Dear Friends of GFI/Nepal:

It’s a great pleasure to share with you the Annual Report of GFI/Nepal for the 2016-2017 brick season. This year marked a time of significant expansion in our outreach and impact as we worked together with our partners, government, community and civil society to transform the brick industry of Nepal into a place of fairness and decent work.

We are now partnering with 40 kilns, directly impacting nearly 10,000 marginalized workers, providing choices for buyers in over 18 districts, and supporting the government in achieving its goals on eliminating child labor and bonded labor, promoting labor rights, inclusive growth, and many other areas.

GFI has been active in Nepal since 2013, when we started our initiative with a small pilot program in partnership with reform-minded private sector representatives, civil society organizations, and the Nepal government. We made the invisible people of the brick kilns visible, so that their circumstances are no longer hidden but can be addressed through various mechanisms that have been proven to be effective around the world, including the market and government policies.

As Nepal embarks on a path to becoming a middle income country by 2030, it is important that both workers’ and industries’ needs be addressed through corresponding policy instruments, commitment plans, and strategies. GFI’s work in Nepal to promote responsible businesses, dignity in the workplace, as well as favorable policies, such as preferential financing for good practices, will help the government achieve this goal.

Brick production is a complex system that touches on virtually all aspects of Nepal’s development challenges and opportunities. The issues we deal with in the brick sector are deeply connected to labor rights, exploitation, marginalization, discrimination, and economic opportunities. This report provides a glimpse of our work in Nepal, and also provides a look into the lives of the invisible workers who labor in the shadows to build our country and shows what we can all do to make a difference.

Whether we are producing or buying, we need to ask questions about the impact of our business or purchase decisions. I call upon government, development partners and the building community to ensure that we don’t build on the backs of children and exploited laborers. Our schools, hotels, federal, provincial and municipal infrastructures should not have the footprint of exploitation. All of us can promote justice, whether we are large organizations or small buyers and businesses. It’s as simple as asking questions and making choices for fairness.

Let’s join our hands together and make Nepal a country that is moving away from exploitative practices and towards a future of inclusion, economic justice, and better choices for all.

Kindly,

Homraj Acharya
Country Director, Global Fairness Initiative/Nepal
The Global Fairness Initiative (GFI) promotes a more equitable, sustainable approach to economic development for the world’s working poor by advancing fair wages, equal access to markets, and balanced public policy to generate opportunity and end the cycle of poverty.

Since 2002, GFI has partnered with hundreds of marginalized working communities across the world to enhance economic opportunities and build sustainable livelihoods.

We believe that:

- Solutions should be rooted within the economy
- The poor, especially women, have the potential to solve their own problems
- Government and private sector participation is essential for a solution to be sustainable
- Economic based solutions must include the conditions for Decent Work
- Success is more likely when multiple stakeholders—the government, private sector, nonprofits, and working poor—are engaged throughout the project

The Global Fairness Initiative’s office in Nepal (GFI/Nepal) is applying these core values to transform the brick sector through two complementary and interlinked programs, Better Brick-Nepal and the Bridge Schools Program.

Through our multi-stakeholder, market-based approach, kiln workers gain safer and more equitable labor conditions, kiln owners become leaders in their industry, consumers are able to support ethical brick production, and the government is advancing in its commitment to end child, bonded, and forced labor in Nepal.
Better Brick-Nepal is a collaboration between GFI, Nepali NGOs, and GoodWeave that works to transform the brick industry by eliminating child, forced, and bonded labor. Through this program, supported by Humanity United, we incentivize kilns to improve conditions for workers through access to better production techniques, stronger operations and the creation of a market for ethically produced bricks. Better Brick-Nepal was launched in 2014 with five pilot kilns and expanded rapidly to 40 kilns by early 2017.

The Bridge Schools Program focuses on eliminating child labor at Better Brick-Nepal partner kilns. Through the support of the Banyan Tree Foundation, this program ensures that all kiln children have a safe space to play and learn, either through school linkages or early childcare and education centers. It enlists kiln owners in making lasting commitments to the welfare of working families, helping to end the cycle of poverty.

WHY BRICKS?

The brick kilns of Nepal provide key inputs into the country’s economy and offer crucial employment to thousands of workers, many of them from marginalized communities, unskilled, and with few other opportunities. Yet conditions are harsh and hazardous, and the lack of incentive for change has kept the industry from developing into a source of decent, fair and equitable employment for the working poor.

Brick workers are the poorest of the poor, and include children and forced and bonded laborers. Most are seasonal migrants who work from dawn to dusk, squatting in the dust to make bricks by hand, carrying loads that may outweigh their own bodies, and living on kiln premises in shacks that are often too small to stand up in. Entrenched practices of labor recruitment and management make workers vulnerable to debt bondage, which can trap families for years.

Conditions in the brick sector pose a challenge as well for the small producers that own and operate the kilns and seek to be sustainable in a changing world; for the government as it leads a complex process of modernization; and for consumers looking for choices that promote fairness.

Transforming the brick sector is a tall order, but the collaborative, market-based approach of the Global Fairness Initiative is catalyzing change that works for everyone. We’re working in Nepal with our partners to address the underlying economic factors that drive exploitation by working to change the incentives within the industry so that kilns can become both socially responsible and profitable.

