



ANNUAL REPORT 2020

Agency for Promotion of Indigenous Crafts





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MESSAGE FROM CHIEF EXECUTIVE OFFICER



This has been a very successful year for Agency for Promotion of Indigenous Crafts despite impact from global pandemic “COVID-19”. Our organization has been working closely with artisans from around the country in preserving, promoting and innovating new ideas to capture the growing market for Bhutanese handicrafts and we have made a number of particularly notable achievements.

Our organization, being forefront in promoting Bhutanese handicrafts have taken major projects that targets tourist visiting the country and foreign markets in Europe and Asia. This project is implemented through Cottage and Small Industry flagship program and EU Bhutan Trade support project. Through this project, our agency have begun working on miniaturization of Bhutanese handicrafts that will see tourist interest in taking Bhutanese Handicrafts. The CSI flagship program will also assist the community of Sakten and Radhi in constructing common facility center to improve the production of yarns and the drawings of the center are completed. EU Bhutan trade support project will promote Bhutanese textile in European, Asian and American market.

Our agency have also closely worked with relevant stakeholders in providing trainings and skill up-gradations in cane and bamboo, natural dyeing and wood works among other under the 12 Five Year Plan. These activities have proven to be efficient and successful in income generation for the artisans.

Hence, on behalf of APIC, I would like to acknowledge the favorable guidance and support rendered by the Board Directors and team spirit dedicated by my colleagues in achieving this report.

We face a very exciting future and we are satisfied with the continuing growth of our organization and are looking forward enthusiastically to the year ahead.

Tashi Delek

(Lam Kezang Chhoephel)
Chief Executive Officer



OVERVIEW

Bhutan for its rich cultural heritage and handicrafts products is set to become important supplier to the outside world. Though mechanization and mass production are rare in the handicraft production sector, Bhutanese take pride in hand production of handicraft item through cottage-based industries in various parts of Bhutan. The handicraft sector in Bhutan employs more than 1000 artisans of both gender in production and sale of handicrafts across the country.

Cottage and Small Industries forms the bedrock for economic development of the country and they are recognized for their socio-economic roles-driving innovation and investment, diversifying economic base, creating employment opportunities, curbing rural-urban migration, reducing poverty and potential to towards economic self-reliance according to CSI blue print 2019-2023 of RGoB.

With high potential for employment, the sector is economically important from the point of low capital investment, high ratio of value addition, and high potential for export and foreign exchange earnings for the country. In light of this Agency for Promotion of Indigenous Crafts is training artisans to produce unique and quality products which can be purchased by foreigners and Bhutanese alike as souvenirs.

The prominent factor in the handicraft business is price and size of the products. Bhutan have been importing huge volume of handicrafts from other countries. In light of this, the Authentic Bhutanese Craft Market operated by the agency prohibited the sale of imported handicrafts in all of 84 stalls in the capital. The agency is also investing in training artisans in production of miniature handicraft products at reasonable price in order to capture market from imported items.

Further, the agency is working to curb import handicraft by promoting and setting up clusters to enhance effective local productions in the country. As Bhutanese Handicrafts gains market foothold in the global markets, business thorough on-line platforms have become more convenient and reliable. However, the mass importation of imitated handicraft products undermines the Bhutanese traditional handicrafts. To distinguish between handicraft products and to showcase authentic Bhutanese crafts, the artisans are advised to prepared product specifications and labeling to the products marking the authenticity of the products.

