

CHANGING SYSTEMS IN THE CARPET AND APPAREL SECTOR

A case study on
GoodWeave's work in India



In Collaboration With

April 2018

Fabric of Change

C&A Foundation







CHANGING SYSTEMS IN THE CARPET AND APPAREL SECTOR

A case study on GoodWeave's work in India

TABLE OF CONTENTS

4 INTRODUCTION

5 THE GOODWEAVE MODEL

6 GOODWEAVE'S THEORY OF CHANGE

7 SYSTEMS CHANGE FOR ENDING CHILD AND BONDED LABOR

9 CHANGING MARKET DYNAMICS

10 CHANGING PUBLIC POLICY AND INDUSTRY NORMS

11 CREATING BUSINESS SOCIAL CONGRUENCE

12 IMPROVING THE LIVES OF CHILDREN AND COMMUNITIES

13 PROMOTING CHANGEMAKING

14 EXPLORING THE IMPACT OF GOODWEAVE'S WORK

15 DIRECT SERVICE – RESCUE, REHABILITATION AND PREVENTION

15 SCALED DIRECT SERVICE – EXPANDING INTO THE APPAREL SECTOR

15 SYSTEM CHANGE – SHIFTING NORMS AND PRACTICES ACROSS THE VALUE CHAIN

16 TOWARDS FRAMEWORK CHANGE



CHANGING SYSTEMS IN THE CARPET AND APPAREL SECTOR

A case study on GoodWeave's work in India

INTRODUCTION

GoodWeave was founded by Nobel Peace Prize laureate (2014) and Ashoka Fellow (1993) Kailash Satyarthi in 1994 with the mission to end child labor in the carpet industry. GoodWeave International is now a global organization with affiliates in South Asia, Northern Europe and the USA.

Today, GoodWeave India is directed by Manoj Bhatt, who has been an Ashoka fellow since 2009. In addition to the work carried out in the carpet industry, GoodWeave has been exploring, through a pilot project, the application of its programming model in the apparel industry to eradicate child labour from the informal supply chain (home-based workers). In relation to this work, Manoj has been invited to join the Fabric of Change (FoC) network of social entrepreneurs and participated in particular to the Globalizer program¹. Ashoka's Fellow selection process focuses on social innovation and entrepreneurship, as well as their ability to produce systems change. Fabric of Change² is an initiative by Ashoka³ and C&A Foundation⁴ supporting a network of social entrepreneurs around the globe to bring more socially and environmentally sustainable practices to the apparel sector.

FABRIC OF CHANGE AT A GLANCE

- ▶ **Key goal:** support social innovators to turn the apparel industry into a force for good.
- ▶ **A 3-year initiative** led by Ashoka in collaboration with C&A Foundation
- ▶ **A vibrant network** of 29 inspiring social entrepreneurs positively impacting:
 - ▶ Over 420,000 apparel sector workers, artisans and other citizens directly and another 5.4 million individuals indirectly
 - ▶ 1,800 businesses and organizations
- ▶ Beyond the core network, 400 innovative projects from around the world were mobilised through an online Changemakers Challenge
- ▶ The initiative has dispersed over 500,000 Euros in direct support to social entrepreneurs' work and has hosted several gatherings around influential apparel sector events around the world.

Fabric of Change

The present case study aims to illustrate through the work of Manoj Bhatt and GoodWeave in India how social entrepreneurs in the FoC network create systems change for the adoption of ethical and sustainable practices in the apparel

¹ <https://www.ashoka.org/en/program/ashoka-globalizer-1>

² <https://www.changemakers.com/fabricofchange>

³ <https://www.ashoka.org/en>

⁴ <http://www.candafoundation.org>



industry. This discussion is based on organizational data provided by GoodWeave India and a series of interviews with GoodWeave India employees and constituents including importers, exporters, producers, community members and collaborators. Most of the information was collected during a week-long visit to carpet belt in northern India carried out by a Keystone Accountability⁵ consultant in December 2017. Additionally, Keystone has been supporting GoodWeave to put in place and operate an ongoing feedback system with Indian exporters. Insights from the feedback collected have also been used for the case study.

THE GOODWEAVE MODEL

“GoodWeave’s mission is to end child labor in the rug industry and to replicate its market based approach in other sectors.”⁶ Affiliates under the GoodWeave International umbrella operate in three countries in South Asia (India, Nepal and Afghanistan), two in Northern Europe (Germany and the UK) and in the USA. GoodWeave India mainly focuses its work in the ‘carpet belt’ in the North of the country and in the manufacturing areas surrounding New Delhi. Since its beginnings, GoodWeave has freed 3,936 children from exploitation, helped enrol 23,996 children in school and 59,152 factory workers have benefitted from its system⁷.



