees. Hence it is difficult for the typical tailoring producer to arrange a collateral. With regard to history of repayment of loans extended in the past, according to Balochistan Rural Support Program (BRSP), only 55% - 60% of the loans availed were fully repaid by the borrowers. However, as per Akhuwat Foundation (a Charitable Organization), the loan delinquency rate is between 2% - 3%.

During this survey study, while talking to the officials of Small Industries Department-Quetta, we were informed that, microfinance banks cannot become popular until they become Islamic. They added that, at present, there are no microfinance banks in Balochistan except NRSP and BRSP.

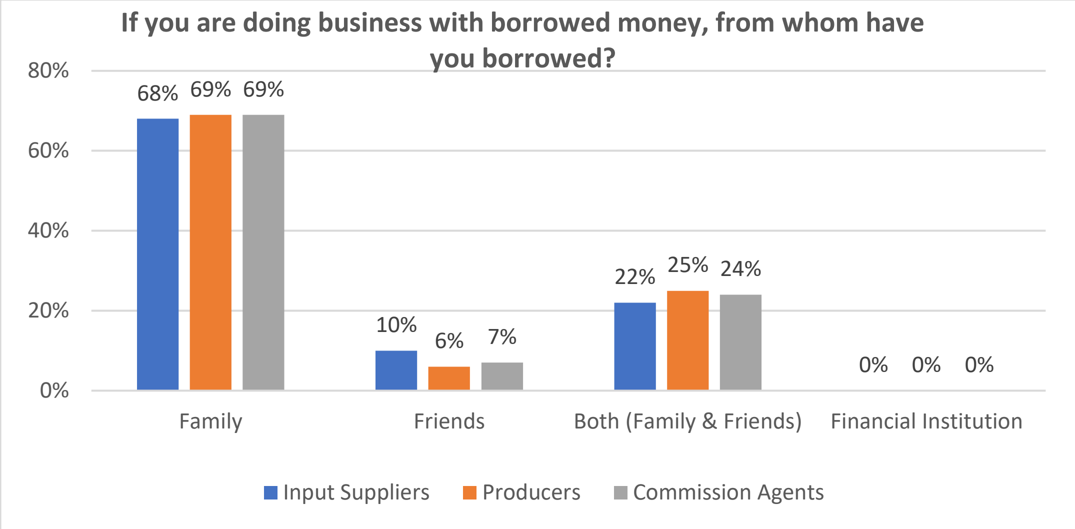
According to the respondents, vast majority of the respondents of all three Value Chain Actors said that they are doing business with their own funds as shown in the table below:

Table 54: Funding for Business (Tailoring)

District	Input Suppliers			Producers			Commission Agents		
	Own funds	Borrowed money	Both	Own funds	Borrowed money	Both	Own funds	Borrowed money	Both
Killa Abdullah	88%	12%		81%	6%	13%	90%		10%
Killa Saifullah	67%	16%	17%	92%	8%		91%	9%	
Chaghi	95%		5%	86%		14%	88%	12%	
Sherani	100%			100%			83%		17%
Pishin	100%			86%	7%	7%	83%	17%	
Mastung	18%	82%		19%	81%		71%	29%	
Zhob	100%			100%			100%		
Nushki	100%			96%		4%	100%		

Source: *ECI's Primary Research*

Out of those respondents who said that they are doing business with borrowed funds, most of them said that they had borrowed money from their family or both 'family & friends', and none of them said that they had borrowed from a financial institution (please see below graph).



Source: *ECI's Primary Research*

Almost half of the respondents of all three Value Chain Actors said 'yes', they require more funding, whereas, the other half said 'no'. When asked about the reason for additional funding, some of them said 'to expand the business' while others said 'to pay off existing debt'.

Analysis: Majority of all three Value Chain Actors are doing business with their own funds. Some of the respondents who said that they are doing business with borrowed funds, had borrowed from family and friends and none of them had borrowed from a financial institution.

When the respondents of all three Value Actors were asked if they needed more funds, half of them said yes, while the other half said no. When asked 'why do they need more funds?', most of them said 'to expand their business' while a few said 'to settle their existing debt'.

Recommendation: It is recommended that, financial institutions, in particular micro-finance institutions, increase their presence in these far-flung areas which were surveyed, and provide small loans at subsidized mark-up rates. This will not only help deserving micro/small businesses which are involved in tailoring but various other economic sectors as well.

4.3.5.5 Capacity Building

Our survey revealed that, in order to boost capacity building of tailoring business at commercial scale in all eight districts, government needs to prepare a comprehensive Capacity Building Plan, establish display centers to facilitate sale of locally tailored products, and set up incubation centers, particularly for women thereby encouraging and facilitating increased employment[38].

Moreover, government needs to address the following areas:

- Facilitate easy access to finance in order for the producers to buy / upgrade their machines and tools;
- Facilitate availability of the required raw material in close proximity of the producers;
- Facilitate higher returns / profit margins for the producers, thereby encouraging them to increase their production which will also result in increased employment opportunities;
- Facilitate easy access to markets.
- Set up training centers at Tehsil level in all the districts to teach tailoring work.

38 https://www.ppaf.org.pk/doc/programmes/Final%20Report_AiD%20Market%20Assessment%20and%20Value%20Chain%20Analysis.pdf

In response to a question about the need of training programs required for development of marketing, business management, and financial management skills, the respondents mainly chose 'Digital Marketing'.

When asked about vocational training needs, most of the respondents of the Producers said that they would be interested in the vocational training courses for themselves and their staff :

- Cutting & sewing;
- Fashion Designing;
- Embroidery.

In response to the survey question about any research laboratories or other research facilities available in their areas, the response was 'no'. Moreover, when asked about the presence of BTEVTA, in these areas, particularly with reference to the development of skilled labor and women through vocational training, majority of the respondents said 'no'.

However, few respondents from Killa Abdullah (31%) and Nushki (39%) said 'yes' BTEVTA exists in their areas and is offering the following vocational training courses:

- Tailoring;
- Embroidery;
- Wool work.

Analysis: When asked about the need for any vocational training for themselves or their staff, some of the respondents for Producers from Killa Abdullah and Nushki said that they needed training for 'Tailoring', 'Embroidery', and 'wool work'.

We found out during the survey that there are no research laboratories or other research facilities in all districts surveyed. With regard to presence of BTEVTA, the survey data revealed that they are not present in most of the areas surveyed, except for a small presence in Killa Abdullah, and Nushki.

Recommendation: Training courses should be organized on a regular basis for improving vocational skills, in particular for the Producers. Moreover, research facilities need to be established in the districts which were surveyed for the benefit of tailoring business as well to introduce latest techniques.

4.3.6 SWOT Analysis

Following is the SWOT Analysis of Tailoring business in the eight districts in Balochistan which were surveyed, including overall challenges, and constraints:

Strengths	Weaknesses, Hinderances, and Challenges
▪ Cheap Labor – tailoring is done in Balochistan by men and women / housewives who primarily work from their homes; ▪ Employment generation; ▪ Traditional and attractive designs; ▪ Export potential;	▪ There is a problem of consistent product quality and productivity; ▪ Insufficient profit margin for the producers; ▪ Shortage of funds faced by the producers which hampers increase in production; ▪ Lack of (or inadequate) Government initiatives and policies; ▪ Bad law and order situation; ▪ No link with the market; ▪ Weak communication skills of the

Strengths	Weaknesses, Hinderances, and Challenges
	Producers; ▪ No hand holding by national and international NGOs. With regard to increasing the output to serve the customers (particularly for bulk commercial tailoring jobs) within Pakistan as well as exports from the eight districts surveyed, following challenges need to be addressed: ▪ No serious attempts to set up robust Training Programs for the Sector's development by creating new workforce and capacity building of exiting workers; ▪ Output of workers is badly affected by lack of standardized output per week/month to ensure on-time delivery of customers' orders. ▪ Untrained workers under this unorganized production operations system badly affect the quality and lead to finished product variations.
Opportunities	**Threats**
▪ Potential to introduce and increase Balochistan's share in export business for bulk tailoring products (for commercial tailoring jobs) by focusing on consistently producing high quality export-oriented products with proper marketing and promotion; ▪ Potential to bulk produce tailoring products for fashion designers / branded garment retailers within Pakistan; ▪ E-commerce / online sales.	▪ Internationally, there has been a growing concern about child labor in places like Balochistan, which can be one of the threats for exports.

