

Research, Network and Support Facility (RNSF)

“Support to enhance livelihoods per people dependent on informal economy
and improve social inclusion of marginalised and vulnerable persons”

Good Practices and Lessons Learned

RESEARCH QUESTION	1 – ENABLING ENVIRONMENT
SUB-TOPICS (Research matrix)	<u>Advocacy with government to improve legal and policy frameworks to support informal economy enterprises (1.2)</u>
REGION - COUNTRY OF IMPLEMENTATION	Central Asia - Tajikistan
RESUME OF GOOD PRACTICES	<ul style="list-style-type: none"> • The participative approach (BIOs and SMEs are implementers in some activities, while beneficiaries in others) guarantees a larger commitment and a better future sustainability; • International expertise, directly link to the target market, guarantee higher efficacy to penetrate the market; • Central Asia landscape and the Silk Road history have a strong evocative brand that should be fully exploited;
PROJECT NAME	<i>Handicraft and business through regional integration and fair trade market</i>
YEAR	2014 – 2016
FUNDING AGENCY	European Commission
IMPLEMENTING AGENCY	Fondazione CEVSI
KEY TARGET GROUPS	SMEs and craftsmen/artisans in handicraft sectors, business organisations, staff of Ministry of Economy and Ministry of Culture. Focus on Arts & Crafts.
SUMMARY OF THE ACTION	The aim of the action is to contribute to the development of the Tajik and Kyrgyz private sectors with a special focus on regional integration of the handicraft sector. The specific objective is to reinforce the representative role, the sustainability and the competences on supporting Small and Medium Enterprises (SMEs) of Tajik and Kyrgyz Handicraft Business Intermediary Organisations (BIOs), particularly bolstering their representative role, their sustainability and their competences in supporting SME's. The fair trade focus implicitly promotes also environmental sustainability.

<p>GOOD PRACTICES</p>	<p>This project was a continuation of a previous action that was designed according to the lessons learnt and best practices achieved during the EU funded project, in the framework of CAI II programme, “Promoting the development of the handicraft sector in Tajikistan through fair-trade links and BIOs networking”.</p> <p>The following good practices were identified in the project’s final report and evaluation report:</p> <ul style="list-style-type: none"> • the national network of handicraft producers was created, the Union of Craftsmen of Tajikistan (UCT), as a link between the expected results of the previous project, and it will be one of the main partner and the main beneficiary of the proposed action; • the participative approach (BIOs and SMEs will be implementers in some activities, while beneficiaries in others) guarantees a larger commitment and a better future sustainability; • the approach learning by doing is more effective: interactive workshops will be favourite when possible, as well as direct exchange of experiences will be preferred; • international expertise, directly link to the target market, guarantee higher efficacy to penetrate the market, addressing the Central Asian SMEs on marketable and profit-making products; • Central Asia landscape and the Silk Road history have a strong evocative brand that should be fully exploited; • fair-trade was introduced by CESVI for the first time in Central Asia: the pilot experience in Tajikistan was successful, despite the initial difficulties to make understand the benefits for the artisans. Fair trade will be strengthened in Tajikistan and expanded to Kyrgyzstan; • established links with European fair trade buyers will be used to explore the market potentialities.
<p>LESSONS LEARNED</p>	<p>The following lessons learned were identified in the project’s final report and evaluation report:</p> <ul style="list-style-type: none"> • the transportation cost in Central Asia are high, hence it might be a problem for export: the lesson learnt is to focus on high value and low weight products, easier and cheaper to export;
<p>CONCLUSIONS AND RECOMMENDATIONS</p>	<p>One of the project components was focused on the field of regulation and legislation, notably the aim was to introduce a new Act that would give the handicraft sector a new grounding. Production of handicrafts was defined in the legislation as a “folk art”, but it was not recognised as income generating activity. Given that the sector provides income opportunities to a large circle of producers, including in the informal economy, the project aimed at creating the legal basis for handicraft production that would allow for further development of the sector. Inevitably, adoption of such a law would have also certain regularizing effects on the producers in the sector.</p>

However, **the activity came to a stalemate. Legislative proposals developed by the civil society organisations were not upheld by the executive and legislative bodies. The Ministry of economic Development and Trade was not willing to propose a new piece of legislation due to the lack of information and data about the sector. This lack of information was partly due to the informal status of the producers.** Therefore, the project revised its strategy and introduced a survey of handicraft producers. A questionnaire with 41 questions was designed and pilot-tested on a smaller sample of producers that participated in a handicraft fair. Based on the pilot phase a distribution strategy was designed to reach the handicraft producers and carry out the needs assessment for the sector at large. The survey and needs assessment were supposed to generate the data and information that will be necessary to justify the intention to create dedicated legislation and to provide support to the related lobby. The example illustrates the need for monitoring, data gathering and collection of statistics on formal and informal producers by dedicated surveys (capable to capture also the informal segment) in the sectors under consideration.

Another serious issue was the lacking capacity of the national partners – the business associations. Therefore, some of the project activities were aimed at training of the business associations' staff. This effort resulted in **increasing the number of motivated and enthusiastic staff members, notably young people. However, this resulted in certain tensions and antagonisms between the new initiative young staff members and the old staff members (insiders) who held important positions** in the BA's. The example illustrates the need for awareness and when possible also prior analysis of the existing relationships, hierarchies and governance structures in the implementing organisations in order to reveal the potential antagonisms/competitive relationships that could hamper the project implementation. The recommendation is particularly important in the countries that are characteristic by hierarchical social structures and relationships (patriarchal societies, societies with strong respect for old-age and tenure, etc.).

Potential examples of innovative practices include a database collection of Central Asian machineries and raw materials to improve the supply chain. Regional and National Workshops were held on 'made in CA' brand and its marketing.

Further innovation elements can be related through the involvement of other actors:

- *altraQualità*, Italian cooperative of fair trade experts, imports distributing handicraft and food products from developing countries, guaranteeing transparent production line, fair price, with no misuse of work and in line with fair trade principles. *altraQualità* has deep knowledge of the European fair trade market and it will give market orientation to the project.
- *Whomadadesignlab*, Italian creative agency specialized in running participatory design workshops for the innovation of crafts, will address the project on the European taste for crafts.

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<p>FURTHER TAGS</p>	<ul style="list-style-type: none"> ▪ Strengthening legal and policy frameworks to support the informal economy (legal and planning approaches) (1.3; 1.4) ▪ Capacity strengthening of government and civil society organisations, including on micro-finance (1.9) ▪ Improving coordination and collaboration between organisations to develop informal economy enterprises (3.4; 4.1) ▪ Environmental and sustainable informal economy enterprises (green jobs, reducing impact on the environment of the IE) (2.4) ▪ Awareness raising, behaviour change communications methods, dissemination of information methods- including on social inclusion in the IE (3.1, 4.3) ▪ Micro-finance methods (3.5) ▪ Identification of profitable informal economy activities for start-ups (3.2; 3.5) ▪ Marketing management training for informal economy entrepreneurs (3.2; 3.6) ▪ Supply chain management training for informal economy entrepreneurs (3.6)
<p>SOURCE(s)</p>	<p>RNSF Research Volume 4.3: https://europa.eu/capacity4dev/iesf/documents/rnsf-research-volume-43-gp-ii-15-ec-funded-projects</p>
<p>REFERENCE(s)</p>	<p>EUROPE AID project page: https://ec.europa.eu/europeaid/projects/handicraft-and-business-through-regional-integration-and-fair-trade-market_en</p>

