

Skills for Handicraft

6 Month Progress Report

January to June 2018



Contents

6 Month Progress Report – Jan to June 2018	1
Introduction and Purpose	3
SfH Evolution.....	4
Client Evolution.....	4
Relevance of Client Evolution	7
Evolution of Coaches.....	9
Evolution of Product	9
Development and Delivery of Financial Literacy	10
Partnership with Government/DOI.....	11
Client Development & Sector Wide Changes Influence Value Chain	12
Rural Economic Growth and Women’s Economic Empowerment Project - Governance for Growth Funded Project.....	12
Strengthening Supply Chain through Provincial Hubs	14
MHC Project Risks and Issues	16
Exploring new Monitoring and Evaluation Tools	16
Common Issues and Complexities Affecting Implementation.....	16
Appendix	17



Introduction and Purpose

This report provides an overview of deliverables, issues and a status of Skills for Handicraft (SfH) during the period of January to June 2018. This document provides details on the risks, issues, environment and context of the work being undertaken by SfH and is intended for use by Vanuatu Skills Partnership management and/or may be shared with DFAT if required. This document supports key infographics and presentation material used in the more formal DFAT reporting and Partnership Committee Meetings by providing more detail and description on the work being delivered.

The SfH initiative is in its second year of implementation having commenced as a sector program in early 2017 and is in collaboration with the Department of Industry (DoI) as the key government partner.

Whilst brief, in order to clearly explain the contextual environment that is relevant to the delivery and understanding of the status of this program, this document outlines in detail the evolution being experienced both by clients, Skills Centres and coaches. Only when this is well understood is there meaning and relevance to the data which is also being provided.

The report has been compiled using both quantitative and qualitative data collection methods. It draws on information gathered by the SfH team, Partnership sector coordinators, Provincial Training Coordinators, industry coaches, training providers and key partners.

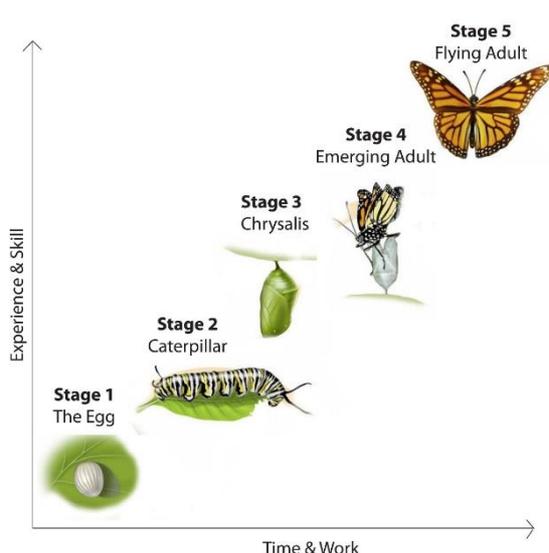


SfH Evolution

In order to understand and provide context to data and statistics presented later in this document and in the appendix, it is important to view the SfH program as **creating change and evolution**. This nature of evolving and changing environment affects SfH Clients, Skills Centres and Coaches. As the experience of delivering SfH learning in the provinces grows, so does the capacity to manage the outcomes and processes. For example Skills Centres have been learning about client engagement and identification and the evolution from an Individual Client (IC) who may be participating for the first time to moving some clients towards Business Clients (BC) who are committed to the work and outcomes. This involves skill on the part of the Skills Centre in managing expectations, identifying performance (and lack thereof) and managing people in a sector that is comparatively new and different.

Client Evolution

The SfH program works to provide a holistic professional development pathway for clients and assumes that success in business affects prosperity for clients. The below model represents observations of what clients are experiencing or facing as they progress in their professional development as a SfH Client. It is useful for stakeholders, management, clients, coaches and Skills Centres to appreciate these changes and that this process may take time and patience and may not always be linear and that not each client will evolve through this cycle at the same rate. Understanding the common behaviours and drivers helps to understand issues that are arising or for example why some clients may drop out of programs or why some succeed. Three core elements have been outlined and expressed for each stage in this evolution:



Skills Development: This describes the program outputs that are contributing to the clients' professional development.

Client behaviors: This outlines the common clients 'behavioral' factors as observed and relevant to the skills, training and experience level.

Considerations: The environment in which clients operate can have an impact on their professional development pathway, these have been outlined below as 'considerations'.