Source: *ECI's Primary Research*

4.3.7 Solutions & Recommendations

After concluding our detailed survey (KII's and discussions with various government departments, financial institutions, micro-finance institutions, NGOs, etc.), we strongly believe that, tailoring business in eight districts surveyed in Balochistan has a promising future with the potential for expansion of business, particularly the export business for bulk commercial orders, thereby resulting in the following benefits:

i) generate additional employment opportunities, particularly for women;
ii) generate much needed foreign exchange for Balochistan and Pakistan;

The above-mentioned potential and benefits will, however, be achieved in their true sense if Trade Development Authority of Pakistan (TDAP) along with Local, Provincial, and Federal Governments ensure the following:

- facilitate easy and timely delivery of raw material to the producers, at reasonable price;
- larger producers have to be provided easy access to the buyers (fashion houses / garment retailers within Pakistan);
- increase awareness about export potential of tailored products from Balochistan because most of the Producers and Commission Agents are actually unaware of the potential;
- financial institutions, in particular micro-finance institutions, must increase their presence in these far-flung areas which were surveyed, and provide small loans at subsidized mark-up/ rates. This will not only help deserving micro/small businesses involved in tailoring business but various other economic sectors as well.
- training courses should be organized on a regular basis for improving management and vocational skills of all three Value Chain Actors, in particular the Producers.

4.3.8 Summary of Constraints:

	Cross-cutting Constraints
1	Need to explore new export markets
2	Need to connect larger producers with fashion houses / garment retailers within Pakistan for commercial orders.
3	Need for robust training centers
4	No or very little access to finance
5	Facilitate timely delivery of raw material
	Infrastructure Constraints
1	Gas
2	Electricity

5. Overall Recommendations

SECTION-1 For Issues related to Cross-Cutting Constraints						
#	**Challenges/ Issues**	**Recommendations**	**Departments or Stakeholders**	**Action in Context of BLEP**	**Timeframe for settlement of issues (Short / Medium / Long-term)**	**Expected Outcome**
1	Easy and timely delivery of the required raw material	It is necessary to facilitate easy and timely delivery of the required raw material to the producers especially at the government	▪ Small Industries department, GoB.	▪ Consultation with Small Industries department, GoB for timely delivery of Raw materials.	▪ Short / Medium-term	▪ Better quality carpets with more exportability.
2.	Ensuring that the Government facilities are operated at reasonably good operating capacities (60% - 80%).	At present, the carpet manufacturing facilities being operated by Small Industries department, GoB are operating at 20% - 30% of their capacity. It is vital that the operating efficiencies may be improved so that the product may be showcased at various expos and other events and at the showrooms.	▪ Small Industries department, GoB. ▪	▪ Consultation with Small Industries department, GoB for increasing the operating efficiencies.	▪ Short / Medium-term	▪ Increased production of better-quality carpets which may be exported to earn reasonable foreign exchange.
3	Lack of Training & Skill Developmen t	Required Vocational Training programs are not being offered by BTEVTA or the private institutions. The training authority may coordinate with the Small Industries department, GoB to better understand their requirements and offer vocational training in the required traits. At present, Small Industries department, GoB is	▪ Small Industries department, GoB ▪ BTEVTA	▪ Consultation with businesses and SMEDA ▪ Coordination with related departments and BTEVTA	▪ Short / Medium-term	▪ Professionals working in the businesses as well as fresh trainees will be better trained with latest skills to become more competitive.

SECTION-1 For Issues related to Cross-Cutting Constraints						
#	Challenges/ Issues	Recommendations	Departments or Stakeholders	Action in Context of BLEP	Timeframe for settlement of issues (Short / Medium / Long-term)	Expected Outcome
		offering training through its handmade carpet facilities.				
4	Lack of Research and Development	The government of Balochistan may concentrate more on research and development and establishment of Research, Testing, Inspection and Certification Laboratories.	▪ Small Industries department, GoB ▪ TDAP / Export promotion authority ▪ Chamber of commerce ▪ SMEDA	▪ Facilitate Industries Department in establishment of cluster specific laboratories	▪ Medium / Long-term	▪ Better product quality. ▪ Ease in obtaining international certifications. ▪ Better product development through R&D.
5	Promotion of Handmade Carpets	Handmade carpets have to be promoted because machine made carpets (which are much cheaper in price) are threatening future of handmade carpets; and Producers may to be provided access to the buyers (particularly international buyers) through SMEDA and TDAP. Hand holding of producers by the government will facilities to boost their business which will in turn increase women employment.	▪ Small Industries department, GoB ▪ TDAP / Export promotion authority ▪ SMEDA	▪ Consultation with TDAP and SMEDA	▪ Medium / Long-term	▪ Provide encouragement and security to the producers.
6	Non-existence of Market Intelligence System	The market intelligence system was observed to be non-existent, due to which, the producers often do not get the right	▪ Small Industries department, GoB ▪ TDAP / Export promotion authority	▪ Engage SMEDA and design a model for web-based market intelligence	▪ Medium-term	▪ Establishment of web-based Market Intelligence Systems for benefit of all

SECTION-1 For Issues related to Cross-Cutting Constraints						
#	Challenges/ Issues	Recommendations	Departments or Stakeholders	Action in Context of BLEP	Timeframe for settlement of issues (Short / Medium / Long-term)	Expected Outcome
		price for their product. The government of Balochistan may take measures to setting up of web-based market intelligence systems for various manufacturing sectors. An example of such system may be observed from https://www.itcportal.com/ The above link is of ITC e-Choupal - Rural India's largest Internet-based intervention. Launched in June 2000, 'e-Choupal' services today reach out to over 4 million farmers growing a range of crops in over 35000 villages.	▪ SMEDA	system (ITC e-Choupal may be replicated) ▪ Coordinate Expo events with TDAP ▪ Engage SMEDA and organize exposure visits and develop linkages of businesses.		stakeholders. Improved access to information and market linkages.
7	Investment Friendly Institutional, Regulatory, and Legal Framework	The Government of Balochistan shall ensure that Investment friendly, regulatory, and legal framework for attracting local and foreign investment.	▪ Balochistan Board of Investment and Trade Small Industries department, GoB ▪ TDAP / Export promotion authority ▪ SMEDA	▪ To approach and collaborate with the concerned departments and ensure that robust regulatory framework with one-window-operation is in place.	▪ Medium / Long-term	Investment friendly environment will: ▪ Attract foreign investment ▪ Provide better business environment to local businesses.
8	Requirement of Certifications for Export	For exporting the products from Pakistan, requirement of various types of industry related	▪ Balochistan Board of Investment and Trade Small Industries	▪ Consultation workshop with mentioned stakeholders	▪ Medium-term	▪ Improved internal control systems.

SECTION-1 For Issues related to Cross-Cutting Constraints						
#	Challenges/ Issues	Recommendations	Departments or Stakeholders	Action in Context of BLEP	Timeframe for settlement of issues (Short / Medium / Long-term)	Expected Outcome
		certifications is increasing day by day. Government of Balochistan will have to be mindful of these requirements and will have to ensure that such certificating bodies / certifications are made available in Balochistan. The industrial clusters of Balochistan will also have to be appraised and sensitized about the importance of various types of certifications required for exporting their products. Some of the standards internationally in use are listed below: Quality Management Standard ISO 9001 ISO/IEC/IEEE 90003:2018 ISO 45000 Occupational health and safety Standards ISO 14000 Environmental Management ISO 26000 Social Responsibility ISO 37001 Anti-bribery	department, GoB ▪ TDAP / Export promotion authority ▪ SMEDA	including business ▪ collaboration with SMEDA for addition of awareness of such certifications for business community ▪ Develop over the counter material on such certifications and share with business associations ▪ Assess need and arrange most required certification trainings and post training support ▪ Start a digital awareness campaign on required certifications and their benefits		▪ Improved product quality. ▪ Businesses will be able to export their products across the globe.

