

► Fabric of empowerment

Empowering Afghan refugees and host community artisans
in Pakistan's textile craft sector

April 2024

Overview

This policy brief summarizes insights from a study conducted across Pakistan for policymakers, practitioners and development partners.

It highlights the obstacles encountered by both Afghan refugees and host communities within the artisanal textile craft sector and suggests policy actions aimed at leveraging the sector's full potential.

► 1. Introduction and background

For more than four decades, Pakistan has provided refuge to around 4 million Afghan refugees, of which 1.33 million are registered, as of June 2023.¹ Refugees encounter challenges in attaining sustainable livelihoods that foster self-reliance and resilience. The rise in refugee numbers also presents difficulties for host communities in Pakistan, impacting the livelihoods of some locals.

Given the extended nature of displacements such as these, there's a growing emphasis on developing long-term, dignified solutions. To this end, the United Nations High Commissioner for Refugees (UNHCR) and the International Labour Organization (ILO) partnered to carry out a comprehensive study across Pakistan from September to December 2023. The study employed the ILO-UNHCR approach to inclusive market systems (AIMS) and covered three value chains: construction, fruit and vegetable farming, and artisanal textile craft production.

Study approach



Sector selection criteria



Maximize economic impact

Prioritize sectors where interventions yield significant benefits for Afghan refugees.



Enhance livelihoods and skills

Focus on sectors that offer employment opportunities aligned with refugees' skills.



Foster resilience and sustainability

Prioritize sectors where interventions yield significant benefits for Afghan refugees.



Promote inclusive development

Ensure sector growth supports inclusivity, especially for women and vulnerable groups.

36

locations

35

instruments

625

informants

42%

refugees

¹ UNHCR, "Afghan Refugees in Pakistan by Province", 30 June 2023.

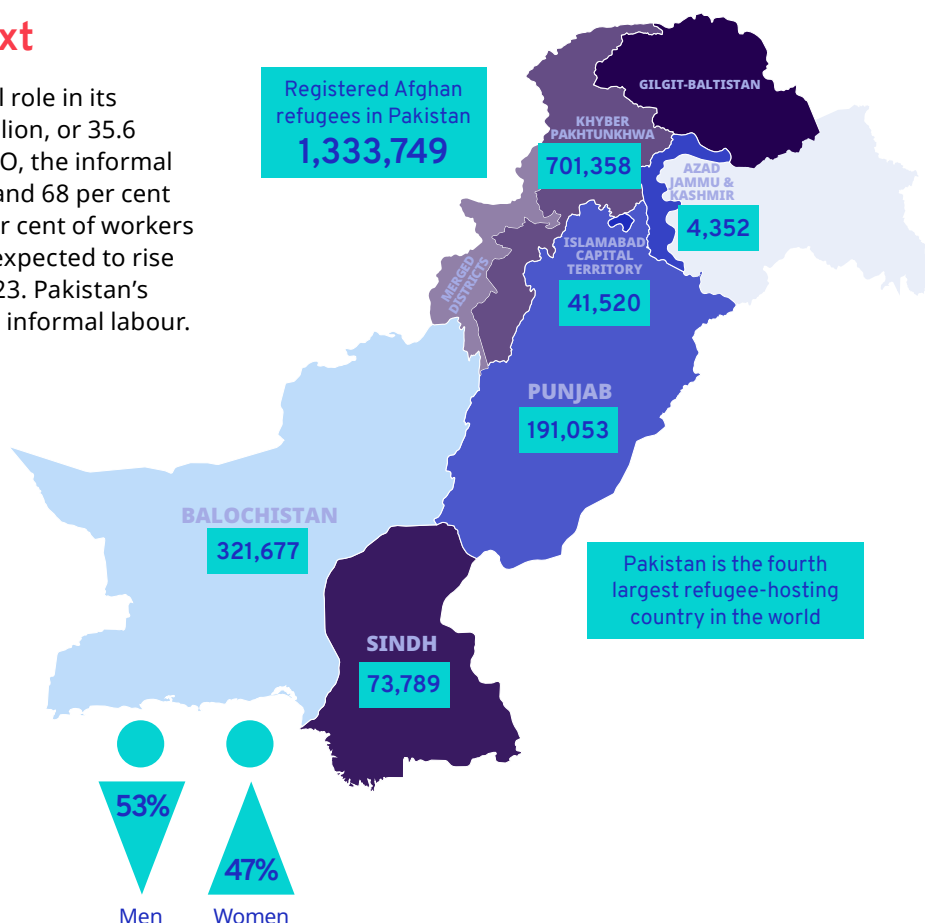
► 2. Understanding Afghan refugees in Pakistan

