

Demonstrated Replicable PPP Model Catalyzing Inclusive Job Growth and Industry Resurgence: The Case of the Palpali Dhaka

Since 2019, to catalyze resurgence and sustained growth of the Palpali Dhaka industry for inclusive job creation, UKaid Skills for Employment (SEP) programme, with support from the Lumbini Province and Tansen Municipality, has supported the co-creation of and co-funding for the Palpali Dhaka Association (PDA). Comprising of nine firms, SEP's multi-stakeholder partnership with PDA provided a coordinated platform to improve and institutionalize stronger skilling practices, through standardized three-month apprenticeship-based curriculum on weaving, business literacy, and soft skills and enhanced trainer skills; and other interlinked productivity-enabling interventions. The programme brought a systemic "constraint-addressing 360° solution" lens to the key challenges endured by the industry.

As an industry plagued by seemingly insurmountable challenges, over the last decade, from having local and national markets inundated with cheap Dhaka-like imitation fabrics to difficulty in finding and retaining labour, PDA's progress over the last two years is transformative. "These are unprecedented times for our industry. Our efforts, and progress, despite the pandemic, are unlocking key bottlenecks. Productivity and production at the factories have gone up," explains Sagar Maharjan, PDA member and Ward # 6 Chair in Tansen.

Specifically, this partnership mobilized a cadre of national and international actors and institutions to improve PDA's access to raw materials (yarn), expand the pool of skilled and motivate workers, inject innovations, establish internationally-aligned fair trade standards, facilitate access to start-up and growth capital, enhance branding and marketing, and close the digital divide. Furthermore, the UKaid SEP's support for the hand-woven Palpali Dhaka has demonstrated a viable, scalable approach to forging public private partnerships (PPP), promoting broad participation in a market system, and bolstering industry capabilities for continued advancement of reliable, inclusive, and resilient workforce and industries.

The results are telling. Nearly GBP 105,000 has been invested by the nine member firms, in total, to expand their respective production base in lieu of the perceived opportunities for growth. This is in addition to their GBP 67,320 co-investment to the partnership with SEP. Despite multiple market disruptions from COVID-19, over two years, nearly 350 jobs have been created, 98% of which are held by women; and eight new enterprises set up, of which five are in the process of joining PDA as members. In essence, since SEP's support, jobs have tripled; investments by firms have increased by 40% on average; productivity has gone up by almost 30%; growth of new enterprises has increased by 40%.

Given the value of SEP and PDA's contributions—anchored in a multi-stakeholder PPP-centric model—for inclusive sustainable growth of Palpali Dhaka and local jobs therein, Tansen Mayor Ashok K. Shahi, since 2021, has sought support from other stakeholders to replicate a similar collaboration and co-investment approach for another legacy-product *Karuwa*. A copper-based hand-made vessel, traditionally used as a water dispenser and known for its healing properties, *Karuwa*, like Palpali Dhaka holds special socio-economic significance for the region. In September 2021, during the unveiling of a new Souvenir outlet in Tansen, Mayor Shahi remarked, "our partnership for revival of Palpali Dhaka can prove a replicable success model. It has the potential to inspire skilling, job creation, and market expansion for other indigenous products."

Indicative of the building momentum, and growing interest in Palpali Dhaka, under the Mayor's leadership, advocacy is ongoing for Tansen to be declared the 'Dhaka capital of Nepal'. PDA expects the declaration by first quarter of 2022, in time for its widely anticipated scale-up phase with UKaid SEP. In November 2021, PDA also entertained inquiries from a U.S. Embassy team who stopped by, interested and curious, to learn about the work unfolding.

Outside of Palpa too, SEP is exploring integration of a similar PPP model for the high-end carpet industry, as the scale-up process begins with another partner Label STEP. At an event hosted with carpet industry stakeholders in October 2021, Province 2 [State Attorney Dipendra Jha](#) expressed interest in building a Government-Industry PPP-like coalition, supported by SEP, to expand carpet weaving workshops to additional districts. Similarly, in October 2021, during a programme review consultation with Chief Minister Kul Prasad KC of Lumbini Province, the GoN expressed interest in replicating a PPP model, akin to one with Palpali Dhaka, in the natural fiber sector (covering product such as nettle) given untapped raw material potential across several districts and scope to generate increased jobs for women and youth.

UKaid SEP's constraint-addressing demand-driven sector development approach, working with the most promising and committed local firms to drive labour, firm, and value chain-level improvements as well as promotion of conducive regulatory enabling environment has left an important dent, boosting competitiveness, inclusiveness, and resilience of this industry. Read The Kathmandu Post's report on the SEP-PDA partnership: [Palpa Acts to Revive Hand-woven Dhaka](#).