SECTION-1 For Issues related to Cross-Cutting Constraints						
#	**Challenges/ Issues**	**Recommendations**	**Departments or Stakeholders**	**Action in Context of BLEP**	**Timeframe for settlement of issues (Short / Medium / Long-term)**	**Expected Outcome**
		Management Systems ISO 50001 Energy Management Global Organic Textile Standard Certification Following is the list of the certification institutions accredited by Pakistan National Accreditation Council, Ministry of Science and Technology, Government of Pakistan: TUV Austria Bureau of Inspection and Certification (Pvt.) Limited Bureau Veritas Certification SGS Pakistan(Pvt.) Limited Certification Services Pakistan (Pvt.)Limited Certification ACS Registrars Pakistan (Pvt.) Ltd. RICI Pakistan (Pvt.) Limited DAS Pakistan (Pvt) Ltd Ethical Certification (Private) Limited ISOQAR Certification (Private) Limited interface NRM Pakistan The government				

SECTION-1 For Issues related to Cross-Cutting Constraints						
#	**Challenges/ Issues**	**Recommendations**	**Departments or Stakeholders**	**Action in Context of BLEP**	**Timeframe for settlement of issues (Short / Medium / Long-term)**	**Expected Outcome**
		of Balochistan will have to engage some decent institutions for providing requisite certifications to the businesses under discussion. Since some of these certifications are quite expensive to obtain and the ultimate beneficiary is going to be the cluster business, therefore, it is recommended that these certifications be arranged by the GoB either on subsidized fees or on cost sharing basis with the beneficiary.				
9	Access to Finance	As mentioned earlier, Balochistan has severe problem of access to finance. The GoB may act as a catalyst between the chambers of commerce & industry and the banks to resolve the issues due to which banks are hesitant to extend credit especially micro finance in Balochistan. At present except for 'Akhwat	▪ Small Industries Department, GoB ▪ State Bank of Pakistan ▪ Micro Finance Banks / Micro Finance Institutions ▪ Commercial Banks ▪ Islamic Banks	▪ Coordinate with Government, SBP, and banks. ▪ Arrange a consultative workshop to understand hesitance of banks for financing and come up with possible solutions ▪ In collaboration with SMEDA, provide awareness mentoring and	▪ Medium-term	▪ Will improve overall investment and business environment.

SECTION-1 For Issues related to Cross-Cutting Constraints						
#	**Challenges/ Issues**	**Recommendations**	**Departments or Stakeholders**	**Action in Context of BLEP**	**Timeframe for settlement of issues (Short / Medium / Long-term)**	**Expected Outcome**
		Foundation', no other micro finance bank / institution or any commercial or Islamic bank is offering any clean advances to the business sectors under study. It is recommended that; the GoB may consider to provide soft loans under a new financing scheme which may be called **'Small Business Development Fund'**. Under this scheme, the government may take up mark-up portion of the financing provided by the participating banks.		counseling support regarding, financial products, documentation and requirements to avail financial assistance from the financial institutions.		
10	Environment Protection	Various types of pollution created by the business sectors under study is another serious problem. The government may have to take concrete steps to ensure better solid waste management and recycling of the materials that can be cycled. The entrepreneur also needs to be trained and groomed on the	▪ Environmental Protection Authority, GoB. ▪ SMEDA	▪ Arrange round table meeting and generate discussions between EPA and businesses on environmental issues and possible solutions ▪ Create awareness through digital media campaign on environmental issues and	▪ Medium / Long-term	▪ Better and cleaner environment with less pollution. ▪ Will provide ease of getting the certifications. ▪ Will result in behavioral change on an individual level.

SECTION-1 For Issues related to Cross-Cutting Constraints						
#	**Challenges/ Issues**	**Recommendations**	**Departments or Stakeholders**	**Action in Context of BLEP**	**Timeframe for settlement of issues (Short / Medium / Long-term)**	**Expected Outcome**
		issues of solid waste management and implementation of proper pollution control systems in their facilities.		health and safety at workplace associated with different businesses ▪ Facilitate businesses in provision of health and safety kits ▪ Encourage SMEDA to add environmental protection in help desk services and over the counter materials		
11	Unavailability of Secondary Data	The Chambers of Commerce and Industry as well as the concerned government departments may take concentrated efforts in gathering the secondary data with regard to types of industries operating; production capacities; actual production, exports and human resource – total employment, women employment, wage structures, etc., on regular intervals.	▪ Chambers of Commerce and Industry ▪ Small Industries Department ▪ Labor Department	▪ The concerned departments may be approached and persuaded for collection and updating of the data at regular intervals.	▪ Short-term	▪ Requisite data will become available for consumption of all stakeholders which will be helpful in policies making.

SECTION-1 For Issues related to Cross-Cutting Constraints						
#	**Challenges/ Issues**	**Recommendations**	**Departments or Stakeholders**	**Action in Context of BLEP**	**Timeframe for settlement of issues (Short / Medium / Long-term)**	**Expected Outcome**
		For this purpose, relevant stakeholders such as the Industries Department, etc. will have to establish a research sections / cell.				
12	Women Employment	Presently, women are generally employed on production side of these businesses, and very few are involved in raw material supply or trading. Although, in Balochistan, women are not employed or less employed due to the cultural norms., however, women may be sensitized through awareness sessions about opportunities available in raw material supply and trading / commission agency businesses of the value chains under study.	▪ Lobor Department ▪ Small Industries Department	▪ Concerned departments may be approached and persuaded for organizing awareness sessions	▪ Short Term	▪ More women will be engaging in economic activities thereby improving their livelihoods.
13	Non-existence of Trade Associations	The Trade Associations are non-existent in any of the value chains under study. Due to which there is no collective voice of these businesses.	▪ Lobor Department ▪ Small Industries Department ▪ SMEDA	Hold discussions with the concerned departments and stakeholders for setting up of the proposed	▪ Medium Term	▪ Establishment of Trade Associations will give voice to all the actors of the value chains under study and will prove to

SECTION-1 For Issues related to Cross-Cutting Constraints						
#	Challenges/ Issues	Recommendations	Departments or Stakeholders	Action in Context of BLEP	Timeframe for settlement of issues (Short / Medium / Long-term)	Expected Outcome
		It is recommended that these businesses may be encourages to form Business / Trade Associations at the Tehsil and District level.		Business / Trade Associations.		be beneficial in getting the collective problems resolved. The associations will pave the way for growth of businesses through representati on at the government level and at other forums.
14	Capacity Building	One of the issues observed is low level of education of the owners, employees and workers. Alongside, low educational levels, there is also a resistance to change. They feel more comfortable in doing what they have been doing or what their forefathers have been doing. The internal management and record keeping systems are either nonexistent or very weak. Most of the businesses do not have a proper accounting system. Business management	▪ SMEDA ▪ Small industries Department ▪ BTEVTA	▪ Arrange business management skills trainings ▪ Identify free of cost or low-cost training opportunities for these businesses ▪ Coordinate with SMEDA and help in developing a training calendar for businesses	▪ Short / Medium-term	▪ Business operators will be better trained and equipped in business management and enterprise development skills and will be able to run their businesses in a better manner. ▪ This will help them better understand international best practices and will enable them to operate their businesses in a better manner.

SECTION-1 For Issues related to Cross-Cutting Constraints						
#	Challenges/ Issues	Recommendations	Departments or Stakeholders	Action in Context of BLEP	Timeframe for settlement of issues (Short / Medium / Long-term)	Expected Outcome
		policies are non-existent.				

