

GoodWeave: Creating sustainable jobs and employment for the world's poor

Nepal

Carol Erickson

Organization type:

nonprofit/ngo/citizen sector

Budget:

\$1 million - \$5 million

Website:<http://www.goodweave.org> SHARE

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Project Summary

Elevator Pitch

Concise Summary: Help us pitch this solution! Provide an explanation within 3-4 short sentences.

GoodWeave stops inhumane child labor, first in South Asia's carpet belt and then in other industries & regions, giving thousands of jobs back to adults. GoodWeave creates sustainable jobs by enlightening consumers to make informed, child-labor-free purchasing choices. The model addresses child labor's root causes: poverty, corruption & illiteracy. Child labor eliminates legitimate employment, drives down adult wages, and deprives children of education and human dignity. To end child labor, the International Labor Organization estimates a cost of \$760 billion, but the benefits would be more than six times that, a predicted \$5.1 trillion. Coincidentally, global unemployment was 212 million in 2009, yet nearly 215 million children 5-17 years old worked as slaves and forced laborers.

About Project

Problem: What problem is this project trying to address?

The rug industry has one of the highest incidences of child exploitation and forced labor. Most child weavers are sold or trafficked from their rural homes and end up in Nepal's Kathmandu valley or in India's Varanasi carpet belt. Half of the population lives below the poverty line of \$1.25 a day, and parents typically cannot afford to support all their children. When approached by a broker promising their child a better life, they want to believe it. Once in the urban centers, children as young as 4 are forced or recruited to weave carpets for up to 18 hours a day. These work sites are a gateway to even more abusive situations. An ILO study found that a third of India's sex trafficking survivors were first recruited from Nepal's carpet factories. Among South Asia's top exports, handmade carpets are a major employment sector for the poor. In Nepal, which has an overall unemployment rate of 46%, carpets are among the top two export industries and from 2009 to 2010, carpets, pashmina and garments totalled \$804 million. In India, carpet exports alone are \$600 million, and unemployment is 9.4%. The robust NGO sector also has been a pillar of GoodWeave's success in both countries. GoodWeave will face more challenges in Afghanistan, given a fragmented industry, scarce NGO resources with experience, and security risks. Among Afghanistan's legally produced goods, carpets are the highest valued finished product. In a country with 40% unemployment, the carpet industry is the largest employer with over 4 million Afghans indirectly or directly dependent in this growing sector.

Solution: What is the proposed solution? Please be specific!

GoodWeave's model and programs are transferrable to many other sectors that care about moving jobs for children to jobs for adults, and the organization's just finalized strategic plan calls for this expansion. This replicable model includes several innovative approaches. For example, GoodWeave is the only certification label to conduct comprehensive inspections in the informal labor sector where the highest number of impoverished and exploited workers toil. It reaches people in cottage industry settings, and assists victims of abusive labor practices. Its One in a Million campaign creates lasting change by shifting the values of consumers to actively demand child-labor-free products, and for the rug industry to adopt its criteria as standard for doing business. In producer countries, among the world's poor, GoodWeave enables parents to invest in their own children's education as a means to advance their families and their communities. As part of the still-nascent consumer labelling movement, GoodWeave boasts some of the highest market share at 4%, on par with organic food. If GoodWeave's model is adopted by other sectors, child labor will be eliminated worldwide, moving children into classrooms and employing adults in jobs formerly held by child slaves and forced laborers. Part of GoodWeave's innovation is its focus on this single goal, to end child labor. Recently, one of the top certification and voluntary standards evaluators congratulated GoodWeave for being "the only one in its field that has an identifiable and achievable end point."

Impact: How does it Work

Example: Walk us through a specific example(s) of how this solution makes a difference; include its primary activities.