2.1. Socio-economic context

Pakistan's informal sector plays a crucial role in its economy, contributing about US\$661 billion, or 35.6 per cent of the GDP.² According to the ILO, the informal sector employs 75 per cent of the rural and 68 per cent of the urban workforce. In 2021, 84.3 per cent of workers were in informal employment, a figure expected to rise further due to job losses reported in 2023. Pakistan's construction sector relies heavily on the informal labour.

2.2. Demographics

As of October 2023, the Afghan refugee population in Pakistan is estimated by the UNHCR to be approximately 3.7 million,³ with only 36 per cent (1,333,749) registered as of June 2023.⁴ Afghan refugees in Pakistan comprise a diverse group of various ethnicities and social backgrounds, settled across several regions of Pakistan. The largest segment of the working community is between 18 and 59 years old, with almost equal representation of men and women.



2.3. Classification of Afghan refugees in Pakistan

Registered refugees

Most Afghans who arrived before 2005 have been officially recognized by the Government of Pakistan and UNHCR, and possess a registration document, such as a Proof of Residence (PoR) card.

The PoR card provides legal identity and protection in Pakistan. It allows temporary stay in Pakistan, protection against refoulement, freedom of movement, rental of property, access to education, healthcare, banking and limited access to telecommunications.

Afghan Citizen Card holders

Afghans who arrived and registered with the Government of Pakistan between 2017 and 2018 usually possess Afghan Citizen Cards and do not have PoR cards.

Provided under the principle of non-refoulement, the Afghan Citizen Card allows access to informal labour market only, with limited access to public education and healthcare services.

Unregistered/undocumented

Many Afghans in Pakistan lack official recognition or documentation. Some have provided their basic information to the NGO Society for Human Rights and Prisoners (SHARP).

Unregistered Afghans have limited protection from arrest and deportation. They may reside in undocumented settlements or urban areas, increasing the risk of eviction and deportation. They are unable to work legally, leading to vulnerability in the informal economy.

² Abul Wahid, "The Informal Sector: A Significant Contributor to Pakistan's Economy", *Profit*, 14 March 2023.

³ Human Rights Watch, "Pakistan: Drop Threat to Deport Afghans", 12 October 2023.

⁴ UNHCR, "Afghan Refugees in Pakistan by Province", 30 June 2023.

2.4. Livelihoods of Afghan refugees in general

Afghan refugees in Pakistan can be categorized into the following groups based on their occupations and skills:⁵



