

The Alliance for Artisan Enterprise:

Bringing Artisan Enterprise to Scale

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DRAFT FOR DISCUSSION

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Hundreds of thousands of people in the developing world, largely women, participate in the artisan sector. For many, their livelihood depends on income earned from their artisan activities. Behind agriculture, artisan activity is the second largest employer in the developing world. Yet, artisan enterprise is not generally considered a key driver of economic growth, nor looked to as a major component of development assistance efforts.

The depth and scope of economic development impact of artisan enterprises is often not fully appreciated. They generate income, create jobs, foster economic communities, sustain ancient techniques, and preserve culture and meaning that is an essential component of healthy and sustainable development—development that is grounded in the uniqueness of people and place. And in conflict regions, economic community through artisan work can promote reconciliation, healing, and empowerment.

Goldsmiths in Benin, silk weavers in Thailand, embroiderers in Afghanistan—all struggle for work that is real, that is used, that keeps ancient traditions and meaning alive, and that provides needed income for families. A few of these artisan enterprises have achieved scale and become viable and sustained industries—Thai silk, Oaxacan painted animals, Afghan rugs—but they are the exception, not the rule; most artisan enterprises remain small, undercapitalized, and “niche” in market reach and economic development impact. What is the full power and potential of artisan enterprise to developing economies, communities, and women entrepreneurs all over the world? What is the potential of a Bedouin woman on a hillside in Jordan weaving a traditional rug on a loom of sticks and stones?

Artisan activities have a critical macroeconomic impact in developing countries that is often underappreciated by governments. The global market for artisan crafts is significant and continues to expand: during the period from 2002–2008, world exports of artisan products rose from a value of \$17.5 billion in 2002 to \$32 billion in 2008, an increase of 8.7 percent.¹ Developing countries have a comparative advantage in this sector due to their diverse cultural traditions, distinct indigenous designs and products, and local materials and resources.² Accordingly, developing economies have come to dominate the export

¹ UNCTAD, UNDP Special Unit for South-South Cooperation, 2010. Creative Economy Report 2010, p. 140.

² Aid to Artisans, 2009. Building Profitable Craft Businesses: Notes from the Field No. 4, p. 1.

market for handicrafts, accounting for 65 percent of world exports in this sector in 2008 (an increase from 53 percent in 2002).³

Accounting for a significant export share in many emerging economies means that artisan enterprises serve as a major means of global job creation—particularly among women. According to a USAID market assessment for handicrafts, in many regions of the world, artisans comprise the second largest sector of rural employment after agriculture, often functioning as a default occupation for those who have limited options for employment.⁴ The market assessment also notes that artisan production carries inherent advantages for its participants, such as the possibility of working from home according to a flexible schedule and opportunities for seasonal employment and small production runs. Additionally, artisan production demands very little start-up capital, while at the same time allowing for a high degree of autonomy in operating and managing a business.

Several converging trends indicate that demand in the artisan sector will continue to expand, including consumer and company interest in sourcing locally produced artisan goods, greater international and domestic tourism, increased global interest in home decorating, and increased willingness to pay a premium for distinctive (as opposed to mass-produced) goods. Even as global demand plummeted and international trade contracted by 12 percent in the wake of the 2008 global economic crisis, exports of art crafts actually rose to \$32 billion in 2008, a figure that is nearly double its 2002 level.⁵ Artisan production, therefore, holds great potential for developing countries that seek to expand their exports in a dynamic sector of the world economy. As noted in the Creative Economy 2010 report, “the production and international trade of art crafts are vectors for job creation and export earnings, and therefore are feasible tools for poverty alleviation, the promotion of cultural diversity, and the transfer of community-based skills.”⁶

Better integrating artisans into global commerce would increase the incomes and standard of living of many individuals and their families in the developing world, yielding micro-economic benefits that, properly scaled, could collectively transform the economic landscape of certain nations as a whole. A UNESCO pilot project, “Handicrafts and Employment Generation for the Poorest Youth and Women,” achieved impressive poverty reduction results by using small handicraft enterprise development to drive income generation and employment in a wide variety of cultural contexts. A report summarizing the outcomes of this project concluded that “the analysis of the project results indicates that there are vast opportunities available in promoting the crafts sector as a way to eradicate poverty and improve living standards.”⁷

Previous efforts to support the growth of individual artisan enterprises have met with mixed results. Combinations of product development, market access, business training, and capital are all needed by

³ Ibid. p. 130.

⁴ Ted Barber and Marina Krivoslykova of Development Alternatives, Inc. 2006. USAID report: “Global Market Assessment for Handicrafts.”

⁵ UNCTAD, UNDP Special Unit for South-South Cooperation, 2010, Creative Economy Report, p. xxiii and p. 126.

⁶ Ibid. p. 140.

⁷ Noella Richard, 2007, UNESCO. Handicrafts and Employment Generation for the Poorest Youth and Women, p. 27.

small and growing artisan enterprises. The delivery of these services has been perfected by an array of private and non profit organizations. The work is challenging and requires specialized expertise—distances and connections to vibrant markets are generally nonexistent or tenuous at best, product quality is often poor, and production capacity is generally weak. Building capacity across product development, market access, and business development requires a diverse and intricate set of skills and aptitudes. Like the artisan enterprises themselves, artisan support organizations are often small, work independently of each other, and are not well funded or recognized.

