

Women-led business and value chain development; a case study in Tajikistan



Introduction

Investments in smallholder goat development and related value chains are effective means to reduce poverty and increase the incomes of men and women from resource-poor households. They are also effective channels to promote gender equality and women's empowerment in remote mountainous areas.

In Tajikistan, goat producers sell unprocessed fibre to traders or local processors – usually poor rural women – who then make cheap, low-quality products that sell for low prices. In doing so, women generate a meagre income that does little to reduce poverty and change the traditional and inequitable gender roles at home and in the community. To empower women processors through business opportunities and increased income, they need access to processing skills, technologies, information and marketing know-how to make high-end yarn or products that can compete in international markets.

From 2009 to 2017, two IFAD grants successfully supported the development of women-led cashgora yarn spinning businesses and export-oriented value chains in Tajikistan to ultimately generate higher incomes for producers and women processors. The International Center for Agricultural Research in the Dry Areas (ICARDA) implemented the “Improving Livelihoods of Small Farmers and Rural Women through Value-Added Processing and Export of Cashmere, Wool and Mohair” (2009-2013) grant in Tajikistan, Kyrgyzstan and Iran. The second grant “Mobilizing Public Private Partnerships in Support of Women-led Small Business Development” (2013-2017) to the Aga Khan Foundation, consolidated, scaled up and replicated the cashgora value chain and transformed the spinning groups into independent, women-led, export-oriented businesses. It was implemented in Afghanistan, Kyrgyzstan and Tajikistan.

Development of women-led cashgora yarn spinning businesses and export-oriented value chains in Tajikistan

Seven women-led, export-oriented spinning businesses were established that produce and sell high-value cashgora yarn to the United States market, as well as merino wool to the local market. They involve approximately 80 rural women spinners and 300 cashgora goat producers who supply the businesses with raw material. They are located in the Asht district of the Sugd region and in the Ishkashim and Roshquala districts of the Gorno Badakshan Autonomous Oblast (GBAO). From 2009 to 2017, the development of the spinning businesses and value chain involved multiple steps:

A woman spins valuable cashgora fibre.
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- Research was conducted on angora and cashgora goats and two value chains were piloted that processed mohair and cashgora fibre into yarn. The two yarns were test-marketed in the United States and the cashgora yarn showed greater export potential.
- The formation and extensive training of spinning groups. Existing and new talented spinners were identified and trained and formed into spinning groups. As a result, new high-quality yarn could compete in international markets and low-quality yarn was sold on the local market. Physical workshops were created for each spinning group and equipped with solar power.
- Supporting spinning groups with business planning and management.
 - The spinning groups each identified a leader, an accountant/translator and/or an overall business manager
 - With assistance from a business lawyer hired by the project, spinning groups obtained business registration, giving them the right to export yarn, open foreign currency accounts and receive payments in United States dollars.
 - The project facilitated the spinning groups' development of an itemized budget for yarn production to check how much money is spent on what and they received training on how to use it.
 - The main source of financing of the spinning groups was from their own revolving funds rather than external credit. One new spinning group succeeded in obtaining a Presidential Grant to fund the construction of its workshop.
- Training spinning groups in other processing technologies. Spinners were trained how to dye yarn to sell to the United States to fill a gap in the United States market for affordable colored yarn. The project also supported blanket and carpet-weaving groups and trained women to make knitted products, with varying degrees of success.
- Supporting the sustainable production of unprocessed fibre and linkages between producers and processors.
 - Research showed that fibre production could be doubled through gradual improvement in cashgora goat breeding. To participate in the fibre value chain and increase the revenue from their flocks, farmers who had a larger number of goats received training from an expert team. The trainings contributed to increased efficiency in fibre collection, higher earnings for producers and a larger volume of fibre collected by buyers. The project also set up a pricing system with the producers, fibre buyers and spinning groups to balance the interests of all parties. The project and the factory owner arranged the transport of fibre to and from the factory at a reasonable cost.
 - The locally produced wool used by spinning groups was of poor quality, so the project supported research on merino farms that could supply the spinners with good-quality wool.
- Supporting linkages with export markets.
 - The project selected a yarn distributor, the owner of PortFiber studio in Portland, Maine, and facilitated her visit to Tajikistan to meet the spinning groups.
 - To develop product standards and pricing based on spinning groups' and consumers' needs, the project supported strong business and personal ties between the United States companies and the groups. The project supported communication between spinners and consumers by supplying each group with a computer and Internet modem and training.
 - To sell the yarn, the project developed a personalized marketing system. This comprised printing yarn tags with the names and photos of individual spinners on the project website "cashmerepeople.com." The Sugd groups also created their Facebook page, "Sogdiana spinners", where they plan to publish news about the groups and stories from the lives of the spinners. Several companies have since participated in marketing the cashgora yarn – Kismet Fiberworks, Peace Fleece, ClothRoads and PortFiber – selling US\$46,300 worth of yarn.
 - The GBAO groups are linked with export markets through the Sugd groups owing to poor communication infrastructure. Bulk shipment of yarn from Sugd and GBAO spinning groups saves shipping expenses for both groups.
 - Leaders from four spinning groups went to the United States to participate in the Vogue Knitting Live Show in New York and visit fibre producers, processing businesses and small spinners, knitters and weavers.