We believe that providing opportunities for decent employment to the working poor isn’t just the right thing to do—it’s better for business, better for government, and better for the public.
WHAT WE DO

Promote Decent Working Conditions
Most workers are seasonal migrants who live on the kiln premises for three to six months a year, work long hours with few breaks in dusty, smoke-filled and often unsafe conditions, and experience many vulnerabilities linked to informal labor, poverty and marginalization. GFI/Nepal, through its programs, supports kiln workers in a broad range of ways that include promoting healthy, safe, and humane working and living conditions; ensuring no workers are bonded or forced laborers; helping workers to gain access to decent wages and a transparent payment system; and ensuring that workers’ children living at the kiln are going to school and not to work.

Incentivize Responsible Production
Businesses that improve conditions for workers are supported with access to better production techniques and helped to strengthen operations, making them more economically viable and competitive in the market.

At the same time, we incentivize improvements across the industry by nurturing a market that prioritizes bricks produced in fair labor conditions and empowering consumers to choose Better Bricks.

A Better Brick is a brick produced under the following five criteria:
• No child labor is used
• No forced or bonded labor is used
• Decent wages, remuneration, and working hours are provided for all workers
• Adequate health and safety measures exist for workers
• No harsh or inhumane treatment

GFI/Nepal works with kilns to meet all five criteria, independently verifying their progress through inspections and audits. Kilns that have addressed all five criteria become Certified Better Brick kilns. Our partner, Nepal GoodWeave Foundation, leads efforts on verification.

Seventeen kilns have been verified as child labor free as of the end of the 2016-2017 brick season, and all 40 participating kilns are making progress toward the five criteria of the Better Brick-Nepal program. By demonstrating that a socially responsible brick is possible, Better Brick partner kilns are leading change in their industry.

81 million child labor free bricks available from Better Brick Member kilns in 2016-17

199 million bricks produced in the 2016–2017 season by Better Brick kilns
Engage Government to Magnify Impact
Construction has long been one of the leading sectors of Nepal’s economy, contributing 7.5 percent of GDP in the 2016-2017 Fiscal Year and closely entwined with other key sectors, such as real estate and the hotel and restaurant trade. Continued strong growth is forecasted, and much of that will involve a heightened demand for one of Nepal’s most important construction materials: bricks.

That’s just one of many reasons that the Government of Nepal takes a keen interest in the brick sector. Reconstruction from the 2015 Gorkha Earthquake, for instance, will be a focus of government efforts for years to come. The massive quake and its numerous aftershocks destroyed over half a million homes, damaged another quarter million, and devastated heritage sites and historic temples across much of the country. The government estimates that reconstruction, along with the already high annual demand, will require at least 20 billion bricks by 2020, and has an interest in ensuring that building is done responsibly.

Not only is the government committed to numerous goals related to the brick sector—goals in terms of economic development, supporting small producers, ensuring labor law compliance, creating economic opportunities for the working poor, protecting the environment, and guiding responsible development—but it is also a major buyer of bricks itself. Nepal’s transition into federalism is expected to push the demand for bricks even higher as new local entities formed under the federal structure are constructed across the country.

The work of GFI/Nepal supports the Government of Nepal in achieving, promoting, and institutionalizing a wide range of goals designed to build a better future for the people of Nepal.

Create Ethical, Market-Based Solutions
To purchase a product is to support the practices involved in making that product—which means that consumers have significant power to influence labor practices.

GFI/Nepal works to raise awareness of the issues facing brick workers and empower consumers to demand ethically produced bricks from the market. Ensuring the availability of bricks on the market that are compliant with local and international labor standards also helps buyers of bricks, including international agencies and construction firms, find sources of ethically produced products and meet obligations within their procurement and company policies.

Partnering with kiln owners who are willing to be pioneers and changemakers, we work to leverage market forces to show that fair labor practices can be profitable. We make sure that consumers know why change in the brick sector is important, and get the word out about how to support positive change by purchasing Better Bricks.
Better for Workers
**STARTING CONDITIONS**

**Harsh, Hazardous and Hard to Change**

Brick-making is seasonal work that is typically done outdoors and relies on the sun to dry raw bricks before firing, so kilns run from roughly October to May, when weather is driest. Most kilns workers are agricultural workers during the planting and harvest season, but migrate to kilns to sustain their families when work dries up in the fields.

Workers often come as families and live on-site at the kiln in a *jyauli* (shanty) made of raw bricks after being recruited by labor agents who provide a cash advance to be repaid with labor. For farm laborers who earn too little to save money and lack the collateral for bank loans, these advances are a critical way to gain access to cash, and are used both for short-term survival and as a strategy to try to create a better future.

Typically running between 20,000 and 50,000 rupees ($200 to $500), the advances are a significant amount in a country where minimum monthly wage is just under $100. Kiln workers use the money to build homes, save for their family’s needs throughout the year, or buy a small patch of farmland and a few animals in the hope of establishing a subsistence farm and escaping migrant labor.

But wages are extremely low and the money comes with grave hazards. Unexpected expenses, a rainy brick season that wrecks raw bricks and keeps more from being made, and difficult financial decisions, including taking extra loans, can mean that a worker won’t make enough bricks to repay the advance. As many are financially illiterate and rely on kiln management to keep their records, they can also be cheated. Workers who are told they didn’t make enough bricks to repay the advance must return to the kiln until it’s repaid—a cycle that can continue indefinitely and trap the entire family.

At the kiln, they work long hours while breathing dust and smoke, carrying heavy loads, and engaged in repetitive movements with few breaks. Workers often lack potable water or toilets; women face sexual harassment; and there is a high risk of injury or disease. When they come as a family, the whole family often works to repay the advance, including children. Over it all hangs the fear of debt bondage.

