

IS Academy
Human Security in Fragile States



A quiet revolution through the vehicle of enterprise

A women's food processing business
in Afghanistan

Holly Ritchie

RESEARCH BRIEF #2 (JANUARY 2012)

Wageningen University | Netherlands Ministry of Foreign Affairs | International Institute of Social Studies
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The IS-academy on Human Security in Fragile States is a collaborative research project between the Disaster Studies chair at the faculty of social sciences, Wageningen University, the Peacebuilding and Stabilization unit at the Dutch ministry of Foreign Affairs and the five major Dutch NGOs Cordaid, ICCO, ZOA refugee care, OxfamNovib and the Netherlands Red Cross.

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RESEARCH BRIEF #2

A quiet revolution through the vehicle of enterprise

A women's food processing business in Afghanistan



This research brief describes the case of a rural women's food processing enterprise in the challenging context of Afghanistan. Initiated with the support of a local NGO in 2004, the business now comprises a network of thirty-six women's village food processing centres employing a total of 700 workers in the western province of

Herat. The business currently produces a variety of basic sauces, relishes and chutneys, jams and dried foods for markets in Herat. In this discussion, the evolution and development of the women's business is tentatively examined through the transformation of cultural norms. Initially the paper outlines the market context and business background. Innovative grassroots approaches used to overcome socio-cultural constraints are then explored and reviewed. Using these insights, practical strategies are highlighted for facilitating women's enterprise in a conservative and fragile environment.¹

Holly Ritchie

Afghan Markets: Characterized by Tradition, Informality & Risk



Facilitating private sector led development is viewed as the key strategy to Afghanistan's economic development. Yet little appreciation is given to powerful and pervasive societal institutions, related information asymmetries and the prevalence of non-economic obligations.² A great deal of effort is now being channeled into these enterprise development initiatives with varying degrees of success. Little discussion is held on the market itself, or the underlying forces of influence, beyond the basic nature

of exchange e.g. factors influencing supply and demand. These non-economic forces shape current market functioning, actor behaviour and the scope of private sector development in Afghanistan. Characterized by informality and power distortions, understanding Afghan markets requires looking at the level of actor participation and how the trade is embedded, assessing the distributional spread of income and profits, and identifying control mechanisms within the chain.³ Studies further highlight the context of risk and distrust that leads to the perpetuation of predictable trade linkages.⁴ Whilst a move towards formalization can support more equitable and progressive markets, the policy discourse suggests that new formal institutions must resonate with the *prevailing culture* to enable a sustainable change in economic behaviour.⁵

In Afghanistan, gender norms mean that economic choices are particularly limited for women: 'most women are not linked into markets and do not have business or marketing skills'⁶. Women are usually confined to domestic production of specific trades (e.g. handicrafts) and do not work outside the home. In recent years however, several women-led businesses / associations have notably emerged, often with sponsorship of international donors such as USAID. But these remain largely confined to the urban elite. For the most part, the market place remains dominated by men, particularly in traditional sectors such as construction. In poorer rural suburbs where conservatism is higher, women-led business is rare.

Business and Trading in Ancient Herat: Thriving But Still Conservative⁷



City of Herat: Markets remain largely traditional

Herat province is situated in the West of Afghanistan on the border with Iran. Capital of the province, the historical city of Herat is an ancient cultural and trading centre. Today, Herat is still a thriving hub for a wide range of business activities, mainly due to its accessibility to bordering Iran and Turkmenistan and high levels of import / export. In the rural areas, the main source of income is from agriculture, predominantly from cereal crops such as wheat, barley and rice. The province is also well known for horticultural production such as grapes and raisins. In the rural non-farm sector,

handicraft, carpets and rug production are major traditional activities. Despite persisting conflict in the South, agro-processing, textile, silk, oil and cement factories are now (re) emerging in the provincial centre in addition to growing service industries. Whilst, attitudes are progressive amongst the educated urban elite, markets remain traditional and conservative.