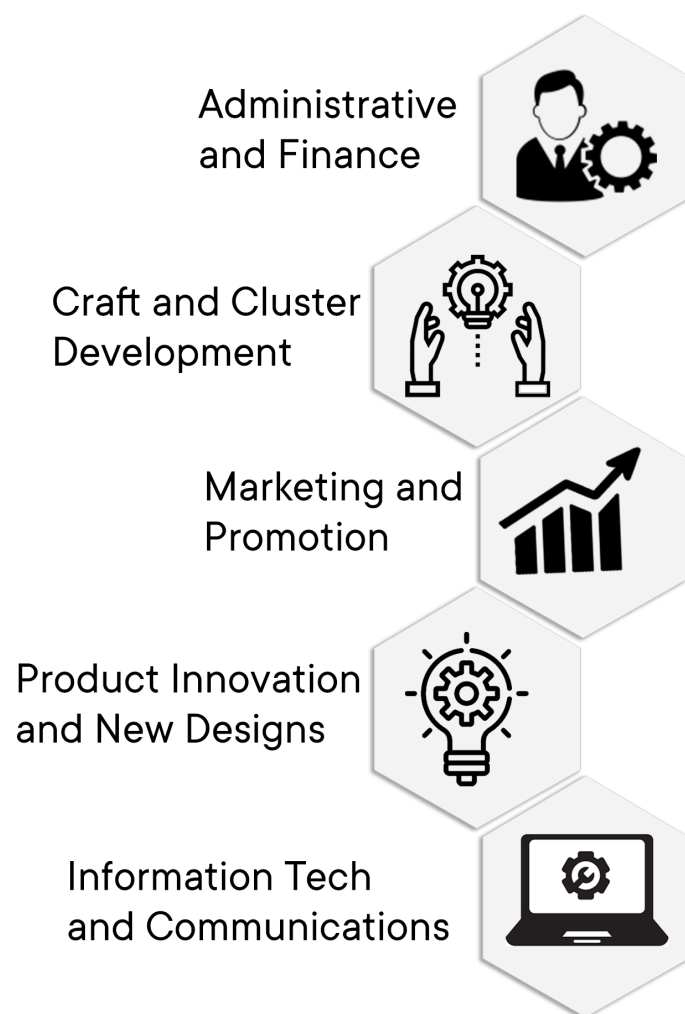
In view of the wide field of products that could be considered as gift items and handicrafts, it is difficult to maintain standards. Compliance with global standards and regulations is strongly suggested during the capacity trainings and product development & diversification programs to the artisans by the agency.



MANAGEMENT

The Agency for Promotion of Indigenous was established in July 2011 under the Executive Order no. C-2/198 dated August 10, 2010 and functions under Ministry of Economic Affairs. The agency is managed by Board of Directors appointed by the cabinet and staffed by its employees under guidance of Chief Executive Officer. Currently, the agency have nine board directors and manned by 13 employees.

GENERAL FUNCTIONING OF APIC



ACTIVITIES

12th Five Year Plan

The agency's 12 Five Year Plan are broadly carried out under three division of Marketing and Promotion, Product Innovation and Design Unit and Cluster and Craft Market Development.





Set up of New Clusters

APIC was successful in reviving few dying indigenous arts of stone carving, nettle weaving, cotton weaving, and natural dye during the period of 11th FYP. Therefore, APIC laid out to revive more dying arts and crafts of natural pigmentation and calligraphy.

The establishment of craft clusters has immensely benefited the artisans, which brought an integrated and organized manufacturing of craft products in the rural areas ultimately increasing the productivity, quality and overall performance of the artisans. Therefore, APIC will also focus on establishing few more clusters, wherever found feasible to cover up the regions which could not be covered in the last 11th FYP.

Enhance Capacity of Existing Crafts Clusters

With the establishment of craft clusters, there has been an integrated and organized manufacturing of crafts items in rural areas ultimately increasing the productivity, quality and overall performance of the artisans. It has benefited the artisans and community to a large extent. In few clusters, cluster components like common facility center, raw materials banks, designing initiatives, sales counter, demonstration space, quality improvement, policy dissemination and financing sources were instituted.

The existing clusters have been benefiting a lot of rural artisans and community in increasing their productivity, quality and overall performance of the artisans. However, the existing clusters need to be further strengthened and enhanced for better quality products, and improve their skills by providing various trainings and improvised tools and equipments wherever necessary, and other necessary support.

Enhancement of Existing Raw Material Banks

The established RMBs have been benefiting a lot of rural artisans who were not able to reach the market as and when they required the raw materials. Having to travel a long distance for them to procure the raw materials was expensive due to frequent strikes and other miscellaneous expenses on food and lodging.