Stakeholders and partners

The grant projects worked with poor men and women goat and sheep fibre producers and poor women fibre spinners from remote, mountainous regions. Many of the rural women had never worked outside their homes before.

Impact

The Sugd groups earned US\$35,594 in the course of the project to finance yarn production. They continue to export yarn and earn income from sales. The registered GBAO group in Andarob earned US\$8,172 during the project and started using these funds for processing. The Roshqala group started exporting yarn in 2016. They received their first payments of US\$2,534 in 2016 and 2017 and continued to receive payments in 2017. Yarn exports increased dramatically from 2013 to 2016 and continued to do so in 2017.

The productivity of the groups continues to increase and is projected to double in the next two to four years. Some of the groups are investing in expanding their businesses by establishing new workshops.

The value chain benefits approximately 250 men and women cashgora goat producers and 80 women spinners. It has helped create earning opportunities for women and men in poor mountainous regions and improved their livelihoods. The women use their earnings from the spinning businesses to improve the well-being of their families, especially their children. The individual and collective efforts of these women have led to their economic empowerment – an important step in a remote context with deeply traditional gender roles that often discriminate against women and girls, reinforcing the negative cycle of poverty.

Innovation

Women in Tajikistan face multiple obstacles when trying to develop a business due to socio-cultural norms associated with gender and a challenging economic environment that affects women more seriously than men. The cashgora yarn value chain is an innovation in Tajikistan. The high-quality yarn had never been processed locally and it is the first export-oriented business in the country operated exclusively by rural women. The support to and emergence of successful women leaders is a significant innovation. Women leaders are now confident and able to make important and complex business decisions that affect the lives of their fellow spinners and families.

The cashgora yarn is also a new unique product in the United States knitting market.

The project, with partners, also developed a small electric spinning machine to produce high-value cashgora yarn and created eco-friendly workshops that facilitate yarn spinning in winter when there is no electricity. The workshops are also innovative because they provide rural women with a place to work outside of their homes for the first time.

The personalized marketing system was an important innovation – clearly demonstrating how the Tajik cashgora yarn was special – increasing consumer interest and sales.

Lesson learned, success factors and constraints

Developing sustainable businesses and a value chain in challenging social and economic contexts is complex and demanding in terms of time, resources and expertise. The project or projects need to support the process in a limited target area and over a sufficiently long period of time to have a sustainable impact. It also requires flexibility and speed in allocating funds to project activities and an expert local implementer focused on participatory, collaborative activities at the community level.