As for kiln owners, advances are a mixed blessing. On the one hand, they’re a way to ensure a predictable labor force in a sector that struggles with worker retention. On the other hand, they’re a significant financial outlay at the start of the season with risks of substantial losses if workers fail to show up or leave prematurely.

GFI/Nepal, through the Better Brick-Nepal program, works with owners and management to create an environment in which workers earn decent and reliable wages in positions they’re free to leave if they choose, while owners benefit from a more productive and reliable workforce.

“We couldn’t repay our advance last year. We took 50,000 rupees ($500), but I got sick. I was vomiting. I had to go the hospital and have X-Rays. I couldn’t do much work and we had to use that money for the hospital. Now my husband and I have to work until it’s paid. I think it will take another year, but if I’m sick again, what can I do?”

— ANITA MAJHI, 25, and her husband, Naresh, stand by their shack on the kiln premises with part of their daily brick production.
**Brick Molders** often work as a family—legally, this should just be husband and wife, although in practice it often includes the children—and make the day’s quotas of bricks by hand in front of their *jyauli*, where the bricks dry in the sun for baking.

**Brick Transporters** carry raw bricks to the kiln—usually on their backs, heads, or with bicycles—where **Stackers** arrange them for firing. **Donkey handlers** also transport bricks at some kilns. After firing, the bricks are moved to storage areas and are ready for sale.

**Coal Breakers** break the coal by hand in coal-fired kilns.

**Firemen** work in shifts to stoke the flames. Once a kiln fire is lit at the start of the season, it never goes out. The kiln runs 24 hours a day, 7 days a week.

**Naikes**, or labor agents, recruit workers for the kiln and have considerable power over managing and controlling their recruits. The money they pay out as advances to workers is typically taken by themselves as an advance from kiln owners, an average of over $3,000 a season, so they are under pressure to ensure that as many bricks are made as possible by the workers they’ve brought. It’s a complex dynamic that can be both risky and profitable for the naikes while incentivizing and entrenching exploitation and abuse.

**WHO ARE THE BRICK WORKERS?**

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**STARTING CONDITIONS**

$430 
average advance taken in 2016-17 by workers at Better Brick-Nepal kilns (NRs 43,819)

13 cents 
average price of each brick on the market (NRs 13)
87% of Better Brick workers bring their families to the kilns

185 number of workers at the average Better Brick kiln

11 average hours worked per day by molders in non-mechanized kilns across the sector

“I get up, work, eat a bit, and work until evening. How do I know how long I work? I just know that if I stop, I’ll be late making the number of bricks I need to make today. At first my back hurt so much. Now it’s my habit, so it doesn’t hurt as much.

I don’t know how to write. My husband knows a little. The labor agent has to keep our records and I don’t know exactly how much we earn. But our children are in school, and someday they will teach us.”

Ramal Majhi, 32
PARTNERING FOR PROGRESS

**Fairness and Transparency**
A forced laborer is a person who works or provides a service against their will, is unable to leave work for fear of punishment, or has no choice in where they work.

At brick kilns, workers fall into this situation when they take an advance that can’t be repaid within a reasonable timeframe, forcing them to work for the same kiln year after year. Bonded labor, or debt bondage, is a form of forced labor and is defined as a form of modern-day slavery by international organizations that include the United Nations.

Better Brick kilns commit to changing their practices so that workers won’t be trapped in the cycle of debt bondage. For instance, instead of verbal agreements, they implement the use of employment contracts with terms that are clearly understood by everyone involved. They make a series of changes to ensure that workers are at the kiln by choice and not by force, such as agreeing that no personal documents, such as citizenship papers, will be withheld as ransom to keep workers from leaving. They also agree to limit the size of the debt workers can take and reduce additional “fees” and expenses that increase a worker’s debt.

Instead of workers relying on labor agents and kiln management to keep track of how many bricks they’ve made and how much they are owed for their labor—a system that is easily abused—transparent record-keeping is encouraged and workers are trained in financial literacy so they can keep their own financial records. This enables them to double-check earnings, understand any remaining debts, and avoid being cheated or accepting loans they can’t repay.

Strengthening kiln management also reduces the kiln’s own vulnerabilities, and alternative approaches to the advance system are promoted and pioneered so that a reliable workforce can be attracted and kept without elements of force.

**Understanding Wages**
Calculating a worker’s earnings can be complicated at brick kilns. Most workers are paid by the number of bricks they produce or carry. But how much they earn per brick (i.e. the piece-rate) and how much they produce can vary significantly by kilns and workers. In addition, wages earned are used first to pay the debt to the kiln owner (i.e. the advance) and aren’t given until the end of the season.

Because workers must use their initial earnings to pay off advances, most are forced to take out additional debt on a weekly basis (i.e. weekly allowances) to cover daily survival needs, such as food and clothing. This amount is added to their total debt, which can make tracking how much they earned, how much debt they have left to pay off, and when they can leave hard to determine.

“People who do this work get cheated a lot. But they gave us a diary here and we do the math and so we can’t be cheated. I have a plan. I took an advance of 50,000 rupees ($500). With the money from my advance, I’m building a house. I also bought a domestic boar for 3000 rupees ($30) and a water buffalo for 10,000 rupees ($100). I’ve paid off my advance and earned another 12,000 rupees ($120). I know everything about my earnings.”

RAM MAJHI, 33, works at a Better Brick kiln. In Nepal, surname indicates caste and ethnicity. Majhi are an occupational group at the bottom of the traditional caste hierarchy; many are now kiln workers.
Decent Working and Living Conditions
At Better Brick kilns, conditions for workers are changing for the better through a range of improvements focused on health, safety, and fairness.