A butterfly's lifecycle has been used as an example here as, in a good environment and with support, an egg will develop in four stages before being able to fly

and this is symbolic of the same progression and stages being observed in SfH clients. We have intentionally used a simple and easy to understand graphic also to ensure that this process can be understood even by interested parties where literacy levels may be lower and traditional business 'graphs' may be difficult to comprehend.

Stage 1 Engaging: Potential, Interest and Attitude



Skills Development: Potential client shows interest and becomes known to the Provincial Skills Centres (SC). Client is matched to a work stream where they attend activities and their ability to learn and their enthusiasm is gently tested and assessed for willingness and eagerness to work, active learning and listening along with attendance, commitment, loyalty and shared trust.

Behaviours: Excitement to be involved but may be sceptical or apprehensive about an activity or outcome (such as making money or being able to deliver on quality).

Considerations: Jealousies from family or partner, family responsibilities such as child care requiring participant to drop out or not able to attend. The cost of attending training such as transport or child care.

Stage 2 Learning: New Knowledge, Ideas and Questioning



Skills Development: The client has attended some (3+) skills development activities which are often initially product and production focused and is nearing formal engagement with the program. At this stage client is 'fed' on information and ideas and is practicing new skills. Business skills such as financial management and sales are being introduced now.

Behaviours: Client is asking questions from trainer and is an engaged and active learner who attends events and has demonstrated commitment by working outside of formal class time. Client has begun to take ownership of own learning and learning resources. Client is learning a lot at this stage and relying on coaches or trainers for moving forward and providing information.

Considerations: A common problem can be not having sufficient time to work due to other commitments or not expecting to need to work outside of classroom time. Not able to see or not interested in the activity as a business opportunity (rather a hobby). **Clients during this phase are committing time and effort and will likely need income to encourage further development and interest.** Should no income be generated at the time when work level and enthusiasm are high, often clients will drop out. Income can also support clients justifying the activity to family or friends. This can cause challenges as product development may not be complete or top quality at this stage.

Stage 3 Incubating: Business Skills



Skills Development: Due to good performance, **Client is engaged as a business client (BC) and receiving regular coaching and sharing financial and business progress with program through client monitoring files each 3 months.** Clients have undergone financial management training and are implementing these basic business skills along with new technology or tools.

Behaviours: Client shows initiative and will bring own ideas to activities and is willing to share success with program. Client begins to understand handicraft industry value chain, income opportunities while learning how to harness business management tools and technology for business. **Client starts to see handicraft business as sustainable ongoing income source** and what their role can be within this.

Considerations: Client may need a **'path to market' or vision of how business will gain regular income in order to continue.** Business revenue needs to be managed to ensure it is invested in business and income and separated from private income. Violence due to increased income is a risk at this stage. May be criticized and there may be a need to manage change in introduction and use of technologies or tools as a cultural change. Community may respond positively or negatively to change in client's life's priorities or focus. Jealousies may be escalating. Client exposure through travel or technology to trade facilitation, tourist shops and business activity can be helpful to move a client to the next stage.

Stage 4 Emerging: Beginning of Independence and self-testing



Skills Development: Clients have been with the program and had an opportunity for exposure to finance, tourism, business, product/sales trainings and therefore have partaken in well-rounded activities. May have an opportunity for further activities (beyond workshops, coaching) toward accredited courses or trade facilitation activities. Coaching continues.

Behaviours: Client has applied skills development to their venture and is operating a business and demonstrates level of independence by applying what has been learned. Client starts to identify own skills and talents to separate themselves and their business skills from others. Clients may understand how to start developing products or services based on need from research rather than being told by trainer. May be able to research some things independently and communicate needs to others other than coach/trainer and may outsource part of their business such as materials collection.

Considerations: Client will need to establish 'own positioning' / point of difference in industry. Client's partner, associations or competitors that are jealous may step in to try and harm the business here. Client needs to establish own business values, set clear relationship arrangements with associations/partners and understand how cultural and environmental aspects may impact their business. **Educated use of technology can be a useful tool for clients to begin being**

independent as they will be able to communicate and seek own answers. Community engagement becomes more important as well as ability to communicate benefits of business to wider social group.

Stage 5 Flying: Demonstrated Independence and Understanding



Skills Development: Client may or may not require ongoing coaching and has completed relevant activities in work stream and may go on to more targeted accredited activities and own exposure to trade opportunities.