GOODWEAVE AT A GLANCE

- ▶ **Key goal:** end child labor, forced labor, and bonded labor in global supply chains.
- ▶ Founded in 1994 by Nobel peace prize laureate and Ashoka Fellow Kailash Satyarthi
- ▶ Operates in three exporting countries (India, Nepal and Afghanistan) and is present in three importing countries (Germany, UK and USA)
- ▶ **How it works:**
 - ▶ GoodWeave Standard certifies child labor free carpet production
 - ▶ Child Friendly Community initiative for prevention of child labor
 - ▶ Supply chain initiative to improve working conditions overall
- ▶ **Impact to date:**
 - ▶ 3,936 children rescued and rehabilitated
 - ▶ Helped enrol 23,996 children in school
 - ▶ Benefitted 59,152 factory workers
- ▶ Since 2016, pilot for the application of GoodWeave's system in apparel sector in India

⁵ Keystone Accountability helps organizations understand and improve their performance through harnessing feedback, especially from the people they serve. Keystone has developed the Constituent Voice™ methodology for this purpose. Keystone has been the learning and evaluation partner for the Fabric of Change initiative.

⁶ <http://www.goodweave.in/about>

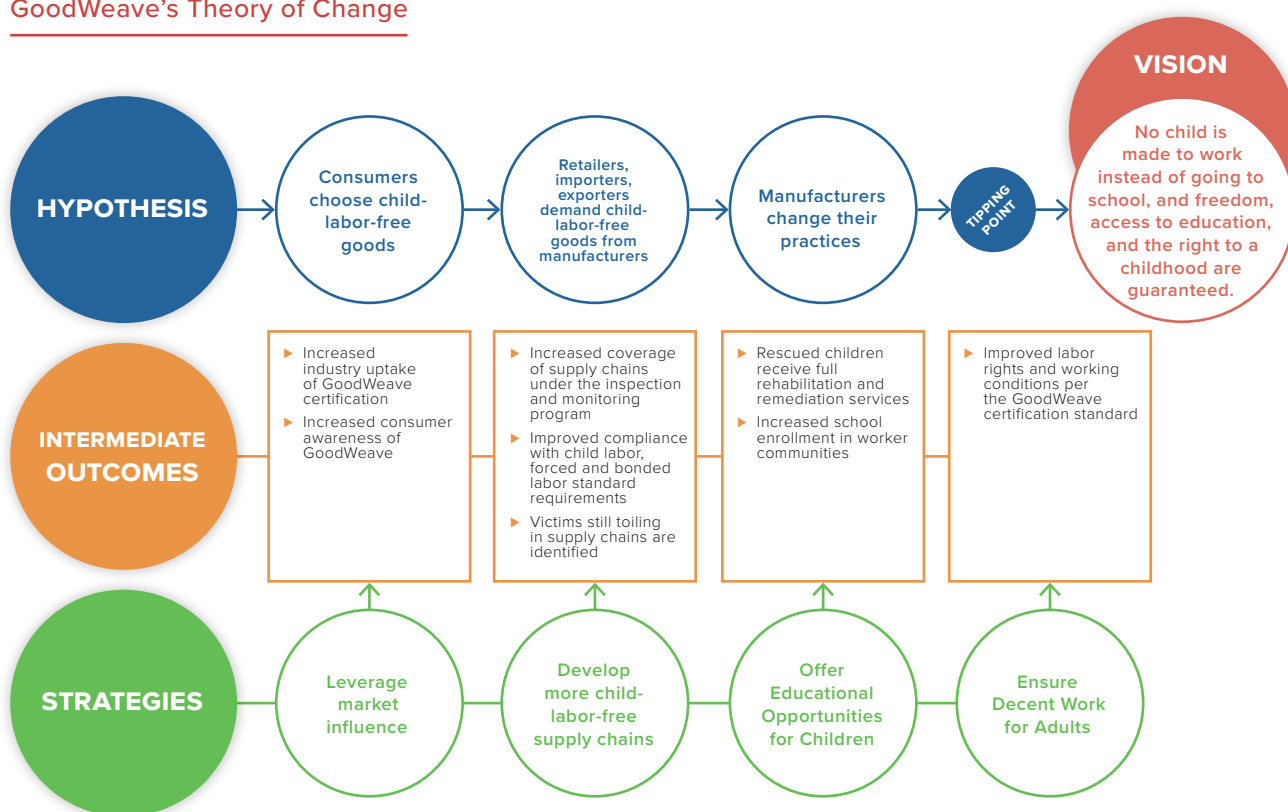
⁷ <https://goodweave.org/proven-approach/impact/>

