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Sustainable garment value chains through EU development action

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COMMISSION STAFF WORKING DOCUMENT

Sustainable garment value chains through EU development action

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EXECUTIVE SUMMARY

Worldwide, millions of workers, communities, and businesses are involved directly and indirectly in the garment value chain. A garment product typically passes through the hands of dozens of stakeholders across different continents before reaching the final consumer.

Ensuring that economic growth and development go hand in hand with social justice, decent work and environmental protection in the complex and fragmented production networks of the garment value chain is a desired outcome. It is in line with key objectives of the UN 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs).

European Commission services are actively engaged in coordination and cooperation activities with EU Member States¹, the European Parliament as well as civil society actors, the private sector and international organisations to achieve more sustainable garment value chains. In international cooperation, the commitment of the Commission to promote sustainable textiles and garment value chains is evidenced by ongoing development cooperation activities and tools. Despite these efforts, economic, social and environmental challenges remain and need to be tackled.

This Staff Working Document (SWD) relates to existing engagement and aims to outline the EU response towards more sustainable garment value chains in the field of the Union's development policy. Focusing on identified thematic priorities and intervention areas helps to maximise the benefits of EU garments-related development cooperation activities.

This SWD lays out elements for an effective response to capacity-building, awareness-raising and technical assistance needs with a view to capitalising on the opportunities and addressing the key challenges in the sector.

Three main thematic priorities and three intervention areas have emerged on the basis of ongoing activities. The three thematic priorities are:

- Women's economic empowerment;
- Decent work and living wages; and
- Transparency and traceability in the value chain.

The three intervention areas are:

- Providing financial support;
- Promoting social and environmental best practices; and
- Reaching out to consumers and awareness-raising.

¹ EU Council conclusions on The EU and Responsible Global Value Chains, 8833/16, 12 May 2016 supported "efforts undertaken in promoting responsible supply chains through initiatives such as an EU Garment Initiative". The Council further "strongly [encouraged] the Commission and Member States to share best practices, including the promotion of new and innovative approaches, and to scale up such initiatives and expedite their delivery."

A Matrix of Action (Annex 1) has been elaborated to link the three thematic priorities with the three intervention areas. This will allow to better steer ongoing engagement, and to prioritise and integrate ongoing activities on promoting sustainable garment value chains. Several recently approved development projects² are presented, amounting to new grant funding of around EUR 45 million.

Overall, development cooperation can be an effective tool in encouraging the private sector and in engaging in reforms and dialogue with governments in garment producing countries. However, all stakeholders need to be committed to sustainable value chains and take appropriate actions to maximise the sector's positive effects and unlock its economic and social potential while minimising the negative impact on the environment.

With a medium to long-term perspective, the insights acquired from relevant development cooperation operations can offer valuable lessons learned.

² Financed under the Development Cooperation Instrument and the European Development Fund.

1. INTRODUCTION

Global value chains³, where different production stages are carried out in different countries, have become a dominant feature of global trade. More than 70% of world trade consists of intermediate goods, services and capital moving across countries.

The significance of global value chains raises the question of how to ensure their sustainable management. Achieving sustainable production and consumption and decent work are among key objectives under the Sustainable Development Goals (SDGs) in the context of the 2030 Agenda for Sustainable Development.⁴ The aim is to ensure that economic growth and development are accompanied by social justice, decent work and environmental protection, including for those sectors characterised by particularly complex and fragmented production networks.

A case in point is the garment value chain, considered to be one of the most complex production models globally with significant downstream, upstream and related activities involving different industries such as cotton, textile, or footwear. It is an important value chain in economic terms, both within the EU and in partner countries, providing employment opportunities to millions of workers, especially young women. However, particularly in low-income production countries, the industry is often characterised by persistent structural problems linked to the fragmentation of labour-intensive, low-skill production across many factories and international locations. Due to the scale and the profile of workers, the sector has great potential to significantly contribute to economic and social development.

Acting upon the sector's vast sustainability challenges and risks like child labour, unhealthy and unsafe working environments, poor working conditions and wages and water pollution in a concerted manner contributes to several other SDGs, such as ending poverty, empowering women, inclusive growth, and global partnerships. The Commission's ongoing work on sustainable garment value chains is therefore a sector-specific example of implementing core visions of the 2030 Agenda. It seeks to ensure improvements in terms of labour conditions and human rights, including a strong gender equality focus (75% of all garment workers are women), and environmental impact, such as an efficient use of resources and sustainable production and consumption patterns, contributing to a circular economy.

The Union's development policy can be a tool for comprehensive engagement with governments in production countries, the private sector along the value chain, and contribute to wider EU efforts on capacity building, promoting responsible business conduct, investment, and decent work. It may stimulate discussions on development approaches

³ Value chains cover "the full range of activities that firms and workers do to bring a product/good or service from its conception to its end use and beyond. This includes activities such as design, production, marketing, distribution and support to the final consumer." www.globalvaluechains.org/concept-tools. In global value chains intermediate goods and services are traded in fragmented and internationally dispersed production processes. See also United Nations Conference on Trade and Development (2013). World Investment Report 2013, Global Value Chains: Investment and Trade for Development. New York and Geneva: United Nations. http://unctad.org/en/PublicationsLibrary/wir2013_en.pdf . The ILO, G20 and G7 opted to use the notion of global supply chains. In this SWD the notions value chain and supply chain can be used interchangeably as in the EU Council conclusions of 12 May 2016.

⁴ United Nations (2015). Transforming our world: the 2030 Agenda for Sustainable Development. UN Resolution A/RES/70/1, 21 October 2015.

towards competitiveness and Aid for Trade strategies in support of global value chains, and sustainable industrialisation processes. Increasing the transparency in the value chain – disclosing information to the public in a comprehensible, accessible, and timely manner and operating openly and transparently – is considered an important stepping stone to improve sustainable business practices and working conditions in producing countries.

There is already significant engagement on achieving sustainability in the garment sector and related supply chains across different partner countries and through different policy channels. Within the EU, an active discussion is also taking place on how to encourage better coordination and dialogue between all stakeholders working towards more sustainable garment value chains, improve communication on successful initiatives and relevant EU actions, and raise awareness among European consumers.

This Staff Working Document (SWD) has three main objectives:

1. To present an overview of the EU's development cooperation activities and tools which address sustainable development in the garment value chain, highlighting best practices;
2. To acknowledge that the sector's ever growing complexity provides for both opportunities and economic, social and environmental challenges, and therefore, to revisit and calibrate EU development cooperation engagement;
3. To outline an effective EU development cooperation response to these needs.

This SWD also aims to raise awareness on the benefits of action towards responsible business conduct, decent work, and more sustainable value chains, focusing on development cooperation efforts in the garment sector, but it is not intended to provide a comprehensive picture of all ongoing activities or related initiatives in other policy areas or for other sectors at EU level or in partner countries.

2. THE GARMENT VALUE CHAIN

2.1. Characteristics

The garment value chain covers some of the most globalised industries with strong upstream and downstream linkages. The complex sourcing model spans from fibres (raw materials), yarns (spinning), fabrics (weaving and knitting, etc.) and finished fabrics (dyeing and printing, etc.), garments/clothing (cutting, sewing, trimming, ironing, etc.), to final consumer (retailing and branding), and supporting activities such as insurance, logistics, packaging, labelling, marketing, etc.

On the one hand, the textile industry involves research, design, development, manufacturing and distribution of yarn, textiles, and fabrics. All have a significant impact on the environment and the use of resources, which is reflected both in the production, consumption and end-of-life phase. It comprises different products based on natural or synthetic fibres. On the other

hand, the more downstream labour intensive garment industry, also referred to as apparel or fashion/clothing industry, more narrowly concerns the production and life cycle of garments.

The EU market of the garment sector is mainly driven by small and medium enterprises via multiple of diverse distribution channels (even though most famous retailers and brands are often large companies, whereas the global market of the garment sector is driven by large buyers, such as manufacturers, retailers and brands, setting up multi-layered, decentralised sourcing and production networks across a variety of countries, often located in the developing world.

The EU is the major import destination due to the size of the market combined with high per capita consumption rates. The main clothing exporters to the EU in 2015 were – in descending order – China, Bangladesh, Turkey, India, Cambodia and Vietnam.⁵ The bulk of production is in Asia, and includes other major garment manufacturing countries like Indonesia, Pakistan, and Sri Lanka. Tunisia and Morocco are also among the top 10 exporters to the EU in 2015. Emerging suppliers with high growth rates are Myanmar and also Ethiopia, albeit still less important in global terms. This also holds for a multitude of countries in Africa and the Americas that exhibit sizeable garment and textile industries as a share of their total manufacturing, such as Haiti and Madagascar, and that could be of increasing interest to global buyers, such as Kenya, Mauritius, and Lesotho.⁶

2.2. Sector vulnerabilities and potential

The garment sector is an important economic and employment driving force in many low-income countries given that it is one of the first stage manufacturing sectors. It employs millions of people and strongly contributes to export revenues, supporting export-led industrialisation. For example, the garment sector in Bangladesh makes up 80% of overall exports, of which approximately 60% are imported into the EU, and it employs roughly 4 million people directly, with a large number of jobs indirectly associated with the industry. An estimated 75% of all garment workers globally are women; for partner countries, the gender employment and wage dividend out of the garment sector can be significant to enhance women's economic empowerment and addressing gender inequality. If the right framework conditions and a supportive policy environment are in place, the industry holds great potential for growth, industrial organisation, development and job creation, as well as sustaining livelihoods of the youth.

