



Meeting report

Multi-Stakeholder Policy Dialogue: Accelerating action for Sustainable and Circular Value Chains in Garment & Footwear

27&28 April 2020 – videoconference¹

DAY 1 – MONDAY 27 APRIL 2020

▪ OPENING – WELCOME REMARKS

Ms. Elisabeth Tuerk, Director, Economic Cooperation and Trade Division, UNECE, emphasized that the context of COVID-19 pandemic entailed supply chain disruptions, dire business and socio-economic impacts for the actors involved in the value chains of garment and footwear. Embedding due diligence and sustainability considerations into the response to the crisis is likely to translate into long-term value and benefits to support the industry recovery (investors' and consumers' interests, legal and reputational risk management, access to emergency relief programmes, remedy mechanisms). The crisis is also a catalyst for change, to call upon the industry to live up to their responsibilities and become more sustainable, inclusive and resilient in line with the Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development. Traceability and transparency can bring important benefits by ensuring that claims about sustainability are based on reliable data from all actors intervening along the value chain. With the support of the European Union (EU), UNECE project deliverables aim at taking the ecosystem a step closer to making these benefits a reality.

▪ UPDATE ON PROJECT PROGRESS: WHERE DO WE STAND WITH TRANSPARENCY AND TRACEABILITY OF INDUSTRY VALUE CHAINS?

Ms. Maria Teresa Pisani, Project Manager, Economic Cooperation and Trade Division, UNECE, reminded the participants that the meeting purpose was to review progress on the key project outputs and brainstorm on the next steps, following the project meeting in Paris held at the OECD Due Diligence Forum in the Garment and Footwear Sector (11.02.2020) and the subgroups monthly calls. The project manager provided an overview of the key work streams underway for the Policy Recommendation for policymakers and industry actors, the technical standards (minimum set of information entities to be exchanged along the value chain) and the first project blockchain pilot for traceability and due diligence in the cotton sector. As of April 2020, **150** experts have engaged in the project under UN/CEFACT accreditation in the four project subgroups.

Ms. Ebba Aurell, Policy Officer, Directorate-General for International Cooperation and Development, European Commission, shared some highlights from the EU general response to COVID-19 pandemic crisis aiming to support the most vulnerable and affected partner countries, notably geared towards garment producing countries through policy dialogue with governments and budget support. In addition to development cooperation priorities for garment and footwear value chains, she mentioned the ongoing policy actions at EU level to advance circularity, and in particular the EU Strategy for Textiles to be developed by 2021 (as part of the [New Circular Economy Action Plan](#)). The recent [EU study on due diligence requirements](#)² emphasized the growing importance of sustainable value chains for EU-based companies to take risks mitigation measures. UNECE project deliverables, the Policy Recommendation and the standards for traceability will be very valuable to these ongoing activities.

¹ Due to the postponement of the 35th UN/CEFACT Forum in the emergency context of COVID-19, UNECE organized a virtual project meeting via WebEx videoconference.

² *Study on due diligence requirements through the supply chain* (British Institute of International and Comparative Law, Civic Consulting, Directorate-General for Justice and Consumers (European Commission), LSE). Published on 20.02.2020. Available at: <https://op.europa.eu/en/publication-detail/-/publication/8ba0a8fd-4c83-11ea-b8b7-01aa75ed71a1/language-en>

▪ **POLICY RECOMMENDATION AND CALL FOR ACTION FOR TRANSPARENCY AND TRACEABILITY OF SUSTAINABLE AND CIRCULAR VALUE CHAINS**