In the carpet sector, through the Europe and US based affiliates, it works to build demand for certified child-labor-free rugs from consumers and it enables a license system for retail brands and importers. In India, GoodWeave works with

producers and exporters, independently monitoring supply chains and certifying carpet production according to the GoodWeave Standard. In parallel, whenever child labor is identified, GoodWeave runs a program for the rehabilitation of child workers. At the same time, a child labor prevention programme is implemented in carpet weaving communities, mainly through support for education, and raising awareness regarding child labor.

In 2016, GoodWeave India in collaboration with C&A Foundation launched a pilot project for the replication of GoodWeave's model in the apparel sector. The pilot engages global brands (C&A and Monsoon Accessorize at this stage with interests from other brands as well), suppliers and subcontractors for the development and implementation of a standard and certification system that can be applied to all tiers of the supply chain and specifically to home-based work, where child labor is most commonly found. It is complemented with specific programs at the community level for the rehabilitation of child workers and the prevention of child labor.

GoodWeave's Theory of Change



GoodWeave's theory of change pursues a market driven strategy to eliminating child labor in supply chains, but also a preventive approach through educational support and community engagement. These strategies produce two primary long term outcomes: the elimination of child and bonded labor in carpet, and

Figure 1: GoodWeave's theory of change

Source: GoodWeave International
Global Indicators 2015 Evaluation
Summary Report



now apparel, supply chains; and the expansion of educational access and other basic rights to children in villages where carpets and apparel are manufactured. The outcomes GoodWeave is accountable for will increase in the years ahead as certification principles in the GoodWeave Standard are extended to include working conditions, freedom of worker association, worker discrimination, and environmental sustainability. Goodweave's intervention leads to system change by meeting consumer demand for child-labor-free goods through a comprehensive supply chain compliance mechanism that works collaboratively with importers, exporters, producers, and workers. The tipping point for change is reached when the collective behaviors of these actors guarantee childhood freedoms.

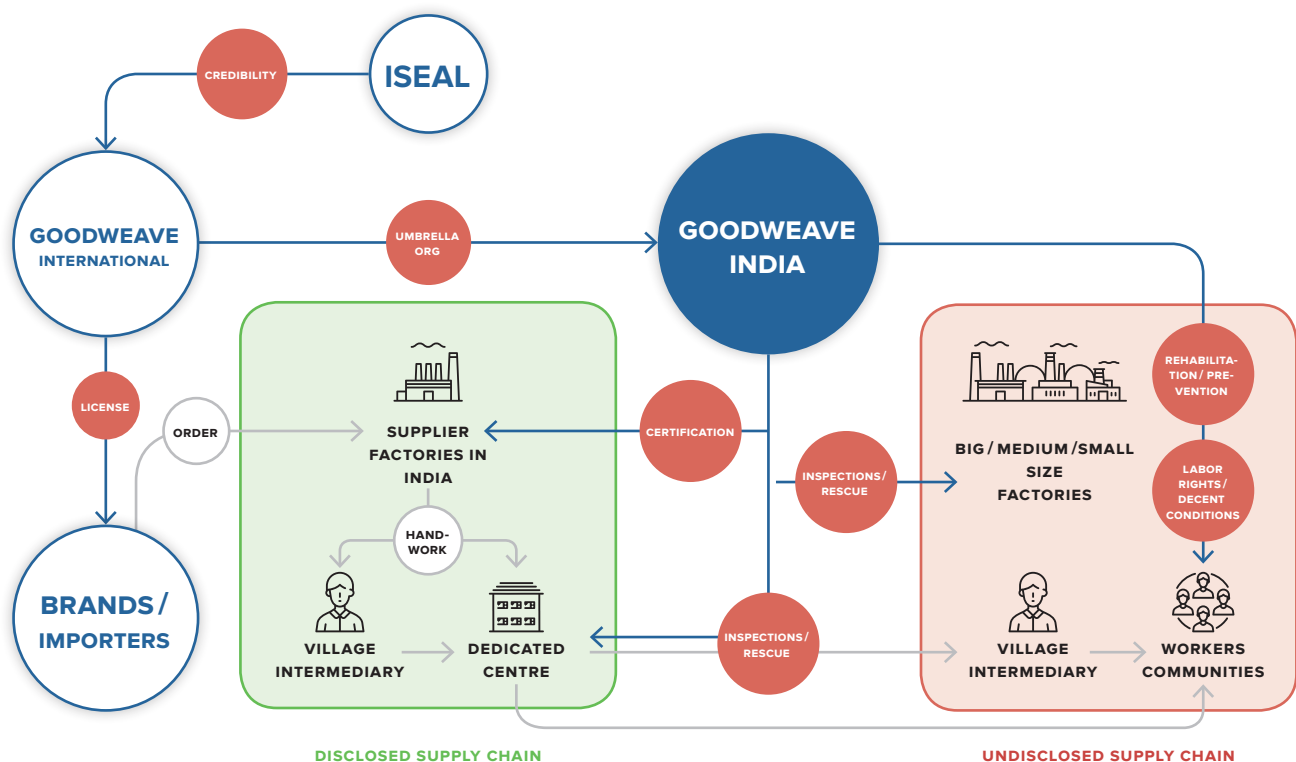
SYSTEMS CHANGE FOR ENDING CHILD AND BONDED LABOR