GoodWeave disrupts an industry where children are paid scant or no wages through its theory of change: if enough people decide to buy one rug over another because it was made without child labor, then retailers and importers will demand only child-labor free rugs from the manufacturers in producing countries. Goodweave works to: • Engage consumers and businesses to demand certified products; • Monitor carpet manufacturing sites

for enslaved children; • Rescue, rehabilitate and educate children and when possible, reunite children with their families; and • Create jobs for skilled weavers. All of these activities work in tandem to create jobs for adults, raise weaving communities' living standards and address poverty. By educating children, this ensures their futures will be free of exploitation and slavery. Consumer offices in the US, UK and Germany build demand for products made according to the GoodWeave standard in producer countries of Nepal, India and soon Afghanistan. In the US, the world's largest single rug market, GoodWeave has just launched its "One in a Million" awareness campaign to bring the hidden problem of child labor to the forefront of consumer thinking. The campaign draws its inspiration from the estimated one million children exploited in the carpet-making industry when GoodWeave began its work in 1994, and the one million or more knots that go into each handcrafted rug. It is ultimately the One in a Million campaign that drives individuals to make conscious consumer purchases. GoodWeave's model has the potential to impact enormous numbers of informal labor sector workers, whose work constitute 25-40% of non-agricultural GDP output in developing countries.

About You

Organization:

GoodWeave USA

About You

First Name

Carol

Last Name

Erickson

Twitter

<http://twitter.com/#!/GoodWeave>

Facebook Profile

<http://www.facebook.com/GoodWeave>

About Your Organization

Organization Name

GoodWeave USA

Organization Country

, DC

Country where this project is creating social impact

How long has your organization been operating?

More than 5 years

Is the project that you are entering related to this organization?

Yes

The information you provide here will be used to fill in any parts of your profile that have been left blank, such as interests, organization information, and website. No contact information will be made public. Please uncheck here if you do not want this to happen..

Innovation

What stage is your project in?

Operating for more than 5 years

Share the story of the founder and what inspired the founder to start this project

By the 1980s, after the US Department of Labor & human rights groups released revealing studies, the carpet industry had achieved early worldwide notoriety for its use of child labor. Moral outrage alone was not going to end child exploitation and the threat of a world boycott would have only hurt indigenous weaving communities.

In 1994 a coalition of South Asian NGOs led by Indian activist and Ashoka Fellow, Kailash Satyarthi, looked to Western businesses & shoppers. After decades of rescuing children from bonded labor only to see them replaced by others, it was time to change the market and stop the demand for child labor. They created a label for handmade rugs produced without child labor: GoodWeave (formerly RugMark). This model would create market change, while simultaneously working to solve child labor's root causes: poverty, corruption, illiteracy and a lack of parents' value on education.

In 2000 Satyarthi partnered with Nina Smith to expand the market scope and launch GoodWeave USA in the largest market for handmade rugs and therefore, the most promising to create change. While most brands launch with a multi-million dollar campaign, GoodWeave USA spent less than \$1 million and had only a 2 person staff in its initial years. Today it leads GoodWeave's sales effort worldwide with more than 7.5 million adult-woven certified rugs sold.

GoodWeave's current One in a Million campaign was inspired by the estimated one million children exploited in the carpet industry when Satyarthi began his work & the one million or more knots that go into each rug.

Social Impact

Please describe how your project has been successful and how that success is measured

GoodWeave has reduced child labor 75%, from an estimated one million to 250,000, freeing children from the looms, opening those jobs to adults, and deterring countless other children from entering the workforce. GoodWeave has directly rescued 3600 children from looms and provided education to 9000. But millions more child laborers toil in other sectors where GoodWeave will soon expand operations.

In producer countries, success is realized by increasing the number of weaving facilities open to GoodWeave inspectors; raising community awareness about the dangers of child labor and importance of education; deterring underage children from working in factories; and achieving the safe transition of child laborers to homes, communities, schools, and eventually legal, gainful employment.

The primary indicator GoodWeave uses to track its success is the level of market penetration for GoodWeave certified products. As mentioned earlier, GoodWeave boasts some of the highest market share of consumer labels at 4% and in 2011 has a market share goal of 6%.

GoodWeave's ultimate market share goal is 18%, the tipping point where child labor in the rug industry will be eradicated. Each % point gained in market share ensures:

- 750 children liberated from illegal working conditions;
- 1000 children prevented from entering the workforce;
- 1750 adults get sustainable jobs;
- 550 children sent to school; and
- \$35,000 increase in annual revenue for educational programs.

GoodWeave has created a minimum of 10,500 adult jobs and put thousands more in place through the deterrence of child labor.

How many people have been impacted by your project?