Behaviours: Client has understanding of and can apply industry and business skills to own business fairly independently. Client operates well and professionally with others in the industry to both their own and industry advantage. Client has the required technical skills for their area and also a strong understanding in business. Client's business is regarded as main income stream. Client is a leader and shares knowledge with others.

Considerations: In order to be successful and independent, clients will have a more holistic view of their place in the industry and value chain or even outside economies. Introducing this understanding can be more challenging for remote clients (producers) without exposure to different forms of business activities such as for example international standard retail and expectations of such shop buyers. Professional development should never cease and clients will be able to make own choices about how to continue professional development. Mentoring and coaching can continue whether clients are engaged in SfH program or not.

Relevance of Client Evolution

One of the challenges that this evolution presents is that work streams are made up of multiple level clients. For example in the Textiles Work stream in Santo, out of a group of clients being instructed together, there are clients at different stages. This, along with varying levels of literacy and access to working capital, causes complexity for the coach. An example would be actions not completed between workshops as client did not have income in order to purchase required materials as they may not have access to sales due to business skills not yet present (not sure how and where to sell to reach new markets). Another example is a work stream relying on weaving skills where clients all say they can weave a certain product, but only later when work is not completed does the coach understand some clients cannot weave the product but were very eager to learn and misunderstood how it would impact the program to claim they had these skills. Or complexity is added to the workshop by Skills Centre staff who introduce new clients for each day of a 4 day workshop making coaching very difficult with clients of very varying understanding and levels and a state of flux day by day. These are real examples that have been experienced in this period and are complexities that are a reality for SfH implementation.

By understanding the evolution, we also understand why some clients are 'ready for business monitoring and coaching' and some are not. Those that cannot report income, are not confident in production and are not producing and selling will be made very uncomfortable by the business monitoring and coaching which requests data of them (that is recorded by the coach in an XL

database). For this reason it takes reasonable time before a client is accepted as a BC and this type of coaching is effective and can begin.

It is also important to note that not all clients at the first engagement stage will move all the way through to stage 5. It is normal for some of the clients to drop away – factors such as competing workload or family obligations has meant some clients choose not to continue in the work stream. For example the Tafea Drawing and Print Making work stream started in 2017 with 14 interested clients and as of May 2018 now has 4 dedicated and registered business clients (BCs). Another work stream started with 16 clients and dropped to 14 in the second workshop. **At this stage, importantly, the clients had access to income and from there on 100% stayed committed and engaged in the work stream.** The number of clients who stay engaged is also very strongly tied to matching the ‘right’ clients with the ‘right’ work stream based on their interest and skills and geographical location (location to required material collection and distance to travel to reach workshops and access tools) – this means we rely on the Skills Centres to perform client selection well and this is an area where the evolution of the skills of the Skills Centre come into play.

Below is an estimate of the number of clients across the SfH program and their approximate positioning in this evolution at this point in time. This will help to provide context as to why 12 of the clients, and one business are now registered business clients. Also importantly the table shows how this has changed compared with the same month last year. It is expected that the number of business clients who are participating in the business coaching and monitoring will reach approx. 50 by the end of this year. The additional clients to reach the business client level will be the handicraft clients in Sanma (headwear) Aneityum and likely Torba.

(Not included in this table is the one wholesale businesses which is receiving coaching – at present the Malampa Handicraft Centre is the only registered business and is getting intensive business coaching support. It is likely that the Torba Handicraft Centre will be operating by year end and be included in this business coaching.)

Demonstrated evolution from Engaging towards Flying – Over 300% increase in SFH active clients in 12 months.

							# work streams
Client Phase	Engaging	Learning	Incubating	Emerging	Flying	Total	
Jun-17	29	3	1			33	1
Jun-18	84	10	13	1		108	5
over 300% increase in active SFH clients in 12 months							

NB: this table shows a total of 108 SfH clients in 2018, whereas the infographic gives the total clients as 159; this difference represents the clients who have ‘participated’ and dropped out of the work stream.

Evolution of Coaches

The infographics supplied alongside this report will show that there has been very good progress made identifying coaches and **there are now 18 working on the SfH program with 12 of these being ni-Vanuatu**. Also of these 12 a total of 9 are women.