Instead of laboring from dawn to dusk, which is the current practice in the brick sector, workers should have reasonable hours with opportunities for breaks, with anyone choosing to work longer hours compensated accordingly.

Attention, too, is being paid to load limits. There is a significant risk of injury and long-term health problems from carrying excessive weights; kilns need to mitigate this through enforcement of safe, appropriate, legally compliant load limits.

To further address health and safety, clean potable water must be available. Separate toilets for men and women can improve hygiene and health, offer a sense of privacy, and protect workers from harassment. Living quarters must be properly ventilated for safe cooking and meet criteria for minimum space per person.

Kilns are both workplaces and living environments, and GFI/Nepal is working with labor and management to help them become safer, healthier and more humane places to live and work.

“Sometimes when I have a problem or when the kids get sick, then I get a few thousand in advance ($20 to $30). Just when I need it. Sometimes I do, sometimes I don’t. But that’s not how I am paid. My salary is monthly, so if I want to work, I can work, but if I need to go to my village, then I can.”

◆ BISHNU LAMA a brick carrier, and his wife, a molder, lost their home in the 2015 quake. They live with their children at a Better Brick kiln where laborers stay in permanent housing with vegetable gardens (shown left). Working for a salary, they’re saving to rebuild.
Vulnerable Children Shine in Classroom

The 30 children who arrived at Asmita Brick Kiln for the 2016 brick season were all poor and vulnerable, and most were expecting to work. But the Kusuwar children were at grave risk even by kiln standards.

Both of their parents have intellectual disabilities; their father is also physically handicapped. That means they produce fewer bricks than their peers and earn less money, which virtually guarantees that the children, who don’t share their parents’ disabilities, would be put to work to meet the family’s brick quota.

But not at a Better Brick kiln. All 30 children were enrolled in school and ultimately passed with solid marks. Five even shone so brightly in the classroom they took top spots in their classes—including Pradip and Parbat Kusuwar.

The Kusuwar children will continue to face a hard road in life. But with their parents employed at a Better Brick kiln, that road will also lead to school.

Eliminating Child Labor

While child labor in Nepal is illegal, it remains prevalent in brick kilns across the country. Kilns in the Better Brick-Nepal program must ensure that no children are working and that all are living with their families. Every kiln where children are present must also provide them with a safe space to play and learn, either through school linkages or early childcare centers at the kilns.

Benefits such as the Early Childcare and Education Centers (ECEC) and the linkages with the public education system are part of our Bridge Schools Program and are proving to be enormously popular with parents, who are choosing Better Brick kilns as places to work because of the improved conditions for working families.

The Bridge Schools Program

The Bridge Schools Program is just what the name implies—a bridge to school for kiln children.

Children often arrive at kilns with their families, expecting to work. Many haven’t attended school in years, if they attended at all. Others are at high risk of dropping out and being drawn into labor because of gaps that migrant work creates in a child’s education.

Through the support of the Banyan Tree Foundation, the Bridge Schools Program (BSP) is a key component of our efforts to eliminate child labor from Better Brick partner kilns. Developed in partnership with Nepal’s Ministry of Education and local education NGOs, it provides an educational structure to enable the kiln children to go to school and stay in school.

Highlights of the Bridge Schools Program:

- Each kiln builds an Early Childcare and Education Center (ECEC) on its premises where children under six have access to preschool education, a safe play space, and nutritious food while parents work
- School-aged children are linked with the local public school if one is close enough, or taught at the ECEC with trained teachers under the public school curriculum if the kiln is remote from a school
- Tutoring helps children catch up with peers
- Migrant children whose language isn’t Nepali are taught by speakers of their own languages, with efforts made to teach Indian children using an appropriate curriculum
- At season’s end, children transition back to their home school with official certificates approved by the Department of Education to ensure that credits transfer and they integrate into village schools

Kiln owners demonstrate their commitment by investing in the education program, including cost-sharing with the Bridge Schools Program for teacher salaries and funding the construction of the ECECs.
Stories of Success

At age 11, Bikash Gole hadn’t been in a school for five years. Usha Majhi was also 11, but migrant life had interrupted her schooling so often that she could barely read.

To kiln families, school can seem like a waste of time they can’t afford. Kiln management, meanwhile, often looks the other way when children work instead of going to school.

But at Better Brick kilns, child labor is prohibited. So Bikash and Usha enrolled in school through the Bridge Schools Program, with tutoring to help them catch up and assistance with books, uniforms and supplies.

The result? Bikash performed so well on exams that the Goles, once skeptical of school, stayed at the kiln doing other work after season’s end to keep him at the same school. Usha’s family went home, where linkages forged by GFI/Nepal with the government helped her transfer to the local school.

Bikash now has a collection of academic prizes and dreams of joining the Nepal Police. As for Usha, the family returned to the kiln for the next brick season, and her parents made the reason clear: They appreciate the education benefits.
“When children are at school, we feel relief. It’s easier for us to work. My daughter is three and she already reads letters in English. I feel happy about that. What would she do if she wasn’t at the ECEC? I have to work and my husband has to work.”

SUNITA CHAUDHARY, 20, mother of Sanjana Chaudhary, 3, right.

“I can say that my children are all graduates of Better Brick-Nepal. I work at this kiln, and you know how it is. If you work, you have to like it. But I want a different life for my children. Four of them studied at the ECEC, and now they are in the government school. They are studying nicely. I appreciate Better Brick-Nepal very much.”