⁸ GoodWeave India, Globalizer Strategy, 2016

Figure 2: GoodWeave India's ecosystem for change

Source: GoodWeave International Global Indicators 2015 Evaluation Summary Report

GoodWeave operates in an ecosystem of highly complex supply chains. Both in the carpet and the apparel industry, international brands and retailers place their orders with medium to large exporters who then outsource all or part of the production to other factories or, through intermediaries / agents, to homeworkers or small workshops. Often sub-contractors also outsource the production to homeworkers and small workshops. According to GoodWeave, almost 90% of all child and bonded labor is found in the sub-contracted part of the chain, which almost always remains undisclosed. Yet, as Manoj notes, the problem is not the outsourcing practices, but the fact that this part of the supply chain is "hidden and unrecognized and [that] efforts towards transparency have been minimum"⁸.



So, how is GoodWeave navigating this complexity? How is it changing the systems responsible for the existence of child and bonded labor?

To respond to these questions this case study uses a framework of five domains of system change that have been identified by Ashoka through its work with social entrepreneurs⁹. According to Ashoka, social entrepreneurs produce systems change in the following ways:

- ▶ Redefining interconnections in market systems (i.e., market dynamics and value chains)
- ▶ Changing the rules that govern our societies (i.e., public policy and industry norms)
- ▶ Transforming the meaning of private vs. citizen sector (i.e., business social congruence)
- ▶ Integrating fully marginalized populations (i.e., full citizenship and empathetic ethics)
- ▶ Increasing the number of people who are social problem-solvers and change makers.

GoodWeave's model touches upon all five different domains for systems change.

HOW GOODWEAVE CHANGES SYSTEMS



Figure 3: GoodWeave's systems change approach

Legend: Strength of systems change approach

- High
- Medium
- Low

⁹ https://www.ashoka.org/sites/ashoka/files/Ashoka_Intro.pdf (Ashoka Impact Study 2009) and <https://www.ashoka.org/en/atom/6653> (Ashoka Impact Study 2013)



Changing market dynamics

GoodWeave takes a market driven approach, placing specific focus on the demand side, from consumers and importers/retailers, for products that are certified as child-labor-free. Through this approach, in 2016, GoodWeave managed to certify 2.6 million carpets, representing 9% of the market share of rugs in the countries where these products are sold¹⁰. GoodWeave's estimate for a tipping point for transformation in the carpet industry is 17%¹¹.

Different market actors place high value on products certified by GoodWeave. Big retailers find themselves under rising scrutiny from the media and the public regarding their supply chains, as well as compelled by new legislation such as the 2015 Modern Slavery Act in the UK. According to GoodWeave, companies are increasingly willing to pay for information about their supply chains.

Without exception, all the exporters interviewed for the case study perceived value in the GoodWeave label. This was most often expressed in terms of brand recognition and marketing as the label has the potential to attract new importers and customers. Exporters see the potential for additional sales from the label, however they were not ready to state that it has increased revenues at this point. Types of value for exporters include being branded as responsible businesses and finding 'clean' producers to contract with. The certification pricing model is seen as reasonable, with most of the exporters saying that they pay the fees themselves.

Another important aspect is the contribution towards more transparent value chains, especially regarding tier 2 and 3 (sub-contracting practices). Goodweave International's Executive Director Nina Smith states that "we have arrived at a point in time where major brands are responsible for their full supply chain. There are a lot standards and compliance strategies out there that attempt to document the full supply chain, but only the compliance system developed by Manoj and the employees at GoodWeave India have perfected it by reaching all of the workers." In effect, GoodWeave requires disclosure of the full supply chain of licensed exporters, not just the portions that are being certified.