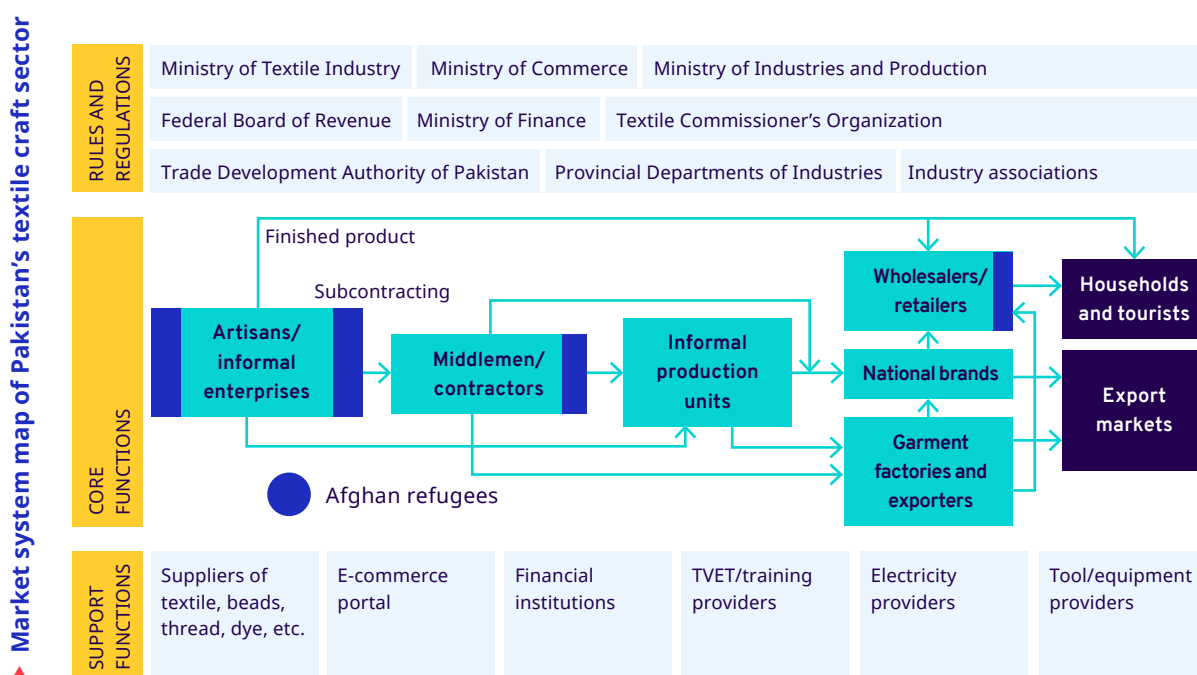
Almost all employed Afghan refugees in Pakistan work in the informal economy.

► 3. Market systems analysis of the textile craft sector

The artisanal textile craft subsector, an informal part of the broader textile and garments industry, plays a crucial role in the regional economy, with significant participation from Afghan refugees. This segment is driven by artisans and small workshops that engage in both subcontracting work and small-scale production of handcrafted items with cultural significance. These craftspeople produce a range of products, from embroidery and weaving to bespoke stitching, embodying the sector's artisanal essence and their entrepreneurial spirit.

They market their creations directly to consumers or via intermediaries, demonstrating the sector's diversity and cultural importance.

The market systems map above shows how the textile craft sector operates under a market systems framework comprising rules and regulations, core functions and supporting functions.



⁵ Asghar Khan, et al., "War, Refugees and Regional Implications: The Impact of Afghan Refugees on Local Society of Khyber Pakhtunkhwa, Pakistan", *Journal of Humanities, Social and Management Sciences (JHMS)* 2, No. 1 (2021): 121–132.

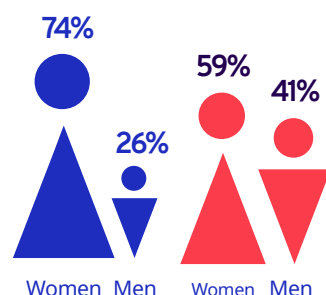
► 4. Key insights from the textile craft sector value chain study

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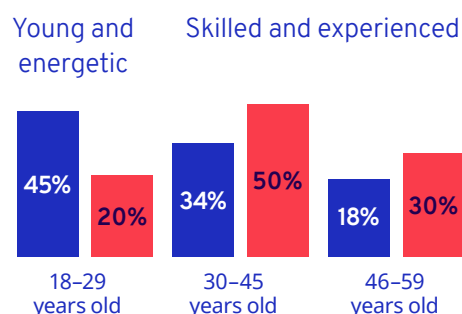
Blue represents Afghan refugees