While there appears to be some diversity among garment exporters globally, a number of common challenges remain, linked to the complexity of the sourcing model and the labour-intensive, low-skill and fragmented production in the sector. Practices such as multiple subcontracting are widespread and often make efforts to control the production and working conditions more complex, as these smaller subcontractors may be informal and not registered. For instance, a survey conducted in Bangladesh finds that 32% of the 479 garment factories surveyed were informal subcontractors, and 91% of informal factories produced at least partly

⁵ Eurostat 2016, via <http://www.exporthelp.europa.eu/thdapp/index.htm>.

⁶ Berg, A., Berlemann, B., et al. (2015). Sourcing in a volatile world – The East Africa opportunity, McKinsey and Company, April 2015.

for export.⁷ As a consequence, work is characterised by insufficient or absent protection under the legal and regulatory frameworks. The current production system makes it difficult to establish how and where garments are produced, i.e. tracing the origin of a garment back to its source, and to properly assess whether they were produced in a sustainable manner.

Major common social and environmental challenges across many factories and international locations should be addressed. Issues include low wages⁸ below 'living wages', lack of regular contracts, long working hours, trafficking in human beings, forced labour⁹, child labour¹⁰, lack of enforcement of collective bargaining and freedom of association rights, poor building safety, harmful impact of hazardous chemicals used in garment production and in general poor occupational safety and health protection, the precarious position of many women employed in the industry, or unsustainable use of resources and poor water, energy and waste management.

3. EU POLICIES AND THE GLOBAL FRAMEWORK

All external action by the EU is guided by the respect for human rights and sustainable development principles as defined by Article 21(1) and (2) of the Treaty on European Union¹¹; the Charter of Fundamental Rights of the EU¹²; and the EU Strategic Framework on Human Rights and Democracy¹³.

Development action on sustainable garment value chains can be a tool to promote higher social and environmental standards in line with the existing policy framework such as the Communication on a Stronger Role of the Private Sector¹⁴ (2014); the Trade for All Strategy¹⁵ (2015); the Communication on Closing the loop – An EU action plan for the Circular Economy¹⁶ (2015); the Communication on Promoting decent work for all¹⁷ (2006); and actions on Corporate Social Responsibility (CSR) based on the EU strategy for Corporate Social Responsibility¹⁸ (2011).

The Commission's engagement to promote responsible global value chains takes place through different external and internal policies. Mutual enhancement between these policies is

⁷ http://people.stern.nyu.edu/twadhwa/bangladesh/downloads/beyond_the_tip_of_the_iceberg_report.pdf.

⁸ For instance, in 2015, Sri Lanka, Bangladesh, Cambodia, Vietnam and Pakistan are ranking among those countries with the lowest minimum wages in the global garment industry.

⁹ http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_436867.pdf.

¹⁰ http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_182004.pdf. Cases of forced labour in the textile and garment sector are also reported in: <http://corporateaccountabilityresearch.net/njm-report-xiii-sumangali>.

¹¹ Cases of child labour in the textile and garment supply chain are for example referred to here: <https://www.somo.nl/wp-content/uploads/2014/03/Fact-Sheet-child-labour-Focus-on-the-role-of-buying-companies.pdf>, and here: <http://www.indianet.nl/pdf/FabricOfSlavery.pdf>.

¹² 2012/C 326.

¹³ 2012/C 326/02.

¹⁴ Council of the European Union (2012). EU Strategic Framework and Action Plan on Human Rights and Democracy. 11855/12, 25 June 2012.

¹⁵ COM(2014) 263 final.

¹⁶ COM(2015) 497 final.

¹⁷ COM(2015) 614 final.

¹⁸ COM(2006) 249 final.

¹⁹ COM(2011) 681 final.

supported, for instance, in the Commission's Communication on Next steps for a sustainable European future – European action for sustainability¹⁹ and the Commission's Proposal for a new European Consensus on Development²⁰ of November 2016 which calls for better integrating economic, social and environmental dimensions.

There is relevant EU legislation in place applicable to the garment sector within the EU, which contributes to responsible management of garment value chains, including in developing countries. This includes the non-financial reporting directive²¹ which obliges Member States to impose to large undertakings requirements on disclosure of information on social and employee-related aspects and respect for human rights, amongst others. This increased transparency benefits companies, investors and society at large, and will improve information available to consumers. The first reports will be available in 2018. Further, the EU Occupational Safety and Health (OSH) legislation concerns the introduction of measures to encourage improvements in the safety and health of workers at work.²² The REACH regulation (Registration, Evaluation and Authorisation and Restriction of Chemicals)²³ provides that it is for manufacturers, importers and downstream users to ensure that they manufacture, place on the market or use such substances that do not adversely affect human health or the environment, and provides for information and cooperation between client and contractor on OSH and the safe use of chemicals. The Commission also further implements the voluntary EU Ecolabel, applicable to products on the EU market, which includes certification of respect for core labour standards and OSH principles for certain products, including criteria for textiles and footwear.²⁴ The Product Environmental Footprint (PEF) pilot²⁵, specifically addressing leather, footwear and t-shirts among other product categories, and the Organisation Environmental Footprint (OEF) pilot²⁶, addressing the retail sector, are also being implemented.²⁷

The EU also works to close the loop by increasing the recycling of textile waste: with the waste legislative proposals²⁸ adopted in December 2015 as part of the Circular Economy package²⁹, the Commission proposed ambitious targets to increase recycling and preparing for re-use of municipal waste to 65%, while limiting its landfilling below 10%. Achieving such levels entails taking action on as many fractions contained in municipal waste as possible, including on textile waste. The proposal also envisages that Member States step up actions to prevent waste, and explicitly refers to systems that promote reuse of textiles. Such systems are important in order to ensure that textile items are properly collected and handled so that their value is preserved and they continue to serve their useful purpose in the EU or in third countries. It also aims at improving the functioning of Extended Producer Responsibility

¹⁹ COM(2016) 739 final.

²⁰ COM(2016) 740 final.

²¹ Directive 2014/95/EU.

²² Council Directive 89/391/EEC.

²³ Regulation (EC) No 1907/2006.

²⁴ Regulation (EC) No 66/2010, OJ L27, 30.1.2010, p. 1; See also http://ec.europa.eu/environment/ecolabel/index_en.htm.

²⁵ COM/2013/0196

²⁶ COM/2013/0196

²⁷ http://ec.europa.eu/environment/eussd/smgp/ef_pilots.htm.

²⁸ COM(2015) 594, COM(2015) 595

²⁹ COM(2015) 614

schemes, which are important for textiles as well, in particular by introducing a requirement that the contributions paid by the producers should be modulated by taking into account the reusability and recyclability of products.

The EU promotes implementation of internationally recognised guidelines and principles on Corporate Social Responsibility (CSR)/Responsible Business Conduct (RBC), which include the Organisation of Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises³⁰ as well as the sector-specific OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector³¹, the United Nations (UN) Guiding Principles on Business and Human Rights³² and the UN Global Compact's principles³³, the voluntary International Standard on Guidance on social responsibility ISO 26000, and the ILO Tripartite declaration of principles concerning multinational enterprises and social policy³⁴.

The Commission also encourages the ratification and effective implementation of international labour conventions, in particular the International Labour Organisation (ILO) Conventions to improve labour standards including its eight fundamental Conventions³⁵, and of relevant multilateral environmental agreements. This takes place in the EU's political dialogue with partner countries, through development cooperation projects, and through EU trade policy instruments such as the EU's Generalised Scheme of Preferences Plus (GSP+).

The EU is also actively involved in international normative and political frameworks such as the G7 Leaders' Declaration of June 2015 on responsible supply chains³⁶, the G20 priority (2017) to promote decent work in global supply chains, the action plan on decent work in global supply chains adopted at the 105th International Labour Conference in June 2016 and the debate at the ILO Governing Body on its implementation.³⁷

The high attention to sustainability in global value chains including the garment sector is also reflected in the Council conclusions on Responsible Global Value Chains, Child Labour, and Business and Human Rights.³⁸

³⁰ <http://www.oecd.org/corporate/mne/1922428.pdf> .

³¹ OECD (2017). OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector. <https://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-Garment-Footwear.pdf>.

³² A Staff Working Document (SWD(2015) 144 final) presents the Commission's activities in implementing the UN Guiding Principles on Business and Human Rights (UNGPs) and promoting progress in business and human rights.

³³ <https://www.unglobalcompact.org/what-is-gc/mission/principles>.

³⁴ http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---multi/documents/publication/wcms_094386.pdf.

³⁵ <http://ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang--en/index.htm>.

³⁶ https://sustainabledevelopment.un.org/content/documents/7320LEADERS%20STATEMENT_FINAL_CLEAN.pdf.

³⁷ General Conference of the International Labour Organization (2016). Resolution concerning decent work in global supply chains, adopted on 10 June 2016, Geneva.