SECTION-2 For Issues related to Infrastructure Constraints						
#	Challenges/ Issues	Recommendations	Departments or Stakeholders	Action in Context of BLEP	Timeframe for settlement of issues (Short / Medium / Long-term)	Expected Outcome
1	Out dated Telecommunication Infrastructure	Connectivity of internet is still a serious issue in many parts of Balochistan. The Telecommunication Infrastructure including conversion from copper to optical fiber and robust broadband internet is now becoming inevitable. The GoB may ensure that the relevant authorities invest in up-gradation of telecommunication infrastructure.	▪ Telecommunication department ▪ Private telecommunication and internet service providers	▪ Telecommunication department may be approached for improvement of infrastructure and installation optic fiber cable	▪ Medium / Long-term	▪ Faster internet and better telecommunication system. ▪ Access to information ▪ E-commerce ▪ Access to international markets
2	Power and Gas Outages, Poor Water Supply	Power and gas outages are one of the severe problems observed during our survey it hampers the production The government may seriously look into the issue. A robust and uninterrupted power and gas and water supply	▪ Gas, Power and Water Departments ▪ Private firms with alternative or renewable energy solutions	▪ QESC, SSGC and other stake holders may be approached for improved services to ensure uninterrupted power supply.	▪ Long-term	▪ Control on power and gas outages will result in increased production and better product quality. ▪ Efficiency in production and cost effectiveness.

SECTION-2 For Issues related to Infrastructure Constraints						
#	**Challenges/ Issues**	**Recommendations**	**Departments or Stakeholders**	**Action in Context of BLEP**	**Timeframe for settlement of issues (Short / Medium / Long-term)**	**Expected Outcome**
		systems are necessary. The alternate of switching to renewable energy sources may also be explored.		▪ Educate business owners on alternative sources of power and energy ▪ Develop linkages of businesses with firms working on alternative or renewable energy		
3	Improvement Needed in Solid Waste Management System	The local governments may improve the Solid Waste Management system because this has a long-term effect on the environment. Moreover, the relevant authorities need to create awareness in the manufacturing sector to strictly follow the rules for proper disposal of waste generated by the respective business clusters.	▪ EPA ▪ Local government authorities	▪ Arrange coordination meeting between EPA, local government authority and businesses	▪ Short-term	▪ Better and clean environment. ▪ Reduced health hazards.
4	Storage Facilities	Dearth of proper storage facilities was observed during the survey. Generally, storage facilities are available in	▪ Small Industries Department ▪ Communication Works, Physical Planning and Housing	▪ Arrange consultation meetings with concerned departments for establish	▪ Long Term	▪ Better storage facilities will ensure maintenance of product quality.

SECTION-2 For Issues related to Infrastructure Constraints						
#	Challenges/ Issues	Recommendations	Departments or Stakeholders	Action in Context of BLEP	Timeframe for settlement of issues (Short / Medium / Long-term)	Expected Outcome
		larger towns / cities. GoB may look into the possibilities of constructing proper storage facilities for use of the value chains under study.	Department, GoB ▪ Local Government	ment of the required facilities.		

Annexes

Balochistan Livelihoods and Entrepreneurship Project
Study on Value Chain in Targeted areas of Balochistan
Survey Questionnaire for Producers

Date:					
District:		Tehsil:		Town:	
Name of Enumerator:					
Contact # of Enumerator:					

Preamble

(This section may be read out / explained to the respondent by the interviewer before proceeding further)

We are conducting this survey for the Balochistan Livelihoods and Entrepreneurship Project, Government of Balochistan to assess and ascertain the following:

- *Map main areas, actors, flow of products, infrastructure facilities, support of financial institutions and all supporting organizations of the value chain of your product.*
- *Identify gaps and develop recommendations on how to improve the value chains.*
- *Suggest formation of Community Institutions and Associations or Producer Groups.*
- *Suggest capacity development activities in the areas of value chain.*
- *Suggest marketing development activities in the areas of value chain.*
- *Suggest effective monitoring and evaluation of activities related to livelihood diversification, value chain and marketing.*
- *Help to organize and facilitate discussions on policy issues involving representatives of the private and public sector.*

We understand, that you are busy with your daily routine. But we will appreciate it if you would like to take just few minutes of your precious time.

NB: The responses of the interview shall be directly fed into the designated software and uploaded to the designated server on the same day.

The coordinator shall be kept informed at all times about the interviews conducted and uploaded.

Name of Respondent:			
Age:			
Gender:			
Contact #:			
Business:	Handmade Carpets	Hand Embroidery / Needle Work	Tailoring

Sr. No	Question	Response		
Sales				
1.	What do you manufacture?	i. Handmade carpet ii. Hand Embroidery / Needle Work iii. Tailoring		
2.	You operate from	Home	Shop	Factory
3.	Are your premises	Rented	Owned	
4.	Since how many years are you engaged in this business?			
5.	Who are your customers?	Local people	Commission Agents / Arhities	Companies Operating in Quetta or other provinces
6.	In your opinion are you getting the right price for your product?	Yes	No	Somewhat
7.	In your opinion for how much your product is sold to the end user?	Double	Triple	More than three times
8.	How much sales do you do in a month?	Rs.		
9.	Have the sales been increasing over the years?	Yes	No	Somewhat
10.	What were your sales per month when you started this business?	Rs.		
11.	Are the customers increasing?	Yes	No	
12.	If no, what are the reasons?			
13.	How many customers are you serving now?	No.		
14.	How many customers did you have when you started this business?	No.		
Raw material & Suppliers				
15.	What main raw materials are used in your product?	1.		
		2.		
		3.		
		4.		
		5.		
16.	From where do you get your raw material?	procure myself from the market	Get it from the supplier	
17.	If you procure yourself, do you always get it from the same shop?	Yes	No	Sometimes
18.	Does the supplier deliver the raw material at your doorstep?	Yes	No	
19.	Who are the main suppliers of the raw material that you require?		Name	Address
		1.		

Sr. No	Question	Response		
		2.		
		3.		
		4.		
		5.		
20.	Do you get your raw material easily?	Yes		No
21.	For how many days you have to wait for delivery of your raw material?	No.of days:		
22.	Are the raw materials that you require available locally?	Yes		No
23.	If no from, where are they procured?	City:		
Business Support				
24.	Do you require storage facilities?	Yes		No
25.	Are the required storage facilities available in your area?	Yes		No
26.	Do you use these facilities?	Yes		No
27.	Does your product require any further processing?	Yes		No
28.	From where do you get this processing done?		Name of Facility	Address
		1.		
		2.		
		3.		
29.	Is the processing facility located near your business?	Yes		No
30.	If no, how far is it located from your place of business?	KM		Place
31.	What other support is required?	1. Training 2. Local availability of material 3. Packaging etc.		
Financial Management and Funding				
32.	You are doing business with:	Own funds	Borrowed money	Both
33.	If you are doing business with borrowed money, from whom have you borrowed?	Family	Friends	Financial institution
34.	If you have borrowed from a financial institution, which institution you have borrowed from?	Name of financial institution		
35.	In your opinion, is it easy to get funding from a financial institution?	Yes	No	
36.	Which collaterals are required by the financial institutions?		collaterals	
		1.		
		2.		

Sr. No	Question	Response	
		3.	
		4.	
		5.	
37.	Do you require more funding?	Yes	No
38.	Why do you require more funding?	To pay off existing debt	For expanding the business
Machinery and Equipment			
39.	Is the existing machinery and equipment sufficient for running your business?	Yes	No
40.	If no, why do you think so?	Reason:	
41.	Which additional machinery and equipment do you require?	1.	
		2.	
		3.	
		4.	
		5.	
		6.	
Labor Issues			
42.	Does your business require skilled labor?	Yes	No
43.	If yes is this good labour available in your area?	Yes	No
44.	If no, how you manage it?		
45.	Do women work in your business / cluster?	Yes	No
46.	If no is there any opportunity for women employment in future in your business / cluster?		
Profitability			
47.	After meeting all the expenses is your business profitable?	Yes	No
48.	How much profit do you earn every month	Rs.:	
49.	If your business is not profitable, how do you manage to cope up / operate with the losses	Explanation:	
Government Policies, Government Support And infrastructure			
50.	How do you rate ease of business?	i. Very Good ii. Good iii. Average iv. Poor	
51.	How do you rate availability of water?	i. Very Good ii. Good iii. Average iv. Poor	
52.	How do you rate availability of gas?	i. Very Good ii. Good iii. Average iv. Poor	
53.	How do you rate availability of electricity?	i. Very Good ii. Good iii. Average iv. Poor	

