

Request for Proposals: Study to identify abusive purchasing practices and how they affect the garment supply chain within the EU

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 understanding and addressing the impacts on workers in key garment production locations (e.g. Bangladesh, Cambodia, India). There is a significant gap in knowledge on how brands' purchasing behaviours affect manufacturers within EU production locations (e.g. Romania, Italy, Poland).

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 the impact of unfair purchasing practices within the EU, and more particular the EU domestic suppliers' experience. The study will use desk research and stakeholder interviews to:

- a) identify the abusive purchasing practices that are currently happening in textile supply chains where production happens in Europe, and their magnitude/relevance (FTAO and Traidcraft Exchange can provide input to this);
- b) identify the impact of unfair trading practices on garment manufacturers based within the EU. This includes impact at individual company level, as well as on regional or national industries. The proposal should research experience of businesses operating in a selected number of locations across the EU (not all territories of the EU have to be covered);
- c) identify ways in which manufacturers and governments have tried to mitigate the effects of UTPs, and their effectiveness so far.

Output

The research will produce an analytical report of unfair purchasing practices, including several case studies at national/regional level, and describe how these affect EU-based manufacturing companies. The report will provide an overview of the experience of the European garment manufacturers interviewed as well as presenting individual quotes or case studies (to enable the reader to understand points better) anonymised as needed. 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.

An interim report should be provided by May 2022, and a final 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, and experience of interviewing & gathering case studies on issues sensitive to the interviewee. 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 and how locations of the research will be selected, 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 20,000 (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

Interim report is submitted to FTAO and Traidcraft for review

Final report is submitted to FTAO and Traidcraft

Proposed timeline:

17 January 2022

end of January 2022

end of January 2022

February 2022

May 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 UNFAIR purchasing practices" as the email subject line.