³⁸ Council Conclusions on Business and Human Rights, 10254/16, 20 June 2016; Council Conclusions on Child Labour, 10244/16, 20 June 2016; Council Conclusions on The EU and Responsible Global Value Chains, 8833/16, 12 May 2016. In its conclusions on Responsible Global Value Chains, the Council notably "strongly [encouraged] the Commission and Member States to share best practices, including the promotion of new and innovative approaches, and to scale up such initiatives and expedite their delivery." The Council

This high political interest is also reflected through discussions in the European Parliament, including the European Parliament resolution on the second anniversary of the Rana Plaza building collapse and progress of the Bangladesh Sustainability Compact³⁹, and the ongoing preparations of a report on EU engagement in the garment sector.⁴⁰

4. EU ACHIEVEMENTS AND LESSONS LEARNED

The EU has been active in the promotion of sustainable garment value chains at bilateral, regional, and global levels.⁴¹

Commission services are cooperating with Member States, civil society organisations, governments, and other organisations (ILO, OECD) on a broad range of topics and projects related to sustainable value chains. This includes activities to improve living wages, human and labour rights for workers, and to strengthen labour and environmental policies and regulations and the enforceability of relevant laws as well as CSR/RBC. For instance, the Commission services have been actively engaged in the multi-stakeholder process developing the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector, along with several EU Member States. Commission services and EU Delegations are also involved in the development of an enabling business and investment environment for both local and international business through domestic reforms and good governance in partner countries. The Commission is also engaged in multi-stakeholder initiatives such as the Bangladesh Sustainability Compact and the Labour Rights Initiative in Myanmar.

Financial support is a major pillar of the EU's existing commitment. Different forms of support have an impact on the sector and its performance. For instance, support for banking and financial services and trade facilitation measures play an important role as they contribute to reducing trade costs at-and-behind-the-border and may benefit developing country producers and exporters of garments and textiles, particularly when these products play a large role in a country's economy and export basket.⁴²

Non sector-specific support is also provided in areas such as skills development, livelihoods, human rights and good governance, gender equality, and access to finance.

also supported "efforts undertaken in promoting responsible supply chains through initiatives such as an EU Garment Initiative".

³⁹ 2015/2589(RSP).

⁴⁰ 2016/2140(INI).

⁴¹ Development cooperation efforts are documented in the document "The responsible management of global value chains in the garment sector – an overview of garment-relevant development cooperation initiatives and activities", prepared by the Directorate-General for International Cooperation and Development of the European Commission (DG DEVCO): https://ec.europa.eu/europeaid/sites/devco/files/overview-garment-related-activities_en.pdf.

⁴² See World Trade Organisation (WTO) and Organisation for Economic Cooperation and Development (OECD) (2013). *Aid for Trade and Value Chains in Textiles and Apparel*.

4.1. Bilateral programmes and projects

There is a large number of EU financed projects and programmes in direct support of more sustainable garment, textiles, and related supply chains across partner countries such as Bangladesh, Cambodia, India, Lesotho, Madagascar, Myanmar, Pakistan and Vietnam.

A case in point is the Myanmar Trade Development Programme⁴³, financed under the Development Cooperation Instrument (DCI)⁴⁴, which runs from 2015 to 2017 and supports the government in promoting trade. Currently garments constitute almost 70% of EU imports from Myanmar.⁴⁵ A better trade infrastructure and measures facilitating export procedures will also help the growing garment export sector in Myanmar.

In Bangladesh, the "Better Work and Standards Programme (BEST)"⁴⁶ (2010-2015, EUR 16.9 million) financed under the previous Development Cooperation Instrument⁴⁷ helped Bangladesh to take advantage of global market opportunities by improving competitiveness and facilitating export growth and diversification through increased productivity and compliance with international norms and practices. Achievements include notably strengthening of the monitoring functions of the government, with a total of 42 monitors trained on social compliance and 3,486 factory visits or audits executed, 663 factories have improved significantly their compliance with global social audit and certification schemes such as Worldwide Responsible Accredited Production (WRAP) and/or Business Social Compliance Initiative (BSCI), strengthening the capacity of the Factory Inspectorate, with 40 new labour inspectors trained in cooperation with ILO, and an immediate response, which included both medical (e.g. medicine) and non-medical (e.g. food) assistance, following the fire at Tazreen Fashions Ltd. in 2012 and the Rana Plaza building collapse in 2013. The project provides valuable lessons learned which have been shared with and used in other countries, e.g. China and Ethiopia.

4.2. Regional/global programmes and projects

In addition to country-based support, there is a spectrum of programmes and projects at a regional and global level. They include:

EU regional programme SWITCH-Asia

SWITCH-Asia, funded since 2007 under the Development Cooperation Instrument, works directly with the governments in diverse Asian countries and engages small and medium-sized enterprises (SMEs) to take up various models of sustainable consumption and production. Several projects have addressed Corporate Social Responsibility (CSR) in specific value chains, such as projects like SMART Myanmar, CSR Vietnam, Sustainable textiles made in Jaipur, or Sustainable Carpet and Pashmina in Nepal. Further SWITCH programmes are SWITCH-Med and SWITCH-Africa.

⁴³ https://ec.europa.eu/europeaid/projects/myanmar-trade-development-programme-0_en.

⁴⁴ Regulation (EU) No 233/2014, OJ L 77, 15.3.2014.

⁴⁵ http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113423.pdf.

⁴⁶ C(2008) 6882.

⁴⁷ Regulation (EC) No 1905/2006.

As an example, in Myanmar the SWITCH-Asia "SMART Myanmar I and II" projects promote and support the sustainable production of garments "Made in Myanmar", striving to increase the international competitiveness of SMEs in this sector while reducing the environmental impact of their production processes. The project's first phase (2013-2015, EU contribution EUR 1.8 million) established a factory improvement programme and also provided for successful in-factory consultancy on productivity, resource efficiency and social standards. The current second phase (2016-2019, EU contribution EUR 2.5 million) aims at scaling-up and institutionalising successful practices from SMART's first phase.

In India, the SWITCH-Asia project "Sustainable Textiles for Sustainable Development" (2009-2014, EUR 1.9 million)⁴⁸ promoted environmentally friendly production and consumption of textiles in Rajasthan, involving 550 SMEs. 1000 block printers were trained and employed by the "model eco-friendly textile park", set up with infrastructure for the sustainable production of textiles, with a positive impact on poor workers and their communities. Improvements initiated in the framework of the project include the adoption of water efficiency techniques, a water management and treatment system, and the promotion of natural fibres and dyes.

In India as well, the SWITCH-Asia project "Going Green"⁴⁹ targets the textiles, leather and substitutes sectors to build sustainable businesses for textile artisans and improve their working conditions through efficient eco-friendly processes, access to resources and increasing the demand for 'green' products. The EU is contributing EUR 958 000 over the period 2014-2017.

EU-Africa Partnership on cotton

The EU-Africa partnership cotton development programme⁵⁰ (2012-2017, EUR 11 million) financed under the 10th European Development Fund, supports value chain actors in implementing the cotton strategies for a sustainable development of this commodity sector. Overall, a number of milestones were achieved, while challenges remain. Regarding the internal competitiveness and sustainability of the African cotton sector, the project enabled SMEs in the sector to pilot the production of semi-artisanal textile as a niche market for African demand and the high-end market in Europe. New practices on cotton decontamination are effective and integrated by about half million farmers in Western Africa.

SMEs in the textile industry were also supported under the projects "Diversify the market by introducing a line of 100% naturally-dyed cotton products" in Burkina Faso (2014-2016, EUR 140 000) which provided a training of trainers to about 800 women trainers having a potential impact to reach the 50 000 weavers and the 2 700 dyers; and "Support to the capacity building of actors and setting up a joint trading association for cotton-textile-clothing sectors in Cameroon, Chad and Burundi" (2014-2016, EUR 300 000) which reinforced the capacity of private sector actors and cotton farmers' associations to address competitive gaps at all levels.

⁴⁸ C(2007) 5519.

⁴⁹ C((2012) 5927.

⁵⁰ C(2011) 9547.

European Instrument for Democracy and Human Rights (EIDHR)⁵¹

Social partners and civil society organisations worldwide are supported to become an effective force for political reform and to defend human rights in the work place. For example, the EIDHR has put in place an initiative (EUR 5.5 million)⁵² providing support to selected key government's actors to improve compliance with the eight fundamental ILO Conventions, and to civil society organisations and social partners to identifying, analysing and monitoring domestic policies pertaining to the implementation of the UN and ILO conventions relevant to the EU's Generalised Scheme of Preferences Plus (GSP+).

Following the launch of the 2015 EIDHR global call for proposals, three projects have been selected, working simultaneously and jointly in Armenia, Bolivia, Georgia, Cape Verde, Mongolia, Pakistan, Paraguay, Philippines and Kyrgyzstan. The projects started in 2017 and will dedicate part of their budget to increase the capacity of local civil society organisations. As garment and textile manufacturing plays a role in many of the targeted countries, the project will also benefit these sectors.

Development Education and Awareness Raising (DEAR) programme

Within the DEAR programme financed under the Development Cooperation Instrument, the project "Mobilising Europe for a Living Wage for Garment Workers" (2013-2015, EUR 1.3 million) aimed at contributing towards attaining decent wages and acceptable working conditions in the global garment industry. Awareness raising actions in 17 European Member States and acceding countries were carried out where more than 30 million citizens have become aware of the wage challenges and working conditions in the garment industry. 149 251 citizens signed the online living wage petition. The positive results were followed up by further activities which resulted in 10 garment brands and retail companies with a significant European market share adopting living wage policies and practices.