Sr. No	Question	Response		
54.	How do you rate availability of infrastructure?	i. Very Good ii. Good iii. Average iv. Poor		
55.	Are any government policies beneficial your business?			
56.	Are any government policies obstructing your business?	Explanation:		
57.	What changes in the policy may be helpful to your business?	Explanation:		
58.	Is the existing infrastructure adequate to support your business?	Yes	No	
59.	If not, what improvements do you suggest?	Suggestion:		
Environmental Impact and Hazards				
60.	Does your product and processing have any negative environmental impact?	Yes	No	
61.	If yes what is the impact?	Explanation:		
62.	How do you dispose of your Production waste?	Explanation:		
63.	Does Environmental Protection Agency (EPA) setup exist in your area?	Yes	No	
64.	If yes, do they visit your premises and provide you guidance?	Yes	No	
65.	If yes what guidance have, they provided to you?	Explanation:		
66.	Have you implemented the guidance provided by EPA?	Yes	No	
67.	If no why? what hindered you to do so?	Explanation:		
Export potential				
68.	Can your product be exported?	Yes	No	
69.	If yes, why do you think so?	Explanation:		
70.	Is your product exported by the companies who buy from you?	Yes	No	
71.	Have you ever exported your product yourself?	Yes	No	
72.	If yes when and to which country have you exported?	Year	Country	Amount in PKR
SWOT Analysis				
73.	In your opinion what are the strengths		Strengths	

Sr. No	Question	Response	
	of your business?	1.	
		2.	
		3	
		4.	
74.	In your opinion what are the weaknesses of your business		Weaknesses
		1.	
		2.	
		3	
		4.	
75.	Can you identify some business opportunities?		Opportunities
		1.	
		2.	
		3	
		4.	
76.	Are there any threats to your Business?		Threats
		1.	
		2.	
		3	
		4.	
Capacity Building			
77.	Can you identify any training programs that are required for development of your marketing, business management and financial management skills?		Marketing
		1.	
		2.	
		3	
			Business Management
		1.	
		2.	
		3	
			Financial Management
		1.	
		2.	
		3	
78.	In your opinion do you or your staff require any vocational trainings?		Vocational Trainings
		1.	
		2.	
		3	
		4.	

Balochistan Livelihoods and Entrepreneurship Project

Study on Value Chain in Targeted areas of Balochistan
Survey Questionnaire for Inputs Dealers

Date:					
District:		Tehsil:		Town:	
Name of Enumerator:					
Contact # of Enumerator:					

Preamble

(This section may be read out / explained to the respondent by the interviewer before proceeding further)

We are conducting this survey for the Balochistan Livelihoods and Entrepreneurship Project, Government of Balochistan to assess and ascertain the following:

- *Map main areas, actors, flow of products, infrastructure facilities, support of financial institutions and all supporting organizations of the value chain of your product.*
- *Identify gaps and develop recommendations on how to improve the value chains.*
- *Suggest formation of Community Institutions and Associations or Producer Groups.*
- *Suggest capacity development activities in the areas of value chain.*
- *Suggest marketing development activities in the areas of value chain.*
- *Suggest effective monitoring and evaluation of activities related to livelihood diversification, value chain and marketing.*
- *Help to organize and facilitate discussions on policy issues involving representatives of the private and public sector.*

We understand, that you are busy with your daily routine. But we will appreciate it if you would like to take just few minutes of your precious time.

NB: The responses of the interview shall be directly fed into the designated software and uploaded to the designated server on the same day.

The coordinator shall be kept informed at all times about the interviews conducted and uploaded.

Name of Respondent:			
Age:			
Gender:			
Contact #:			
Inputs Dealer of:	Handmade Carpets	Hand Embroidery / Needle Work	Tailoring

Sr No	Question	Response		
Sales				
1.	What do you sell?			
2.	You operate from	Home	Shop	Factory
3.	Are your premises	Rented	Owned	
4.	Since how many years are you engaged in this business?			
5.	Who are your customers?	Local producers / manufacturers	Commission Agents / Arhities	
6.	In your opinion are you getting the right price for your product?	Yes	No	Somewhat
7.	How much sales do you do in a month?	Rs.		
8.	Have the sales been increasing over the years?	Yes	No	Somewhat
9.	What were your sales per month when you started this business?	Rs.		
10.	Are the customers increasing?	Yes	No	
11.	How many customers are you serving now?	No.		
12.	How many customers did you have when you started this business?	No.		
Raw material & Suppliers				
13.	From where do you get your goods?	procure myself from nearby market / city	Get it from the supplier	
14.	If you procure yourself, do you always get it from the same shop?	Yes	No	Sometimes
15.	Does the supplier deliver the goods at your doorstep?	Yes	No	
16.	Who are the main suppliers of the raw material that you require?	Goods / Name	Address	
		1.		
		2.		
		3.		
		4.		
		5.		
17.	Do you get your required goods easily?	Yes	No	
18.	For how many days you have to wait for delivery of your goods?	No.of days:		

<table>
<tr><th>Sr No</th><th>Question</th><th colspan="3">Response</th></tr>
<tr><td>19.</td><td>Are the goods that you require available locally?</td><td>Yes</td><td colspan="2">No</td></tr>
<tr><td>20.</td><td>If no from, where are they procured?</td><td>City:</td><td colspan="2"></td></tr>
<tr><td colspan="5">Business Support</td></tr>
<tr><td>21.</td><td>Do you require storage facilities?</td><td>Yes</td><td colspan="2">No</td></tr>
<tr><td>22.</td><td>Are the required storage facilities available in your area?</td><td>Yes</td><td colspan="2">No</td></tr>
<tr><td rowspan="2">23.</td><td rowspan="2">If no, how far is it located from your place of business?</td><td>KM</td><td colspan="2">Place</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>24.</td><td>What other support you require?</td><td colspan="3"></td></tr>
<tr><td colspan="5">Financial Management and Funding</td></tr>
<tr><td>24.</td><td>You are doing business with:</td><td>Own funds</td><td>Borrowed money</td><td>Both</td></tr>
<tr><td>25.</td><td>If you are doing business with borrowed money, from whom have you borrowed?</td><td>Family</td><td>Friends</td><td>Financial institution</td></tr>
<tr><td>26.</td><td>If you have borrowed from a financial institution, which institution you have borrowed from?</td><td>Name of financial institution</td><td colspan="2"></td></tr>
<tr><td>27.</td><td>In your opinion, is it easy to get funding from a financial institution?</td><td>Yes</td><td colspan="2">No</td></tr>
<tr><td rowspan="6">28.</td><td rowspan="6">Which collaterals are required by the financial institutions?</td><td></td><td colspan="2">collaterals</td></tr>
<tr><td>1.</td><td colspan="2"></td></tr>
<tr><td>2.</td><td colspan="2"></td></tr>
<tr><td>3.</td><td colspan="2"></td></tr>
<tr><td>4.</td><td colspan="2"></td></tr>
<tr><td>5.</td><td colspan="2"></td></tr>
<tr><td>29.</td><td>Do you require more funding?</td><td>Yes</td><td colspan="2">No</td></tr>
<tr><td>30.</td><td>Why do you require more funding?</td><td>To pay off existing debt</td><td colspan="2">For expanding the business</td></tr>
<tr><td colspan="5">Machinery and Equipment</td></tr>
<tr><td>31.</td><td>Do you require any machinery and equipment?</td><td>Yes</td><td colspan="2">No</td></tr>
<tr><td colspan="5">If the answer to the above question is NO then skip this section</td></tr>
<tr><td>32.</td><td>Is the existing machinery and equipment sufficient for running your business?</td><td>Yes</td><td colspan="2">No</td></tr>
</table>