More than 10,000

How many people could be impacted by your project in the next three years?

More than 10,000

How will your project evolve over the next three years?

The next 2–3 years promise new markets and products, ramped up market share growth in the US and Europe, and consumer outreach in producer countries, such as India. In addition to Afghanistan in 2011, another country will be chosen for entry by 2012. Product category expansion to other textiles will be determined in 2013. By 2014, GoodWeave projects 12% market share and to be 4 years from achieving a tipping point whereby nearly 1 million jobs for adults will have been created since 1994.

GoodWeave introduced an expanded certification standard which by June 2012 will be fully incorporated. New criteria cover living wages for adults, sanitation, and other environmental benchmarks. Certifying that no child was exploited in the production of a rug remains GoodWeave's central tenet.

Sustainability

What barriers might hinder the success of your project and how do you plan to overcome them?

To achieve its tipping point to end child labor, GoodWeave must penetrate the world's consumer market. More certified rugs sold means more jobs for adult weavers. This will require extensive resources to popularize GoodWeave with consumers, the media and companies.

GoodWeave will reach 73 million consumers and increase the One in a Million campaign's exposure through targeted media outlets such as Elle Décor and O magazine; secure high-profile media placements, such as its recent CNN profile; and promote GoodWeave through a network of 1000+ stores. Consumer demand drives companies to join GoodWeave and leads to increased visibility and impact throughout our work.

Another challenge is finding funders to support its unique, complex approach and invest in future financially sustainable growth. The finances section below explains that as our market share grows, licensee revenue generates long-term funds to sustain GoodWeave's work. In the near term, GoodWeave will launch a new online philanthropic strategy to reinforce One in a Million.

GoodWeave now faces getting other large, influential companies to sign on as members. Over time, GoodWeave has evolved from industry outlier to business necessity as evidenced by its new 2011 Macy's partnership. GoodWeave will invest heavily in Macy's promotion to influence other major chains to follow suit.

As resources allow, GoodWeave wants to ramp up new and existing operations. Its model is more than a pilot, having proved replicable and scalable in the early commercial rollout stages. This will further lend stability of the GoodWeave program in its geographic and resource diversification.

Tell us about your partnerships

GoodWeave has strong partnership with its 80 rug licensees who are crucial to opening access to looms, producing certified rugs, and promoting & selling certified rugs in the offices and showrooms of importers, retailers, and interior design and architecture partners. These companies also support us by hosting awareness-raising events and building GoodWeave's brand recognition in their collateral materials.

GoodWeave's print magazine partners, such as Dwell and Interior Design, leverage hundreds of thousands of dollars in pro-bono advertising for our interior design and consumer target audience.

Allies in the human rights, anti-poverty and fair trade communities mobilize individuals to purchase GoodWeave certified rugs and pressure companies to sell them. Specifically, labor rights organizations that expose corporate missteps strengthen the case for risk-mitigation and industry's need for ethical supply-chain practices.

Partners from the investment community, including Calvert Fund and Walden Asset Management, have lobbied corporate retailers on our behalf, encouraging them to eliminate child labor from their manufacturing.

GoodWeave is also the only certification program that offers community-based services alongside its monitoring work. To implement these social programs, GoodWeave is proud to partner with the Global Fund for Children, the Asia Foundation, UNICEF, and the Human Welfare Association, among others. As we expand to Afghanistan, we have already had partnership discussions with the Afghan Institute of Learning and others.

Explain your selections

GoodWeave's financial model is part of what makes the organization so innovative. To support educational programs in carpet producing countries, GoodWeave returns the majority of industry license fees to Nepal & India, with \$837,995 funded to date, and \$86,924 in 2010 alone.

GoodWeave strongly believes that the rug industry should pay for its own regulation and bases its licensee fees on a percentage of each company's certified imports. These fees subsequently help support GoodWeave's consumer campaign and the associated rescue, rehabilitation & education of

children.

Charitable giving comprises over 60% of our total budget, including previous grants from the Skoll Foundation, eBay Foundation, anonymous contributors, and donations from many generous individuals. In 2011 GoodWeave anticipates generating 16% of its budget from the carpet industry. Finally, pro-bono services, such as advertising space in many interior design magazines, accounts for 21% of the overall 2011 budget.