However, the existing RMBs need to be further strengthened for better functioning and transparency through various trainings and improvised systems for both record keeping and monitoring. The office will also work on improving the working modality of the RMBS. Moreover, it is found out that many RMBs have less capital invested, which makes very difficult for





the management to run the RMBs smoothly. To this effect, the office will also work on additional top up of the capital if necessary, for the existing RMBs and ultimately to handover the RMBs to the concern beneficiaries/groups.

Develop Training Need Assessment

The training needs assessment for the 12th FYP needs to be developed in consultant with relevant stakeholders for the skills enhancement of the artisans around the country.

The main objectives of developing TNA are as below:

- Study and implement the trainings required in arts and crafts sector.
- Conduct Training Needs Analysis through stakeholder interaction and identify training gaps.
- Study the possibility of diversifying training course for better adaptation by the artisans.
- Prepare training calendar and the role allocation to each stakeholder for implementation of programs
- Develop standards and curriculum for the identified training programs.
- Implement training to impart skills in art and craft occupations.
- Monitor implementation of training programs

Product Innovation and Design

a. Miniaturization of Bhutanese Arts and Crafts Products

In order to adapt to the demands of fast changing customer world, it is important for products to match the needs of the customers be it through product diversification or through new and innovative designs. APIC has list of products that can be diversified and miniaturized so that customers can derive maximum satisfaction using the products.

Since the concept of miniaturization is fairly new in Bhutanese market, development of skills among producers has become necessary and unavoidable. Therefore, APIC has outlined several training programs on product diversification, miniaturization and designing new products.

APIC has therefore outline several important activities in the Twelfth Five Year 2018–2023(12 FIVE YEAR 2019–2020) related to up-gradation/enhancement of the existing clusters and raw material banks to suit the needs of the changing market state. Training on miniaturization and innovative skills of art and craft products had been organized by APIC to innovate and diversify to suite the growing market trends of souvenir items. The program is also aimed to hunt the local wisdoms to resource the trainings. The APIC on the other hand shall create connectivity in our craft market in Thimphu and suitable outlets wherever possible and such program aims to elevate rural economy and create employment generation in the country.

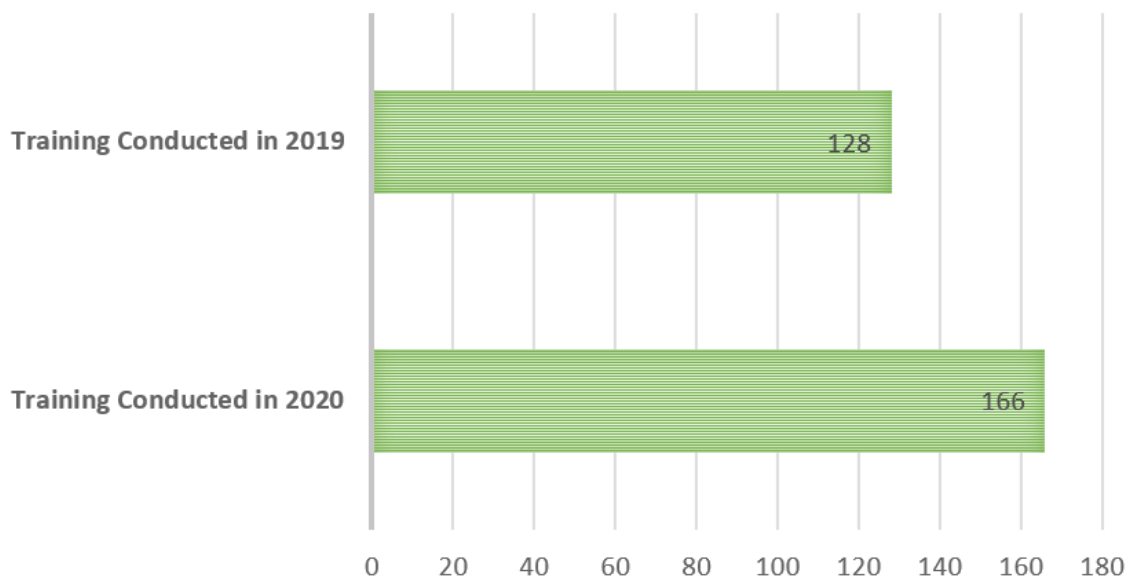


Training for Artisans and Craft Dealers

The Agency for Promotion of Indigenous Crafts in view of its mandate to build capacity of the artisans has conducted various need-based trainings to sharpen and upscale the knowledge and skills in various fields.