Part I

Ms. Maylis Souque, Ministry of Economy & National Contact Point (NCP) to the OECD, France, reminded that the 2013 French NCP³ [report](#) in the aftermath of Rana Plaza paved the way to implement stronger due diligence through an initial set of recommendations, including transparency and traceability provisions, then featured in the [OECD Due Diligence Guidance](#). According to the 2017 French Duty Vigilance law⁴, large Multinational Enterprises (MNEs)⁵ have a compulsory duty of undertaking due diligence, mapping their supply chains and coming up with a vigilance plan to mitigate and address the risks identified (environmental, health and safety, human rights). Ms. Souque highlighted that the UNECE Policy Recommendation will be a useful tool for enterprises at a national level. France is closely monitoring the work [New EU Circular Economy Action Plan](#) released in March, in connection with the 2020 French Anti-Waste and Circular Economy law.⁶ Although the law promotes a voluntary system for environmental labelling OR environmental and social labelling, it will become mandatory in the apparel industry, after the entry into force of an EU provision pursuing the same objective. Overall, UNECE tools will be very relevant and fit into that developing framework since there is a need to foster policy coherence at the regional and global levels, emphasizing the role of intergovernmental actors such as UNECE. UNECE could further work with NCPs, participate in the OECD Working Party on Responsible Business Conduct (RBC), and the RBC Advisory Group in garment and footwear.

Ms. Yvonne Chileshe, Expert in Commodities & Value Chains Development, Secretariat of African Caribbean and Pacific (ACP) Group of States,⁷ highlighted the ongoing work to address the impacts of COVID-19 and ensure that global value chains do not collapse in developing and least developed countries. Most of the ACP countries are commodity-dependent, and cotton is one of the most important commodities. Ms. Chileshe underlined the challenges and opportunities stemming from enhancing transparency and traceability for ACP countries. It will incentivize the attraction of foreign direct investment, enhance trade due to better confidence and consumer welfare. However, there are key challenges to consider such as the technology advancement gap, the cost of traceability systems and barriers to trade. Measures can be set up across levels to have policy and regulatory frameworks prescribing standards and guidelines for transparency and traceability; monitoring and evaluation mechanisms to identify the level of skills' development; dialogue platforms and capacity-building programmes (i.e. COLEACP Fit for Market Programme - Manual on Traceability, CTA – Grants to support blockchain use in agriculture across ACP States). Transparency and traceability are trade facilitation tools to enhance competitiveness, access to international markets, and product fair prices.

Mr. Mauro Scalia, Director Sustainable Businesses, EURATEX, underlined that the [EU study on due diligence requirements](#) attempted to measure the cost of due diligence for the industry in garment and footwear and estimated it at EUR 110 million annually spread between SMEs and large companies. The Policy Recommendation and standards should consider how transparency and traceability requirements can be checked by the stakeholders (e.g. public authority, SMEs) and implemented being mindful of the cost and feasibility. EURATEX welcomes the efforts of the UNECE project considering the emerging EU and global policy requirements on transparency and traceability, and warned of the need for SMEs-friendly solutions underlining the large participation from the industry that the UNECE initiative is gathering. Recent policy developments to consider include the EU strategy towards industry ecosystems, the EU textile strategy 2021.

Q&A

▪ **How far does French companies have to undertake due diligence, is it up to raw materials providers?** The law is general and applies to the parent company, its affiliates and entities it controls for a compulsory due diligence with supplier with whom it has an “established commercial relation”. The industry is given large flexibility to implement due diligence, that is assumed to cascade from buyers throughout the supply chain.

³ The National Contact Point is a public body mandated by the OECD and a country to promote international responsible business conduct standards and monitor the implementation of business and human rights, health and safety issues in the operations. Its composition is tripartite in France encompassing the industry, trade unions, governments. Headed by the French Treasury, the core mission is the promotion of due diligence, business and human rights, OECD guidelines, ILO core Conventions by offering a platform for dialogue to mediate conflict related to responsible business conduct.

⁴ Loi relative au devoir de vigilance des sociétés mères et des entreprises donneuses d'ordre, accessible at:

<https://www.legifrance.gouv.fr/eli/loi/2017/3/27/2017-399/jo/texte>

⁵ The indicator determining which enterprise must legally undertake due diligence is quantitative and is based on the number of employees: more than five thousand employees for France-based companies, and more than ten thousand employees for French companies operating elsewhere in the world.

⁶ LOI n° 2020-105 du 10 février 2020 relative à la lutte contre le gaspillage et à l'économie circulaire accessible at

<https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000041553759&categorieLien=id>

⁷ 79 Member States.

Raw materials providers may not be comprised, however companies must also comply with the [OECD Guidelines for MNEs](#) whereby the application is monitored by NCPs.