Anne Smith and Denny Kaio work together on the Drawing & Printmaking Work Stream Skills Delivery

One of the approaches SfH has taken is to pair more skilled coaches with assistant coaches (who are all ni-Vanuatu). This is a commitment to the skills development of local people who will be able to drive the sector in a sustainable way in the future. Importantly this means that significant time is being spent by more senior and sometimes overseas born coaches to develop local coaches. A total of 8 assistant coaches are undergoing skills development and mentoring. It is hoped that a high percentage of these become more senior coaches and provide sustainable supply of skills delivery in the future. This is also an evolution, where varying levels of competence exist at present. It will take time and attention to develop these vital resources.

Evolution of Product

The development of products that are practical, marketable, profitable and meet the taste and trends of the tourist market is a key enabler for local handicraft replacing imported products. SfH has recognised that it takes significant time and resources to design, develop, produce, launch and market a product range. It can take up to 5 workshops over 6 months or more for a product to be ready, and only when the product is 'market-ready' should it be marketed. Only then will SfH focus shift from product development to sales, production, pricing, and finances. **A challenge for this period has been keeping clients, staff and community from releasing products too early as well as sharing or copying ideas.** The effort required to produce a 'market ready' product range involves introducing tools and technology, access to accessories in remote areas (such as zips), types of dye, preparation of raw materials, understanding the same weaves and understanding quality production.

Work streams will begin to release more market ready products in the next period.



Learning to prepare Burao for new basket design (left) and new 'value added' basket with Burao tassel (right) – demonstrating it's not just design but production that needs to change to get to a new product.



Learning screen printing techniques – this requires sustainable inks to be sourced in the rural islands, screens to be custom made, materials to be safely stored and more.

The number of products in development in work streams has risen from 10 in June 2017 to 60 in June 2018 with many of these reaching the point of sales in late 2018. This establishes a platform from which to focus on business and sales.

Development and Delivery of Financial Literacy

A significant development this period has been the adaptation of financial literacy resources to Bislama and made relevant to handicraft clients. One specialist ni-Vanuatu coach has been delivering this program to clients nationally since early 2018. All 3 modules have been completed by clients in Aneityum, and by Textiles and Headwear clients in Sanma, and the coach has commenced with Tanna drawing and print making clients. This work is important in order to inform clients' economic and business decisions as well as supporting the monitoring of progress and real success of the work as a business.



In order for the financial management skills to be put into practice in client business the client needs to have sales to record. So again the client needs to be at the right part of their evolution to have this data. Otherwise the learning is lost when not practiced – this problem is being experienced by some clients with limited knowledge on sales or how to access markets.

Partnership with Government/DOI

One of the most significant changes in recent years in the handicraft sector is the implementation of the DOI-managed handicraft market in Port Vila. This market opened in December 2017. This not only affects Port Vila but the market has significantly affected the status of handicrafts nationally as a good point of sales location for products made on outer islands as well as in Efate. Given Efate is the main tourism destination this market's success is the centre of access to tourism clients especially fly-in tourists. Thus, it is natural that the focus for DOI in early 2018 has largely been the establishment and operations of the Port Vila Handicraft markets. While the market vendor recruitment took place in 2017, in this reporting period DOI have already been successful in reaching a long term agreement with Port Vila Municipality on the revenue sharing and rent collection, and they have also implemented the leases and rent collection process as well as engaged a volunteer to support this market management alongside the market manager. There is an intention to support the handicraft vendors with skills development but this has not yet begun (as an activity based on Efate, the Vanuatu Skills Partnership will not be delivering this training).

Whilst DOI has focused on the market, they have also been awaiting approval for the handicraft staff to complement their department and provide the resourcing necessary to focus on supporting this sector and take various projects forward. Thus far this has not yet been approved. As such, resources from DOI remain constrained by existing projects and competing workloads. The Malampa officer has engaged in his role on the Board of the Malampa Handicraft Centre despite having conflicting Cyclone Relief work also in this period. The Tafea officer has now been permanently located in Tafea and is actively pursuing a handicraft wholesaler and working with Vanuatu Skills Partnership on establishing a project concept paper which aims to seek funding for a targeted project to provide more Made in Vanuatu items into the Aneityum market.

Other joint initiatives include the SFH Coordinator and National Handicrafts Officer (DOI) successfully leading the SFH presentations in the road show to the provinces to develop 2019 skills plans and present to Provincial Government Training Boards for approval. In addition, 6 officers from DOI participated in the February 2018 joint professional development workshop along with Vanuatu Skills Partnership coaches and industry representatives.