Sr No	Question	Response	
33.	If no, why do you think so?	Reason:	
34.	Which additional machinery and equipment do you require?	1.	
		2.	
		3.	
		4.	
		5.	
		6.	
Labor Issues			
35.	Does your business require skilled labor?	Yes	No
36.	If yes is good labour available in your area?	Yes	No
37.	Do women work in your business / cluster?	Yes	No
38.	If no is there any opportunity for women employment in future in your business / cluster?		
Profitability			
39.	After meeting all the expenses is your business profitable?	Yes	No
40.	How much profit do you earn every month	Rs.	
41.	If your business is not profitable, how do you manage to cope up / operate with the losses	Explanation:	
Government Policies, Government Support And infrastructure			
42.	How do you rate ease of business?	i. Very Good ii. Good iii. Average iv. Poor	
43.	How do you rate availability of water?	i. Very Good ii. Good iii. Average iv. Poor	
44.	How do you rate availability of gas?	i. Very Good ii. Good iii. Average iv. Poor	
45.	How do you rate availability of electricity?	i. Very Good ii. Good iii. Average iv. Poor	
46.	How do you rate availability of infrastructure?	i. Very Good ii. Good iii. Average iv. Poor	
47.	Are any government policies beneficial your business?		
48.	Are any government policies obstructing your business?	Explanation:	
49.	What changes in the policy may	Explanation:	

Sr No	Question	Response	
	be helpful to your business?		
50.	Is the existing infrastructure adequate to support your business?	Yes	No
51.	If not, what improvements do you suggest?	Suggestion:	
Environmental Impact and Hazards			
52.	Does your business have any negative environmental impact?	Yes	No
53.	If yes, please explain		
If the answer to the above question is NO then skip this section			
54.	If yes what is the impact?	Explanation:	
55.	How do you dispose of your Production waste?	Explanation:	
56.	Does Environmental Protection Agency (EPA) setup exist in your area?	Yes	No
57.	If yes, do they visit your premises and provide you guidance?	Yes	No
58.	If yes what guidance have, they provided to you?	Explanation:	
59.	Have you implemented the guidance provided by EPA?	Yes	No
60.	If no why? what hindered you to do so?	Explanation:	
SWOT Analysis			
61.	In your opinion what are the strengths of your business?		Strengths
		1.	
		2.	
		3	
		4.	
62.	In your opinion what are the weaknesses of your business		Weaknesses
		1.	
		2.	
		3	
		4.	
63.	Can you identify some business opportunities?		Opportunities
		1.	
		2.	
		3	

Sr No	Question	Response	
		4.	
64.	Are there any threats to your Business?		Threats
		1.	
		2.	
		3	
		4.	
Capacity Building			
65.	Can you identify any training programs that are required for development of your marketing, business management and financial management skills?		Marketing
		1.	
		2.	
		3	
			Business Management
		1.	
		2.	
		3	
			Financial Management
		1.	
		2.	
		3	
66.	What other training is needed by your staff?	1.	
		2.	
		3.	
		4.	
		5.	

Balochistan Livelihoods and Entrepreneurship Project
Study on Value Chain in Targeted areas of Balochistan
Survey Questionnaire for Commission Agents / Arhities

Date:					
District:		Tehsil:		Town:	
Name of Enumerator:					
Contact # of Enumerator:					

<u>Preamble</u>

(This section may be read out / explained to the respondent by the interviewer before proceeding further)

We are conducting this survey for the Balochistan Livelihoods and Entrepreneurship Project, Government of Balochistan to assess and ascertain the following:

- *Map main areas, actors, flow of products, infrastructure facilities, support of financial institutions and all supporting organizations of the value chain of your product.*
- *Identify gaps and develop recommendations on how to improve the value chains.*
- *Suggest formation of Community Institutions and Associations or Producer Groups.*
- *Suggest capacity development activities in the areas of value chain.*
- *Suggest marketing development activities in the areas of value chain.*
- *Suggest effective monitoring and evaluation of activities related to livelihood diversification, value chain and marketing.*
- *Help to organize and facilitate discussions on policy issues involving representatives of the private and public sector.*

We understand, that you are busy with your daily routine. But we will appreciate it if you would like to take just few minutes of your precious time.

NB: The responses of the interview shall be directly fed into the designated software and uploaded to the designated server on the same day.

The coordinator shall be kept informed at all times about the interviews conducted and uploaded.

Name of Respondent:			
Age:			
Gender:			
Contact #:			
Business:	Handmade Carpets	Hand Embroidery / Needle Work	Tailoring

<table>
<tr><th>Sr. No</th><th>Question</th><th colspan="3">Response</th></tr>
<tr><td colspan="5">Sales</td></tr>
<tr><td>1.</td><td>What do you sell?</td><td colspan="3"></td></tr>
<tr><td>2.</td><td>You operate from</td><td>Home</td><td colspan="2">Shop</td></tr>
<tr><td>3.</td><td>Are your premises</td><td>Rented</td><td colspan="2">Owned</td></tr>
<tr><td>4.</td><td>Since how many years are you engaged in this business?</td><td colspan="3"></td></tr>
<tr><td>5.</td><td>From whom do you buy the products?</td><td>Local manufacturers</td><td colspan="2">Manufacturers in the district</td></tr>
<tr><td rowspan="6">6.</td><td rowspan="6">Who are your customers?</td><td></td><td>Name</td><td>Address</td></tr>
<tr><td>1.</td><td></td><td></td></tr>
<tr><td>2.</td><td></td><td></td></tr>
<tr><td>3.</td><td></td><td></td></tr>
<tr><td>4.</td><td></td><td></td></tr>
<tr><td>5.</td><td></td><td></td></tr>
<tr><td>7.</td><td>In your opinion are you getting the right price for your product?</td><td>Yes</td><td>No</td><td>Somewhat</td></tr>
<tr><td>8.</td><td>In your opinion for how much your product is sold to the end user?</td><td>Double</td><td>Triple</td><td>More than three times</td></tr>
<tr><td>9.</td><td>How much sales do you do in a month?</td><td colspan="3">Rs.</td></tr>
<tr><td>10.</td><td>Have the sales been increasing over the years?</td><td>Yes</td><td>No</td><td>Somewhat</td></tr>
<tr><td>11.</td><td>What were your sales per month when you started this business?</td><td colspan="3">Rs.</td></tr>
<tr><td>12.</td><td>Are the customers increasing?</td><td>Yes</td><td colspan="2">No</td></tr>
<tr><td>13.</td><td>How many customers are you serving now?</td><td colspan="3">No.</td></tr>
<tr><td>14.</td><td>How many customers did you have when you started this business?</td><td colspan="3">No.</td></tr>
<tr><td colspan="5">Suppliers</td></tr>
<tr><td rowspan="5">15.</td><td rowspan="5">What main products that you sell ?</td><td>1.</td><td colspan="2"></td></tr>
<tr><td>2.</td><td colspan="2"></td></tr>
<tr><td>3.</td><td colspan="2"></td></tr>
<tr><td>4.</td><td colspan="2"></td></tr>
<tr><td>5.</td><td colspan="2"></td></tr>
<tr><td>16.</td><td>From where do you get these products ?</td><td>procure myself from the market</td><td colspan="2">Get it from the Manufacturer</td></tr>
<tr><td>17.</td><td>If you procure yourself, do you always get it from the same shop?</td><td>Yes</td><td>No</td><td>Sometimes</td></tr>
<tr><td>18.</td><td>Does the supplier deliver the goods at your doorstep?</td><td>Yes</td><td colspan="2">No</td></tr>
<tr><td>19.</td><td>Who are the main suppliers of the products</td><td></td><td>Name</td><td>Address</td></tr>
</table>

Sr. No	Question	Response		
	that you sell?	1.		
		2.		
		3.		
		4.		
		5.		
20.	For how many days you have to wait for delivery of your goods?	No. of days:		
Business Support				
21.	Do you require storage facilities?	Yes		No
22.	Are the required storage facilities available in your area?	Yes		No
23.	Do you use these facilities?	Yes		No
24.	Does your product require any further processing?	Yes		No
25.	If yes, from where do you get this processing done?		Name of Facility	Address
		1.		
		2.		
		3.		
26.	Is the processing facility located near your business?	Yes		No
27.	If no, how far is it located from your place of business?	KM		Place
Financial Management and Funding				
28.	You are doing business with:	Own funds	Borrowed money	Both
29.	If you are doing business with borrowed money, from whom have you borrowed?	Family	Friends	Financial institution
30.	If you have borrowed from a financial institution, which institution you have borrowed from?	Name of financial institution		
31.	In your opinion, is it easy to get funding from a financial institution?	Yes	No	
32.	Which collaterals are required by the financial institutions?		collaterals	
		1.		
		2.		
		3.		
		4.		
		5.		
33.	Do you require more funding?	Yes	No	