BISHNU MUSAHAR, 55, has five children who have benefitted from the Bridge Schools Program. Musahars are traditional rat catchers, among the most deeply marginalized group in India and Nepal, with a 3% literacy rate.

“Do you want to know my dream? If my daughter becomes educated, and then she learns to sew, someday she can teach sewing to other women. That would make me so proud.”

MUNNI, who doesn’t know her age, mother of Sabrin Khatun, right. The family migrates seasonally from India to work as donkey handlers.
The brick sector is a big business run by small producers, and it’s crucial to the economy of Nepal, where urbanization fuels an escalating demand for bricks. That demand intensified after the 2015 earthquake, along with pressure for rebuilding to be done responsibly.

GFI/Nepal empowers kiln owners to become leaders of change. We work with kilns of all types—mechanized and non-mechanized, with varying production capacities—but all are small-scale industries on the cusp of a new era.

With an average of 172 employees, kilns tend to be family businesses or small partnerships, and most are run the old-fashioned way, by habit and traditional know-how. Few owners have a background in engineering or formal mechanical training, and neither do their managers or lead workmen. They do what has worked in the past, which can perpetuate practices that are exploitative, unsustainable or inefficient in a contemporary context.

Kilns are supported throughout the year by the Better Brick-Nepal Program to strengthen their operations by improving working conditions, labor recruitment and management practices, and environmental, health, and safety conditions. Once a kiln meets specific progress milestones on social and labor conditions, Better Brick provides additional technical support to help them improve their business and become highly competitive in the marketplace.
14 districts with Better Brick kilns

40 Partner Kilns produce nearly 200 million bricks a year
**Technical Assistance**

Owners of kilns verified as child labor free (Member Kilns) have the opportunity to improve their products and business models through the assistance offered by GFI/Nepal to help businesses blend social responsibility with sustainability.

This past year, each Member Kiln benefited from an individualized expert assessment with specific, detailed recommendations to improve technical operations, reduce costs, and increase product marketability. Owners also participated in Learning-Exchange Programs, visiting model kilns in Nepal and India to learn how industry pioneers have improved labor conditions, reduced environmental impact, improved fuel efficiency, and implemented wage systems that no longer rely on the system of advances that can lead to bonded conditions.

They saw how kilns that began as modest operations have thrived with better planning, strategies and labor management, and how social responsibility has helped in the promotion and sustainability of enterprises. Now they’re putting their knowledge into action—from implementing worker benefits to making improvements both large and small.

**20%**

of production is lost to technical problems and system inefficiencies

“When you see black smoke, it’s pollution, but for us it’s also wastage. We’ve been learning ways to minimize that, and next year I think we’ll completely overhaul the firing system. The counseling we’ve received has been really robust, so we feel confident to make that investment.”

▲ **DUNIKA BHUSAL**, owner of Seven Star Kiln, Kapilvastu
Kilns Honored by Government
Kiln owners who participate in Better Brick-Nepal are building a nationwide reputation as leaders in ethical business practices.

The Vice President of Nepal and the Minister of Industry have honored kiln owners over the course of the past year for their success in eliminating child labor.

Sixteen owners of kilns that implemented the Better Brick model and were independently verified as child labor free were recognized for their achievements by Right Honorable Vice President of Nepal Nanda Bahadur Pun and the Minister of Industry, Nabindra Raj Joshi, in ceremonies covered by national media.

Kilns across the country working with Better Brick are making progress on the elimination of child, forced and bonded labor, ensuring fair wages, and implementing measures for decent working conditions that include health and safety standards. They’re demonstrating that ethical businesses that abide by the law aren’t just profitable; they’re also respected by their communities and the nation.

“I was very impressed by the labor management and how well the owner has taken care of the laborers by providing three daily meals to single workers, free medical care, and permanent housing. It’s inspired me to do the same at my kiln.”

BIL BAHADUR THAPA MAGAR, owner of Kundur Brick Kiln, Gorkha, after an exposure and learning visit to a leading progressive kiln in India

“...I thought it would hurt our ability to keep workers if families couldn’t put their children to work. Last season there were families who didn’t come because we said their children couldn’t work. We were worried.

But now they come precisely because of the school and ECEC. For us, it’s a good investment. It makes the workers happy, and if the workers are happy, it’s easier for us. And it’s also a thing of human dignity.”

GUNANIDHI BHUSAL, owner of Seven Stars Kiln, Kapilvastu

Promoting Better Brick Standards
“Nepali workers have an international reputation for honesty and bravery. After learning about this program, I feel that we have another opportunity: Nepal can build its international reputation as a child labor and labor exploitation free country. We can be an example to the world.

This is not only a moral imperative but also will be good for the tourism industry to attract valuable tourism to Nepal. Our country is known as the birthplace of the Buddha, who spread the message of universal peace and non-violence. Since labor exploitation is a form of violence, we should strive to build our infrastructures without traces of tears of exploitation in them. For that to be achieved, development partners, civil society organizations and government apparatuses should work hand in hand.

I’m very impressed by BBN’s approach of third party verification on social audits.

I think this should be an example for other organizations to follow. Third party verification will increase the credibility and trustworthiness of the interventions and achievements.

I want to thank GFI for making this important yet invisible sector visible so that we can address the social issues that have been long ignored.”

▲ NANDA BAHADUR PUN, Right Honorable Vice President of Nepal
Nepal’s Only Woman Kiln Owner Leads Change

At 4:30 a.m., Laxmi Pathak, like hundreds of thousands of other women across Nepal, rises to cook for all 15 people in her extended family. Then she drives to Siddhartha Brick Industries and starts a full day as the country’s only woman to own and operate a brick kiln.