- **Is there a similar programme to cotton for leather at ACP Group of States?** Leather has been selected as a priority value chain under the EU-ACP Framework Programme on support for the development of agriculture value chains to join efforts with world organizations for animal health and it should take off in 2021.
- **Considering the trade-offs for the industry in achieving SDGs related to economic progress, climate action and environmental sustainability, and social inclusion.**
- **What are the types of measures to be put in place to support SMEs for transparency and traceability in ACP States?** There are strategies in place to support private sector development and agriculture value chains. Joint work is carried out in conjunction with the International Trade Centre (ITC), the Food and Agriculture Organization (FAO) and the World Bank to identify specific measures. Such programmes include the Fit for Market Programme - Manual on Traceability to support SMEs exports to the EU market by meeting market access requirements.
- **Consider Swedish and Dutch initiatives underway providing innovative examples to overcome inherent contradictions and tensions between SDGs.** The purpose is to identify how to achieve sustainability within planetary boundaries, ensuring a just transition, which eventually could be of interest to understand the fashion industry's constructs.
- **Is there any indication that the 2021 EU Textiles Strategy would go beyond circular economy and encompass social issues?** It is not yet defined, the European Commission will propose a "comprehensive EU strategy based on input from industry and other stakeholders aiming at strengthening industrial competitiveness and sectoral innovation, boosting the EU market for sustainable and circular textiles, including the market for textile reuse, addressing fast fashion and new business models". It will aim at "improving the business and regulatory environment for sustainable and circular textiles in the EU, providing incentives and support to product-as-service models, circular materials and production processes, increasing transparency through international cooperation".
- **Does the French Due Diligence law have special clauses for recycled material?** The risks are not named in detail in the law but only referred to as human rights, environment, health and safety. It is up to the company to assess the risks and prioritize them in the vigilance plan. However, the 2020 French Anti-Waste and Circular Economy law promotes the recycling of textile materials and prohibits the destruction of unsold goods.

Part II

Reference documents:

- *Policy Recommendation (Part I), Guidelines (Part II) and Annex 4. Call for Action Template (draft April 2020)*
- *Stakeholders Ecosystem Report and Annex 1. Stakeholders in the Garment and Footwear Sector (draft April 2020)*
- *Mapping of supporting policies, regulations and legislation for the Policy Recommendation (draft April 2020)*

Ms. Virginia Cram-Martos, CEO of Triangularity and UN/CEFACT Trade Facilitation Procedures Domain Coordinator, presented the Policy Recommendation whose scope is international and aims at supporting the implementation of policy claims about sustainable products and processes in the industry. It provides policymakers with answers on how to work with the private sector through public-private partnerships. The Recommendation (section 1) will be primarily for governments, while the Implementation Guidelines (section 2) are intended to help implementing organizations to meet Section 1 recommendations. The [draft Policy Recommendation](#) features an initial set of 8 recommendations. The Implementation Guidelines feature the components of a traceability framework, the process for data collection and analysis, and the steps to set up an action plan. The annexes will include amongst other the multi-stakeholder [Call for Action](#) to showcase voluntary commitment and the model legislation. The drafting of the documents has been extensively fed in by the desk and the field research (experts' interviews).

NEXT STEPS

The [draft Policy Recommendation](#) is available for experts' feedbacks and inputs until 15 May 2020 (also on [CUE space](#)⁸ and the [meeting page](#)). There will be other rounds of informal consultation until the Policy

⁸ The CUE space is a private working area for the experts officially accredited by their UN/CEFACT Head of Delegation. It is a platform regularly updated by the secretariat, where experts can find all meeting agendas, presentations and background documents. The calendar displays the dates of project meetings and monthly subgroups conference calls.

Recommendation is published for formal consultation according to the intergovernmental UN/CEFACT Open Development Process early in the 2021 fall.