Partnership Instrument⁵³

Under the Partnership Instrument (Annual Action Plan 2016) and in line with *Trade for All Strategy*, a EUR 9 million action on Responsible supply chains in Asia⁵⁴ will be implemented in six EU key trade partners (2017-2019) – China, Japan, Myanmar, Philippines, Thailand and Viet Nam, to promote smart, sustainable and inclusive growth by supporting corporate social responsibility/responsible business conduct (CSR/RBC) practices and approaches in supply chains in Asia in line with international instruments, addressing notably environmental protection, decent working conditions and the respect of human rights.

Activities are tailored to address sectors with high human rights, decent work, and environmental risks, with interlinked supply chains, and high-growth sectors. This will include the garment and textile sectors in specific target countries.

⁵¹ Regulation (EU) No 235/2014, OJ L77, 15.3.2014, p. 85.

⁵² C(2015) 2025.

⁵³ Regulation (EU) No 234/2014, OJ L77, 15.3.2014, p. 77.

⁵⁴ C(2016) 2989.

Global Public Goods and Challenges Programme⁵⁵ (GPGC)

Several projects are funded such as the EU Expert Facility on Employment, Labour and Social Protection (SOCIEUX+) (2016-2020, EUR 9 million). SOCIEUX + is the extension (2017-2020) of the SOCIEUX social protection program, which began its activities in January 2014 and is now recognized as an efficient and flexible instrument of technical assistance to support the efforts of partner countries to better design and manage their social protection and employment systems. It is a demand-driven project that mainly deploys experts and practitioners from EU Member States.

The project "International market information tools as a global public good" began implementation in 2016 (EUR 11.4 million, EU contribution EUR 5 million). It supports the International Trade Centre's (ITC) work on a set of market analysis tools. The EU had supported such ITC market transparency tools to inform businesses and consumers about trade opportunities and market requirements from the outset.⁵⁶ This also includes the ITC's Standards Map project which provides information on over 210 standards, codes of conduct, and audit protocols addressing sustainability hotspots in global supply chains. 58 different standards are listed for textiles alone. The information is freely accessible through a web-based portal.⁵⁷ The EU funded project includes user training and capacity building in developing countries.

EU Research and Innovation programme Horizon 2020⁵⁸

The "Sustainable Market Actors for Responsible Trade (SMART)" project (2016-2020, EU contribution EUR 2.49 million) centres on products originating wholly or in part in developing countries and sold by businesses to consumers and procurers in the EU, thus integrating the economies of developing countries to the European economy. One of four research work packages under SMART covers the lifecycle of ready-made garments. SMART involves 25 research institutions globally, including the Bangladesh Garment Manufacturing Exporters Association's Institute of Fashion and Technology.

EU LIFE Programme⁵⁹

The "LIFE ECAP - European Sustainable Clothing Action Plan" project (2015-2019, EU contribution EUR 2.12 million) has a circular approach with view to divert over 90 000 tonnes/year of clothing waste from landfill and incineration across Europe by March 2018, and to deliver a more resource efficient clothing sector. ECAP will set targets aiming to scale up these savings by 2020 to over 540 000 tonnes/year (EUR 111 million), and by 2030 to over 700 000 tonnes/year (EUR 144 million). Furthermore, it aims at reaching more than 1.6 million tonnes CO₂ eq., savings, as well as water savings of 588 million m³.

⁵⁵ The GPGC is a thematic programme within the Development Cooperation Instrument (DCI), Regulation (EU) No 233/2014.

⁵⁶ <http://legacy.intracen.org/marketanalysis/>.

⁵⁷ www.standardsmap.org.

⁵⁸ Regulation (EU) No 1291/2013, OJ L347, 20.12.2013, p.104.

⁵⁹ Regulation (EU) No 1293/2013, OJ L 347, 20.12.2013, p.185.

ECAP actions will demonstrate the business case for reducing clothing waste by systematically addressing the key challenges in production, consumption and disposal, which will reduce the environmental impacts of clothing production and consumption. The ECAP framework will measurably: reduce the waste, water and carbon footprints of EU clothing; prevent waste in the clothing supply chain, and the use of domestic and work clothing by business, consumers and governments; ensure that less low-grade clothing and textiles goes to incineration and landfill; and encourage innovation in resource-efficient design and service models to stimulate business growth in the clothing sector and its supply chain.

EU Programme for Employment and Social Innovation⁶⁰

A project (2016-2017, EUR 600 000) on research and development of good practices on occupational health and safety (OSH) in global supply chains aims at enhancing data collection and analysis and propose recommendations to improve working conditions in the selected supply chains (agriculture and food). Pilot countries are Colombia, Indonesia, and Madagascar, where the outcome will also be of use in other sectors such as garments and at country level.

Another project under this financing instrument co-funds research and training material on strengthening the effectiveness of labour provisions in trade agreements, such as the publication of a handbook on the assessment of labour provisions in trade and investment agreements in December 2016.⁶¹ The EU co-funded project has resulted in a better understanding of the challenges and potential for improving decent work in supply chains such as garments.

4.3. Ensuring complementarity of actions

There are a number of EU programmes and initiatives addressing labour rights and the decent work agenda in partner countries.

Important distinctions can be made concerning: i) the respective beneficiary countries (e.g. the Partnership Instrument project referred above addresses EU trading partners including Japan and China to advance the EU's strategic interests and promote its core values regarding responsible business conduct); ii) the implementing partner (e.g. the EIDHR call for proposals is directed at social partners and civil society organisations, thus helping to strengthen civil society to defend reforms and their rights and to address discrimination); iii) the type of activity funded (e.g. research under Horizon 2020 and EaSI); and iv) the specific rights addressed, including wages, unionisation, workers' control and management (e.g. under EIDHR), safe working conditions, or child labour and forced labour (e.g. under the new garment-specific action, see Matrix of Action further below). Such programmes and projects can both be distinct and highly complementary at the same time.

In summary, the variety and comprehensiveness of ongoing development cooperation programmes and projects, activities and tools which address sustainable development in garment value chains illustrate the significant EU engagement in several countries and regions

⁶⁰ Regulation (EU) No 1296/2013, OJ L347, 20.12.2013, p.238.

⁶¹ <http://www.eesc.europa.eu/?i=portal.en.events-and-activities-labour-provisions>

outside the EU. The inherent diversity is at the core of the EU approach: Broader implementation efforts are customised to reflect context-, sector- and country-specific characteristics and needs, while at the same time ensuring that EU efforts do not duplicate and are implemented coherently.

5. REVISITING ENGAGEMENT: CONSULTATIONS AT EU LEVEL

Commission services undertook throughout 2015 and 2016 exploratory and analytical work and broadly consulted stakeholders such as EU Member States, the private sector, civil society, social partners, and international organisations on how to strengthen the EU engagement for promoting sustainable garment value chains.⁶² Stakeholders were consulted via a questionnaire to take stock of expectations and suggestions for further actions to be undertaken at EU level towards sustainable garment value chains.⁶³

In addition to these informal consultations, external diagnostic input has been sought inter alia in the form of a study by external consultants on "Responsible Management of the Supply Chain in the Garment Sector"⁶⁴ and internal analytical work. Results confirm that:

- while considering the whole garment value chain, any engagement should draw lessons from existing diagnostics and **focus on specific 'hot spots'**, thematic (and possibly also geographic) priorities to ensure results-oriented action instead of spreading efforts and resources too thinly;
- several **intervention areas emerge as most effective** for EU action, building on the promotion of public private engagement in partner countries; enhancement of synergies and coordination of existing initiatives and actions at EU level; more effective dissemination of information to improve awareness raising and promote transparency and competitiveness.

In summary, the extensive exploratory work confirms the particular role for development cooperation in engaging towards more sustainable garment value chains.

⁶² For example, informal consultation meetings with EU Member States and/or other stakeholders were carried out on 30 January 2015, 26 and 30 June 2015, and 3 November 2015, involving different Commission services and the European External Action Service (EEAS).

⁶³ Summary of results from feedback received during informal consultations, July 2015: 1/ Almost all respondents generally supportive of and welcome EU action towards more sustainable garment value chains. 2/ On the perceived added value of EU action, the Commission's strength seen in providing guidance and taking a greater coordination role, seeking alignment and synergies between existing initiatives. 3/ Asked expected concrete action at EU level, providing funding and capacity building are named most often, followed by better coordination to avoid duplication of efforts, awareness raising, and working towards consumer transparency. 4/ On the perceived challenges, respondents' major concerns are the need to build on existing initiatives and increase collaborative action, and results-oriented action with a clear focus on identified priorities. 5/ In the longer run, increasing transparency seen as most valued outcome, together with working with producing countries on strengthening labour standards.

⁶⁴ http://ec.europa.eu/europeaid/study-responsible-management-supply-chain-garment-sector_en.

6. AN EU RESPONSE

Building on the EU's ongoing activities and the findings from the exploratory phase outlined above, the Commission has identified **three thematic priorities** and **three intervention areas** as elements for the EU development cooperation response to more sustainable garment value chains.