Eight years ago, she was a 41-year-old mother of four who knew little about the kiln she’d inherited after her husband’s death from cancer. “I never used to go there and we never talked about it,” she says. “When guests came, they’d talk business, but my job was just to make the food, and none of the kiln talk ever came my way. I was always in the kitchen.”

The family assumed she would turn over the kiln to a male relative. “But I saw that if I ran the business, I wouldn’t have to ask my in-laws for money,” she says. “I thought to myself, ‘I can learn this.”’

She had no experience in management or technical knowledge, though, and life as a woman in an extended family made it hard to implement change or even continue some of her late husband’s innovations. Then GFI approached her to participate in the pilot Better Brick-Nepal program.

Her kiln achieved child labor free status within a year and made such strong progress on the standards that it became one of Better Brick’s first kilns to be verified as child labor free. Women workers have also said that there is less sexual harassment at Siddhartha than other places they’ve worked.

Benefitting from technical assistance provided by GFI/Nepal, the kiln has implemented improvements in coal and raw brick storage. This year, with information gained from the learning exchanges, training, and consulting services that are benefits of being a Member Kiln, Laxmi Pathak is starting the shift towards mechanized brick molding—which for workers would mean less arduous physical labor, and for the kiln could bring higher profits and greater sustainability in the future.

“I used to be a very typical wife and daughter-in-law. I was even afraid to leave the house on my own. But now I know I’m strong. I walk alone, travel alone, make my own decisions, try new ideas. I’m not afraid to do anything. This program has really helped me to become established as a woman entrepreneur.”

LAXMI PATHAK, owner, Siddhartha Brick Industries, Rupandehi

“Good coordination with her workers is her strength, and the way she is implementing the things she has learned from the Better Brick-Nepal program is incredible.”

DURGA ARYAL, Better Brick-Nepal team member
GFI believes that strong partnerships with government are key to sustaining and institutionalizing change. We’re committed not only to advancing social progress at individual kilns and modeling what’s possible, but to extending that impact broadly and deeply across the entire brick sector.

Our shared objectives make the Government of Nepal a crucial partner. From the start of the program, we’ve worked closely with government leaders to engage on public policy interventions that incentivize change. Through collaborative vehicles such as the Steering Committee established by GFI and the Government of Nepal—a high-level governmental taskforce focused on the brick sector—we help to raise issues affecting the sector at the highest levels of government while ensuring that our work complements and is synchronized with government objectives and across key departments and ministries.

Our efforts also bolster and strengthen government impact by extending awareness and incentivizing voluntary compliance with existing laws, such as health and safety standards and the law against child labor. We’re working together with the government for lasting results that benefit all stakeholders: the working poor of the brick sector, the small producers that operate the kilns, the public, and the government itself.
High Level Steering Committee Drives Policy Discussion

One key part of GFI/Nepal’s innovative approach to addressing issues in the brick sector in a way that can have lasting impact has been the work of the joint Steering Committee formed by GFI/Nepal and the Government of Nepal.

The only sector-specific Steering Committee housed at the National Planning Commission, this unique vehicle for collaboration brings together top officials to engage around issues, facilitate coordination, and benefit from input on the sector’s complexities.

For instance, child labor is illegal, so the government has an interest in strengthening enforcement. But that’s complicated in the brick sector by unique labor practices in which families live seasonally at kilns, working and being paid as a unit. The issue cuts across ministries—including Labor, Education, Women and Children, and Industry—and only through collaboration can effective solutions be tailored.

Government representatives on the steering committee are Joint Secretaries, who are the highest ranking bureaucrats in Nepal’s government and are responsible for leading policy discussion, formulation and implementation. The Steering Committee creates pathways for communication between main players in the sector, facilitates coordination, ensures that efforts in the kilns are well-coordinated with the government, and helps the government and nonprofit sector complement each other’s efforts.

The committee is chaired by the Secretary of the National Planning Commission, with the GFI/Nepal Country Director as vice chair.

In addition to Joint Secretaries of 11 government ministries, the Better Brick-Nepal Steering Committee also includes representatives from public, private, civil society, and multi-lateral organizations.

We’re tackling the challenges of Nepal’s brick sector from the ground up, through our work at the kilns; broadly, by engaging stakeholders across the country; and at the highest levels, by bringing together key government, private sector, and non-government actors in pursuit of shared economic and development objectives.

11 GOVERNMENT MINISTRIES ON THE BETTER BRICK-NEPAL STEERING COMMITTEE

**Chaired by the Secretary of the National Planning Commission, the members include:**

- Ministry of Labor and Employment
- Ministry of Industry
- Ministry of Education
- Ministry of Forests and Soil Conservation
- Ministry of Culture, Tourism and Civil Aviation
- Ministry of Federal Affairs and Local Development
- Ministry of Finance
- Ministry of Health
- Ministry of Law, Justice and Parliamentary Affairs
- Ministry of Population and Environment
- Ministry of Women, Children and Social Welfare
Ambassador and Owners Discuss Cross-Border Migrant Issues

Labor practices in the brick industry are a bilateral issue. The open border between India and Nepal means that citizens of either country can legally cross the border for work, which they do in large numbers. Most are laborers in search of employment, but many can also be forced and bonded laborers—workers traveling against their will or not knowing how long they must work—including some children.