DOI has released the Handicraft Sector Action Plan in June of 2018 and is currently recruiting for staff to begin work on the Made in Vanuatu branding project.



Client Development & Sector Wide Changes Influence Value Chain



This is based on opinion of expert and may be validated by HIWG at a later date

5 active work streams & 60 new products in production & design phase

2017 one hub MHC, to 2018 2 hubs including THC (in progress) becomes commercially active 2019

PV Handicraft Market – significant market impact through influence to ensure market for MIV products only

Rural Economic Growth and Women's Economic Empowerment Project - Governance for Growth Funded Project

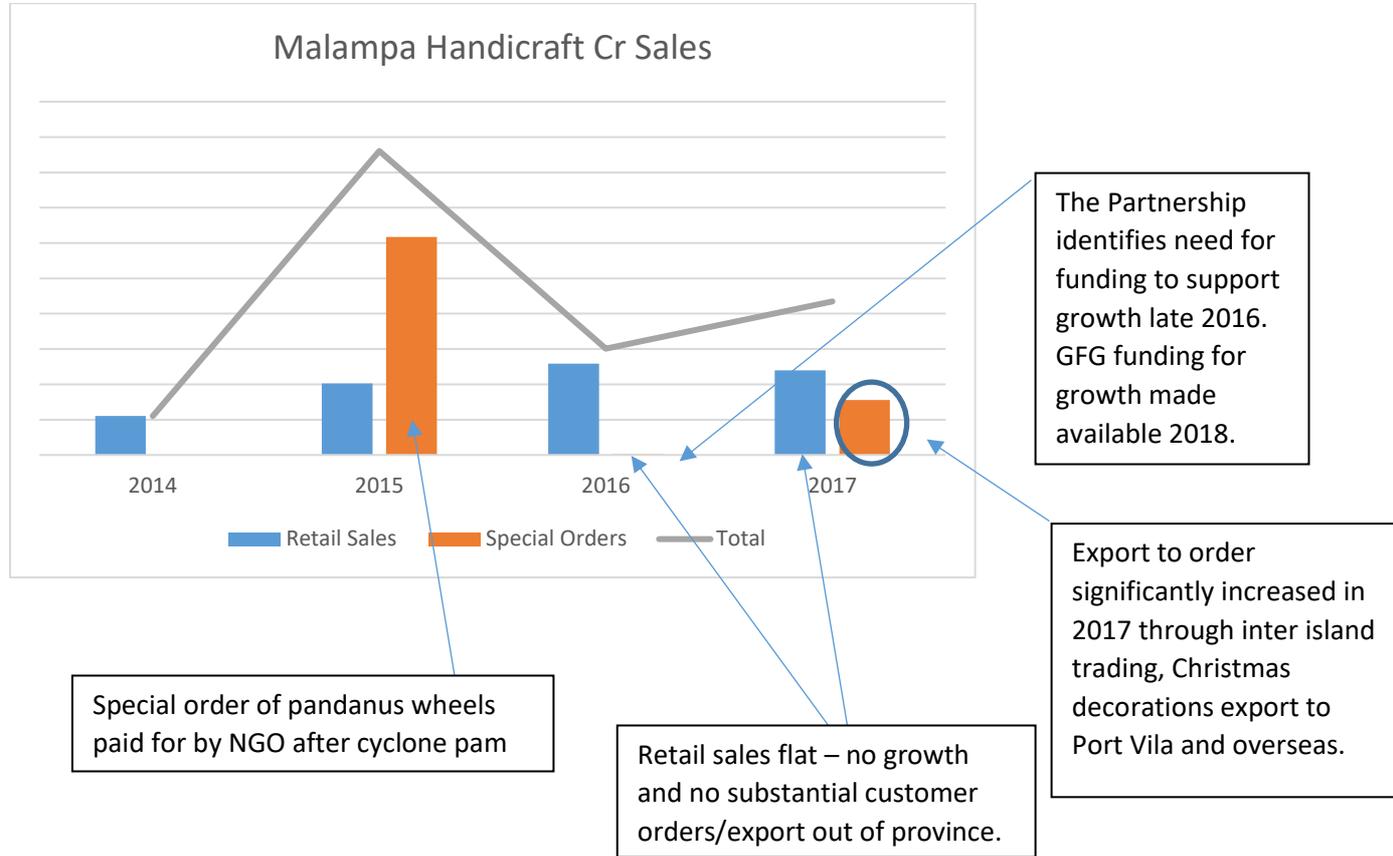
Client: Malampa Handicraft Centre

The Malampa Skills Centre, led by the Skills Centre Manager, has played a vital role in project implementation this period overseeing the implementation of key project outputs including

recruitment of skilled staff, procurement of business assets including technology, internal systems governance, construction, procurement of local materials and skills development.