Ms. Olivia Chassot, UNECE, provided an overview of the [Stakeholders' ecosystem mapping report](#) which is a descriptive tool to unravel the complexity and the variety of the actors involved in value chains in garment and footwear. The ecosystem divided in three overarching categories (wider business ecosystem, extended enterprise, core business function) identified 400 individual representative organizations, clustered across 27 stakeholder subcategories, and 23 focus countries / regions based on the World Trade Organization (WTO) and ITC data (2018) on exports/imports. This exercise will ensure alignment with existing sustainability sectoral initiatives on traceability and sustainability, taking into account the developing policy landscape, setting a structured model for engagement of stakeholders, conducting a further layer of mapping for specific fibres' value chains across focus countries (e.g. cotton, synthetics, leather) and align with the sustainability risks mapping.

NEXT STEPS

The [Stakeholders' ecosystem mapping report](#) and [Annex 1](#) (subcategories breakdown and individual organizations lists) are available for experts' feedbacks and inputs until 15 May 2020 (also on [CUE space](#) and the [meeting page](#)).

Q&A

- **Welcome the inclusive implementation of the measures for smaller actors and large enterprises. Are the Implementation Guidelines formulated to industry actors depending on their position in the value chain?**
The gradual twofold approach is essential for actors that are at different stages of implementation of traceability and transparency, it should be expanded in the text, lessons learned and suggestions of the implementors are welcome.
- **The need for education and awareness-raising:** it will be further developed in the Implementation Guidelines. Education will be covered in the section on incentives and also in the tool section. From the standpoint of technical tools, we will be looking at it from a generic angle.
- **The importance to orient the policy document towards all the stakeholders:** It is definitely a point taken into consideration to reflect on the role of all stakeholders, not only from the industry. The drafting of the measures and Implementation Guidelines has taken a multi-stakeholder approach, including Civil Society Organizations (CSOs) viewpoint.
- **Connected packaging:** this method could lead to greater ingredient transparency through digital content linking to an ingredient database and a full breakdown of a product's environmental impact.
- **What would be an example of an implementing organization?** Implementors depend upon the part of the Recommendation in which they are involved. For example, governments for the implementation of incentives, NGOs for collaborative initiatives to stimulate economies of scale.
- **What are the tools that could be included in the Annexes?** For example, technology solutions, certification and traceability tools?
- **For an industry-wide change,** we need to co-create co-systems giving the opportunity for all actors (SMEs, designers, consumers, professionals, technology providers and institutions) to be part of the solution.
- **Leave no one behind** is a key consideration to ensure that eventually the traceability is not misused by national authorities to harass undocumented and migrant workers. Home-based workers and their concerns should also be considered.
- **Traceability toward the upstream/bottom part of the chain** enables to experiment innovative partnerships, win-win-based for multinationals, producers and suppliers to support skills development, enhanced capabilities and access to markets for higher-value added employment for local communities, while ensuring that materials are sourced sustainably.

Ms. Claudia di Bernardino, Lawyer, Italy, delved into the desk research which resulted in a compendium of 80+ legislations, regulations, policies and guidelines for enhancing transparency and traceability across industries. The mapping gives an overview of the existing regulatory framework, further assessing the benefits to support the drafting of the model law, identifying six key issues: supply chain traceability, transparency for final consumers, due diligence, public disclosure, circularity and incentives. Highlights feature that several countries (China, Japan, United States of America and some European Member States) developed regulations in the agri-food sector for mandatory supply chain traceability systems; the recent political focus on due diligence

legislation, mandatory non-financial information reporting; incentives, such as public procurement, seems to drive the market towards sustainability.

Ms. Francesca Romana Rinaldi, Bocconi University, gave an overview of the highlights from the field research based on the multi-stakeholder interviews, also reflected in the Policy Recommendation. The most cited values of transparency and traceability are reputation and risk-management (industry), standardized criteria to measure impact and legal certainty for a level playing field (governments), due diligence for better remedy mechanisms (NGOs, trade unions, suppliers). The measures to incentivize traceability most efficiently are financial incentives, public visibility and green public procurement. Top three tools for transparency and traceability were prioritized by experts: mandatory due diligence regulation, incentives and industry commitments, followed by product passports and public information campaigns. Experts emphasized that policymakers should be in charge of fostering responsible supply chain by setting a minimum set of traceability requirements to justify product claims.