Business Background and Status: A Decentralized Approach



A village food-processing centre

Business overview: evolving and formalizing with long-term support of a local NGO

Supported by a local NGO, initial women's food processing groups were first established in 2004. Today the business association comprises a network of thirty-six women's food processing centres straddled across three districts of western Herat province (with a total of approximately 700 workers). To facilitate collective enterprise, the groups have selected representatives that meet at a 'board level' for joint city marketing. Whilst the ongoing business

strategy is still part-driven by the NGO, and support continues to be provided for marketing and business management, the association is now formalizing their network with emerging agreements on fees, services and (improved) joint marketing.



Dried products

Village centre production: expanding and moving towards specialization

With centres across thirty-six villages, food-processing production is community-based. Women source locally available produce from their own and neighbouring villages. They then prepare the processed goods in their village food-processing centre, with/without formal packaging as required. Goods produced include over thirty-two types of food-processed products. The main products include tomato paste, chutney, pickle, jams (e.g. carrot, apple, red berries, kiwi), dried products (e.g. squash, apricot, mulberry, okra and eggplant), juices / syrups (e.g. apricot, apple), and almond oil. In the high season, the groups may each produce 200 (500g) jars per week each (for city sales) in addition to more than 240 kg of unpackaged goods (village service). Specialization has recently begun to take place across the groups, permitting increasing efficiency and quality. The business association is also starting to promote the use of a refractometer to measure the water and sugar content of jarred products, with spot checks carried out by the local NGO



Manual sealing of jars



Transporting supplies

and lead women. In the absence of food standards agencies, the local NGO has helped the business association seek approval of the Ministry of Health to certify product quality and production hygiene.

Marketing: locally oriented with growing demand

Marketing is conducted at two levels. Locally, the women's food processing groups source and process seasonally available fruit / vegetables for sell as ready-made products (by

weight), or they offer simple processing services. At the city level, they sell their (premium) packaged products in their own shop, at exhibitions, and to local shopkeepers, offices and hotels. Several products are now in high demand including tomato paste and carrot jam. These are cited to be cheaper and tastier than the imported Iranian varieties, although the packaging remains less sophisticated and the quality inconsistent. They currently sell in jars (imported from Pakistan by the NGO), plastic sealed bags, and plastic sandwich boxes.

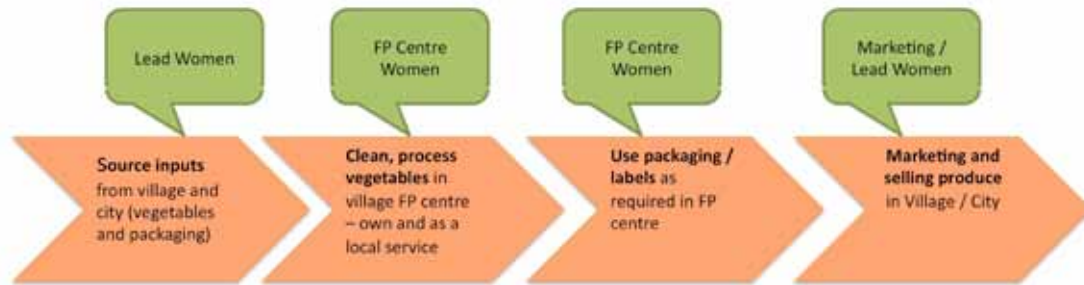


Figure 1: Women's Food Processing Business Activities From Production to Market



Selling in the women's own city shop

A Network Structure: Permitting scale but with local transparency and accountability

The village-based 'food processing centres' are innovatively networked into one food processing business association. Group production (including quality control), local marketing, management (with an assigned group head, deputy and sales agent), and profit distribution are all conducted at the village level (with locally agreed input / share). This has facilitated transparency, accountability and local decision-making. Meanwhile,

city marketing and branding is at the network level led by group heads and sales agents. Association level coordination is still evolving as the business matures, and new rules are being formulated for joint marketing (e.g. regarding the incorporation of new groups).

Figure 2 provides a summary overview of the women's food processing business value chain including buyers, sellers and (support) service providers.