All exporters interviewed were appreciative of GoodWeave's comprehensive supply chain mapping and compliance operations. GoodWeave's methodology gives exporters confidence that they can go to a buyer and state confidently that their products are not made with child or bonded labor. This not only reduces the compliance cost of some exporters but also gives moral comfort that their company is operating with integrity.

"I was surprised when GoodWeave told me there were parts of my supply chain I was unaware of. I was so confident that I had everything mapped. But this gives me a lot of confidence that now I can say 100% sure that there is no child labor involved and I am very happy about it."

Licensed exporter ▲

¹⁰ GoodWeave 2016 Annual Report

¹¹ This estimate percentage was provided to us by GoodWeave. According to Innovation Diffusion Theory, the tipping point for the wide adoption of an innovation is when the product achieves 16% of the market share. See: <https://www.slideshare.net/ChrisMaloney2/the-16-rule-the-secret-to-accelerating-diffusion-of-innovation>

Changing public policy and industry norms

There are now several countries and other jurisdictions adopting supply chain legislation which set labor practice standards for imported goods. Great Britain, France and the state of California in the United States are examples where public policy has evolved to support the rights of children and to improve conditions for workers in developing countries. Goodweave was not directly involved in advocating for these policies; however, the Goodweave model has effectively operationalized supply chain standards which give credibility to current and future efforts by governments to address adverse labor conditions internationally.

“Goodweave has demonstrated that it is now possible to know what is happening at the lowest levels of supply chains”

Nina Smith, Executive Director, ▲
GoodWeave International

GoodWeave is a member of the ISEAL Alliance, which is the association of social and environmental standard setting organizations. Through its affiliation with ISEAL, GoodWeave is not only adding credibility to its standard and certification system, but is also part of the broader movement for self-regulation and control in global supply chains.

Further, GoodWeave is working directly with big international brands, such as Target, C&A and Monsoon Accessorize to ensure that systematic controls and consciously fighting against child and bonded labor are the norm.

Similarly, GoodWeave works with exporters to strengthen their resolve to end child labor and to provide workers with better conditions. This attitude was apparent more with the smaller exporters than with larger exporters who tend to be more compliance than values driven. That said, when asked if they felt the GoodWeave model was the right approach to end child labor, all exporters strongly endorsed the idea. As discussed above, the child labor tipping point will be reached when firms take a proactive approach to improving their entire supply chain and dedicate the resources needed to maintain compliance and ethical standards.

“Child labor is everywhere and if GoodWeave expands its reach this problem can be solved.”

Licensed exporter ▲

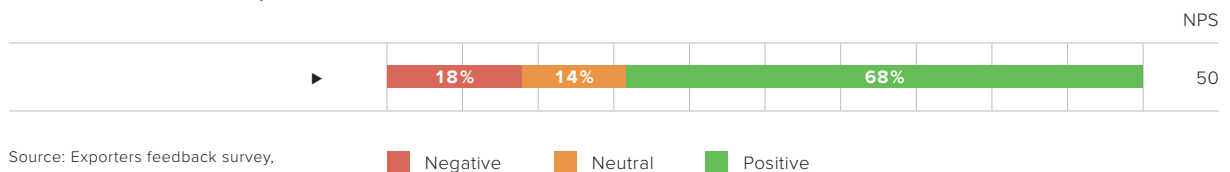


Creating business social congruence

GoodWeave's work blurs the boundaries between for profit enterprise and the search for social good and impact. This is shown through its close work with international brands, that see that their business cannot be separated from the social impact (negative or positive) created in producer countries and that by engaging in supply chain transparency initiatives they can reduce legal, ethical and reputational risks related to child and bonded labor. It creates a union of private sector actors - buyers, exporters, producers, brokers, and workers - whose collective efforts not only deliver products, but also social value by influencing behaviors in each successive link of the value chain. For example, a producer might actively encourage workers to send their children to school by not allowing children in the workplace.

This is an important element in the activities with local producers and exporters, as they work towards a common vision for ending child labor in carpet and apparel supply chains. This was a key point in the interviews and through the feedback system that Keystone is helping GoodWeave India operate with exporters.

In your opinion, how effective are the unannounced checks that GoodWeave carries out with your subcontractors?



“Our subcontractors are now quite aware about the good practices and they take care to ensure all basic requirements are fulfilled or else they can be asked to stop working with us.”