Red represents host communities

Gender of artisans

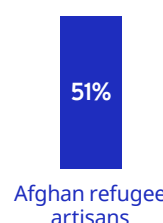


Age of artisans



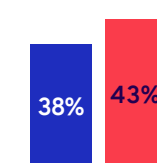
Education

Primary education



Experience

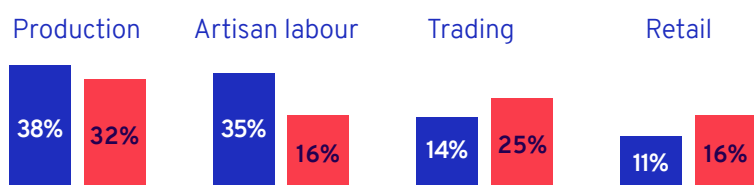
10+ years in the sector



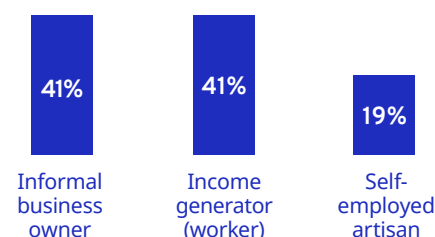
Textile craft participation by business category



Refugees have the highest participation in textile production, but little involvement in trading and retailing.



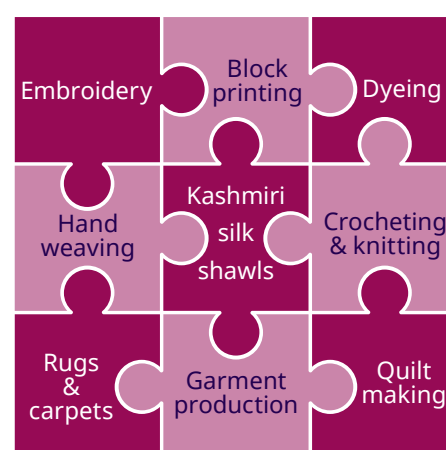
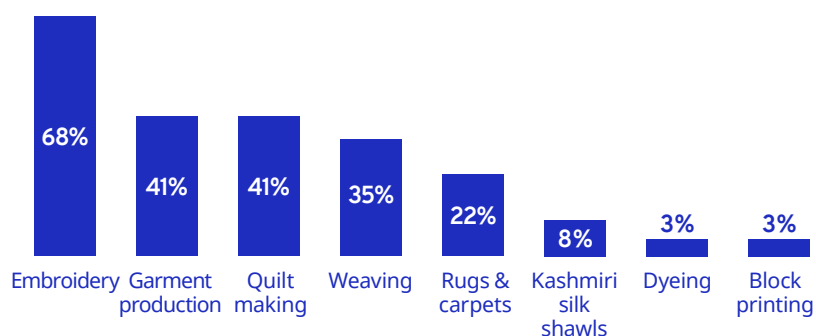
Entrepreneurial categories



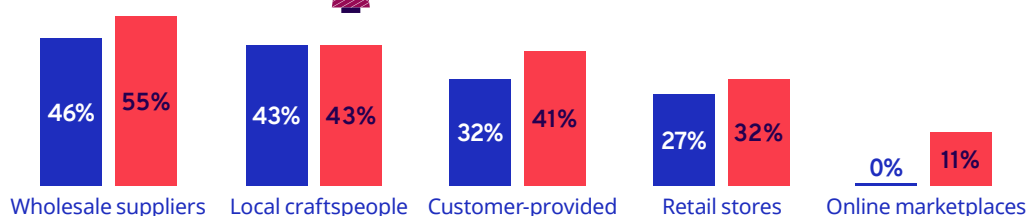
Artisanal background and skills set of Afghan refugees