Value Chain: Products and Services

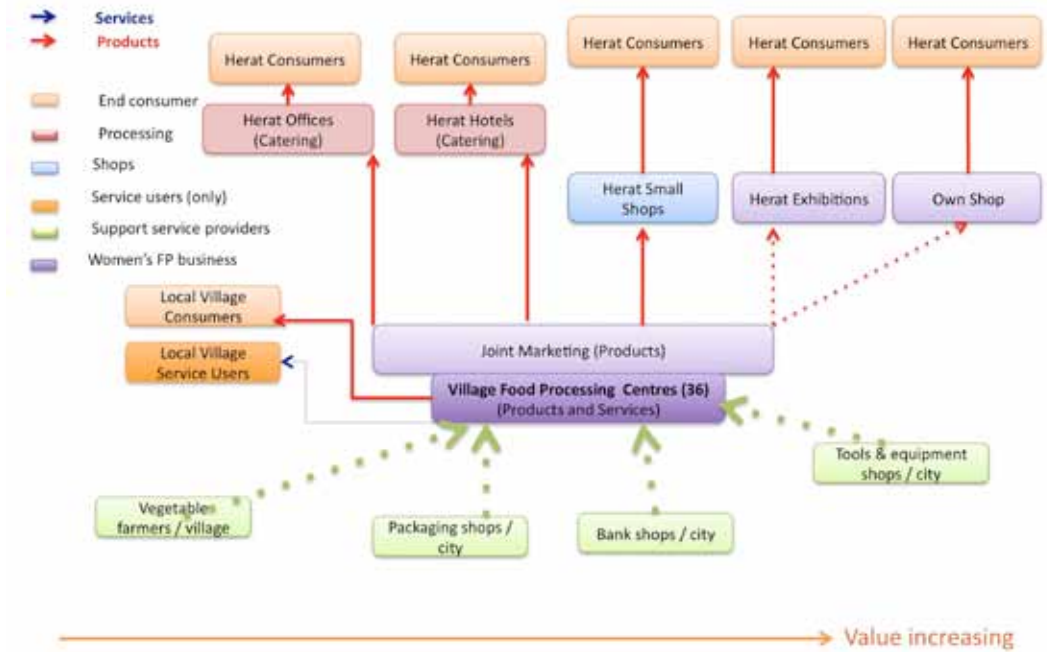


Figure 2: Women's Food Processing Business Value Chain

Women's Rural Business Evolution: Overcoming Socio-cultural Barriers Towards New Economic Roles and Relations

Self Help Groups (SHGs)

A community development model pioneered in rural India, SHGs organize (15-20) people without an asset base, but sharing similar economic backgrounds and a strong will to improve their lives. Group cohesiveness, financial discipline and business skills are developed through regular group meetings with savings, internal lending/repayments and capacity building. When SHGs mature, the supporting NGO may facilitate access to external group financing. Loyalty to the group is important, and increases the strength and bargaining power of the group, making joint action possible. The SHG platform has proved particularly successful for collective rural enterprise for women.

Originally set up as Self Help Groups (SHGs)⁸, and later converted into food processing groups, today the women's groups have evolved into individual food processing centres, networked into a full-fledged business association. To date, the local NGO has provided them with food processing / hygiene training, basic tools and equipment, and extensive on-the-job coaching in addition to management and marketing support. Yet perhaps more importantly - for the overall business success and sustainability - the NGO has also employed *innovative strategies* to overcome 'cultural' constraints, permitting the women to participate, and for the enterprise to go beyond the village. Such strategies have included negotiation with community leaders, the provision of broad religious education, literacy training and business relationship building. Whilst 'entry' barriers have now been overcome, persisting

gender-related challenges remain in the market place. This means that business development can be both slow and cautious. Cultural norms influence the emerging design of women's marketing arrangements, business development, and (formal) institutional interaction.