GoodWeave's new strategic plan calls for some changes in the financial model: increasing industry revenue; seeking more charitable contributions in producer countries, and a consumer campaign in India to establish retail sales that generate revenue for social programs.

This plan will result in GoodWeave's long-term financial sustainability, cumulating in \$4.3 million generated and spent in producing countries in 2018 alone to end child labor, ensuring education for children and families in weaving communities & building a more sustainable industry that employs adults.

How do you plan to strengthen your project in the next three years?

The carpet industry is an important business in the US, with 2010 retail sales estimated at \$819 million. In 2010 sales of GoodWeave certified carpets were \$31.3 million or 4% of the total market share.

To reach its goal of achieving 18% global market share by 2018, thereby ensuring sustainable jobs for adults on an industry-wide basis, GoodWeave will strengthen its work in the following ways:

- Attain interim growth benchmarks by scaling marketing and business development operations in existing and new consumer markets and launching and strengthening certification and social service programs in existing and new producer markets.
- Assess and expand into new product categories by December 2013.
- Achieve full member status in the ISEAL Alliance to ensure maximum transparency, accountability and market acceptance.
- Enhance stakeholder participation and streamline decision-making and operations by revising the governance structure by January 2012 with a more independent board of directors and to a range of stakeholder committees.
- Revise its financial model in 2012 to ensure core certification costs are covered by earned income.
- Raise \$1.6 million over three years to finance the three-year growth plan.

In addition, GoodWeave is considering creation of formal training centers for adults in producer countries. When adults graduate as skilled artisans, the carpet industry will demand their work. These graduates will insist on fair wages and working conditions, and will create high industry demand for their products.

Challenges

**Which barriers to employment does your innovation address?
Please select up to three in order of relevancy to your project.**

PRIMARY

Restrictive cultural norms

SECONDARY

Inadequate transparency

TERTIARY

Restricted access to new markets

Please describe how your innovation specifically tackles the barriers listed above.

For uneducated or members of the dalit caste in South Asia, there are two primary employment sectors: agriculture or informal textile production. These low income communities have embedded in their social fabric a belief that they don't have rights. They are kept from schools and directed to slave-like work. Those in the carpet industry profit, reinforcing these beliefs.

GoodWeave ensures a new, humane market for these communities' products. The market is enforced through rigorous inspection systems, hiring a larger number of transparent inspectors, and expanding community awareness and training to inform adult workers and children of their rights. Through this multilayered approach and model, Goodweave can create more sustainable jobs for adults.

**Are you trying to scale your organization or initiative?
If yes, please check up to three potential pathways in order of relevancy to you.**

PRIMARY

Grown geographic reach: Multi-country

SECONDARY

Enhanced existing impact through addition of complementary services

TERTIARY

Repurposed your model for other sectors/development needs

Please describe which of your growth activities are current or planned for the immediate future.

As mentioned earlier, GoodWeave will fully launch its One in a Million campaign and Macy's partnership in 2011. It will also establish two regional consumer marketing offices in Europe and North America and expand to Afghanistan, where carpets rank #1 in legal exports and the adult unemployment rate is 40%. Market studies for Pakistan, China & Turkey will be complete by December 2012.

As GoodWeave implements its new certification standard this year, it will introduce producing country programs to improve weaving skills; ensure minimum wages; & introduce management systems to create efficiencies and document a range of employment arrangements to meet its standard.

GoodWeave will complete a new product category assessment and pilot its system in a new textile sector by 2012.

Do you collaborate with any of the following: (Check all that apply)

NGOs/Nonprofits, For profit companies, Academia/universities.

If yes, how have these collaborations helped your innovation to succeed?

As described earlier, collaboration with the private sector and business community is key to the success of GoodWeave's model. GoodWeave also could not achieve its impact without collaboration with a range of NGOs in producer countries who manage country programs for rescue, rehabilitation and education. We have also collaborated with academia on research, evaluation and impact assessment.

GoodWeave is collaborating with the broader voluntary standards movement, under the auspices of the International Social and Environmental Accreditation and Labeling Alliance(ISEAL). We actively participate in ISEAL's learning community to build a movement to scale social and environmental standards worldwide, ensure accountability and transparency, and jobs worth having for adults.

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