Exporter, feedback survey respondent

CONSTITUENT FEEDBACK FOR BUILDING A COMMON VISION

Since November 2017, Keystone has been working with GoodWeave India to put in place a simple feedback system with one of their key constituent groups, licensed exporters. There is a cohort of exporters who have the potential to operate at a new level, where they can effectively balance making profits, worker wellbeing, and environmental sustainability, a triple bottom line. One practical starting place for making progress on this vision is a feedback mechanism that can provide a systematic way to not only quickly address pain points, make improvements and dialogue, but also become a platform to jointly “co-create” new solutions, innovations and practices that enhance the triple bottom line.

Improving the lives of children and communities

It is in the undisclosed, hidden part of the carpet and apparel supply chains where child and bonded labor is most commonly found. It is driven by harmful stereotypes, such as the notion that making children work is a way for them to be trained and that schooling is not needed, as well as customs, such as repaying family debt through bonded labor practices. Discriminatory gender norms, bring additional vulnerability to young women working in hidden supply chains.

Core to GoodWeave's mission is the rehabilitation of child workers who have been discovered working on looms and in other workshops. The key variables for successful rehabilitation are usually family reunification and schooling. During the site visits, several children were observed who are going through this process and they all appeared to be well adjusted and are actively participating in school.

GoodWeave's preventative activities of its theory of change has led to substantial progress on this approach to system change. This is most evident in the community organizing GoodWeave is doing at producer work sites (mainly through health and safety awareness training) and through its Child Friendly Community initiative. At some producer sites GoodWeave partners with management to provide additional worker support such as health education and assessments. These services would be unlikely to reach these worker populations otherwise. The Child Friendly Community initiative appears highly successful in creating community engagement in the carpet and apparel villages. The change agents are the Community Facilitators who grew up in the village. These young people are selected because they aspire to college education and demonstrate an ability to teach children and influence parents about the importance of education. Rates of school attendance in one village more than doubled to 85% according to a Community Facilitator. As Nina Smith denotes, "Market change is married to community change in the GoodWeave model".

The influence of the facilitators is also used to address other issues in villages such as health education and adult literacy. The success of the Motivational and Learning Camps in preparing children for mainstream schooling has resulted in separate literacy classes for women who were curious about what their children were learning. Basic literacy and numeracy skills help these women become more self sufficient, allowing them to conduct banking transactions and manage their home-based work more efficiently.

GoodWeave's approach shines a spotlight on the issue of child and bonded labor. It makes the problem visible not only in the communities where it operates, but also by building empathy towards the children, workers and families affected by consumers, importers and exporters.



Figure 4: Community facilitator in young women's literacy class



Promoting changemaking

GoodWeave benefits from great international exposure in the media and other circles. Its founder, Kailash Satyarthi, has received the Nobel Peace Prize in 2014 for his dedication to ending child labor. Both Kailash and Manoj are Ashoka fellows, in recognition of their social entrepreneurship and changemaking capacity and impact. GoodWeave does not only rely on the feature articles and mentions by influential media outlets (such as the Washington Post) and blogs, but also works closely with leading design magazines in Europe and the USA (such as ELLE Decoration or Interior Design) to place public service announcements. This kind of exposure is key to raising awareness about child and bonded labor, but also showcasing solutions and promoting changemaking among different actors, such as consumers, brands and policy makers.

There are many parts of the GoodWeave model to admire, but maybe the most impressive and innovative is the Community Facilitator role. The role is not only foundational to the model's preventive approach, but it is also building human capital for a new generation of changemakers ready to engage with their communities. The daily work of facilitators is where change is happening: they are teaching children, encouraging them be curious about their world; they are educating parents about the value of schooling, helping them make decisions; and they are investing in themselves, learning new skills, and stepping out of potentially confining traditional roles. Several young women interviewed for the case study felt that being a facilitator gave them permission to create a new persona for themselves separate from family hierarchy. One female facilitator said,

“I have always been known by my father's name. My job with GoodWeave gives me a different standing in my village”

Female facilitator



Further, GoodWeave promotes social entrepreneurship and changemaking with exporters and local producers, who tend to represent smaller firms and are involved in all aspects of their businesses. They have the ability to play a direct leadership role in improving the quality and equity of their supply chains, especially by influencing working conditions at the producer level.

One apparel exporter who has already stepped into this type of social entrepreneur role is Anant Ahuja at Shahi Exports, the largest garment exporter in India¹². Anant is motivated to use his position of influence to both create a great company to work for and have an impact on equity development goals in India. GoodWeave's engagement with Shahi Exports is a clear way to continue to demonstrate this leadership.