A successful strategy to help women overcome social and economic challenges is to select and support women who have some means/skills/opportunity to become leaders. Women business leaders require long-term expert support at the community level to develop, practice and learn business management skills. Women development practitioners might be in a better position to provide such support than men.

The value chain must be market-driven. It therefore demands significant support when establishing effective market linkages between producers, buyers, processors and consumers to promote sustainability.

A key success factor of the project was the internal business management system of the spinning groups developed by the groups themselves and the project. It is based on transparency, fairness, collaboration and democratic decision-making and it facilitates knowledge-sharing and application.

Lessons learned by the project were outlined in a manual that describes successful methodologies and challenges during implementation. The project also produced a detailed case study that describes the challenges and strategies of supporting women-led businesses in Tajikistan.

The fragility of the Tajik banks and banking system creates a significant risk and complexity to the functioning of the spinning businesses. The reliance on the dehairing factory in Afghanistan also represents a real risk, given the unstable situation there. The project therefore developed a business proposal for establishing a dehairing facility in Tajikistan.

IFAD grant management and technical teams provided ongoing support over the period on various aspects of the project, and conducted annual visits to the project sites. This support was highly valuable and fostered a good working partnership which enabled the project to succeed.

Sustainability

The spinners' skills and capacity to do business, the yarn sales to date, the reputation of the yarn in the United States market, the dedicated companies that market the yarn and the growing customer base all indicate that the value chain is working – the customers are satisfied with the product quality and price and the producers are satisfied with their earnings and working conditions. The yarn spinning groups continue to improve the quality of their product and improved dyed yarn based on consumer demand. The three spinning businesses in Sugd are independent. However, the spinning groups and their leaders have a much clearer understanding of what they need to do and are in a good position to continue improving yarn quality, business capacity and linkages with buyers. A dehairing factory in Tajikistan would help to ensure the sustainability of the cashgora yarn spinning businesses and export-oriented value chain.

Replicability and/or scaling up

The fibre production and processing businesses in all countries and pilot sites were scaled up during the course of the project. In Tajikistan, technology and know-how were replicated from Sugd to the GBAO region using training sessions and exchange visits.

Project support to wool processing, blanket- and carpet-weaving groups and knitting, in addition to

cashgora fibre processing, created earning opportunities for more and less skilled spinners.

The business model developed can be scaled up and replicated through new grants and loans and the women group leaders can work as trainers for new projects. The Tajik Government also supported one of the spinning groups through a Presidential Grant to expand their business in 2015. The Government also promised to support the fibre goat producers by promoting cashgora goat breeding in Tajikistan. In 2017, the Government officially requested that the Tajik Livestock Institute collect data on cashgora goats and assist the producers with breeding. A new IFAD-supported project in Tajikistan, the Community Based Agriculture Support Project, under design in 2017, is exploring the possibility of scaling up women's fibre processing businesses in the Sugd region (among other interventions in other areas).



Women in a spinning workshop in Khorog, Tajikistan. ©IFAD/Barbara Gravelli

Information sources

The grant produced a manual on lessons learned, a business proposal for setting up a dehairing facility in Tajikistan, a website (<http://cashmerepeople.com/index.php>) featuring the project and the Tajik and Afghan spinners, a case study about a successful group leader and a video about the visit of spinning group leaders to the United States (<https://www.youtube.com/watch?v=h8-PN6cWrrU>).

Brent L. (2017) The Challenges of Creating Women-led Small-businesses in Rural Tajikistan: A Case Study of the Cashgora Yarn Value-Chain Development Project.

ICARDA grant completion report

AKF grant completion report

Aga Khan Foundation <https://www.akf.org.uk/examples-of-our-work/enterprise-development/>

https://www.ifad.org/event/tags/international_day_of_family/y2014/3331031 International Day of Families: Livestock and family farms – Boosting nutrition, incomes and resilience

Women-led small business development https://www.youtube.com/watch?v=ptDASUMG_Ik

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