A Matrix of Action⁶⁵ (Annex 1) serves as structural framework. It illustrates how EU development cooperation can foster change, and it links the three thematic priorities with the three intervention areas. This will help to guide relevant stakeholders' contributions at EU level, complementing engagement at EU Member State level⁶⁶, and will help steering the ongoing engagement, e.g. by expanding towards untapped opportunities for EU development action. The aim is also to strengthen cooperation with partners including international organisations and civil society organisations to contribute to more sustainable garment value chains.

Several recently approved development projects respond to this "3x3" vision, amounting to a grant funding of around EUR 45 million. During the informal stakeholder consultations in 2015 (see previous section), providing funding and capacity building were named most often as expected concrete actions.

In garment-specific development cooperation actions, the Commission gives particular attention to:

- capacities to implement social and environmental standards, and those interventions that are globally effective, such as the new garment project described further below which includes action on child labour and forced labour;
- evidence-based interventions in specific contexts and countries following a value chain approach, such as the new EU-ITC partnership to strengthen fashion value chains and boost job creation in Burkina Faso and Mali, and the new EC-ILO project in Pakistan supporting SMEs in the textile and leather sectors in complying with international labour and environmental standards; and
- strengthening private sector participation and use innovative financing instruments, such as the blended finance operations.

⁶⁵ See Annex 1. The Matrix of Action contains a range of exemplary actions and allows for filling in existing and new results-oriented development cooperation actions including guidance material, programmes and projects, international cooperation and communication. It can be built up continuously and complemented over time, demonstrating essential elements for an effective response to capacity-building, awareness-raising and technical assistance needs with a view to capitalize on the opportunities and address the key challenges in the sector.

⁶⁶ See Annex 2 for examples based on EU Member States' engagement on sustainable garment value chains.

6.1. Main thematic priorities

6.1.1. Thematic priority 1: Women's economic empowerment

A priority in EU development policy is gender equality and women's economic empowerment and implementing the EU Gender Action Plan 2016-2020.⁶⁷ As an estimated 75% of global garment workers are female, any engagement on sustainability in the garment sector will over-proportionally benefit women. Further, reducing gender inequality can raise the productive potential of millions of people and is widely recognised as essential for human and economic progress.

A 2016 Commission-funded study on responsible management of the supply chain in the garment sector⁶⁸ shows that all 12 garment producing countries covered in the study perform poorly on gender equality and economic empowerment of women. Little attention is given to improving the quality of employment for women in the sector. As an example, only a very small proportion of women develop professionally to reach supervisory or management roles. Some directed efforts through development funded programmes have actively facilitated training of women workers up to the next levels in garment factories. However, these are still fragmented initiatives with little strategic focus on long term capacity building or ownership at the national level. Therefore, a long term priority must be given to the transformative potential of garment work and female entrepreneurship, which will be at the core in implementing the EU Gender Action Plan in all existing and new garment-related projects. In the short-term, it is important to prioritise ameliorating working conditions and OSH standards to address barriers and challenges faced by women in the garment chain.

The project "Reduce workplace violence and economic discrimination against women in the export-oriented garment industry in South India" (2014-2017, EU contribution EUR 170 000) aims at demonstrating that women can serve effectively as line supervisors in garment factories, thereby helping to change a widespread culture of discrimination. The project involves ten factories, targeting 120 women to be trained as line supervisors and also aims at providing male and female line supervisors with the human resources skills and knowledge of Indian law needed to reduce harassment in garment factories. The project is implemented by the Fair Wear Foundation.

6.1.2. Thematic priority 2: Decent work and living wages

Promoting decent work remains a high priority on the EU's agenda.⁶⁹ Despite the fact that there has been ongoing engagement on labour rights and decent work for decades and that these challenges are continuously addressed by many organisations and initiatives, more can be done to foster ratification and effective implementation of ILO conventions in garment-producing countries. Fostering improvements in this area can have major repercussions

⁶⁷ SWD(2015) 182 final.

⁶⁸ http://ec.europa.eu/europeaid/study-responsible-management-supply-chain-garment-sector_en.

⁶⁹ In development cooperation, the thematic GPGC programme refers specifically to the Decent Work Agenda and rights-based approach to employment and labour, including through approaches that take global supply chains into account. The objective is to address issues of living wage, rights at work including freedom of association and rights to organise, health and safety at work and the right to social and legal protection, especially for the most disadvantaged workers.

evident at factory level. Local social partners often have limited capacities and can sometimes be either not sufficiently involved or side-lined. In order to make effective progress in this area, a wide range of actors need to be involved (public authorities, trade unions, business at the local level as well as from the international communities).

Efforts in development cooperation complement other policy tools such as foreign policy or trade ones. For example, projects under the EIDHR support civil society and social partner's actions contributions to the monitoring of the EU's Special Incentive Arrangement for Sustainable Development and Good Governance, GSP+, which is part of the Generalised Scheme of Preferences (GSP)⁷⁰. The GSP+ scheme is designed to help developing countries assume the special burdens and responsibilities resulting from the ratification of 27 core international conventions on human and labour rights, environmental protection and good governance as well as from the effective implementation thereof. For instance, projects under the EIDHR support civil society and social partners' actions in monitoring GSP+ compliance.

EU supports multilateral programmes, such as the G7 Vision Zero Fund, a multi-donor trust fund managed by the ILO with an initial priority focus on the textile and garment sector in line with EU work on responsible value chains. The overall objective of the Fund is to reduce the number of work-related fatalities and accidents and occupational diseases in selected developing countries, and to improve government capacities and private sector initiatives that promote decent work with a specific focus on occupational health and safety.

6.1.3. Thematic priority 3: Transparency and traceability in the value chain

A third thematic priority, transparency and traceability⁷¹ in the value chain, is particularly pertinent for the garment sector due to its fragmented production and the prevalent practice of illegitimate subcontracting. Undeclared informal work rarely complies with decent work standards. Informality is an additional challenge that concerns decent work deficits and lack of transparency. Better transparency and traceability in the value chain are likely to improve the efficient and sustainable use of resources, contribute to sustainable production and consumption and thus to a circular economy.

Increasing transparency and traceability in the garment supply chain concerns many actors and solution providers. Development cooperation can contribute to reducing risks for the entire industry, to foster companies' accountability, and responding more quickly in case of human rights violations, environmental or product safety concerns leveraging its impact through upstream and downstream effects.

Diagnostic work on transparency and traceability in the garment value chain is currently carried out by external consultants. This study covers a mapping of existing traceability approaches, and fundamental elements that operational traceability systems should have. It will aim at explaining how better tracing and tracking products throughout the whole supply

⁷⁰ Regulation (EU) No 978/2012, OJ L303, 31.10.2012, p.1.

⁷¹ Transparency refers to disclosing information to the public in a comprehensible, accessible, and timely manner. Traceability is the process by which enterprises track materials and products and the conditions under which they were produced through the supply chain.

chain can help increase transparency, and generate new opportunities of developing a reliable garment industry in which social and environmental standards are respected.

Traceability is considered one essential step for companies in performing due diligence throughout their global supply chains. The Commission is fully involved in the OECD work on responsible business conduct, notably regarding the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector⁷² that was released on 8 February 2017. The Guidance suggests how companies active in the sector could better identify, prevent and mitigate any potential harmful impacts when it comes to respect of human and labour rights, and protection of the environment. For instance, the EU and the OECD hosted an event in Phnom Penh, Cambodia, in December 2016 on how to step up the industry's current sustainability efforts by putting into practice the new guidance.

6.2. Main intervention areas

6.2.1. Intervention area 1: Providing financial support

Financial support is traditionally a major component of international cooperation to improve sustainable business practices and working conditions in producing countries.

One of the new garment-specific flagship actions is "Promoting responsible value chains in the garment sector"⁷³ adopted in December 2016 under the Global Public Goods and Challenges thematic programme of the Development Cooperation Instrument. The total budget is EUR 19.1 million with a EU contribution of EUR 16.5 million. The aim of the project is to improve working conditions in global garment value chains with a focus on Decent Work and Transparency and Traceability. It includes three modules, from which the first two focus on decent work and compliance with labour standards, implemented with the ILO: an action on child labour and forced labour in the cotton supply chain production for an EU contribution of EUR 7.5 million and an EUR 3 million contribution to the G7 Vision Zero Fund (referred to above), supporting occupational health and safety in the garment sector. The third module, of an EU contribution of EUR 5.5 million, focuses on transparency and traceability efforts and includes action on enhancing the knowledge, awareness, and global advocacy on social and environmental conditions in the garment value chains. This will promote responsible consumption in the EU and responsible production along the value chain, as it will contribute to enhancing businesses' due diligence efforts and better ensuring sustainability in the garment sector in terms of human rights, labour, and the environment. The project will create synergies between development work and private sector operations in the fashion system.

Other new projects include:

The "European Commission-International Trade Centre (ITC) partnership to strengthen fashion value chains and boost job creation"⁷⁴ in Burkina Faso and Mali targets the

⁷² <https://mneguidelines.oecd.org/responsible-supply-chains-textile-garment-sector.htm>.

⁷³ https://ec.europa.eu/europeaid/sites/devco/files/commission-implementing-decision_c2016_-_8575_-_annex_3.pdf.