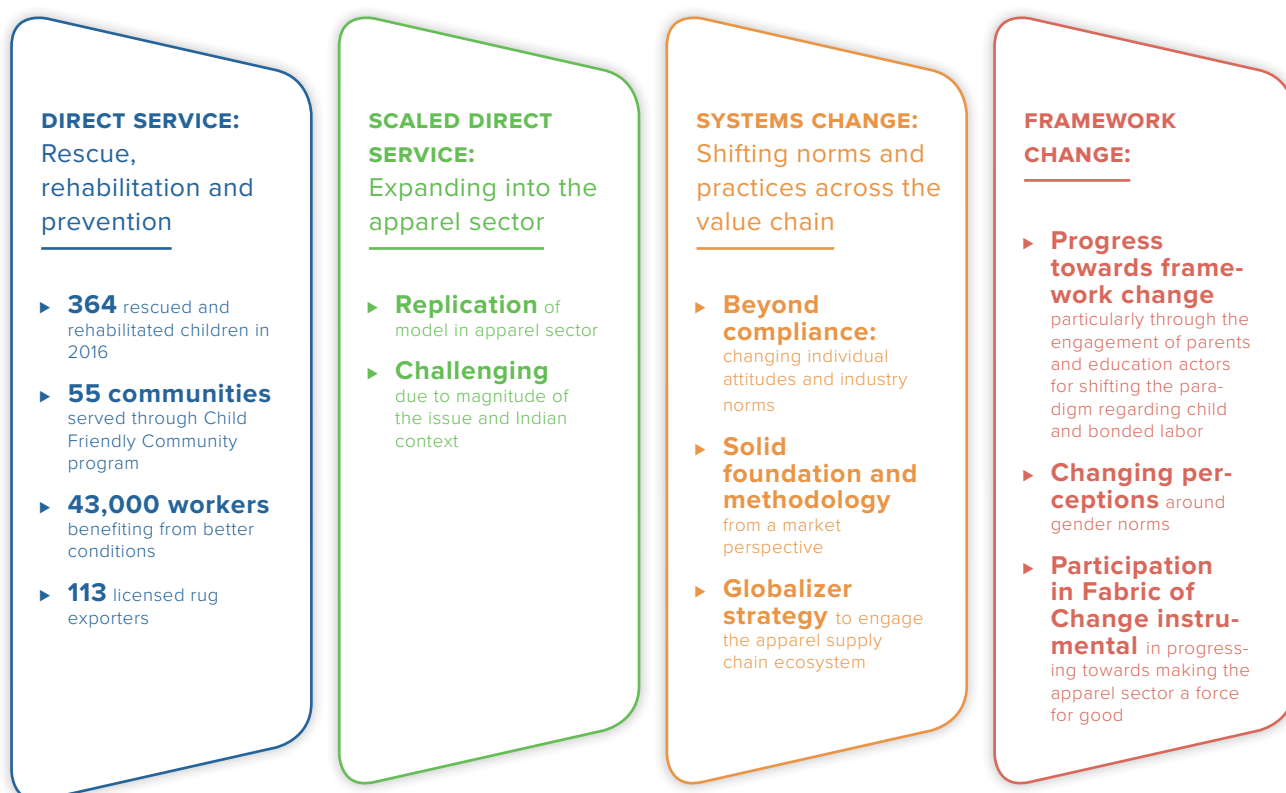
¹² <https://www.teaandwater.co/insights/perspectives/conversation-with-anant-ahuja/>

EXPLORING THE IMPACT OF GOODWEAVE'S WORK

Ashoka distinguishes four levels in the impact spectrum¹³ which provide a useful framework to consider GoodWeave India's strategic vision of impact:

- ▶ **Direct Service:** Work in populations needing services, goods, and/or a direct benefit to their wellbeing.
- ▶ **Scaled Direct Service:** Models that unlock efficiency and impact through well-managed logistics of an intervention or solution. Scaled Direct Service benefits large numbers of individuals.
- ▶ **Systems Change:** A new model that is addressing the root cause of a problem. It often involves policy change, widespread adoption of a specific methodology by leading organizations in a sector, or creates new behaviors within an existing market or ecosystem
- ▶ **Framework Change:** Framework Change affects individual mindsets at a large scale, which will ultimately change behaviors across society as a whole.

