Enhancing Transparency and Traceability for Sustainable Textile and Leather Value Chains

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Textile Value Chains

**GLOBAL**
- Global Value Chains: Main feature in international trade
- Lengthy lead-times
- Driven by big retailers and traders

**COMPLEX**
- Multi-stakeholder
- First stage of value added manufacturing for many low income countries
- Small and scattered production facilities
- Short product lifecycles
- Minimum production quantities

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**THE INDUSTRY IN NUMBERS**

80 bln garment pieces
More that 60 mln direct jobs
50% MSMs

Source: GFA, BCG, EU, 2017
Impacts and risks

Textile Value Chains

- 10% of substances of concern to human **health**
- 25% of **chemicals** applied in textile industry
- 8% of **skin deseases** caused by textile and footwear

- **79 mln** m³/year of **water** consumption
- **1, 715 mln** tons/year **CO₂** emissions
- **92 mln** tons produced **waste**
- **20% only** recycled

- Minimum **wage ½** of living wage
- **5.6 injured** per 100 workers/year
- **87%** non compliance with minimum wage for **women** in certain countries

*Source: GFA, BCG, Ellen MacArthud Foundation, Italian T&H Association, 2017*
Global and regional initiatives

For sustainable value chains

Guiding Principles on Business and Human Rights

Due Diligence Guidelines for Multinational Enterprises

Better Policies for Better Lives

UN Global Compact

Sustainable Development Goals

ILO

Sustainable Apparel Coalition

UN Environment

International Trade Centre

Textile Exchange

UNECE
About the UN/CEFACT Project
In partnership with ITC

Why Transparency and Traceability?

- A **priority** for the industry

- To increase its ability to manage its supply chains more **efficiently** and **sustainably**

- To give a **common understanding** of what the most critical issues across the value chain and impact areas are

- As a way of putting the **power of information** in the hands of consumers

- And as a means to guide business leaders towards **smarter choices** in the **pursuit of lasting change**.

**TRACEABILITY FOR SUSTAINABLE GARMENT**

- **ability to identify and trace the history, distribution, location and application of products, parts and materials,**

- **to ensure the reliability of sustainability claims, in the areas of human rights, labor (including health and safety), the environment and anti-corruption (UNGC)**
Overall Objective

Enabling policy-makers to advance the necessary policy and regulatory frameworks

Supporting brands and manufacturers in their efforts to embrace sustainability

Supporting SMEs and factories in adopting recognized international and national initiatives, standards, private codes of conduct and audit protocols

Source Infographics: International Trade Centre (ITC), 2018
Main components

**OUTPUT 1 (UNECE)** Multi-stakeholder *policy dialogue* and *policy recommendations* towards enhanced transparency and traceability for sustainable textile value chains

**OUTPUT 2 (UNECE)** Transparency and traceability *standard* for sustainable textile value chains

**OUTPUT 5 (UNECE)** *Training* and awareness raising programme based on the policy recommendations and standard schemes developed by UN/CEFACT, along with pilots for the policy and the standard
About UNECE – UN/CEFACT

- United Nations Centre for Trade Facilitation and Electronic Business is an intergovernmental body of the UNECE.

- UN/CEFACT’s mission is to develop a programme of work of global relevance to achieve improved worldwide coordination and cooperation in trade facilitation recommendations and electronic business standards.

UN/CEFACT’s GOALS

- Improve the ability of business, trade and administrative organizations to exchange products and relevant services effectively.
- Facilitate national and international transactions.
- Simplify and harmonize processes, procedures and information flows.
UNECE’s Trade Facilitation Pillars

- UNECE Policy Rec.s UN/CEFACT
- UNECE Standards UN/CEFACT
- UNECE / UNNExT Guidelines, Briefs, Case Studies

Capacity Building & Technical assistance
Component 1: Multi-stakeholder policy dialogue towards enhanced transparency and traceability for sustainable textile value chains

- Multi-stakeholder policy dialogue platform (2 meetings per year/3 years period)
- Policy recommendation and call for action to key stakeholders
- A Call for action and a repository of commitments along with a reporting mechanism to monitor progress and facilitate sharing of good practices (in UN/CEFACT Forums and Plenaries and other relevant fora)

INDICATORS OF ACHIEVEMENT

- Adoption of policy recommendation
- Nº of government officials, suppliers and stakeholders participating in the multi-stakeholders policy platform
- Nº of government officials, suppliers and stakeholders actively participating and committing in the collective action

UNECE
Organizational set-up

**INDUSTRY ASSOCIATIONS**
e.g. Chambers of Fashion, EURATEX, COTANCE among others.

**MEMBER STATES**
Ensure appropriate sharing of experience, expertise and visibility.

**MULTILATERAL PARTNERS**
e.g. ILO, OECD, UNFCCC, UNEP, UNGC, EU, and NGOs.

**CIVIL SOCIETY STAKEHOLDERS**
Activities to leverage their experiences and expertise as well as gain buy-in for implementation of project outputs.

