

Fair trade carpet exports for women's empowerment?

Afghanistan ranks last of 168 countries in UNDP's Gender Development Index (2018) and has one of the world's lowest female labor force participation rates at 28% (ALCS 2016-2017). Among those women who are economically active, 65 percent work as unpaid family laborers (mostly in agriculture) and only 10 percent are salaried workers.

Finding new income generation opportunities for women is essential for women's empowerment in Afghanistan. Through the Government's National Priority Program on Women's Economic Empowerment (WEE-NPP), the World Bank is supporting the Government of the Islamic Republic of Afghanistan (GoIRA) to identify sectors with (1) strong growth potential and (2) opportunities for women to improve their employment options.

One promising such sector is handmade carpets. Hand-knotted carpets are a source of national pride and heritage, with a tradition going back to the early Mogul era in the 16th century. The sector is estimated to employ over one million men and women, making it the second largest employer in the country after agriculture. Women make up 90% the workers in textile manufacturing, which mostly consists of carpet weaving. Global demand for hand-knotted carpets is also increasing, while supply is decreasing from formerly dominant countries such as Turkey and Iran, posing significant opportunities for growth.

Women play a crucial role in the carpets sector, comprising 90% of workers in the sector, mostly in weaving. Weaving is well suited to the constraints of Afghan female employment, particularly in rural areas, where women have limited exposure and mobility outside of their family group and villages. Weaving is a largely home-based activity, in families with long traditions of weaving. This means that hours are flexible, and the work can be shared among female family members, accommodating their competing family responsibilities.

However, weaving is one of the least profitable activities in the carpets value chain. Men tend to make up the rest of the value chain, concentrated in the higher wage professions in the sector. Further, weaving is a vulnerable position, with poor working conditions and chronic underpayment common features of the profession.

In 2017, the World Bank partnered with the GoIRA and the NGO Turquoise Mountain to explore how the carpet exports could be stimulated as a way to strengthen women's empowerment. Direct-to-market sales of finished carpets command a much higher price than either domestic sales or the predominant route of exporting unfinished carpets to Pakistan for value addition and re-export to final buyers.

The design of the pilot echoes the recommendations of previous studies. Despite a slew of studies over the past 13 years recommending to develop the Afghan brand in the international market for high-quality hand-woven carpets, direct-to-market exports of Afghan carpets have actually plummeted by 80% since

2007. There is a desperate need for investment in the carpet sector to raise quality, ensure occupational health and safety standards, access working capital, and stay on top of current design trends.

This pilot is one of the first to put these recommendations into practice, with the explicit objective of increasing women's economic empowerment. This required first identifying ways to increase the demand from international buyers for handmade Afghan carpets, and second ensuring that the increased profits from these carpets made its way into the hands of the women who weaved them. In the past two years, Turquoise Mountain has conducted a targeted marketing campaign based on professional networks, advertising in trade magazines, and international trade shows. They have worked hand-in-hand with four Afghan carpet companies to fill orders for 306 carpets measuring a total of 1,848 square meters and [USD 212,895 in sales]. The custom-made carpets had to meet the exacting color and quality standards of the buyers as well as the fair-trade standards set by European ethical labelling organizations. A total of 726 female weavers were directly engaged as project beneficiaries to receive training, health checks, though only 327 of these wove carpets for orders placed through the pilot. Other achievements include: establishing 17 weaver groups, 56 awareness sessions on occupational health and wages, 1,800 medical check-ups to weaver households and provision of 274 hygiene packs and medical kits. Although TM has a long-term goal of providing all weavers with a "living wage", this pilot achieved the incremental step of getting weavers to an international piece rate that is about 10% above the domestic one per square meter of carpet.

So, what did we learn?

First, producing for international markets requires significant shifts in the mindsets of producers and the culture of carpet production. Producer companies are not used to fielding calls at all hours from demanding buyers inquiring about their order. Women are not used to producing on deadline and in unusual (on-trend) designs. Almost 60% of women weavers and 25% of producer companies dropped out of this pilot in the first few months. Gradual acculturation, starting with early adopters, is the way to go.

Second, the increased revenue from direct-to-market exports of carpets will not necessarily translate into higher wages for women weavers without policies or programs in place to make it happen. Even in the context of this pilot, the earnings of weavers on the fair-trade carpets were barely 11% higher than for non-fair trade carpets. Without the insistence of the Label STEP auditors, it's unlikely that would have happened.

Third, ethical certification doesn't hold much cache for international buyers, who are more concerned with quality, reliability, and price. "Fair trade" is at best a nice bonus. Still, this type of certification is an effective way to ensure that the higher earnings from carpet exports make their way into the hands of weavers. In this pilot, fair trade certification worked because it was imposed by the intermediary (Turquoise Mountain). Without the pressure from the buyer or broker, producer firms have limited incentive or capacity to undergo the stringent requirements of certification and audit. [insert quote from Kerki on his experience of the STEP audit process]

Fourth, the international market for handmade carpets is a niche industry that runs on the basis of personal networks. Buyers are unfamiliar with Afghan carpets, are unwilling to travel there, and don't know any local companies. **Trusted intermediaries are likely going to be needed in the medium-term** until Afghan companies establish a reputation for themselves for high quality and on-time delivery.