During the financial year 2019 –2020, APIC conducted training on various skills and trained 294 artisans. The agency so far have trained a total of 1908 from 2011 - 2020 with funding support from RGoB, Gol, UNDP Bhutan, EU-Bhutan Trade Support and JICA.

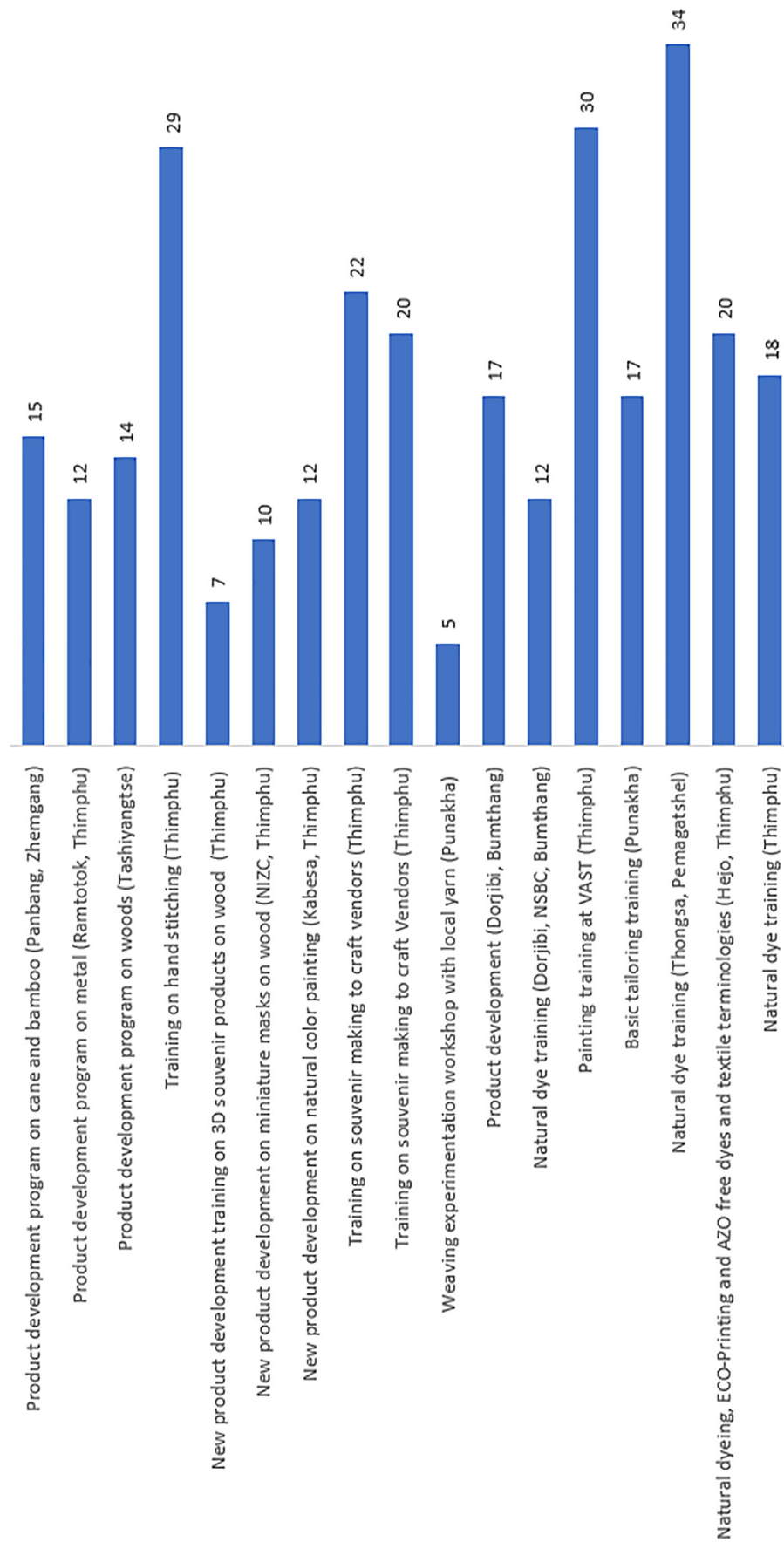
NUMBER OF PEOPLE TRAINED 2019 AND 2020



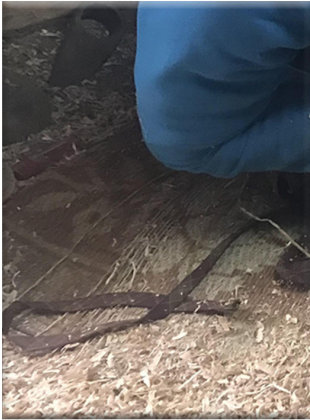
PERCENTAGE OF PEOPLE TRAINED 2019 AND 2020



TRAININGS CONDUCTED DURING FY 2019 - 2020





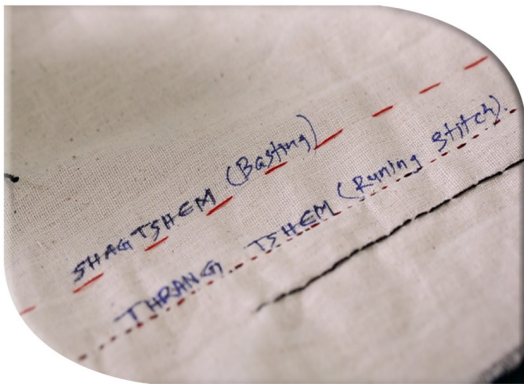


Basic tailoring training
(Punakha)
2020





Training on hand stitching (Thimphu) 2020





Training on souvenir
making to craft vendors
(Thimphu) -2020





New product development
training on 3D souvenir prod-
ucts on wood (Thimphu) -
2020





Product development program on cane and bamboo
(Panbang, Zhemgang)
- 2020



Marketing and Promotion

a) Advertisements and Promotions

APIC targets to promote Bhutanese handicrafts to the foreign tourist and have been constantly establishing linkages with prominent newsletters and magazines for advertisement. APIC in the past have used the platform in Druk Air's in-flight magazine "Tashi Delek" and Bhutan Airline's in-flight magazine "Kuzuzangpo" among other magazines for the promotion.

However, as the COVID-19 pandemic situation disrupted the travel, Bhutan closed its border to foreigners, thus, APIC have ceased the advertisement.

b) Artisans Participation in Trade Exhibitions

The APIC will/also focus on increasing the opportunities for artisans by creating clear and exciting marketing platforms that foster strong connections between artisans and buyers to make crafts more accessible to consumers, so that potential buyers are provided the opportunity to appreciate and buy Bhutanese Craft products. This will mean identifying high-profile events for rural artisans to showcase Bhutanese craft products. Showcasing at local, national and international levels is most important for this sector as this is where producers get to interact and engage with prospective buyers and market their products.

APIC has co-sponsored 31 artisans/craft dealers to participate in the National (RENEW Mega Fair, March 2020 in Thimphu) & 4 in International Trade Exhibition (International Craft Exchange Programme on Cane & Bamboo, November 2019 in Agartala).





Supplementary Activities



EU-Bhutan Trade Support

With the aim to diversify the export products for the economic growth and reduce poverty, European Union extended its support through “EU – Bhutan Trade Support” program in order to increase the exports of goods to foreign countries through diversification and formulating and implementation of “Brand Bhutan”. This project will enhance the capacities in formulation and implementation of trade and investment policies and regulation. The project will also enable environment for high value horticulture and handicraft textile products.