The Ambassador of Nepal to India held a meeting in Delhi with Better Brick kilns owners to discuss some of the industry’s bilateral challenges. His Excellency Deep Kumar Upadhyay was briefed on labor management practices, the types of movement and payment systems that create a fertile ground for exploitation, and the work of Better Brick-Nepal in pioneering more sustainable, ethical practices.

The brick industry is one of the economic sectors that function as a bridge between Nepal and India, employing a shared workforce, serving the labor and economic needs of both countries, and generating both benefits and social problems that have a joint impact. That makes it important for the neighbors to work collectively on a comprehensive regional brick industry regulation policy. The meeting with the ambassador was a first step towards initiating dialogue between the two countries on issues involving Nepal’s brick kilns.

“This industry is not without many challenges, but if we walk step by step, we can definitely see Nepal becoming free of exploitative labor practices.”

DEEP KUMAR UPADHYAY, Ambassador of Nepal to India

25% of workforce at Better Brick-Nepal kilns is Indian

90% of skilled workers at Nepal’s kilns such as firemen, stackers and donkey handlers, are estimated to be Indian
Assisting Government to Integrate Migrant Children

Children of brick workers can end up working in part because they slip through the cracks of the education system. GFI/Nepal designed the Bridge Schools Program as an important component of keeping children away from work. But in the long run, the goal is for the Government of Nepal to find effective ways to include this population within the educational system, keeping them in school and away from labor even if they continue to migrate seasonally with often illiterate parents from deeply disadvantaged communities.

GFI/Nepal has Memoranda of Understanding with two governmental entities, the Central Child Welfare Board (CCWB) and Department of Education (DOE), to ensure close collaboration and synchronize our work with government priorities and initiatives.

GFI/Nepal is committed to working with the CCWB to eradicate child labor from the brick industry by strengthening the reach of existing initiatives for child protection, and assisting the DOE to incorporate migrant and transient children into their policies for the deepest long-term impact.

For instance, the DOE partners with GFI/Nepal in helping migrant children transition back to their home school through a certificate that confirms their ongoing enrollment status and performance on exams during the brick season.

Representatives of the DOE also visited partner kilns to learn about challenges facing migrant workers’ children and engaged with GFI/Nepal on how the government can address the needs of this population through the policy framework, teacher training, provision of materials, and effective data capturing.

As a result, it was agreed that teachers at Bridge Schools, who are hired jointly by the program and the individual kiln owners, will be included with government teachers in relevant trainings on classroom management, improvisation with local materials, and early childhood education.

Through its work with GFI/Nepal, the government is being assisted in achieving its goals of ending child labor in a historically intransigent sector. It is also starting to address the unique needs of transient children who migrate seasonally with their families and stem the resulting educational marginalization that can trap families in lifelong poverty.
Rapid urbanization fuels a high demand for bricks in Nepal, where bricks are used extensively in home and building construction and are typically used for both exterior and interior walls. Urbanizing at a rate of over 3 percent annually, Nepal is projected by the UN to be one of the world’s 10 fastest urbanizing countries over the next several decades.
To purchase a product is to support the practices involved in making that product. The role of consumers and market forces in bringing about change can be significant, and GFI/Nepal seeks to enlist those forces to bring about transformation in the brick sector. We empower consumers at all levels—from individual homeowners and small contractors to large businesses and agencies—to make a choice for fairness when they build.

Achieving that goal is a multi-pronged strategy. It involves reaching out to construction firms and contractors and enlisting them to be part of the process and demand ethically produced bricks in their projects. It means sharing the word with ordinary consumers through public service announcements that reach them in their homes and encourage them to be part of the solution and buy Better Bricks. It means connecting with buyers of bricks, including international agencies and construction firms, who are looking for bricks that are compliant with local and international labor standards in order to meet obligations within their procurement and company policies. We make sure that consumers know why change in the brick sector is important and how purchasing Better Bricks can help.

The media has also responded strongly to our work. News is getting out—from outreach within the construction sector, to messages for consumers, to the dozens of articles and programs that report on our work—letting people know about forced, bonded and child labor in brick kilns, and spread the word about how Better Bricks can make a difference.

3.8% of Nepal’s brick production now comes from Better Brick kilns

43% of Better Brick Kilns have been verified as child labor free within 2 years
**EXPANDING THE MARKET**

**Builders Join Push for Better Bricks**
Consumers often rely on contractors to make choices about brick buying—which is why, since its inception, GFI/Nepal has partnered with key stakeholders that can influence the purchasing decisions around bricks.

The Federation of Contractors’ Associations of Nepal (FCAN) was an early supporter of the Better Brick effort. This nationwide umbrella organization signed a Memorandum of Understanding with GFI/Nepal in which it pledged to urge its 12,500 members across the country to prioritize the purchase of Better Bricks once they became available.

With child labor free bricks now on the market, that 2014 agreement has become the basis for action. FCAN and Better Brick are working together, district by district, to ensure that local contractors know the issues, can connect with kilns in their areas that have achieved child labor free status, and can educate their clients to make choices for change.

FCAN has also urged the Government of Nepal to support a more ethical and sustainable brick sector through government policies to incentivize the purchase of bricks that meet verifiable standards and are known to have been produced in accordance with labor laws.

Petty contractors—such as bricklayers and other skilled craftsmen who make key buying decisions—are also being engaged through trade unions, local associations, and the Joint Trade Union Coordination Committee.