This research has particularly examined these evolving cultural dynamics: women's *pardah*⁹ norms (and tradition) at the outset, and during the course of enterprise development. *Purdah* norms influence the scope of women's mobility (in the pressure to avoid being seen by non-family men). This is considered to be embedded and bound up within local cultural codes (honour and shame). Conservative *pardah* practices tend to confine the women to the household, influencing the extent of women's social and political life, access to services and resources, and engagement in economic activities. *Purdah* norms affect all potential aspects of women's involvement in business: the choice of products / services, the degree of worker involvement within the enterprise (in production and marketing), and the nature / scope of horizontal and vertical linkages. They also affect new business opportunities, access to technology and informal (support) networks.

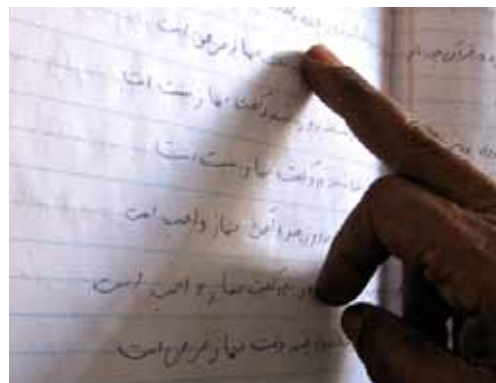
In an attempt to bring about socio-economic change, many development agencies have focused efforts on bringing in new formal laws to articulate women's economic, political and social 'rights' and 'roles'. Yet Afghan history has demonstrated the challenge (and limitations) of enforcing societal change from above, particularly in an informal and conservative environment. The following expands upon the social, cultural and technical strategies that have permitted gradual change in women's traditional roles towards enhancing women's mobility, expanding women's business linkages and networks, and facilitating an enabling environment.

SHG good platform for women's business: New Relations and Financial Literacy

As a strong platform for collective activity, the establishment of village-based Self Help Groups (SHGs) has been highly effective in the mobilization and skills development of the women. These are community savings and credit groups where members learn financial literacy, develop trust/ relations, and engage in collective activity. These groups have provided a strong foundation for group collaboration, and enabled the initiation of joint business ventures, particularly since women's business skills and networks are limited and their experience of money is weak.

Literacy and Religious education: Laying the Platform for New Business Roles

A second vital activity has proved to be the provision of literacy classes for target women



Learning progressive messages from the Koran on women's rights and roles

alongside broader progressive religious education. Literacy has given the women confidence to assert themselves and to engage in economic activities that have taken selected women beyond the realms of the village. Religious education for both the women and men has expanded ideas on women's roles in business in addition to supporting the women's own knowledge on Islamic practices. This has facilitated the development of village agreements (with families, elders and religious leaders) with regards to selected women's mobility,

maharam escorts (male relatives), and business relations within all areas of the business. This has increased women's standing in the household and public affairs, and permitted involvement in new economic activities. In progressive cases, dynamic women have now become role models in their own communities.

Story telling and Exchange Promoting New Roles Through Practical Examples

To facilitate the adoption of new ideas and practices on women's roles, a further powerful tool has been the use of local story telling, recounting how other villages have dealt with changes in gender roles and new economic activities, in addition to community exchange visits. These activities have provided real-life examples of practical and culturally oriented solutions to cope with evolving roles, minimizing potential conflict and allowing for gradual change 'from within'.



Displaying products in the village

FP network model: collective enterprise with scale and village trust / control

To create scale whilst maintaining village autonomy and transparency, the food processing centre 'network' approach has been shown to be an excellent model for village-based enterprise. This has permitted the producer women to remain predominantly in the village with (more mobile) representatives facilitating joint marketing at the city level.

The decentralization of the business with production and profit distribution at village level

has also enhanced trust and collective action between participating women.

NGO Partnership: strengthening new networks, business credibility, technology and problem solving

The strong and long-term support of the local NGO has enabled the participation of women in the business through extensive training, mentoring, and access to appropriate technology. The NGO has also supported the development of gradual business relations at the city level with buyers and service providers. The local NGO has helped the businesswomen forge formal contracts (with village approval), and secure the cooperation and trust of new business linkages. Traditionally (village) women do not have business relationships, and obtaining such trust / confidence is challenging. The ongoing partnership of a local NGO with the women's business has played an instrumental role in continued business development and organizational trouble-shooting. Yet as the business matures, NGOs need to review their role accordingly to permit increasing local ownership and responsibility.