OBJECTIVE	THIS PERIOD	COMMENTS / ACHIEVEMENTS
Objective 1. Sustainable Internal Operations	<ul style="list-style-type: none"> - MHC Board Establishment & Governance Training delivered. - Recruitment MHC Business Manager (was repeated 3 times to achieve current candidate) - Recruitment MHC Operations Officer - Introduction of Technology - MHC Business Coaching commenced - Financial procedures created 	<ul style="list-style-type: none"> - First MHC Business Manager recruited resigned leading to another being recruited. DOI Officer John Mael holds 'exit interview' for MHC Business Manager
Objective 2. Sustainable Production Program	<ul style="list-style-type: none"> - Plans for newly construction production area completed, procurement of local materials starts, construction starts - Dye Expert engaged 	<ul style="list-style-type: none"> - MHC working to release new wholesale catalogue of products and have ordered wholesale samples
Objective 3. Sustainable Business Growth	<ul style="list-style-type: none"> - With new technology MHC establishes email and Facebook page - Dyeing expert recruited and begins in Q3 	<ul style="list-style-type: none"> - New Business Manager has contacts with Port Vila Handicraft Market initiating trade facilitation between MHC wholesale and Port Vila Handicraft Market retailers

Strengthening Supply Chain through Provincial Hubs



Over 30% growth in sales comparing total 2016 to 2017

Introducing Technology to MHC Business

The procurement of technology to improve internal operations was a key part of project implementation during this period. The MHC Business Manager and the MHC Operations Officer are both now operating with computers, Wi-Fi has been connected for the MHC, a printer and smartphone procured and the Operations Officer has undergone computer training.



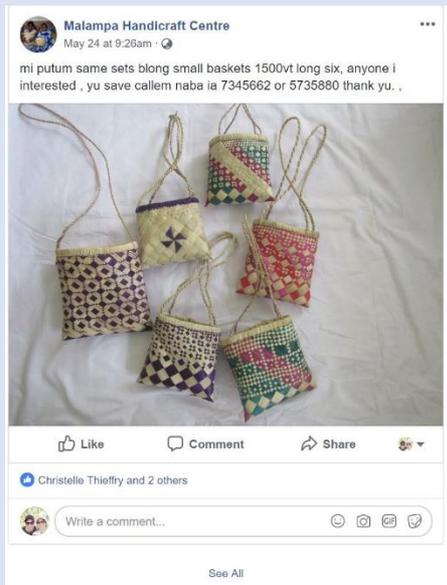
This has had a significant change on MHC's ability to operate as a wholesale business. Previously where business-to-business transactions were passed by message through family or the Skills Centre, the MHC staff now have the ability to email and phone customers from the store. They are also able to take photos of products and send to retailers on other islands who can see what they are buying. The MHC has set up a Facebook page and now has an email address. This period also saw the formal engagement of Operations Officer and the hiring of an MHC Business Manager. These roles require skilled personnel who can take an opportunity of this technology.

The below are comments by the MHC Business Manager and Operations Officer on how the introduction of this technology has supported Business Development.

I think there are lots of people who use Facebook. We have lots of products that are making good products but not many customers. When we use Facebook there are more people who can find our products.

For example I took a photo of some products. I then downloaded them to the computer. My friend wanted to buy some baskets so I took some photos and emailed them to her so she could see them. After she said she wanted to buy them.

Rose Nale, MHC Business Manager



Every Friday we made a payment to clients. The producer would come in and they would tell me their code number. I would then check the daily sales and find the sales with their code (over the past weeks), add them up and then I would make receipt to them. I would then explain to them that this is now much you made so they understand their income.

I then went to the blue book and crossed out that we had paid it and that it was paid. It was a long process because it took a long time to check everything and add it up. Now I have a computer with an excel spreadsheet. The producer comes in and I use the spreadsheet and then use the filter to find the code number and the spreadsheet shows how many sales and if they have been paid and then I total them up. I then give the producer a receipt with a stamp. It does not take too long.