The Agency for Promotion of Indigenous Crafts is the lead agency for the output 3 (Export of high value handicraft textile Products). Through the output 3, the EU- Bhutan trade support aims to (a) formulation of handicraft textile value chain analysis with focus on women and youths, (b) improve product quality, supply capacity and innovative designs for market trends, (c) develop marketing and branding strategy and (d) establish linkages between weavers, producers and markets.

This project is implemented by the International Trade Centre (ITC) and funded by the European Union in collaboration with the Royal Government of Bhutan and have conducted and achieved the following;

- 118 producers, companies, CSO representatives and officials from Government organizations in the textile handicraft sector from Thimphu, Bumthang and Lhuentse, Trashigang, Chemong and Pemagatshel participated to 7 workshops on “market requirements, product development, pricing & costing”.
- 1 handmade textile handicraft value chain analysis integrating gender and youth dimensions on the export potential of Bhutan home textile goods, validated with 35 sector



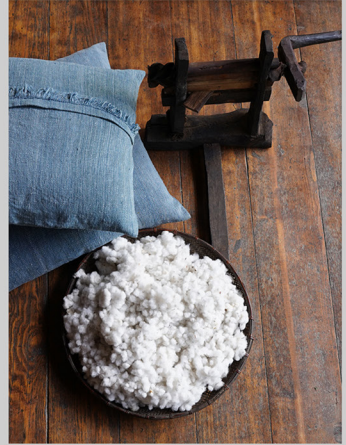


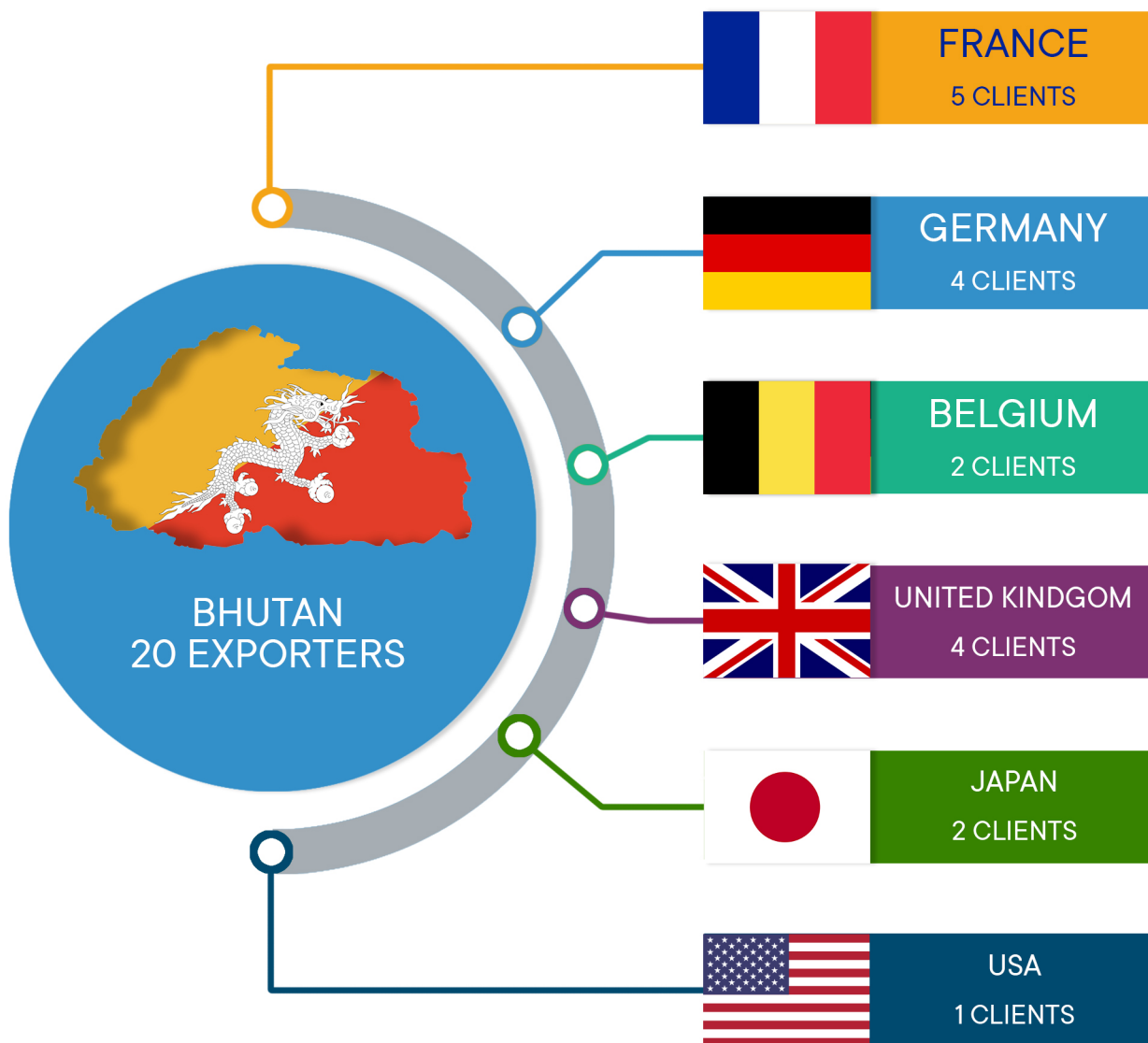
stakeholders in Thimphu, Bumthang and Lhuentse.