NEXT STEPS

The [Mapping of supporting policies, regulations and legislation](#) is available for experts' feedbacks and inputs until 15 May 2020 (also on [CUE space](#) and the [meeting page](#)). Additional inputs can be provided on these [key findings](#). A complete report and policy note of the desk and field research will be shared with the experts in June 2020.

Q&A

- **Innovative new business models** are currently developed by pioneering industry players that will establish a basis for long-term success and greater resilience versus those failing to do so and diminished competitively.
- **The [Civil Society Shadow Strategy](#)** advocating for one joint vision for a fair and sustainable textile sector, supported by 65 CSOs could link up to the UNECE initiative, as it is proposing legislative and non-legislative actions in the context of the EU Textiles Strategy to be developed by the European Commission.

Mr. Rudrajeet Pal, University of Borås, Sweden, delved into the main components of the traceability framework's architecture (system structure, policy claim, traceability asset, entry and exit points, traceability rules, certification and audit) in connection to creating guidance for policymakers. The Implementation Guidelines will lay out a sample of policy claims. For example, the objective of a policy claim is sustainable procurement, the traceable asset is the ready-made garment, the claimed state is organic cotton and the validation criteria are provided by the standard-setting body. In regard to the identifiers chosen for the manufacturing and logistics parties (i.e. physical size of the traceable asset), the higher the granularity is, the higher will be the cost of the product recording.

Q&A

- **Are these traceability disclosure proposals tied to existing reporting frameworks such as the Global Reporting Initiative (GRI)?** The traceability system is defined in a way to be able to work with existing reporting frameworks.
- **Since there is a difference in the granularity of the various policy claims, should these not be harmonized?** It might be helpful to create guidelines defining granularity and what should be taken into consideration for framing a traceability claim considering the diversity of possible claims. The granularity level of a traceability claim will differ between actors, also the factor of cost implementation is to consider. Overall, policy claims could be harmonized for principles but not in terms of measure of granularity.

Ms. Maria Teresa Pisani, Project Manager, Economic Cooperation and Trade Division, UNECE, summarized the day 1 of the meeting with a few highlights of the session. In the medium- / long-term, transparency and traceability are tools fit for purpose for the industry recovery in the aftermath of the COVID-19 crisis. Speakers shared their viewpoints on the acceleration of policy regulatory actions to support circularity and sustainability and called for policy coherence across levels, which emphasizes the role of intergovernmental bodies such as UNECE. The developing policy landscape is monitored closely under UNECE project deliverables. A scorecard of actions and a minimum set of criteria for traceability must be developed with a gradual approach considering smaller actors and large enterprises. Transparency and traceability also foster competitiveness, market access and upgrading for partner countries, although with challenges to address such as cost distribution, technology access and capacity development along the chain.

DAY 2 – TUESDAY 28 APRIL 2020

▪ THE VALUE CHAIN, DATA AND TECHNOLOGY MODEL FOR TRANSPARENCY AND TRACEABILITY OF SUSTAINABLE VALUE CHAINS: FOCUS ON THE COTTON VALUE CHAIN

Reference documents:

- *Explanatory note Business Process Analysis (BPA) for the value chain and data model for traceability of information exchange (draft April 2020)*
- *Project document for the pilot on blockchain for traceability and due diligence in the cotton value chain and Progress report (April 2020)*

Part I

Mr. Frans van Diepen, State Enterprise Agency, the Netherlands, – moderator – opened the session and announced its purpose as follows: first, taking stock of the ongoing development of the value chain and data model for the information exchange traceability standard; second, showcasing progress on the ongoing pilot to test such value and data model with a blockchain system starting with cotton. In order to develop the value chain and data model at the core of the standard, a thorough detailed business process analysis is conducted to map and describe the industry value chain, including all business processes for raw materials, products, parts and components from farming to post-consumption, within a country and across borders, and sustainability hot-spots and requirements along the value chain. The key question to address is the identification and maintenance of the parties in the value chain and the type of information to exchange about product and process. Mr. van Diepen emphasized the need for a gradual approach fitting with the needs of SMEs / farmers (simple structure) and larger enterprises (detailed information) in the business process approach to formulate policy claims.