I like the laptop system because it is simple to use and makes my life easier. It does not take too long to total up. The first time I used the new system it was hard to use and I thought it would take a long time to learn. But I practiced every day and now it's easy. It was hard at first because I did not really understand computers but Sarah Ahlin (DOI Project Officer) taught me how to use them. Now I understand them enough to use.

Miriam Jeremiah- MHC Operations Officer

MHC Project Risks and Issues

Project Risks and Issues became significantly challenging during this period with a variety of issues presenting and likely related to the fast pace of changes being introduced. These included; political issues regarding MHC ownership and land ownership, MHC Business Manager Resignation, a change in budget allocation over 3 years and delays in construction, and these have taken more time and resources than anticipated. Significant delays in setting up the project bank account have meant that project finances are processed through internal budgets which has become cumbersome along with not supporting MHC business staff autonomy. Project financial processes are being reviewed again in June.

A strategic review of how the project is managed and resourced with a view to risk management and more effectiveness will take place in July through a consultation with the full project team.

Exploring new Monitoring and Evaluation Tools

This period the SfH team worked with the Malampa Skills Centre and the Vanuatu Skills Partnership's Monitoring, Evaluation and Learning (MEL) team to introduce using the Most Significant Change Story process in order to explore the social and economic changes that occurred with SfH clients following an increase in income.

SfH is aware that although early in the program, having a large client base as women we need to consider the changes that are occurring for our clients to contribute to program learnings and supporting 'prosperity' for our clients. This is the first step towards introducing these tools in order to have an evidence base for our program implementation going forward.

Note: if required, further documentation on how this new approach has been used may be requested from Vanuatu Skills Partnership management.

Common Issues and Complexities Affecting Implementation

Handicraft as a Business – the concept that handicraft can and should be a business and what this means to behaviour is a big challenge to communicate and reflects a big change to many people both inside and outside of the sector. This leads to the need for much consultation and explanation and an environment where misunderstandings are common and frequent. Paired with a complex and fragile community and political environment **the impact to the program is risk of misunderstandings and slow progress while core concepts are understood or issues are managed.**

Market Access and Size – while market access and demographics for each province is different, there are challenges to reaching market that affect our clients. For example, possibly the most difficult context is Santo. Clients in Santo Textiles and Headwear work streams are reaching stage 2 where income is vital to future success. However traditional markets such as cruise ships have seen a decline caused by decrease in cruise ship arrivals and lengthy delays to opening of new wharf market facility (now delayed over 6 months). This means clients who previously relied on cruise customers

are making close to no income. It indicates a change required in reaching market (which is a skill not yet present or taught). The situation is further complicated by no wholesaler being present, clients not being familiar or feeling ready to export out of the province, and a fractured and complex number of handicraft associations that are competing (and require governance skills). This naturally would lead us to seek other markets – such as hotels and fly-in clients. However this poses other skills and governance challenges not yet mastered – hotels and retail stores will not tolerate individual clients approaching them en masse (we have approx. 30 clients in these groups) and the clients have not formed working groups to work together. To reach a skill and understanding to enable good business with new retailers such as hotels requires complex governance skills that are challenging and will take time to deliver. Another important example is the Torba work stream where 20 clients were promised an operating handicraft centre by May. This date was not achieved and progress is very slow, whilst at the same time the work stream on product development is progressing and products are being made by clients. Achieving good sales and market access without the THC will be extremely difficult and complex. These delays in starting THC as a business and growing the producer group are now seen as a significant risk to the success of the Torba work stream.

Association's Lack of Business Experience and Producer Grouping – where there is a lack of wholesaler (for example Tafea province) there is often also a total lack of effective associations with regards to business experience. This means rural producers have a very difficult time effectively doing business as they are operating as silos. For example the Tanna Drawing & Print making Association was formed but is not operating with one bank account or one sales person. This means ordering product is complex for buyers and there is no strength in the group (for example meeting orders, providing variety of product). It also puts pressure on the point of sale/retailer who is unsure which person to deal with and makes the producers compete against one another.

Internal Vanuatu Skills Partnership Resourcing vs Implementations – It may be wise to re-evaluate resourcing vs delivery plans given current performance and pressures. The initial intention was to approach this sector with an attitude of 'slowgress' but this is not reality at present. Moving faster than the comfort level of our resources risks breakdown in relationships and staff attrition and dissatisfaction which will weaken delivery.

Appendix

Appendix A: SfH Infographics & Most Significant Change stories