- 4 in-depth studies carried-out on yarn sourcing (imported and local), costing structure of textile goods and potential synergies and collaborations across the sector, as well as 4 Market Entry Strategies for each selected export market.
- 28 participants including 11 young students, Bhutanese designers and Government representatives attended a lecture at the Fashion Institute of Technology (FIT) to inspire the next generation of designers.
- 22 private SMEs & CSOs selected to receive continuous training and coaching, and 7 workshops organized on key topics for improved quality, supply, sales and export 38 brand books and production profiles developed, including analysis of export potentials, product development and price structure.
- 1 remote training sessions including 1 set of export guidelines developed to support beneficiaries develop export packs and sales kits. 7 videos on each main topics, followed by 7 group sessions.
- 11 exporters produced a full export pack including an individual collection and sales kit.
- 26 direct project beneficiaries/exporters, institutions and government representatives participated in an inspirational study tour in South-East Asia on high-end handwoven textiles for exports and practices in weaving, dyeing and fibre processing.
- 100+ home textiles products developed, including 15+ for the capsule collection.
- 3 supply studies identifying sources of improved yarns and equipment as well as analysing Costing and Pricing along the value chain as a basis for buyer/seller meetings and trainings.
- 10 yarn traders supported to participate in a sourcing mission to India to meet reliable suppliers.
- 36 Bhutanese yarn suppliers and buyers established business contracts during a buyer-seller meeting in Thimphu. 41 yarn producers and exporters involved in the supply of local yarns for the Capsule collection.
- 4 workshops on improving traditional natural dyeing methods, use of local yarn, traditional hand stitching methods and weaving terminologies organized, with azo-free dyes provided by project partner APIC.
- 230 business contacts established by 12 supported companies for a total confirmed of EUR 33,800, at the Maison & Object trade show in Paris in January 2020 and the digital edition of the fair in September.
- 446 textiles exported to 6 countries.
- 1 'Made in Bhutan' set of criteria developed and endorsed 1 workshop on the use of Made in Bhutan in Thimphu was attended by 16 players from the textile sector.









EXPORTERS FROM BHUTAN

1. CDK
2. Kezang Gagyel Weaving Center
3. Fashion Institute of Technology
4. Kencho Couture
5. Tarayana
6. Natural Dyed Yarn
7. Bhutan Made Textiles
8. Leki Textiles
9. Handicraft Association of Bhutan
10. Norbooz Buray
11. APIC
12. SABAH
13. Druk Yathra
14. Colors of Bhutan
15. National Handloom Development Corporation
16. RENEW
17. Chimmi House Of Design
18. Karma Yangchen Textiles
19. Yarn Yathra
20. She Bhutan

CSI - Flagship Programs

The CSI Flagship Program of the Royal Government of Bhutan task relevant ministries and agencies with specific programs which are not included in the 12 FYP, in order to enhance particular domain of the entrepreneurship ecosystem and providing support in a specific area of business phase. These programs are assigned to MoLHR, MoEA, MoAF, MoFA, MoF, GNHC, NSB, BSB, APIC.