Multiple Collaborations and Partnerships
Component 2: Transparency and traceability standard for sustainable textile value chains

- Mapping of **traceability requirements** and the **analysis of business processes (BPA)** for sustainable textile value chains
- Development of a **set of standards** for tracking and tracing sustainable production and retailing
- Development of **implementation guidelines**

**INDICATORS OF ACHIEVEMENT**

- Adoption of the set of standards
- Adoption of the guidelines
- Number of countries and suppliers in the garment sector implementing the traceability framework
Previous experiences

- **Party**
  - Identification
  - Information
  - WHO?
  - WHY?
  - WHAT?

- **Product**
  - Identification
  - Description
  - Process
  - Location
  - Date/time
  - WHERE?
  - WHEN?
**Transparency and Traceability**

**Previous experiences**

**DEVELOPMENTS IN THE AGRI-FOOD DOMAIN**

<table>
<thead>
<tr>
<th>STANDARD MESSAGES</th>
<th>CERTIFICATION</th>
</tr>
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<tbody>
<tr>
<td>e-CERT phyto and veterinarian sanitary certificate</td>
<td>Authority</td>
</tr>
<tr>
<td>e-Daplos, e-CROP, agro product information message</td>
<td>NGO</td>
</tr>
<tr>
<td>Animal identification and e-Animal passport</td>
<td>Private business</td>
</tr>
<tr>
<td>Dispatch advice (batch number, identification)</td>
<td>(GlobalGap, Organic, Sustainable, CITES, Standard Maps ITC ... )</td>
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<tr>
<td>e-LAB laboratory observations report</td>
<td></td>
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<tr>
<td>FLUX Fishing monitoring and reporting</td>
<td></td>
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<tr>
<td>Track and Trace Animals (and Plant and Product)</td>
<td></td>
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<tr>
<td>RASFF rapid alerts for food and feed</td>
<td>G2G (B2G and B2B for the next version)</td>
</tr>
</tbody>
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**CODING**

- Product (EPC, Codex Alimentarius)
- Location and Party identification (GLN, ... )

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**INTEGRATION OF DOMAINS**

- e-Invoicing (fish, cutflowers, fresh fruits and vegetables)
- Transport and location (GN codes – GS1)
- CITES e-permits
- WCO datamodel III and IV
- Production, Trade and Retail
Transparency and Traceability

Previous experiences
AN EXAMPLE: SUSTAINABLE NETWORK AND GLN

Farm and Farmer Identification

- (Point) Identifier + coordinate
- Geographical features
  farm, field, farm yard, building
- Agriculture organisation
  farmer, cooperative
Component 3: All stakeholders involved in the textile and apparel value chains are enabled to implement and improve the traceability and transparency framework

- Stakeholder **empowerment** in implementing traceability approaches
- **Piloting** the use of the framework (at least in 1 country and 4 companies)
- **Training** on traceability approaches, policy recommendations and standards for project beneficiaries (6 training sessions in total)
- **Visibility** and **communication plan** (promotional material e.g. web content, brochures, videos)

**INDICATORS OF ACHIEVEMENT**

- No of parties in garment sector trained on traceability approaches, standard guidelines and tools
- No of parties in garment sector implementing the transparency and traceability framework
Project Governance

**Project Steering Committee**
Review progress, gaps and challenges against project expected results

**TTST Advisory Board**
representatives of key stakeholders
Provides strategic guidance to the project (UN/CEFACT Group of Experts)

**Multi-stakeholders Policy Dialogue Platform**
Includes a wide range of stakeholders representatives, and discusses policies, standards and guidelines

**UN/CEFACT Working Party**
Discusses and adopts the policies, standards and guidelines developed by the project, following the Open Development Process (ODP)
Next steps

- Monthly conference calls of the Group of Experts
- 5th June 2018: Conference at the EUDD2018 in Brussels, jointly with EU DGDEVCO and ITC
- October 2018: Conference at the 32th UN/CEFACT Forum, China
- Set up of project space on the UN/CEFACT CUE
- Project timeframe: 2018-2020
Contact us to join the Group of Experts

Thank you!

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