

Additional Case Studies

Chapter 15

Micro-enterprise Development in Pakistan

Written and researched by Professor Richard Blundel

Khwendo Kor (www.khwendokor.org.pk) is a non-profit, non-government, and non-partisan organization that promotes, ‘the development of women and children, strong families and communities, and a progressive society’. Founded in 1993 by Maryam Bibi, it works in hundreds of villages in the most remote and politically sensitive parts of Pakistan’s Khyber Pakhtunkhwa (formerly North West Frontier Province) and Federally Administered Tribal Areas (FATA), adjacent to the Afghan border. Khwendo Kor is a Pushto term, meaning ‘Sister’s Home’, and it is based on active community involvement (i.e. ‘participatory development’), rather than top-down initiatives. In this case we look at Khwendo Kor’s ‘sustainable livelihoods’ programme, which aims to make vulnerable groups, particularly women and children, more economically self-sufficient.

Pakistan has about 4 million commercial bank borrowers in a population of 170 million, and 84% of Pakistan’s population earns less than \$2 a day. In FATA the average income is only half this and only 34% of households are above the official poverty level. In the rural areas of Khyber Pakhtunkhwa many farming households have to subsist on less than one acre of land. Women work the land along with men but official figures underestimate the extent of poverty among them. Poorly educated, sometimes debarred by custom from owning property, and limited in the occupations they can undertake, they are far more likely than men to be poor. These deeply engrained problems are exacerbated by the violence and political conflict, which is disrupting trading activities in the region. Maryam Bibi describes the situation:

‘Political parties are banned in the tribal areas, but radical religious organizations have become very powerful. They are linked to the Taliban and get mosques and local media to spread propaganda. When we do polio vaccinations, they say we’re putting stamps on the bottoms of women and children to take their bodies to America for research. The US drone attacks, which have been going on for the past year, have made local people angry and our

work even harder. We've had to stop work in many villages, and our children's learning centres have been blown up.' (*Sunday Times* 2009: n.p.)

It is against this background that Khwendo Kor has been developing its micro-enterprise and microfinance programmes for women, enabling them to acquire skills, an income and greater control of their own affairs. Like similar programmes around the world, it is based on the idea that entrepreneurial activity is one of the most effective ways of ensuring that communities can generate stable and resilient income streams. The programme helps villagers to enhance their skills, self-confidence, and entrepreneurial potential. Women are encouraged to develop micro-enterprises through the provision of micro-credit, market links and specialist training. So far, more than 900 women have been provided with credit in appropriate forms (i.e. as Islamic loans, conventional loans or less restrictive, 'soft' loans), with total advances exceeding 12 million Rupees. Khwendo Kor receives funding from several development charities, including Oxfam, the Oxfam-Novib, Action Aid, and the Friends of Khwendo Kor (www.frok.org.uk). Is providing micro-credit a cost-effective use of these financial resources? There is plenty of evidence that enterprise activity can improve economic conditions of poor rural communities. New micro-enterprises help to increase the income level of the owners, which then feeds into the local economy. Ownership of a micro-enterprise also enables women to gain direct access to economic resources, a benefit that they can extend to their children and other family members. Here are two examples of recent development projects in action:

- **Peshawar district marketing study:** Female entrepreneurs were finding it difficult to diversify and to develop new products that met market requirements. A research study was conducted, with the aim of reducing the gap between communities and their markets. By talking to entrepreneurs and analysing existing marketing approaches, the researchers were able to produce five business and product profiles for: poultry products, porcelain, beauty parlours, beads, and home-made snacks. These are being used to increase awareness, develop marketing skills, and improve market linkages.
- **Capacity building in Karak district:** Both women and men from a number of villages have been given practical training in relevant skills, including livestock management, 'tie and dye' and block printing. Female entrepreneurs were also given an opportunity to visit other micro-enterprises in order to share and learn from each

other's experiences. Another programme in this district has encouraged the establishment of home-based plant nurseries. Some of these failed due to water scarcity and marketing problems, but others have prospered. Field days and awareness sessions have attracted the interest of hundreds of village women, students, teachers, and others. The aims of these events are: to mobilize communities, to market plants grown in Khwendo Kor-supported nurseries, and to identify potential new horticultural entrepreneurs.

Microfinance is a relatively new but rapidly growing field. Outside Pakistan's Khyber Pakhtunkhwa and FATA regions, there are other important providers, including the Kashf Foundation (www.kashf.org), which was founded by Roshaneh Zafar following a meeting with Muhammad Yunus of Grameen Bank (www.grameen-info.org). In 2008, Kashf expanded its operations to include a full service microfinance bank (www.kmfbank.com). Around the world, innovative micro-enterprise and microfinance initiatives are having an enormous economic and social impact in poor communities. For example, microfinance is now being delivered via the Internet, with organizations such as Kiva (www.kiva.org) enabling individuals to lend directly to entrepreneurs in developing countries.

A profile of Maryam Bibi and Khwendo Kor is available at:

https://youtu.be/HL_O7BFUBx0

References

Bibi, M. (2010/2014) Personal communication.

Kashf Foundation (2017) 'Who we are'. Available at www.kashf.org (accessed 13 September 2017).

Khwendo Kor (2016) *Annual Report 2015-16*. Available at www.khwendokor.org.pk (accessed 13 September 2017).

Sunday Times (2009) 'A life in the day: Maryam Bibi'. Available at www.timesonline.co.uk (accessed 17 December 2009).