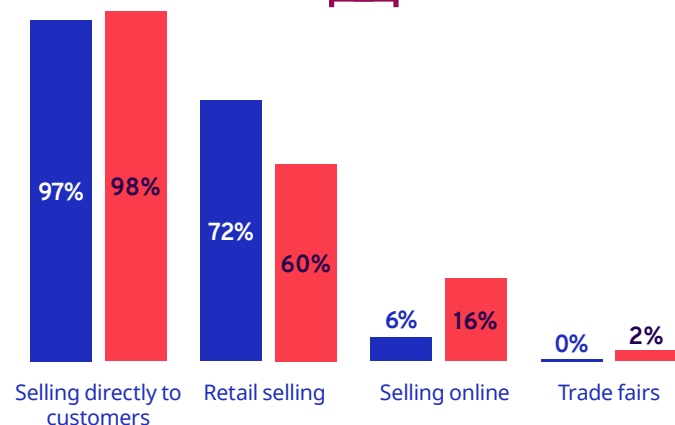
A high demand for specialized embroidery work, garment and quilt making highlights the importance of specialized design in textile crafts.



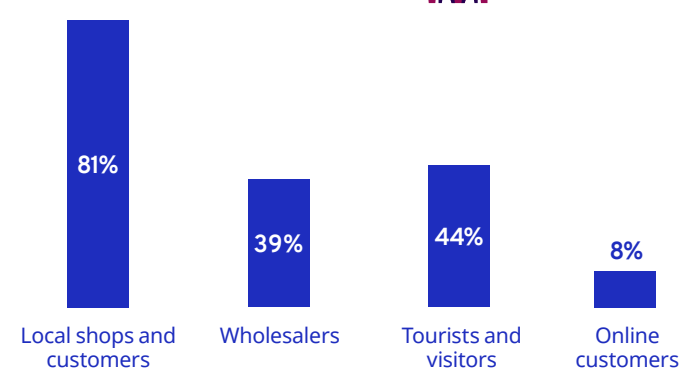
Sources of raw material



Product sales methods



Customers of Afghan artisans



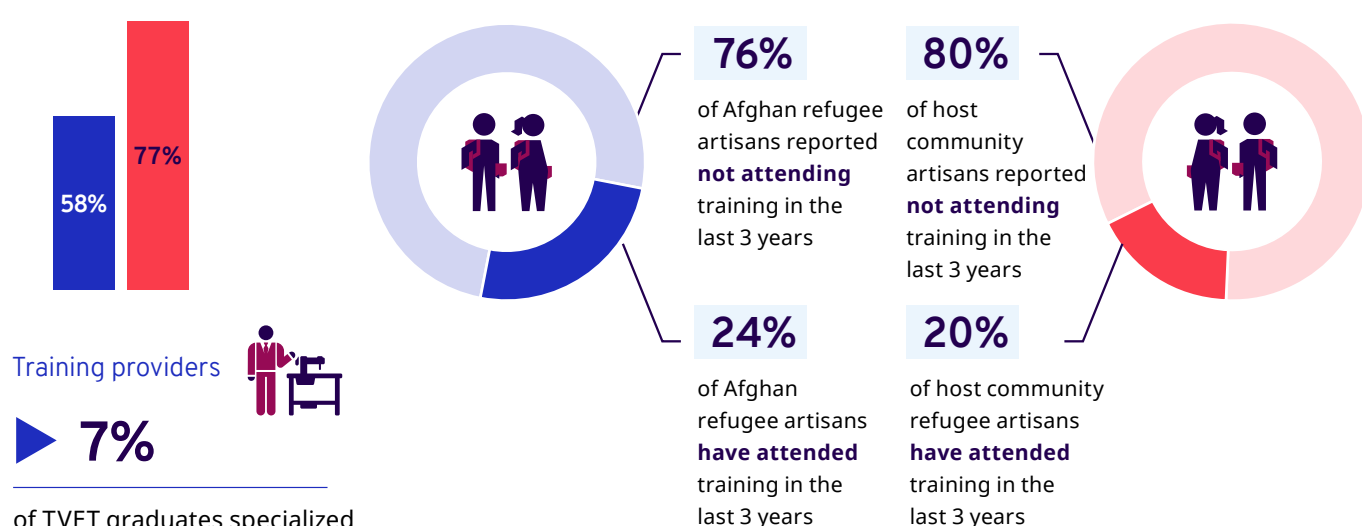
Artijaan opens the world to Afghan artisans