⁷⁴ http://ec.europa.eu/europeaid/news-and-events/eu-and-itc-announce-partnership-strengthen-fashion-value-chain-and-boost-job_en.

sustainable development of micro suppliers and small entrepreneurs in selected garment relevant value chains. It is focussing on traditional handicraft, leatherwork, clothing, and weaving, investing in technical skill development and in building micro-artisanal entrepreneurship, thus securing a better livelihood for the respective communities, including women. Marginal suppliers are supported in their value chain integration in upscale or niche markets, such as the international fashion and design market. The project will be implemented by the ITC's Ethical Fashion Initiative (EFI) and implemented under the EU Emergency Trust Fund for Africa⁷⁵ with a budget of EUR 10 million.

Further, a EUR 12.6 million project funded through the Asia DCI regional envelope aims at promoting and facilitating the compliance with and reporting on "International Labour and Environmental Standards in Pakistan's SMEs" in Pakistan. It is now starting to be implemented by the ILO with the World Wide Fund for Nature (WWF-Pakistan). The programme's overall objective, in the framework of the country commitments under the GSP+ scheme, is to promote sustainable and inclusive growth by supporting the economic integration of Pakistan into the global and regional economy, by improving compliance with labour and environmental standards and increased competitiveness. It will focus on the textile and leather sectors which are important driving forces of Pakistan's economic development, and are substantial export income earners and employment providers in the country.

For Bangladesh, there is a new programme led by the Agence Française de Développement (AFD) on "Programme to Finance Safety Retrofits and Environmental upgrades in the Bangladeshi Ready-Made Garment (RMG) Sector". The total estimated budget amounts to EUR 63.605 million including a EUR 50 million AFD credit facility and a EUR 6.6 million grant by the EU (Asia Investment Facility). Additional financing from KfW Development Bank (EUR 4 million) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) (EUR 3 million) in performance based investment grants and technical assistance is also included in this action. The total investment cost is estimated to EUR 80.805 million.

6.2.2. Intervention area 2: Promoting social and environmental best practices

Promoting best social and environmental practices is the second intervention area. Events such as the High-level Conference on responsible supply chain management in the garment sector (see below section 6.2.3) contribute to identifying and disseminating proven methods globally. Convening and facilitating exchange among multi-stakeholder approaches provides space for dialogue and reporting on progress. This will allow for raising the profile of successful initiatives including best industry practices with a view to disseminate lessons learned, foster collaboration, scale up, or replicate such approaches.

On Corporate Social Responsibility (CSR), the Commission provides incentives and guidance for entrepreneurs and SMEs to contribute to their improved business practices and building capacity by facilitating partnerships, developing traceability tools, and demonstrating business cases. Projects such as the EU funded social dialogue joint project on developing a CSR Risk Assessment Tool in the Textile and Clothing Industry⁷⁶ by the European Apparel and Textile Organisation (Euratex) and the global union federation IndustriALL Global Union support

⁷⁵ C(2015) 7293.

⁷⁶ <http://www.responsiblesupplychain.eu/textile/>.

SMEs and big companies in their responsible supply chain management. The project developed an easy-to-use and accessible CSR Risk Assessment Tool, implemented in accordance with a set of internationally recognised standards on CSR. It is currently prepared for dissemination, and also highly relevant in the context of implementing the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector.

As to environmental best practices, aspects to be considered include water issues (consumption quantities, water recycling, and pollution prevention), use of toxic substances in e.g. the colouring process (with a view to minimising their use and seeking possible more environmentally-friendly alternatives), environmentally responsible sourcing of raw materials, proper waste management as well as waste prevention and recycling of textiles.

The Switch to Green initiative, which encompasses regional programmes in Asia (see also section 4.2), the Mediterranean and Africa⁷⁷ contributes to the EU's commitment to "support the transformation towards an inclusive green economy which generates growth, creates jobs and reduces poverty". Under this initiative, which promotes sustainable consumption and production practices by the private sector through direct support to SMEs and through the development of enabling policy frameworks, several projects target the garment industry specifically. An example is the "Greening of SMEs in Leather Clusters and the Leather Tanning Industry" project, with a budget of EUR 248 000, implemented by the Common Market for Eastern and Southern Africa Leather and Leather Products Institute (COMESA LLPI) based in Addis Ababa, Ethiopia in 2015-2016. The project seeks to improve SMEs' competitiveness through energy, space and machinery optimisation; promoting recycling and reduction in the use of chemicals; and developing a roadmap for improving effluent management and the quantification of carbon footprint of the leather sector. New funds have been allocated in 2016 to SWITCH Asia (EUR 34 million) and SWITCH Africa (EUR 20 million).

The Commission has been encouraging innovative solutions that increase recyclability of textiles and the recovery of secondary raw materials under various EU funding programmes. For example, the on-going RESYNTEX research project⁷⁸ under Horizon 2020 aims at creating industrial symbiosis to boost the production of secondary raw materials from unwearable textiles.

Environmental best practices are also promoted through EU initiatives and tools such as the Eco-Management and Audit Scheme (EMAS)⁷⁹, with the Sectoral Reference Document on Best Environmental Management Practice for the Retail Sector. The pilot on Environmental Technology Verification (ETV)⁸⁰ focuses in particular on water, energy and materials technologies, the most relevant for the garment sector. Finally, the ongoing work on Green Public Procurement criteria for the textile sector focuses on environmental criteria which can also have positive effects on the workforce, e.g. the reduction/ban of hazardous substances.

⁷⁷ <http://www.switchtogreen.eu>

⁷⁸ <http://www.resyntex.eu>

⁷⁹ C(2015) 801.

⁸⁰ Commission Staff Working Paper (SEC(2011) 1600).

6.2.3. Intervention area 3: Reaching out to consumers and awareness raising

Reaching out to consumers and awareness-raising on how garments are made can increase transparency and promote sustainable and responsible consumption. The EU's importance and influence as an export destination for garments and textiles implies that consumers can be game-changers if increased awareness translates into higher demand for sustainable fashion. Campaigns like the global movement FashionRevolution advocating for more transparency in the garment value chain particularly via social media⁸¹ are also a case in point. Consumers thus play a forceful role in supporting efforts for better labour and environmental standards and product safety in garment value chains.

Videos and other communication material contribute to such efforts. For instance, the video "Tracing a T-shirt from cotton field to shelf" published in March 2017 sheds light on how our clothes are made.⁸²

Outreach events include the first High-level Conference on responsible supply chain management in the garment sector that took place in Brussels on 25 April 2016⁸³ with more than 200 participants, including the Commissioner for International Cooperation and Development, Neven Mimica, and the Commissioner for Employment, Social Affairs, Skills and Labour Mobility, Marianne Thyssen, Members of the European Parliament, high-level representatives from partner countries, EU Member States' representatives, businesses, civil society, and International Organisations. The objectives of this event were to promote successful existing initiatives, including from Member States and industry, and to continue the dialogue at the EU level. It offered a platform for garment workers and their representatives in Europe. The 'marketplace of ideas' allowed stakeholders, including civil society organisations, to network, share knowledge and showcase their activities.

Further, during the European Development Days (EDDs) in Brussels in June 2015, the Commission organised a lab debate on the "Responsible management of supply chains – the case of the garment sector".⁸⁴ During the EDDs in June 2016, a brainstorming session was jointly organised with the European Network of Political Foundations (ENoP) and the Trade Union Development Cooperation Network (TUDCN) on "Responsible production and consumption in the garment value chain".

EU initiatives and tools such as the pilot on Product and Organisation Environmental Footprint (PEF/OEF), addressing leather, footwear, t-shirts and the retail sector, and the EU Ecolabel (for textiles products and footwear), are examples of ongoing work of reach out to consumers by communicating environmental information and awareness raising.

⁸¹ For instance, the FashionRevolution hashtag #whomademyclothes was the no.1 global trend on Twitter on 24 April 2015, the second anniversary of the 2013 Rana Plaza building collapse, reaching more than 60 million people worldwide.

⁸² http://ec.europa.eu/europeaid/eu-engagement-towards-sustainable-garment-value-chains-tracing-t-shirt-cotton-field-shelf_en.

⁸³ http://ec.europa.eu/europeaid/news-and-events/high-level-conference-responsible-management-supply-chain-garment-sector_en.

⁸⁴ <https://europa.eu/eyd2015/en/european-union/events/european-development-days>.

7. FUTURE PERSPECTIVES

In order for EU development cooperation to positively contribute to sustainable garment value chains, efforts will be directed at supporting the thematic priorities and the identified intervention areas. However sustainable improvements cannot be achieved without the commitment of governments to set the appropriate framework conditions (i.e. accession and adherence to the relevant international agreements) and without strong business engagement. .

For an effective, credible and coherent engagement, global guidelines and internationally agreed standards and codes of conduct on human rights and social and environmental standards beyond the national and European level could be strengthened or developed to achieve change at a global scale. The new OECD Due Diligence Guidance for Responsible Business Conduct in the Garment and Footwear sector provides a sector-specific reference standard that now needs to be implemented.

Such guidelines and standards can guide EU international cooperation efforts when engaging with partner country governments and the private sector.

The following action areas would contribute to reaching the overall objectives and positioning the EU as a driver for change:

7.1. Continue engagement with partner countries and in multilateral fora

Stepping up and improving the coordination and coherence of the Commission's activities on promoting sustainable value chains will contribute to an increased impact, including development projects, and supporting efforts for better data availability and research. Building in particular on ongoing or planned activities, external policies and international cooperation can make a difference in garment producing countries through the broad range of tools at its disposal.