Figure 5: GoodWeave's different levels of impact



¹³ <http://ashokau.org/blog/rethinking-the-impact-spectrum/>



Direct service – Rescue, rehabilitation and prevention

GoodWeave India's direct service impact is dramatically illustrated by the hundreds (130 in the carpet sector and 234 in the apparel sector in 2016) of rescued and rehabilitated former child workers discovered through its supply chain compliance activities. By locating and removing children from forced working arrangements, GoodWeave India restores children's freedoms, often reconnecting them to their families, and increases their potential to become fully literate and finish schooling. GoodWeave India's educational activities support these individual impacts but also lead to gains in educational attainment for many more children living in villages centered around carpet or apparel production. "GoodWeave's Child Friendly Communities program reaches 55 carpet, home textile and apparel stitching communities, delivering education to some 9,489 kids. Through its supply chain initiatives, GoodWeave is reaching out to more than 56,931 workers in supply chains of the licensees"¹⁴. GoodWeave India has 113 carpet exporter licensees all over the country whose supply chains are regularly subjected to random, unannounced inspections.

Scaled direct service – Expanding into the apparel sector

While the number of communities and children reached through GoodWeave India's work both in the carpet and apparel sector are impressive, this report avoids qualifying it under 'Scaled direct impact' because of the scale of the child labor problem in India. A 2014 study estimated a 20% prevalence of child labor in the carpet industry in India¹⁵.

Dramatically scaling this direct service impact is on GoodWeave India's strategic roadmap, particularly through the model's replication in the apparel industry.

System change – Shifting norms and practices across the value chain

The limitations in scaling up direct service delivery do not negate GoodWeave India's ability to produce system change, defined here as the widespread adoption of a specific methodology and/or set of behaviors that addresses the root cause of a social problem¹⁶. Manoj Bhatt went through Ashoka's Globalizer programme in 2016 as part of his Fabric of Change Fellowship. The Globalizer programme takes Ashoka Fellows through a process of mentorship for developing strategies for scaling impact from a systems change perspective.

Manoj's work at GoodWeave India is hastening towards a tipping point beyond which it is no longer acceptable to produce and sell carpets and apparel touched by child labor. Goodweave can produce this change with a relatively small footprint because its model taps the wisdom of a worldwide market, driven by increasingly discerning customers who consume based on price, quality, and ethical considerations. Thus, GoodWeave has created a methodology for the ethical production of goods to meet consumer preferences through an accepted industry standard and a compliance system to enforce it. But compliance is only

¹⁴ GoodWeave India, Globalizer Strategy, 2016. Data update as of December 2017 provided directly by GoodWeave India

¹⁵ <https://cdn2.sph.harvard.edu/wp-content/uploads/sites/5/2014/01/Tainted-Carpets-Released-01-28-14.pdf>

¹⁶ <http://ashokau.org/blog/rethinking-the-impact-spectrum/>

one means to the end. The continuous engagement with the entire supply chain to improve ethical practices raises awareness about the social problem of child labor with a growing number of exporters, producers, and workers. Exporters are provided with opportunities for improving and rectifying their supply chain without being penalized. It also helps creating child labor free supply chains that are not compliance oriented but individually motivated and organic in nature. Though slow, this is the final level of impact that GoodWeave is looking for. In fact, GoodWeave believes that exporters who are willing to make this effort should actually be rewarded by brands and buyers with additional orders so that they remain motivated. It is the work of changing individual attitudes and industry norms on the ground, reinforced by the demands of a global market that can create change in the ecosystem. Ultimately system change happens when the marketplace fully assumes the responsibility of ethical supply chains based on moral and competitive factors. GoodWeave is laying the foundation for this to occur, through its Globalizer strategy and the expansion of its work in the apparel sector.

Towards framework change

Framework change differs from system change in that it operates at a population level, the highest magnitude of influence and impact. Achieving meaningful change at this scale requires the efforts of many actors and several public and private organizations. GoodWeave's theory of change supports several population level impacts including ending child or bonded labor, improving working conditions and worker rights, and increasing student engagement and achievement in the educational system. GoodWeave India has the biggest influence on changing nationwide norms on child labor because textiles and apparel are the primary industries where these activities occur. GoodWeave India is also playing a role in helping to reform the complex and highly dysfunctional primary and secondary educational system. Its approach of encouraging parents to prioritize education, operating remedial learning centers, and collaborating directly with public and private schools, has shown progress of increasing school attendance and holding the educational system accountable to their mission for universal education.

It's worth also noting the powerful impact of role modelling female leadership – as Community Facilitators - in communities where traditional gender norms devalue women and girls.

Manoj's participation in Fabric of Change as an Ashoka Fellow is instrumental in progressing towards framework change, by providing a network of change-makers actively and collaboratively working towards making the apparel sector a force for good.