The APIC will carry out the following projects:

a) Training on Product Innovation & Diversification.

With the change in market trends, matching the customers' needs is essential, for which the APIC will provide trainings on product diversification to increase the product ranges in the market and create employment opportunities.

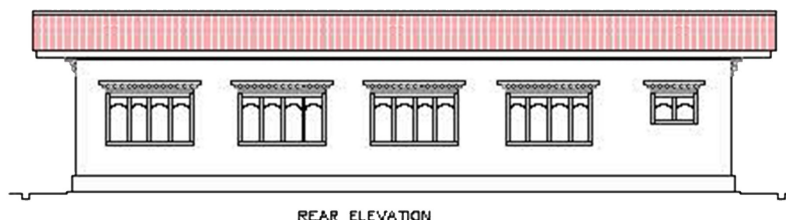
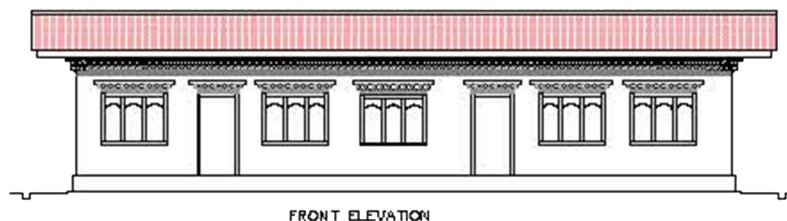
b) Establishment of Central Yarn Bank.

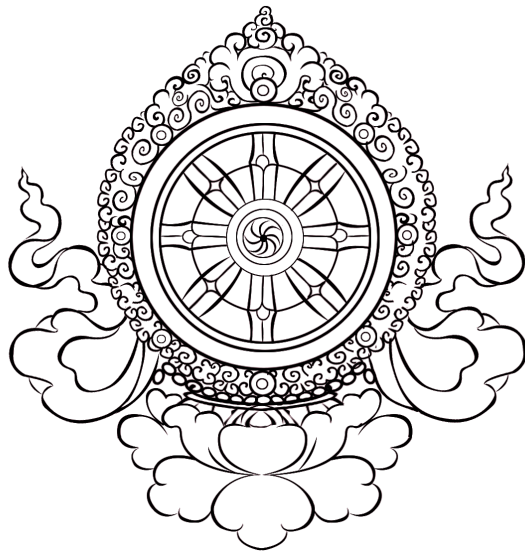
A central yarn bank will be established in order to increase the varieties of the quality yarns at competitive prices with the ultimate objective to improve textile products quality in the country.

c) Construction of Common Facility Centre (CFC)

APIC will construct CFC at Sakten (Yak & Sheep wool processing) and at Radhi (Textile Weaving). The CFC will house raw material banks, equipment, show room and demonstration room. These CFC will also serve as multipurpose centers to promote the craft of the region.

The project saw the completion of survey of the plot at Sakten and Radhi and drawing of the common facility center have been completed.





AGENCY FOR PROMOTION OF INDIGENOUS CRAFTS

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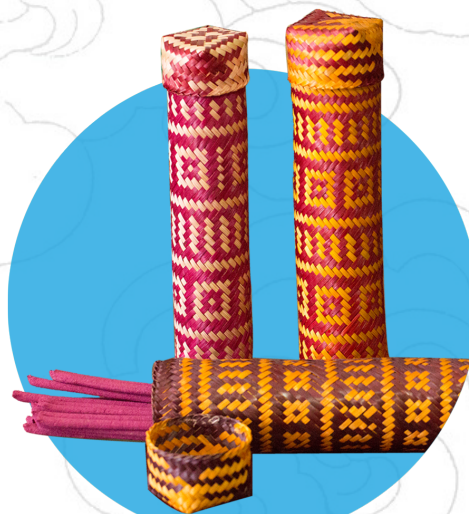
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