

# **Request for Proposals: Study to identify fair purchasing practices, examples amongst EU SMEs, and barriers to implement in the garment supply chain**

DECEMBER 2021

## **Background**

Pre-existing power imbalances in the garment sector allow clothing brands and retailers to impose Unfair Trading Practices (UTPs) upon their supplying manufacturers. These UTPs include dictating lead times, payment details, prices, as well as applying retrospective changes (discounts, changes to the technical specification, (reduced) volumes, cancellations). The lack of transparency and unrelenting pressure on production create conditions for labour abuses. Labour rights will be difficult to improve without regulating purchasing practices and curbing abusive purchasing practices.

The Fair Trade Advocacy Office (FTAO) and Traidcraft Exchange are implementing a three-year project to address unfair trading practices in the textile manufacturing supply chain. A key element of this project involves understanding unfair trading practices and identifying best practices in terms of companies who try to adopt fair purchasing practices.

## **Context**

In recent years, research has demonstrated a link between unfair purchasing practices and exploitative labour conditions in the garment manufacturing industry. In order to secure orders from multinational brands, factory owners are increasingly placed in a position where they are compelled to impose harsh conditions on workers to meet buyers' demands, that include excessive and compulsory overtime, illegal wage deductions, physical abuse, repression of freedom of association and harassment and intimidation.

While many buyers' purchasing practices were problematic prior to COVID-19, the pandemic brought about a surge of poor practices as buyers scrambled to protect themselves from the crisis. Orders in production or completed were abruptly cancelled, and payment terms unilaterally amended. Recent evidence also points towards brands taking advantage of suppliers' financial instability as a result of the pandemic, by demanding larger price discounts and longer payment schedules than before.

Despite growing awareness of unfair purchasing practices in the apparel industry, the scope of current initiatives is limited to the impacts of UTPs. There is a significant gap in knowledge on how individual brands try to take responsibility within a monopsony market with severe horizontal pressures, as well as on which barriers these front-runners face.

## **Objective**

The goal of the joint project is to support legislative developments to address UTPs in the sector. To help build the evidence base and design appropriate legislative responses, the FTAO and Traidcraft Exchange are commissioning a study on existing best practices in terms of fair purchasing practices within EU SMEs. The study will use desk research and stakeholder interviews to:

- a) determine what are/would be fair purchasing practices in textile supply chains (FTAO and Traidcraft Exchange can provide preliminary material);

- b) identify EU SMEs brands and retailers who are front-runners and whose purchasing practices (or some of them) are an example of fair behaviour;
- c) identify barriers and opportunities in which the fair purchasing practices found can be scaled-up to cover the entire textile supply chain.

### **Output**

The research will produce a report of fair purchasing practices including 10 to 20 individual case studies. Case studies should be diverse in nature (e.g. different sizes, cases from a buyer's perspective as well as some from a manufacturer's perspective). The report will need to set out what are the barriers to fair purchasing practices being more widely adopted, including comments on competitive dynamics, and other issues. The report will serve later as a basis for the FTAO and Traidcraft Exchange to develop policy recommendations, which will be used for advocacy towards EU institutions.

The final report will be max 20 pages and as necessary include annexes. The report should be due preferably in August 2022. In case this timeline is not feasible, the application should clearly indicate so and propose an alternative timeline.

### **Eligibility**

Both individual consultants as well as organisations (e.g. Universities) are invited to submit proposals for this study.

Applicants must have demonstrable subject matter expertise in business practices of the garment sector, as well as appropriate methodological experience. They should be able to demonstrate an ability to assess existing practices. Any previous work on unfair purchasing practices is an asset.

Proposals should contain the following sections:

1. profile of consultant(s);
2. a description of how the work will be executed, including suggested methodological approach;
3. team structure, defining the role and time commitment of key project team members;
4. high-level workplan and deliverables;
5. proposed budget in EUR;
6. CVs of consultant(s) (to be included in the annex).

The proposal must be written in English and submitted electronically in Microsoft Office or PDF format. Proposals should be no more than 3 pages plus annexes.

### **Budget**

Maximum EUR 10,000 (including VAT and all expenses) has been made available for this research project. Budgets will be reviewed with respect to the strength of the proposal in meeting the project objectives in a cost-effective manner.

As part of the proposal, please prepare a brief budget with the following breakdown:

- personnel cost

- other direct costs (such as training and meeting costs, travel and accommodation)
- overheads
- VAT if applicable.

### **Proposed timeline**

#### Main deliverables:

Final proposals are due

Consultant(s) is selected

Contract is signed

Detailed workplan is submitted to FTAO and Traidcraft

Final report is submitted to FTAO and Traidcraft

#### Proposed timeline:

17 January 2022

end of January 2022

end of January 2022

February 2022

August 2022

### **Application**

Proposals should be submitted via email to Marta Garda (*garda [at] fairtrade-advocacy [dot] org*) and Ben Vanpeperstraete (*policy [at] traidcraft [dot] org*) on or before 17 January 2022 with "Proposal to identify FAIR purchasing practices" as the email subject line.