Sr. No	Question	Response	
34.	Why do you require more funding?	To pay off existing debt	For expanding the business
Labor Issues			
35.	Does your business require skilled labor?	Yes	No
36.	If yes is good labour available in your area?	Yes	No
37.	Do women work in your business / cluster?	Yes	No
38.	If no is there any opportunity for women employment in future in your business / cluster?		
Profitability			
39.	Do you pay the right price to your Suppliers?	Yes	No
40.	Do you agree that they should be getting better price of their products?	Yes	No
41.	After meeting all the expenses is your business profitable?	Yes	No
42.	How much profit do you earn every month	Rs.:	
43.	If your business is not profitable, how do you manage to cope up / operate with the losses	Explanation:	
Government Policies, Government Support And infrastructure			
44.	How do you rate ease of business?	i. Very Good ii. Good iii. Average iv. Poor	
45.	How do you rate availability of water?	i. Very Good ii. Good iii. Average iv. Poor	
46.	How do you rate availability of gas?	i. Very Good ii. Good iii. Average iv. Poor	
47.	How do you rate availability of electricity?	i. Very Good ii. Good iii. Average iv. Poor	
48.	How do you rate availability of infrastructure?	i. Very Good ii. Good iii. Average iv. Poor	
49.	Are the government policies beneficial to your business?	Explanation:	
50.	Are any government policies obstructing your business?	Explanation:	
51.	What changes in the policy may be helpful to your business?	Explanation:	
52.	Is the existing infrastructure adequate to support your business?	Yes	No
53.	If not, what improvements do you suggest?	Suggestion:	
Environmental Impact and Hazards			
54.	Does storage of your product have any	Yes	No

Sr. No	Question	Response		
	negative environmental impact?			
If answer to the above is no skip this section				
55.	If yes what is the impact?	Explanation:		
56.	How do you dispose of your Production / storage waste?	Explanation:		
57.	Does Environmental Protection Agency (EPA) setup exist in your area?	Yes	No	
58.	If yes, do they visit your premises and provide you guidance?	Yes	No	
59.	If yes what guidance have, they provided to you?	Explanation:		
60.	Have you implemented the guidance provided by EPA?	Yes	No	
61.	If no why? what hindered you to do so?	Explanation:		
Export potential				
62.	Can your product be exported?	Yes	No	
63.	If yes, why do you think so?	Explanation:		
64.	Is your product exported by the companies who buy from you?	Yes	No	
65.	Have you ever exported your product yourself?	Yes	No	
66.	If yes when and to which country have you exported?	Year	Country	Amount in PKR
SWOT Analysis				
67.	In your opinion what are the strengths of your business?		Strengths	
		1.		
		2.		
		3		
		4.		
68.	In your opinion what are the weaknesses of your business		Weaknesses	
		1.		
		2.		
		3		
		4.		
69.	Can you identify some business opportunities?		Opportunities	
		1.		
		2.		
		3		

Sr. No	Question	Response	
		4.	
70.	Are there any threats to your Business?		Threats
		1.	
		2.	
		3	
		4.	
Capacity Building			
71.	Can you identify any training programs that are required for the development of your marketing, business management and financial management skills?		Marketing
		1.	
		2.	
		3	
			Business Management
		1.	
		2.	
		3	
			Financial Management
		1.	
		2.	
		3	
72.	In your opinion do you or your staff require any vocational trainings?		Vocational Trainings
		1.	
		2.	
		3	
		4.	

Balochistan Livelihoods and Entrepreneurship Project
Study on Value Chain in Targeted areas of Balochistan

KII Tool for Government Departments & Chambers of Commerce & Industry

Department / Organization				Date:	
Name of Person Visited		Designation		Phone / Cell No.	

Preamble

(This section may be read out / explained to the respondent by the interviewer before proceeding further)

We are conducting this survey for the Balochistan Livelihoods and Entrepreneurship Project, Government of Balochistan to assess and ascertain the following:

- *Map main areas, actors, flow of products, infrastructure facilities, support of financial institutions and all supporting organizations of the value chain of your product.*
- *Identify gaps and develop recommendations on how to improve the value chains.*
- *Suggest formation of Community Institutions and Associations or Producer Groups.*
- *Suggest capacity development activities in the areas of value chain.*
- *Suggest marketing development activities in the areas of value chain.*
- *Suggest effective monitoring and evaluation of activities related to livelihood diversification, value chain and marketing.*
- *Help to organize and facilitate discussions on policy issues involving representatives of the private and public sector.*

We understand, that you are busy with your daily routine. But we will appreciate it if you would like to take just few minutes of your precious time.

NB: The responses of the interview shall be Recorded on a Dictaphone.

Sr. No.	Question	Answer	Remarks / Comments
1	Where Handmade Carpets, Hand Embroidery / Needle Work and Tailoring businesses are concentrated in the following eight districts: ▪ Killa Abdullah, ▪ Killa Saifullah, ▪ Chagai, ▪ Sherani, ▪ Pishin, ▪ Mastung, ▪ Zhob and ▪ Nushki		
2	Who are mostly associated with these businesses i.e., Afghan, local, male, female etc.		
3.	Generally, hose these businesses are operating:	▪ Public Limited Companies ▪ Private Limited Companies ▪ Partnership Firms ▪ Sole proprietorships	
4.	Are These Businesses / firms generally registered?	▪ Yes ▪ No	
5.	With whom are they generally registered?	▪ SECP ▪ Registrar of Firms ▪ No One	
6.	Do these Businesses / firms generally register with Chamber of Commerce?	▪ Yes ▪ No	
7.	Do these Businesses / firms generally register with their Trade Associations?	▪ Yes ▪ No	
8.	Generally, what is the size of these businesses in terms of capital investment?	▪ Rs. 100 million & above ▪ Rs. 50 - 99 million ▪ Rs. 11 - 49 million ▪ Rs. 10 million ▪ Rs. 5 million ▪ Less than Rs. 5 million	
9.	Generally, How Many persons do they employ?	▪ 100 and above ▪ 50 - 99 ▪ 30 - 49 ▪ 20 - 29 ▪ 10 - 19 ▪ Less than 10	
10.	Do women work for these businesses?	▪ Yes ▪ No	

Sr. No.	Question	Answer	Remarks / Comments
11.	Do you think performance of these businesses / firms can be improved?	▪ Yes ▪ No	
12.	If yes, how?		
13.	What are the production capacities of these businesses?		
14.	Where do they Sell their products?		
15.	In your opinion, is there a growth potential of these businesses?		
16.	Is there a lot of Competition?		
17.	Can their income be increased?		
18.	What support is the Government providing them?		
19.	What is your recommendations for overall improvement of the value chain?		

Thank you very much for your time and courtesy.

Balochistan Livelihoods and Entrepreneurship Project
Study on Value Chain in Targeted areas of Balochistan

Survey Questionnaire for Government Departments and Chambers of Commerce and industry

Date:					
District:		Tehsil:		Town:	
Name of Enumerator:					
Contact # of Enumerator:					

Preamble

(This section may be read out / explained to the respondent by the interviewer before proceeding further)

We are conducting this survey for the Balochistan Livelihoods and Entrepreneurship Project, Government of Balochistan. The project is being carried out in the following districts:

1. *Killa Abdullah,*
2. *Killa Saifullah,*
3. *Chagai,*
4. *Sherani,*
5. *Pishin,*
6. *Mastung,*
7. *Zhob and*
8. *Nushki*

The current Value Chain survey will focus on:

1. *Handmade Carpets;*
2. *Hand Embroidery / Needle Work; and*
3. *Tailoring*

Aim of the survey is to assess and ascertain the following:

- *Map main areas, actors, flow of products, infrastructure facilities, support of financial institutions and all supporting organizations of the value chain of your product.*
- *Identify gaps and develop recommendations on how to improve the value chains.*
- *Suggest formation of Community Institutions and Associations or Producer Groups.*
- *Suggest capacity development activities in the areas of value chain.*
- *Suggest marketing development activities in the areas of value chain.*
- *Suggest effective monitoring and evaluation of activities related to livelihood diversification, value chain and marketing.*
- *Help to organize and facilitate discussions on policy issues involving representatives of the private and public sector.*

We understand, that you are busy with your daily routine. But we will appreciate it if you would like to take just few minutes of your precious time.

