



Comments from the Federal Ministry for Economic Cooperation and Development (BMZ) on the DEval Evaluation Report

“The promotion of sustainable supply chains through German development cooperation based on the example of the textile sector”

The Federal Ministry for Economic Cooperation and Development (BMZ) welcomes the report by the German Institute for Development Evaluation (DEval) on “The promotion of sustainable supply chains through German development cooperation based on the example of the textile sector”.

The evaluation examines whether and to what extent German development cooperation activities between 2014 and 2021 contributed to social and environmental sustainability in global textile supply chains. The report will aid accountability and is meant to facilitate evidence-based policymaking. To this end, the report assesses the “mix of instruments” used in German development cooperation and, based on case studies in Germany and Bangladesh, assesses how far the intended goals of promoting sustainable textile supply chains were achieved.

Findings of the evaluation

The DEval report concludes that German development cooperation and its instruments address relevant social and environmental challenges and relevant target groups in the textile supply chain. According to DEval, in Germany’s partner country of Bangladesh, German development cooperation activities make a moderate contribution to reducing human rights violations and environmentally damaging effects in the textile industry. DEval also notes that, using its mix of instruments, the BMZ

has contributed to establishing an environment in Germany that enables purchasing companies to fulfil their corporate due diligence obligations better. At the same time, DEval also highlights gaps in the BMZ’s strategic steering and in the targeted combination of the relevant development cooperation instruments.

Relevance of the findings

There are around 75 million people working in the textile industry worldwide – the majority are women, and most of them work in developing countries and emerging economies. The textile industry remains a key driver of economic development, especially when it comes to lifting people out of poverty. At the same time, the downsides of globalisation are reflected in the industry’s sometimes precarious working conditions and the huge environmental damage it causes.

In many of its partner countries, the BMZ has been pushing for higher environmental and social standards in the textile industry for many years. The BMZ also aims to involve companies based in Germany and raise awareness among consumers. As part of this, the BMZ founded the Partnership for Sustainable Textiles (hereafter the Textiles Partnership), provided funding for the comparison site siegelklarheit.de and introduced the government-run textiles label Green Button

The DEval report is strategically highly relevant for the BMZ: it represents an important basis for developing the BMZ’s work in the textile sector, and also offers input on how to shape an effective socio-ecological transformation of global supply chains.

Recommendations of DEval and the BMZ’s Conclusions

Based on the above-mentioned findings, DEval makes four recommendations for how the BMZ could shape Germany’s development cooperation for the purpose of promoting sustainable textile supply chains in the future.

Firstly, DEval recommends that the BMZ develop an overarching impact- and action-oriented concept for promoting sustainability in global textile supply chains. The objective is to make it possible for instruments and measures to be strategically combined in ways that are both better and more impact-oriented than has been the case to date.

The BMZ has already taken this input from DEval on board and is working on a Strategy Paper for the textile sector, which takes into account the theory of change developed by DEval. The BMZ has also commissioned impact studies on the due diligence approach in the textile industry, the results of which will be available at the start of 2024 and will be taken into account when implementing the Strategy Paper.

Since mid-2022, the division responsible for sustainable textile supply chains at the BMZ has also undergone a re-organisation, with the aim of developing the overarching, strategic integration of the Textiles Partnership, the Green Button and the “Siegelklarheit” platform into European and global initiatives for raising social and environmental standards in textile supply chains. The goal is also to combine these instruments (mainly aimed at German/European companies and consumers) more effectively with the instruments being implemented in the partner countries. As

part of this, the demands placed on overarching strategic steering need to be aligned with partners’ needs.

Secondly, in the context of the regulatory changes associated with the Act on Corporate Due Diligence in Supply Chains (LkSG), and in view of the added value for various groups of companies, DEval recommends that the BMZ continue developing the Textiles Partnership and the Green Button in the course of the ongoing reform processes to ensure that the objectives of the initiatives can be further refined and strengthened.

The BMZ already began an extensive reform of the Green Button label and the Textiles Partnership in 2021. Green Button 2.0 was launched in August 2022. With its due diligence approach, it is aligned largely with the requirements of the LkSG and translates key discussions within the Textiles Partnership into verifiable criteria (including first steps towards living wages).