Support of community and religious leaders has been critical

Links with local power holders: enabling local trust and support for new roles

The women were selected for training and participation in this business from rural communities where attitudes were extremely conservative. Most women in these communities were house-bound, and there were no women entrepreneurs. In the process of mobilisation of the women, the collaboration of the local shura (male and female councils) was instrumental in gaining support for their participation, and obtaining the trust of families and religious leaders in the women's new

(evolving) roles. The scope (and speed) of change in women's practices was influenced by these local powerholders, in addition to the efforts of the lead women, and the stability of the local context.

These grassroots approaches have facilitated the women's entry into business, and opened up new ideas on women's economic roles. This has permitted the broader development of the enterprise through women's interaction in the market place. Beyond the business, economic empowerment has also critically led to changes in (target) women's social and political life with an increased participation in community decision-making and development. In progressive cases, this has led to broader women's socio-economic development in the community. Yet conversely, in a minority of extreme cases, this has also permitted the emergence of powerful, controlling women (if unregulated by the NGO).

Implications for Practice: Promoting Rural Women's Business

Lessons from Afghanistan highlight two key strategies for supporting *poorer women in rural enterprise* in a developing and fragile context:

- **Enhancing business climate and garnering local support through local advocacy and educational campaigns**
Social and cultural issues still pose significant barriers to women in business, particularly in a conservative and informal context such as Afghanistan. Whilst media efforts are critical in promoting women in business, NGOs and civil society organizations can be instrumental for direct outreach in rural communities towards realizing equitable and widespread change in local attitudes and practices. Educational / advocacy campaigns for both male and female community leaders and entrepreneurs - including literacy support coupled with religious messages, discussion and story-telling - can open up new ideas regarding women's rights and roles, permitting women's economic, as well as social and political development.
- **Facilitating economies of scale, trust, and local accountability through a SHG Network Model**
The community Self Help Group (SHG) model has proved to be an excellent platform for women's enterprise development in Afghanistan, as in other parts of Asia, Africa and Latin America. In particular, in a low-trust and restricted environment, the innovative SHG 'network' approach has been effective in facilitating economies of scale and access to urban markets for collective rural women's businesses. Whilst the network has enabled joint marketing and exchange, the decentralized individual village business units - for production, local sales and profit distribution - has enhanced local transparency, trust and accountability.

Notes

- 1 Building off seven years of in-country experience, the qualitative PhD research explores social institutional change, and related (market) institutional construction in the course of women's enterprise development in Afghanistan – International Institute of Social Studies, Erasmus University, The Hague (hollyritch@yahoo.co.uk), www.iss.nl/iss/profile/BA3138. This research is part of the IS Academy Human Security in Fragile States. For more information on this program please visit <http://fragilities.org>
The research brief herein is derived from a longer case study report, developed as part of a series of papers on 'Women in Business in Afghanistan' for Harakat Investment Climate Facility, Holly Ritchie, Kabul (September 2011).
- 2 Adam Pain and Sarah Lister 2007.
- 3 Ibid.
- 4 Holly Ritchie and Anthony Fitzherbert, 'The White Gold of Bamyan', Solidarites 2008.
- 5 World Bank, 'Afghanistan' World Bank Approach Paper 23 (Washington DC, World Bank 2001).
- 6 Adam Pain and Jo Grace 2004.
- 7 Provincial Profile for Herat Province: GRM, Kabul (~2007)
- 8 Self Help Groups are community savings and credit groups.
- 9 Purdah: the practice in certain Muslim and Hindu societies of screening women from men or strangers, especially by means of a curtain, origin: early 19th century: from Urdu and Persian parda 'veil, curtain', Oxford Dictionary online.

IS Academies are an initiative of the Netherlands Ministry of Foreign Affairs. The IS Academy on Fragile States focuses on the interlinkages between socio-economic security and the development of political and institutional structures. This Academy is a collaboration of academic, governmental and non-governmental actors. Disaster Studies of Wageningen University provides academic direction.