Artijaan is a social enterprise dedicated to empowering Afghan women artisans and safeguarding cultural heritage. They serve as more than a marketplace, linking these talented artisans with a worldwide audience interested in genuine Afghan crafts. Through partnerships with 40+ women artisans in rural Afghanistan, Artijaan offers fair pay, education, business support and material resources. This empowerment benefits these communities and secures the perpetuation of traditional craftsmanship techniques. For instance, Roya, an embroiderer from Kabul, can now market her fine napkin sets and other works to a global clientele. Artijaan provides a model that can be adopted across the artisanal textile craft sector for both host communities and Afghan refugees in Pakistan.

Source: Artijaan, "Craft and Stories from Afghanistan".

Access to training

Independent learning Training in the last 3 years



Training providers

► 7%

of TVET graduates specialized in textile or apparel-related programmes (2009–2018)

Popular training programmes

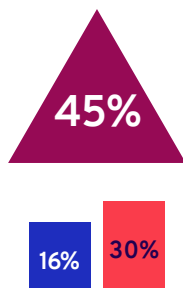
Dressmaking, machine embroidery, fashion design, hand embroidery, and stitching

Challenges

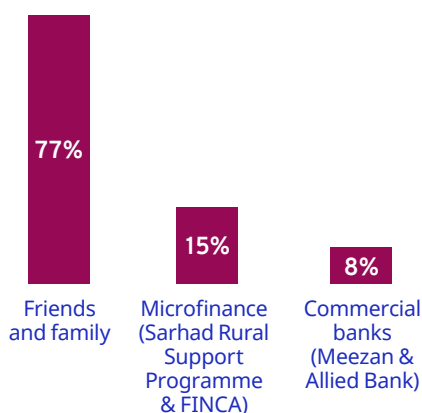
Training programmes often lack sufficient on-the-job and practical training components

Financial needs

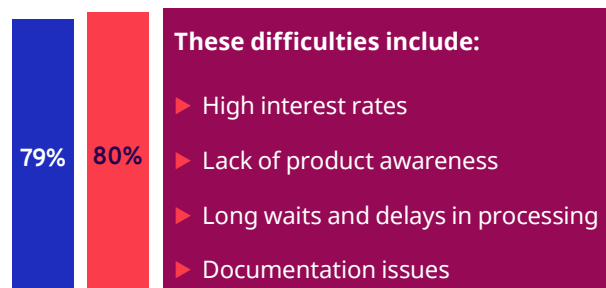
Artisans who have borrowed money for their businesses



Lenders



Difficulties faced to accessing credit



These difficulties include:

- High interest rates
- Lack of product awareness
- Long waits and delays in processing
- Documentation issues

Union membership



No Afghan artisans are members of any registered unions or associations in Pakistan.

► 5. Systemic constraints and challenges

- 1 Lack of market knowledge and skills**

Many artisans in the textile craft sector have limited knowledge about current market trends and consumer preferences, which is crucial for tailoring products to meet market demands. Artisans often lack skills in modern marketing techniques, including digital marketing, social media engagement and online sales platforms, which are essential in today's global market.
- 2 Weak networking and collaboration**

The lack of strong networks and platforms for collaboration limits opportunities for resource and knowledge sharing, as well as collective market access.
- 3 Lack of standardized quality control processes**