In September 2022, the Textiles Partnership also established a new direction: in future, the resources of members of the Partnership will primarily be directed towards impact in partner countries. As recommended by DEval, double reporting will be avoided by recognising other reporting formats (in addition to the Partnership’s review process). This will also help with harmonising different initiatives. In addition, participation in joint projects in partner countries will become mandatory, and will concentrate on four focus topics with particular leverage: 1. Living wages and responsible purchasing practices, 2. Grievance mechanisms, 3. Gender equality, 4. Climate and circular economy.

In this way, the Textiles Partnership will remain relevant for large companies that want to address these focus areas in cooperation with various stakeholders through projects in partner countries. At the same time, the Textiles Partnership will also support smaller companies that are not subject to the legal requirements in implementing their due diligence obligations with the help of the Partnership’s review process. In addition, there

will also be opportunities for dialogue tailored to specific target groups that will enable those that are new to sustainability to learn from those who were among the early adopters.

Thirdly, DEval recommends that the BMZ makes more of an effort to ensure policy coherence. This will allow greater leverage for achieving development policy objectives in the promotion of sustainable global textile supply chains at national, European and multilateral level. This also includes specifically lobbying for legislative and regulatory change processes and simultaneously adding a development policy perspective.

The BMZ shares DEval’s view that policy coherence at a national, European and multilateral level is key to improving working and living conditions along global (textile) supply chains. This is why the BMZ is working with other ministries involved in this area to promote appropriate regulatory change. The BMZ was a central driving force behind the LkSG and supports a strong European supply chain law.

As part of this, and in line with DEval’s recommendation, the BMZ is striving to strengthen the development policy perspective in order to ensure that the regulations have the greatest possible development impact on the ground. In the negotiations around the EU supply chain law, the BMZ is thus pushing for stronger rights for those affected, in particular through effective access to legal remedy. Reinforcing the principle of empowerment before withdrawal is also crucial. This means that companies are encouraged not to withdraw from regions with weak standards, but to work with their local suppliers to minimise risks.

The German government will actively participate in further negotiations in Brussels to ensure that the EU’s supply chain directive can be adopted by the end of 2023.

Fourthly, DEval recommends that the BMZ continue to develop training and advisory services re-

garding sustainable public procurement at municipal and federal level with the aim of strengthening sustainable public procurement. The BMZ should make use of the Service Agency Communities in One World (SKEW) at municipal level to expand exchange and dialogue formats and qualification measures for procurers, and provide the necessary resources for this. At federal level, the BMZ should commit itself to expanding training offers relating to sustainable textile procurement.

The BMZ shares DEval’s view on the necessity of strengthening sustainable public procurement. With a procurement volume of over 100 billion euros a year, the public sector has a lot of leverage when it comes to promoting decent work and sustainable supply chains worldwide.

Sustainable municipal procurement has a positive development impact, which is why the BMZ will continue its support programmes for municipalities. In future, the BMZ will also structure these so that they complement the programmes offered by other ministries even more effectively.

To bolster its sustainable textile procurement, the German government has created a roadmap with annual targets, developed under the leadership of the BMZ and the Federal Ministry for the Environment. The roadmap entered into force on 15 March 2023. In addition to quantitative increase targets, the roadmap also sets out support measures for procurement agencies. In collaboration with the Competence Center for Sustainable Procurement (KNB), the BMZ will provide training and advice for procurement agencies on sustainable textile procurement.

The DEval report on “The promotion of sustainable supply chains through German development cooperation based on the example of the textile sector” can be downloaded at www.deval.org/de/evaluationsberichte.html.

Published by the German Federal Ministry for Economic Cooperation and Development (BMZ)
Division 120 – Sustainable transformation of global supply chains

Addresses of the BMZ offices
BMZ Berlin
Stresemannstrasse 94
10963 Berlin
Germany
Phone: +49 (0)30 18 535-0

As at 08/2023

Contact RL120@bmz.bund.de
www.bmz.de

BMZ Bonn
Dahlmannstrasse 4
53113 Bonn
Germany
Phone: +49 (0)228 99 535-0