

Partnership Snapshot: Label STEP

Scale up of Artisan Villages in Madhesh Pradesh to Produce and Export High Value Rugs

Label STEP's partnership with the UKaid Skills for Employment (सीप) Programme, is designed to revitalize Nepal's high-value carpet industry by taking carpet manufacturing hub from Kathmandu to an underserved geographic area—Sarlahi in Madhesh Province that has traditionally served as the origin of Nepal's weaving community. With investments and interventions from leading national and international carpet manufacturers and designers, during the pilot phase, this partnership helped establish seven fair-trade weaving workshops in Sarlahi where local women, primarily from migrant households and disadvantaged groups were skilled and recruited—using international-quality competency standard and industry-led skills training and certification to ensure availability of qualified and committed weavers. During the pilot phase, UKaid सीप and STEP along with consortium partners, laid the foundation for migrants to invest their hard-earned remittance productively by setting up weaving workshops, independently or in collaboration with Kathmandu-based exporters/investors at Sarlahi.

Nepal is a world leader in production of modern handmade carpets. The global luxury markets for interior design hold the country's hand-knotted carpets in high rank. Since more than 50 years, Kathmandu has been renowned as a creative hub and innovation laboratory for high-end contemporary woven artisanry. Over the last decade, Kathmandu's booming real estate market put pressure on the production locations, with rising costs and labour shortages. STEP's engagement with industries indicated that decentralizing parts of the production would take away some of the pressure from the industry—made possible thanks to the manufacturers' treasure trove of knowledge and experience and the help of modern communication technology.

During the scale-up phase that started in June 2022, UKaid सीप's partnership with Label STEP is not only expanding decent, attractive jobs with fair trade standard working conditions to job seekers in the socioeconomically disadvantaged regions, the partnership is also supporting in long-term sustainability of the industry.

Key Achievements of the Pilot Phase

- **Decentralization of Nepal's carpet manufacturing process:** UKaid सीप's engagement with STEP, alongside top Nepali manufacturers/exporters, international designers, as well as local weavers has built a strong proof-of-concept for an artisan village in Sarlahi—that has taken weaving out of Kathmandu to the weaver origin district.
- **Industry driven pedagogy and training approach:** The weaving curriculum was revisited in line with the international quality requirements and corresponding skilling needs, also integrating financial and business literacy, to meet those quality benchmarks and weaver needs.
- **Technology backed performance monitoring and quality control system developed for the first time:** Introduced IT driven performance monitoring and quality control measures leading to systematic skilling and remote-based monitoring of the weavers (*photo on the right*). All weavers are registered in the app, from the time of enrolment in trainings to deployment at work, and their performance tracked and linked to certification. Based on the impact of this technology, STEP is importing it to its work in Afghanistan.

KEY FACTS:

Duration

Pilot: October 2019 - September 2021

Scale-up: June 2022 – December 2023

Scale-up Target: 1,500 trained and placed

Geographic coverage: Sarlahi, Madhesh Province

Key Outcomes of the Pilot Phase:

- Artisan village established in Sarlahi with seven high-quality fair-trade weaving workshops—to secure livelihoods of carpet weavers at their own residential area—linked to the carpet value chain to cater to the growing global high-value luxury carpet industry.
- 465 weavers trained and placed in jobs following three-month apprenticeship-based training at the workshops, out of which 422 are women.
- Contributed to shifting Nepali public perception of handmade carpets and weavers from an old-fashioned industry for unskilled workers to a thriving creative industry that enjoys excellent reputation in international high-end interior design world.



Photo: Suryamaya Pakhrin, Master Weaver at Anuragh Galaicha in Sarlahi, trains new weavers and updates progress on the app.

- **Systematic and hands on skilling of the weavers:** Two master weavers were assigned to each weaving units, coaching and training weavers round the clock—at all eight weaving workshops. Theoretical and practical training spanning three to six months in duration were organized under close supervision of master weavers.
- **Inclusion building and rebranding of weaving as high skilled vocation:** Over 90% weavers are women and come from disadvantaged groups and are now enabling reliable and consistent production at the workshops. Assurance of fair-trade standards including GESI and safeguarding measures, coupled with visits from international designers, has ensured decent and dignified work and is changing and shaping weaver's notion of weaving as high valued work.
- **Promoting locally led weaving enterprise start-ups and strengthening support through skilling and co- funding:** What initially started as the convening of Kathmandu-based manufacturers to expand investments in skilling and industry set-up at the local level, extended to a more inclusive approach: locally-based manufacturers and returnee migrants stepped up as interested investors recognizing the potential of the workshops. This has led to the multiple small scale entrepreneurs taking part in the project and ushering innovations: local artisans who merely focused on weaving, are now leading their own weaving units, showing faster adoption of digital technology for quality and production management, learning graphic designing skills and developing capacity to host in-house graphic designing unit.
- **Improved living and working environment** for the weavers and workers (*photos below*): One of the main reasons for the decentralized weaving workshops has been the lack of adequate spaces and decent living and working arrangements for the industry workers in Kathmandu. 90% of these weaving units are concentrated in Bouddha, Kathmandu, with shanty working and living environments. Weaving units in Sarlahi have addressed these issues, which increased in prominence post-COVID, with workshops aligned to STEP standards—with spacing, lighting, health and safety protocol duly met.



Summary of Key Scale-up Activities

To further augment the decentralization of all stages of the carpet production process and for the effective execution and monitoring process, during the scale-up phase, STEP has enhanced field-level presence through setting up a sub-office in Sarlahi—along with the below top-level activities:

- Quality Assurance through deployment and continuous training/up skilling of Master Weavers.
- Hand crafted, natural and eco-friendliness as the trademarks of rugs being exported from Nepal and the project/ initiative will continue to promote/ ramp up the image through tailored marketing efforts at the national and international levels mobilizing international trade media and trade show visibility.
- Inclusion of women, people from marginalized sections including inclusion of People with Disabilities (PWD), with dedicated resourcing and PWD-friendly factory space creation.
- Digitally enabling the production process in Artisan Villages to bridge the challenges emerging from the remote production. Weaver management application to be further upgraded during scale up phase that can allow the manufactures to keep track of their production process as well as efficiently manage the workflow.
- With co-location of entire manufacturing process—such as carding, spinning, dyeing, weaving, washing, trimming, finishing among others—the cost of rug production at artisan villages is expected to come down significantly which also means better and improved wages to weavers contributing to the industry's sustainability through better retention rates as well as competitiveness.
- Production of rugs at the Artisan Villages with assurance on minimum and living wage to artisans, investment in skilling and good working environment, high retention, and assurance of child labour-free production. Weaving units regularly audited by STEP to ensure that these standards are always met.
- Environmental compliance guaranteed through eco- friendly dyeing and washing yard, installation of waste-water treatment and water recycling plants.
- International marketing through information campaign in the international market, along with trade show visibility linkages with the leading buyers will be amplified by STEP.
- To cater to existing demand of Kathmandu-based investors—in ratio of 25 percent of new trainee/weavers—to be onboarded for placement in Kathmandu based weaving units of the project consortium partners.