NB: The responses of the interview shall be Recorded on a Dictaphone.

Name of Respondent:	
Department / Chamber:	
Department / Chamber:	
Designation:	
Contact #:	

Sr. No	Question	Response
1.	Which are the main areas where these businesses are concentrated?	
2.	Is there any secondary data available on these MSMEs / rural businesses?	
3.	In your considered opinion, how many of these businesses are operating in each district / in your district and where these are concentrated / clustered?	
4.	Generally, what is the size of these businesses in terms of sales or number of people working in each business enterprise?	
5.	In your opinion is there a growth potential for these businesses?	
6.	What is the Socioeconomic profile of these value chains such as their level of education, income, and social status? (A value Chain would include: producers / manufacturers, inputs suppliers, commission agents and companies buying directly from the producers / manufacturers)	
7.	Are there any opportunities available for starting such new businesses or expanding the existing ones?	
8.	Is there adequate government support available for business support facilities such as: access to markets, storages, transport, export facilitation etc.?	
10	In your opinion, are proper inputs for production and required machinery available to these businesses?	
11	Do you think these businesses have adequate access to finance?	
12	In your opinion, are the banks and financial institutions playing their due role in these areas?	
13	In your opinion, is the needed regulatory and institutional support available to these businesses?	
14	In your opinion, are these businesses suffering from production constraints such as unavailability of proper inputs, access to markets Including exports, power outages, law & order situations and financial liquidity?	
15	In your opinion, what percentage of share is going to the actual manufacturers?	
16	In your opinion, are these manufacturing units profitable?	

Sr. No	Question	Response
17	In your opinion, what are the main impediments for entrepreneurs in getting proper returns of their product?	
18	Are marginalized communities and Afghan immigrants engaged in these businesses?	
19	Are there any environmental issues being caused by these businesses?	
20	Are these businesses being affected by the environmental issues such as climate change?	
21	Does proper waste management system exist for removing the solid and other waste produced by these businesses?	
22	Is unavailability of proper waste management system polluting the environment and becoming a cause concern and health hazard for other citizens?	
23	In your opinion, have the federal and provincial governments been playing their due role for development of these businesses?	
24	In your opinion, what support shall be provided by the government for development of these businesses?	
25	Are there any research laboratories or other research facilities available in these areas?	
26	Is, Small Industries Wing of the Directorate General of Industries and Commerce Balochistan (also known as BTEVTA) active in these areas? Particularly with reference to the development of skilled labour and women through vocational training?	
27	Is there any scope for women as entrepreneurs or as employees in these businesses?	

Balochistan Livelihoods and Entrepreneurship Project
Study on Value Chain in Targeted areas of Balochistan

Survey Questionnaire for Financial Institutions

Date:					
District:		Tehsil:		Town:	
Name of Enumerator:					
Contact # of Enumerator:					

<u>Preamble</u>

(This section may be read out / explained to the respondent by the interviewer before proceeding further)

We are conducting this survey for the Balochistan Livelihoods and Entrepreneurship Project, Government of Balochistan to assess and ascertain the following:

- *Map main areas, actors, flow of products, infrastructure facilities, support of financial institutions and all supporting organizations of the value chain of your product.*
- *Identify gaps and develop recommendations on how to improve the value chains.*
- *Suggest formation of Community Institutions and Associations or Producer Groups.*
- *Suggest capacity development activities in the areas of value chain.*
- *Suggest marketing development activities in the areas of value chain.*
- *Suggest effective monitoring and evaluation of activities related to livelihood diversification, value chain and marketing.*
- *Help to organize and facilitate discussions on policy issues involving representatives of the private and public sector.*

We understand, that you are busy with your daily routine. But we will appreciate it if you would like to take just few minutes of your precious time.

NB: The responses of the interview shall be Recorded on a Dictaphone.

Name of Respondent:	
Designation:	
Contact #:	
Name of financial institution:	

Sr. No	Question	Response
1.	Are you providing financial assistance / loans to the small businesses like Handmade Carpets, Hand Embroidery / Needle Work and Tailoring?	
2.	Your institution provides them working capital loans or medium to long term financing?	
3.	Do you provide group lending? If not, why not?	
4.	Which collaterals are required by these businesses?	
5.	What has been the repayment history of these businesses?	
6.	Do you prefer to provide them long term loans or leasing for machinery and equipment?	
7.	In your opinion, what are the main problems of these businesses?	
8.	What measures should be taken by the government to improve the access to finance to these businesses?	
10	Which of the above mentioned three businesses are more preferred by your institution?	

Annex 2: Work Plan

Baluchistan Livelihoods and Entrepreneurship Project Study on Value Chain in Targeted areas of Baluchistan					
S. No	**Activities**	**Date**	**To**	**District**	**Responsibility**
1.	Data collection (Interviews with actors)	7/2/2023	12/2/2023	08 districts of Balochistan	These interviews were conducted by the enumerators simultaneously across the districts under the supervision of technical expert, project coordinator and statistician
2.	• Meeting with BLEP project staff • Meeting at small industries department • Meeting with BRSP staff	08/2/2023	08/2/2023	Quetta	Sikandar Abbasi Sb and Muhammad Arif
3.	• Meeting at P&D, Quetta • Meeting with president BCCI • Meeting with Assistant Director, BTEVTA, Quetta • Meeting with BM of NRSP microfinance bank • Meetings with wholesalers / companies in Quetta • Meeting with Assistant Manager SMEDA, Quetta	09/2/2023	09/2/2023	Quetta	Sikandar Abbasi Sb and Muhammad Arif
4.	• Monitoring of field data collection • Meeting with Social Welfare Department • Tailoring Cum Knitting Centre Killa Abdullah	10/2/2023	10/2/2023	Killah Abdullah	Muhammad Arif and Senior Enumerator
5.	• Monitoring of field data collection • Akhuwat Islamic Microfinance, • TVET institution			Killah Saifullah	Abbasi Sb and Senior Enumerator

Baluchistan Livelihoods and Entrepreneurship Project Study on Value Chain in Targeted areas of Baluchistan					
S. No	**Activities**	**Date**	**To**	**District**	**Responsibility**
	• Tailoring Cum Knitting Centre				
6.	• Monitoring of field data collection • Financial Institution, Tailoring Cum Knitting Centre Pishin	11/2/2023	11/2/2023	Pishin	Abbasi Sb and Senior Enumerator
7.	• Meeting with DOCH at Quetta • Reviewing collected data • Supervision data collection process	12/02/2023	12/02/2023	Quetta	Sikandar Abbasi
8.	• Financial Institution, Tailoring Cum Knitting Centre Mastung • Akhuwat	13/2/2023	13/2/2023	Mastung	Sikandar Abbasi

Name of Organizations	Person Met with
Small Industries Department	Khalid Yousaf, Assistant Manager / Branch In-charge
Government Training Centers in various districts	Center In-charge
Chamber of Commerce & Industry Quetta	Muhammad Ashfaq, President
SMEDA	Muhammad Iqbal Baloch, Assistant Manager
BTEVTA	Ghulam Hussain, Assistant Director
NRSP Microfinance Bank	Pervaiz Ahmad, Branch Manager
BRSP	Syed Imtiaz Hussain Shah,
Meezan Bank	Branch Manager
Akhuwat Foundation	Branch Managers
DOCH Pvt. Ltd., Quetta	Owner