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**district and community stakeholder dialogues led to:**

- Increased community pressure for improvements at kilns
- Local governments inclusion of kiln workers in planning and services
- Increased awareness of Better Bricks

“Not only is development our concern, but also the preservation of the environment. We should be careful while developing our physical infrastructure so that we can hand over a healthy environment to the next generation. On behalf of FCAN, I would like to offer my assurance that we builders are always ready to use Better Bricks.”

**SHARAD GAUCHAN**, president of FCAN, representing 12,500 members
Support Builds Among Top Contractors and Development Agencies

Leading contractors whose work underpins the current construction boom gathered this fall in Kathmandu for a Buyer’s Conference to start linking consumers to ethically made bricks.

The 16 participating firms are all major contractors with projects ranging from private homes to business complexes to hotels and government buildings. Many have multiple offices in major cities and across the wide swath of Nepal impacted by the 2015 quake.

The Buyers’ Conference also drew representatives from government agencies and international donors, such as UNESCO and the Asian Development Bank, who fund reconstruction and other projects and have ethical obligations within their procurement policies.

Sponsored jointly by FCAN, the conference was part of an ongoing outreach series that is engaging major brick buyers in making a difference for workers and children.
Nepal Wakes Up to Messages about Ethical Brick Buying

Over 12 million listeners are believed to tune in regularly to Nepal’s largest FM station—which, from the standpoint of GFI/Nepal, makes it an important platform for reaching ordinary consumers. This brick season, during the popular Kantipur Diary news show, a public service message aired daily that started with a brief reminder: Using child labor in any sector is illegal, and brings a fine of 50,000 rupees and up to a year in jail. The radio spot linked child labor to personal buying choices with the simple message: Respect the rights of children. Use bricks made without child labor.

Crucially, the message came jointly from GFI/Nepal, the Central Child Welfare Board, and the Ministry of Women, Children and Social Welfare, which reinforced the government’s efforts to fight the illegal but widespread use of child labor while also encouraging consumers to be part of the process.

Broadcast nationwide on Kantipur FM (96.1 and 101.8 FM) at 6:45 a.m., a time of high listenership when families sit down for morning meals, laborers have started their workdays and many people are in transit, it could be heard in kitchens and teashops, factories and brick yards, private cars and public buses. Strategically, that meant it not only reached decision-makers of all levels, but also children and families working at kilns, who could be informed of their rights even as buyers were learning about ethical options.

That’s a critical start towards the goal of ending exploitative labor practices in the brick sector. For GFI/Nepal, it’s also a first step towards the broader goal of establishing a market for ethical bricks produced not only without child labor, but without forced or bonded labor and under decent, humane working conditions.
THE MEDIA RESPONDS

Global and National Media Find Compelling Stories in GFI/Nepal’s Work

National and global media have found the effort to bring change to the brick industry in Nepal a compelling story. Our innovative approach to ending forced, bonded and child labor has been drawing the attention of numerous news outlets, from global media such as the Christian Science Monitor and PBS News Hours to a continuous stream of coverage in the Nepali media.

During 2016-2017, GFI’s efforts were featured frequently in Nepal in newspaper articles, radio and television programs. Nepal has an active independent press that has responded with keen interest to the issues we’ve raised, spotlighting our work in many news features and regularly inviting GFI/Nepal staff as expert commentators on news programs dealing with forced, bonded and child labor, ethical development, and post-quake reconstruction. We’re excited about the way that this coverage also spreads the word about Better Bricks—letting buyers of bricks, from homeowners to businesses to international agencies, know how they can be part of the solution.

Internationally, the Christian Science Monitor and PBS News Hour focused on conditions in brick kilns and the solutions we’re implementing in a feature article and video program, “After the Earthquake, a Push to Rebuild without Child Labor” (June 8, 2016). In August, the Pulitzer Center on Crisis Reporting invited GFI/Nepal’s Country Director as an expert guest on its live-streamed panel program, “Out of Bondage: Ending Forced and Child Labor in Nepal and India” (Aug. 23, 2016).

International coverage since the program’s launch—including The Guardian (“How Nepal is Trying to Solve Its Blood Brick Problem,” Feb 12, 2015) and a featured spot in Huffington Post as one of the Top 10 Child Labor Stories of 2015 (Jan. 6, 2016)—is proving to be instrumental in bringing the world’s attention to forced, bonded and child labor in Nepal’s brick kilns and the ways that the power of consumers can be leveraged to address it.

“Whether the earthquake will add to the ranks of child laborers or lead to reformation of the brickmaking industry is a question being watched around the world.”

CHRISTIAN SCIENCE MONITOR

79 articles discussing our work in domestic newspapers
19 domestic radio programs focused on our work
16 domestic television programs focused on our work
A young boy moves raw bricks on the backs of mules inside a kiln in Dhading district, Nepal, April 2016. Despite a national law that bans children under the age of 14 from working, many work alongside their families in the country’s brick-making industry. Photo by Ann Hermes/© 2016 The Christian Science Monitor Funded by Pulitzer Center on Crisis Reporting.
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Notes on Data Sources for Statistics

All statistics referenced in this report are drawn from GFI/Nepal data, except as noted below.


Page 23—Reliable data on the number of Indian workers in Nepal is not available and sector-wide estimates typically found in the media tend to be speculative. Highly skilled labor, such as firemen and stackers, are believed to be around 90 percent Indian, referenced in the following presentation https://www.slideshare.net/eeefncci/brick-sector-in-nepal-overview-and-policy-issues

Page 29—Kantipur listenership was provided to GFI by Kantipur FM
Global Fairness Initiative
2000 P St. NW, Suite #210
Washington, D.C. 20036

globalfairness.org