Many artisans do not have access to or knowledge of standardized quality control measures. This absence leads to variations in product quality, as there are no consistent benchmarks or protocols to ensure uniformity in materials, craftsmanship and finishing.
- 4 Limited access to training and skill development**

Artisans often lack opportunities for advanced training in new techniques, designs and trends. This limits their ability to improve the quality of their products and to adapt to evolving market demands.
- 5 Resource constraints for innovation**

Many artisans face limitations in terms of resources, such as access to quality materials, tools and technology. These constraints hinder their ability to innovate and diversify their product range.
- 6 Financial limitations and lack of business knowledge**

Financial constraints restrict artisans' ability to invest in research and development, which is essential for exploring new product lines and diversifying their offerings. A lack of business acumen, including marketing and product positioning strategies, hampers artisans' ability to effectively present and sell a diverse range of products.
- 7 Isolation from design and trend information**

The artisans' relative isolation from the mainstream fashion and design industry means they often do not have timely information on emerging trends, which is crucial for product diversification and staying relevant in the market.

► 6. Policy choices and recommendations

Below is the summary of recommended market-based interventions that synergize “push” and “pull” dynamics.

Push factors are designed to empower the target group by enhancing their capacity to participate in the market.



Pull factors aim at evolving the market systems to create, broaden and diversify economic opportunities for both the target group and the host community.

No.	Push interventions	Pull interventions
1	Enhance marketing skills and expand market access for artisans	
	Train textile craft artisans (including Afghan refugees) on digital marketing, social media and e-commerce through partnerships with marketing agencies and platforms. Training should include digital marketing, brand development, customer engagement and other essentials. Support artisan cooperatives for resource and knowledge sharing and collaboration using online tools like Think.COOP, Start.COOP and Manage.COOP. Provide mentorship and technical assistance for market analysis, pricing strategies, customer relationship management and brand development. Connect artisans with industry associations in the hospitality and retail sectors to expand market opportunities for artisanal textile craft products.	Organize trade fairs and marketing campaigns to showcase artisan products. Develop digital platforms for e-commerce and connect artisans with garment companies. Improve retail marketing, especially distribution channels of artisan products for better presence, visibility and value in the market. Build contractors' capacity for stable subcontracting agreements with garment companies. Improve retail outlets' marketing of artisan products for maximum appeal and value.
2	Enhance recognition and value of quality-standard artisan products	
	Train artisans (including Afghan refugees) on quality control and product standardization. Partner with design schools to offer training in product development, product innovation and market trends. Establish collective procurement systems for textile artisans to benefit from economies of scale, better pricing and access to sustainable materials and financing. Develop incentive programmes for artisans who adhere to quality standards and innovation, including access to premium markets, recognition awards and subsidized inputs for their production processes. Conduct regular market research for textile craft artisans. Organize product development competitions to incentivize innovation and the application of new skills.	Implement consumer awareness campaigns highlighting the value and benefits of quality-standard artisan products and the ethical consumption of such products. Educate value chain stakeholders on the importance of maintaining quality standards. Partner with certification bodies to provide official endorsements for artisan products. Collaborate with influencers and industry experts to endorse quality-standard crafts and foster consumer confidence.

No.	Push interventions	Pull interventions
3	Enhance efficiency, production capacity, market demand and resource facilitation	
	Train artisans (including Afghan refugees), with the help of technical and vocational training institutes, on modern, efficient production techniques, while preserving craft value and enhancing productivity. Establish shared facilities with advanced technology, managed by artisans, for cost-effective, sustainable production in compliance with OSH standards. Partner with training institutes for industry-specific skill enhancement, including safety and health, time management, scaling up efficient production and overall upskilling of textile crafts artisans.	Expand market access and generate demand for artisans through partnerships with retailers, e-commerce platforms and garment companies. Facilitate access to financing for scaling up operations and developing well-equipped shared facilities. Promote sustainable energy solutions and environmentally friendly practices for production. Advocate for policies that support textile craft artisans and help them scale-up their operations.

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