The untapped economic development potential of the artisan sector makes a powerful case for establishing the Alliance for the Artisan Enterprise. A group of key individuals and institutions convened to consider ways in which an alliance would support, elevate, and expand the artisan sector, with encouragement from the U.S. Department of State's Office of Global Women's Issues. This discussion paper outlines proposed goals, objectives, and activities for such an alliance in 2012. The Aspen Institute's artisanpartners@aspen has offered to host and facilitate the design phase of the Alliance for the Artisan Enterprise, which will draw its membership from among leading artisan support organizations, corporations, artisans, buyers, markets, philanthropists, governments, and international organizations.

The proposed goal of the Alliance for the Artisan Enterprise is to support and grow artisan enterprises, to provide best practice services to the organizations that support them, and to support the broader recognition of the importance of the artisan sector to development and preservation of cultural heritage.

Proposed Objectives of the Alliance for the Artisan Enterprise are:

- To **establish a forum** for artisans, artisan support organizations, buyers, and corporations to share best practices, to broker commercial and capacity-building relationships, and to increase the level of support and overall efficiency in the artisan support field (annual meeting, directories of organizations and artisan producers, impact metrics development, member services)
- To **launch a campaign** and set of related activities to build awareness and broaden support of the artisan sector (assess need, audience, potential partners, conduct research to make economic case, develop communication messages)
- To **hold one to two major artisan forum events** a year to support artisans and artisan support organizations and campaign objectives (Aspen Ideas Festival, policy events, major marketing events, International Day of the Artisan)
- To **establish a robust website and associated social media campaign** to disseminate artisan training and market information, to bring producers and buyers together, and to creatively share case studies, stories, and best practices
- To **establish a Corporate Artisan Council** to develop, establish, and promote ethical practices and realistic corporate compliance standards, to develop new business opportunities for artisans, to explore value chain opportunities, and to build on new market interest in hand made and sustainable products

- To **explore new artisan financing mechanisms** to provide access to artisan enterprises in achieving scale (portfolio of projects approach, social impact investment note, microfinance organization partnerships)

Year One Activities:

1. Develop working groups to achieve objectives, year one activities, and develop and exchange sector-wide best practices. Including but not limited to:

a) Maintaining benefits of artisan work when growing supply chains.

Examples - working at home, flexible scheduling, opportunity for seasonal employment, small production runs, producer autonomy, job creation/income generation, export earnings, transfer of community-based skills.

b) Addressing key challenges that inhibit artisans and retailers/brands.

Examples - growing artisan businesses, global market access, product development, business training, capital, social responsibility/ethical sourcing, and knowledge of where to access specialized services, product quality, and production capacity.

2. Build an interactive website. Develop a communications outreach strategy. Recruit initial members. Create an information hub for anyone interested in the global artisan sector.

3. Develop a social media campaign that coalesces around a new global artisan brand (or perhaps an International Day of the Artisan). Integrate the social media campaign with the Alliance’s website. Link the social media campaign to additional resources that connect consumers and buyers with artisan producers, funders with relevant, high-value artisan support projects, and artisans with marketplaces.

4. Conduct or compile research to document the historical and potential impact of the global artisan sector. Collect examples of best practices. Publish informational materials on the Alliance website and disseminate them to interested groups. Build the visibility of the artisan sector through targeted media placements [and events outside of the artisan sector].

5. Host events to share information, showcase the artisan sector, and facilitate access to markets and buyers for artisans and artisan support organizations. These events will be practical and always lead to actual sales for artisans.

6. Populate a network of contacts—maintaining a good balance of geographic regions, diversity of activities, and sectors. Build membership structure in a demand-driven way that provides real value to members and allows for a “menu” approach to services.

7. Appoint a high-level Advisory Council to build out the founding vision of the Alliance, raise its profile, and to monitor its effectiveness. Identify 3-5 key issues facing artisans or the artisan sector globally today and address these issues in Advisory Council meetings and publications.

8. Establish a Corporate Artisan Council with initial group of leading corporations currently working with artisans (Walmart, West Elm, Target, Macy’s, Eileen Fisher, etc.) Important issues to address include

but are not limited to: responsibly growing artisan businesses, capital, social responsibility/ethical sourcing (especially within homeworking,) linkages with local expertise-specific organizations, production capacity, and product quality.

- Discuss and develop specific collaborations such as: Identify creative, cost-effective ways to effectively monitor working conditions in homeworking or informal supply chains, where businesses and purchase orders are often small.
- Develop and make training available for artisans on their rights. Develop training on occupational health and safety for workers. Identify local organizations affiliated with credible international development organizations that have capacity to effectively contextualize and deliver the training to artisans and community leaders via a train-the-trainer approach.
- Develop a best-practice for effectively determining whether a piece-rate worker is at least making the equivalent of the local minimum wage for hours worked and output.

Process and Organizational Considerations

The Alliance for the Artisan Enterprise aims to gather leading practitioners, businesses and individuals in a collective effort that brings quantifiably greater benefits to individual members. As such, it will need to take the time to identify and assess potential collaborative membership and business models that could sustain such an alliance in an effective way where value redounds to each member and clear gains are made by virtue of the collaboration. We would propose a planning period where distinct collaboration models could be considered hosted by a neutral party who would be responsible for convening potential Alliance members and moving the process forward in the design stage. We recommend moving forward with design and process considerations in a collaborative way to explore the potential of this opportunity.

Estimated Budget and Next Steps

Once we agree upon the structure and formation of the alliance, we will formalize a budget for Alliance activities. The Aspen Institute has modest seed funding that it is willing to commit to launching the Alliance and is honored to provide a venue for its planning activities.