These include dialogue with partners at bilateral, regional and multilateral level, development funding for technical assistance and capacity building, the support to ongoing and future negotiations and the implementation of trade and other bilateral agreements and other trade policy instruments, EU involvement in international fora (such as the G7, G20, UN, ILO, OECD), and using the presence through EU Delegations, working in partnership and supporting multi-sector and multi-actor coordination approaches, and fostering collaboration between stakeholders. In addition, social dialogue mechanisms can further improve cooperation and coordination.

7.2. Continue to share information and dialogue

Building on existing successful dialogues will help ensure both a participatory approach globally and more transparency/pooling of information for consumers (including on environmental aspects). It also includes securing continuous EU presence in existing fora both at technical and political level.

In order to enhance visibility, it is envisaged to regularly provide updates on specific development cooperation actions and projects in the garment sector.⁸⁵

Valuable discussions within the EU structures will be continued.

7.3. Continue the engagement with the private sector

Advancing ideas on how to partner with the garment and textile industry on its path to become more environmentally and ethically conscious includes continuing efforts to support Public-Private-Partnerships, leveraging private funding, and private sector development tools. A stronger involvement of SMEs – also as buyers and brands in the EU – in ongoing sustainability efforts is important.

Private sector engagement as beneficiary and partner is particularly relevant against the background of new major EU initiatives such as the proposed External Investment Plan⁸⁶ which would provide an integrated approach to promote investments, growth and job creation at country level in Africa and the EU Neighbourhood.

These activities contribute to sustainability and impact, especially when efforts to work with companies are accompanied by support to partner countries.

8. CONCLUSIONS

The Commission is committed to effectively promote and integrate sustainability in the garment sector – with its economic, social and environmental dimensions – in its development actions.

Development cooperation can be an effective tool in encouraging the private sector and in engaging in reforms and dialogue with governments in garment producing countries. Only when all parties commit to sustainable value chains and take appropriate action will economic growth and development go hand in hand with social justice and environmental protection and make it possible to achieve the Sustainable Development Goals in the garment sector.

⁸⁵ https://ec.europa.eu/europeaid/sites/devco/files/overview-garment-related-activities_en.pdf.

⁸⁶ COM(2016) 581 final. See also https://eeas.europa.eu/sites/eeas/files/4_external_investment_plan_3pg.pdf.

ANNEX 1: MATRIX OF ACTION

EU action for sustainable garment value chains		Three intervention areas		
		The new generation of financial support	Promoting social and environmental best practices	Reaching out to consumers and awareness raising
Three thematic priorities	Women's economic empowerment (SDGs 1, 5)	<ul style="list-style-type: none"> - Garment action contributes to implementing the Gender Action Plan (GAP) - E.g. project 'Reduce workplace violence and economic discrimination against women in the export-oriented garment industry in south India' 	<ul style="list-style-type: none"> - Support to multi-sector and multi-actor mechanisms by e.g. providing consistent EU presence at different technical and sector coordination meetings 	<ul style="list-style-type: none"> - Background analysis on Responsible Management of the Supply Chain in the Garment Sector - Diagnostic work on women's economic empowerment in global value chains - EU presence at outreach events
	Decent work and living wages (SDGs 8, 9)	<ul style="list-style-type: none"> - Work with ILO, partner governments on enforcing ILO conventions - New EU project on 'Promoting responsible value chains in the garment sector with a focus on Decent Work and Transparency/Traceability' - New blending programme to 'Finance Safety Retrofits and Environmental upgrades in the Bangladeshi Ready-Made Garment Sector' - New European Commission-ILO project in Pakistan on International Labour and Environmental Standards Application in Pakistan's SMEs (ILES) in textile and leather sectors 	<ul style="list-style-type: none"> - Support to G7 Vision Zero Fund and member of steering committee - SWITCH TO GREEN initiative to promote a green economy that generates growth, creates decent jobs and helps reduce poverty; SWITCH-Asia project SMART Myanmar - Explore e.g. promotion of decent work at selected EU-business forums 2017, e.g. in Ethiopia - Explore potential for cooperation and 'division of labour' with multi-stakeholder initiatives at national level, across different themes such as living wages 	<ul style="list-style-type: none"> - Strengthen global governance on decent work agenda (with ILO, OECD, UN, etc.) - High-level Garment Conference in Brussels (25 April 2016) - Dedicated online garment group on Capacity for Development (Cap4Dev) - Events at European Development Days 2015 and 2016, including jointly with civil society - SWITCH ASIA networking

			<p>Transparency and traceability in value chain (SDGs 12, 17)</p>	<p>events on CSR and policy dialogue (different topics)</p> <ul style="list-style-type: none"> - Informal stakeholder consultations 2015/2016 - Meeting in Brussels 2017 jointly with European Parliament
	<ul style="list-style-type: none"> - Participation in external events, e.g. European Parliament Fair Trade and Fashion Revolution events, Copenhagen Fashion Summit (2016) - Production of video 'Tracing a T-shirt from cotton field to shelf' in 2017 - DEVCO InfoPoint conference on traceability in February 2017 - Use identified best practices for outreach activities; production of traceability brochure - Ongoing EU tools and initiatives, e.g. the pilot on Product Environmental Footprint – PEF (addressing leather, footwear and t-shirts) and the Organisation Environmental Footprint – 	<ul style="list-style-type: none"> - Research e.g. on product lifecycle of ready-made garment products (Horizon 2020, Europe as a Global Actor: Sustainable Market Actors for Responsible Trade: SMART project) - Background analysis on Transparency and traceability - Explore how to promote innovative business solutions and tracing/tracking mechanisms - Explore the possibility of environmentally responsible sourcing of raw materials and of production methods that minimise water use and pollution, and use of toxic substances - Reduce the environmental impacts of clothing production, consumption and end-of-life ("European Sustainable Clothing Action Plan" LIFE ECAP project) - Ongoing EU tools and initiatives, e.g. the Eco-Management and Audit 	<ul style="list-style-type: none"> - Cooperation with ITC on sustainability standards, including on garment - New European Commission-ITC partnership to strengthen fashion value chains and boost job creation in Burkina Faso and Mali 	

		<p>Scheme - EMAS (incl. the Sectoral Reference Document on Best Environmental Management Practice for the Retail Sector); Environmental Technology Verification (ETV) – in particular water, energy and materials technologies; and Green Public Procurement criteria for the textile sector, focusing on environmental criteria which can also have positive effects on the workforce, e.g. the reduction/ban of hazardous substances; legislative proposals (circular economy 'waste proposals') to increase, inter alia, textiles waste prevention and recycling, and related Extended Producer Responsibility</p>	<p>OEF (addressing the retail sector); the EU Ecolabel (for textiles products and footwear)</p>
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ANNEX 2: EXAMPLES BASED ON EU MEMBER STATES' ENGAGEMENT ON SUSTAINABLE GARMENT VALUE CHAINS

Overall, there exists a multitude of initiatives by EU Member States, the private sector, civil society, producing country governments, International Organisations, etc. designed to improve social and environmental standards in the garment value chain. These demonstrate a strong interest and a wide mobilisation on these issues and include development support, voluntary labels, private standards, international framework agreements, codes of conduct, CSR practices, guidance on due diligence, certification schemes, assessment tools, audit schemes, fair and ethical trade schemes, capacity building support, etc. They vary in terms of scope and impact and often have a multi-stakeholder dimension.

Several EU Member States are active on promoting sustainability in the garment sector including with multi-stakeholder initiatives, for instance, having built up extensive experience and expertise. Without being exhaustive some examples are listed below:

Denmark

The Danish government has a close and on-going dialogue with the Danish business organisations to promote sustainability in the value chains and a broad engagement in the RMG-sector in primarily Bangladesh.

The Danish government has initiated a three year Strategic Sector Cooperation with the government of Bangladesh to improve the health and safety of workers. It focuses on strengthening the Department of Inspection for Factories and Establishments' capacity to conduct effective inspections and follow up. Furthermore, DANIDA supports various projects in the garment sector, including '*Step Up*' led by Danish Fashion & Textile with BGMEA which aims to improve working conditions and promote responsible production as a business driver and a project by the Danish Fashion Institute to establish a database of sustainable producers.⁸⁷ A DANIDA-supported research project between Aalborg University and two local universities in Bangladesh is seeking to create a knowledgebase on sustainable co-development between occupational health and safety (OHS) and productivity. 3F (United Federation of Danish Workers), started its formal operation in Bangladesh in 2014 and is working on improving working and living conditions for workers. The Danish Embassy in Dhaka is also supporting the creation of a national CSR guideline in Bangladesh, and DANIDA is funding ILO to implement a five years project to improve social dialogue and promote harmonious industrial relations in the RMG sector in Bangladesh.

In Myanmar, DANIDA is supporting a multi-stakeholder partnership project to promote sustainable production in the garment sector. Denmark also supports the Sustainable Trade Initiative's (IDH) work to promote sustainably produced cotton and garment production, including the Race to the top-initiative in Vietnam, the first pre-competitive, locally owned multi-stakeholder initiative on sustainable manufacturing practices with participation of the

⁸⁷ <http://fashionsource.dk/supplier-source>

Vietnamese government, the Vietnamese industry, global consumer brands, international organisations and civil society organisations.

Estonia

Examples of civil society, private sector and academia programs which aim to promote sustainability in the garment sector include Reverse Resources, an initiative which develops solutions to minimise factory level textile waste in order to turn the pre-consumer textile waste into new value. The Estonian Academy of Arts has started a Sustainable Design Lab that aims to integrate sustainable design and fashion principles in the Art Academy's curricula, as well as, building collaboration between industry and academia. There are number of other projects and initiatives by private sector, notably by Reet Aus design, which address resource efficiency, waste minimisation and upcycling in garment and textile production, both locally in Estonia as well as abroad (Bangladesh, India). Examples of these projects include a Trash-To-Trend textile waste mapping platform and Upmade certificate for upcycling pre-consumer industrial waste.

Finland

An awareness raising event on the OECD Due Diligence Guidance for Responsible Business Conduct in the Garment and Footwear sector is planned for May 2017 involving business organisations from the garment and footwear sectors, businesses, civil society organisations, trade unions, and public officials.

France

A French law was adopted on 27 March 2017 on duty of care ("Devoir de vigilance des entreprises donneuses d'ordre"⁸⁸), making it compulsory for large French companies to establish and implement a diligence plan which should state the measures taken to identify and prevent the occurrence of severe human rights and environmental risks resulting from their activities, the activities of companies they control and the activities of sub-contractors and suppliers on whom they have a significant influence.

Since 2015, the French Ministry of Labour has been leading a multi-stakeholder working group working on more responsible supply chains in the textile sector, which includes French textile distributors, trade unions, professional associations and representatives of public authorities. It promotes exchange of information and experiences, pooling of good practices and increased coordination between key actors at national and international level.

The AFD (Agence Française de Développement) also supports various actions in the garment sector in Cambodia, including a loan granted to the Garment Manufacturers Association to build and equip a vocational training centre for the garment sector (EUR 2.5 million) as well as several studies and grants in cooperation with ILO or NGOs. It is also active in Bangladesh in partnership with the EU and the German KfW Development Bank with a project on the

⁸⁸ LOI n° 2017-399 du 27 mars 2017 relative au devoir de vigilance des sociétés mères et des entreprises donneuses d'ordre, published in the French Official Journal on 28.03.2017.

garment sector to finance investments on safety remediation and upgrading of social and environmental standards (see Matrix of Action), and through various loans from Proparco, a subsidiary of AFD devoted to private sector funding.

Germany

In the context of Germany's strong commitment to the promotion of sustainable supply chains in the garment sector the multi-stakeholder initiative "Partnership for Sustainable Textiles"⁸⁹ was established in 2014. It brings together 180 organisations (over 50% market coverage) from the garment sector, including brands, retailers, business associations, trade unions, NGOs, standard organisations and federal ministries. Activities are based on the Partnership's joint Action Plan. It contains social, environmental and economic goals which the member organisations commit to strive for. In the beginning of 2017, each partnership member submitted individual roadmaps based on stakeholder-specific implementation requirements.

With the website www.siegelklarheit.de, the German government supports consumers, governments and companies to better understand environmental and social labels. The German Government adopted the National Action Plan for Business and Human Rights in December 2016. The German Government further announced its commitment to procure 50% of all textiles (except special textiles) according to environmental and social standards by 2020.

Within the context of German development cooperation, there are on-going projects in several textile relevant countries, with a total budget of about EUR 80 million. For instance, alongside the USA and Japan, Germany is one of ILO's largest donors. Germany also emphasised the topic during its G7 presidency in 2015 and during its G20 presidency.

Italy

The "Action Plan on Bangladesh" was adopted by the Italian NCP of the OECD Guidelines for multinational enterprises on September 29, 2013 with the aim of encouraging companies in the textile and clothing sector to undertake and continue increase the paths of due diligence in the supply chain and multi-stakeholder involvement, as well as to be an active part of the international framework agreements on the subject with international trade unions.

On June 2014 the NCP released the "Report on responsible business conduct in the textile and garment supply chain. Recommendations of the Italian NCP on implementation of the OECD Guidelines for Multinational Enterprises". An EU initiative on Garment should integrate member countries' supply chains through a multi-stakeholders initiative at EU level focused on common approaches and actions of EU companies in the sector.

Lithuania

Lithuania supports initiatives aiming at improving social and environmental standards in the global value chains in textiles and apparel in the developing and least developed countries and

⁸⁹ <https://www.textilbuendnis.com/en/>.

is strongly committed in raising awareness on OECD Guidelines on Multinational Enterprises, including Due Diligence Guidance for Responsible Business Conduct in the Garment and Footwear Sector. Lithuania's NCP foresees to ensure that appropriate reference to the OECD Guidelines as well as sectorial Guidance is included into various institutional documents, for example, the Anti-Corruption Handbook for Business which is a methodological tool of practical application for Lithuanian business organisations. An awareness-raising event, dedicated to OECD sectorial Due Diligence Guidance for Responsible Business Conduct is included into Promotion Action Plan for 2018 of Lithuanian NCP.

Luxembourg

Luxembourg has been supporting the Luxembourg branches of Fairtrade and Caritas through the co-financing of development and development education projects on fair trade products.

Netherlands

The "Dutch Agreement on Sustainable Garments and Textile"⁹⁰ was signed on 4 July 2016 and involves the government (Ministries of Foreign Affairs, Economic Affairs and Infrastructure and Environment), labour unions, industry and retail branch organisations, and civil society organisations. It aims at achieving substantial progress towards improving the situation for groups experiencing adverse impacts in respect of specific risks in the garment and textile production or supply chain within 3-5 years; providing individual enterprises with guidelines; and developing joint activities and projects to address problems that enterprises in the garment and textiles sector cannot resolve completely and / or on their own. 55 enterprises, covering over 30% of Dutch market, signed a declaration of support to the Agreement, committing to work in line with the content of the Agreement. They have to execute due diligence and compose an action plan and disclose the list of suppliers within one year after signing; and publicise progress reports latest three years after signing.

Priority themes covered are: Non-discrimination and gender; Child labour; Forced Labour; Freedom of Association; Living wage; Safety and health in the workplace; Raw materials; Water pollution and use of chemicals, water and energy, and Animal welfare.

The Agreement's secretariat is hosted by the Social-Economic Council (SER) in The Hague and funded by Dutch government until July 2018. The Agreement also foresees the setting-up of a complaints- and dispute settlement mechanism within the first year.

Poland

Poland pays attention to the strong CSO activities in the sector and CSR in general such as the Clean Clothes Campaign. It finds it important to translate the OECD Due Diligence Guidance for Responsible Business Conduct in the Garment and Footwear sector into Polish to raise awareness and to make it accessible for companies and other stakeholders.

⁹⁰ <http://www.indianet.nl/pdf/AgreementOnSustainableGarmentAndTextile.pdf>.

Spain

Spain seeks to arise awareness of the importance of a due diligence adoption by companies in the garment sector in line with international standards such as the OECD one. Spain is currently focused on promoting due diligence in the garment and footwear sector collaborating with a wide range of stakeholders from textile business associations, NGOs and Spanish multinational companies (RBC managers) to agencies of the Spanish public sector (AECID aid agency, Commercial Offices of the Spanish Embassies abroad). As a result, it intends to involve the main stakeholders by means of offline and online dissemination activities such as seminars and other events, OECD Spanish National Contact Point website for Responsible Business Conduct, social media and e-newsletters.

Sweden

Building on the Swedish Government's policy on CSR which contains both an overall CSR strategy and a National Action Plan for Business and Human Rights, and against the background of the Swedish International Development Cooperation Agency's (SIDA) engagement on social and environmental sustainable business practices, SIDA works on collective bargaining and improving the industrial relations between the garment sector labour market parties – government, employers and employees.

These public private development partnerships are implemented by ILO and build on collaboration with garment companies and trade union representatives, such as Industrial Relations in the Cambodian Garment industry, Bangladesh Global Deal Project, Industrial relations in the Myanmar Garment industry, and Industrial relations in the Ethiopian Garment industry.

Within the environmental field SIDA inter alia collaborates with Stockholm International Water Institute (SIWI) and 24 garment brands and 200 of their suppliers in the Sweden Textile Water Initiative to reduce the use of water, chemicals and energy in the garment supply chain in India, China, Bangladesh, Turkey and Ethiopia.

SIDA aims to increase the coverage and impact of the industrial relation projects and the Sweden Textile Water Initiative. Furthermore SIDA supports global programmes like the Better Cotton Initiative to transform the market to sustainable cotton production.

United Kingdom

The Sustainable Clothing Action Plan (SCAP) is a multi-stakeholder initiative to reduce the environmental impacts of clothing in the United Kingdom (improve the sustainability of clothing across its lifecycle, to reduce resource use and secure recognition for corporate performance by developing sector-wide targets).

The United Kingdom also included a 'transparency in supply chains' provision in the Modern Slavery Act 2015. This requires all commercial organisations carrying on a business in the United Kingdom, with an annual turnover of £36m or more, to publish a statement each year

setting out the steps they have taken to ensure there is no modern slavery in their business and supply chains.

This applies to all sectors, including the garment sector. This transparency gives consumers, campaigners, investors and others the information they need to scrutinise businesses and drive businesses to do more to ensure there is no modern slavery in their supply chains.