Ms. Virginia Cram-Martos, CEO of Triangularity and UN/CEFACT Trade Facilitation Procedures Domain Coordinator, emphasized that traceability is enabled by the linking of IDs along the material flows in a supply chain from the entry to the exit point. It is up to the traceability requestor to find the most cost-effective way (e.g. signature; DNA) to attach the ID to the product which will go through each processing phase in the chain. ID also allows to have one system that tracks only the ID and link back to the other information to give people permissions to look at the selected ID to give a flexible framework. The Business Process Analysis detailed in the Explanatory Note identifies how each piece of information links to the next and the previous ones starting with the Use Case Diagram (identifying processes and actors of the entire value chain). Then, the activity diagram attempts to show the roles of each participant to identify where the information is exchanged. The use of a standardized business description form aims at easily identifying the information required. Then the analysis process defines the data process to enter the documents into the computer system, notifying which processes used these (e.g. invoice; CMR).

Mr. Gerhard Heemskerk, Data Modeller, UN/CEFACT project expert, provided a presentation on the methodology to define standardized data for traceability of a semantic standard. The business process analysis is the first step undertaken to prepare the UN/CEFACT Business Requirements Specifications (BRS) and Requirements Specification Mapping. It will be followed by the development of the corresponding electronic messages (XML/EDIFACT) for the exchange of data and information among parties of the traceability scheme, with implementation guidelines. The aim is to support real time data exchange, visibility of supply chains actors and processes, prevent fraud, and achieve cost-efficiency. Such a data model will be neutral and interoperable with any systems and technologies, building up on existing efforts and avoiding duplication, as this is a key need put forward by the industry. The UN/CEFACT standards once published are available free of charge to all interested parties.

Q&A

- **Is this process also expected for synthetic yarns? E.g. synthetic yarns made from resin, the resin will need an ID, does the yarn coming out from the resin will have another ID?** The decision has to be taken depending on where the start of the chain for natural fibres is (e.g. at farmers or farmers' input?). It also depends on the policy claim.
- **Who develops the IDs and is this harmonized? Any collaboration with World Customs Organization (WCO) HS Nomenclature?** It is a delicate process to assign an ID to a physical asset, and the ID must be unique globally and in a domain. WCO produces IDs for product categories, but not for product instances (i.e. physical asset).

- **One key concern for the industry in traceability systems is the conversion rates between fabric and yarn: verify if a number of tons of yarn output, identified through a tracer or an ID code, corresponds with the ID input in a factory that produces a number of fabric metres with the other ID.** These are two different things, the identifiers and the conversion rates of the inputs in a process, however both need to maintain the information structure of the process flow.
- **Look at waste generated at every process from input to output. It will be helpful to advise which waste and process shall be monitored (i.e. for textile content input + waste = output rule shall be “easy” to settle, which will give an automatic KPI on productivity and alert on potential issue.** Both are important to maintain in the information flow and to check on sustainability issues, all inputs and outputs must be considered and included in the BRS message.
- **Cost considerations** given the amount of data collected for larger organizations with higher means to disclose versus smaller counterparts with bounded capabilities.
- **Are financers out of the scope of generic traceability?** Financial information (price paid for the input and money collected out of the output) are not in the scope of the project, except when it is related to reporting for social and environmental information.
- **Where is the start of the supply chain** calculated for instance for regular polyester and for recycled polyester? It depends on what is decided to be the input and the output (or reused output) in the information structure and flow.

Part II

Mr. Paolo Naldini, Director, Director Cittadellarte Fashion B.E.S.T – Fondazione Pistoletto, has been partnering up with the UNECE about six years to lay down the foundations of the UNECE initiative, focusing on communication, promotion, education and the design of pilots. Advocacy actions are spread between the industry, the culture and the institutions with impact partners ranging from manufacturers, brands to media. Cittadellarte – Fondazione Pistoletto invited Vivienne Westwood (VW) to collaborate in the UNECE pilot project in 2019 with the aim of testing the UNECE traceability approach at the operational level, with suppliers from fabric to yarn, and eventually up to the farming process, for the next autumn 2020 collection.

Ms. Isabella Tonelli, CSR Coordinator, Vivienne Westwood, highlighted that it is a complex process requiring the collaboration of suppliers willing to collect data. Showcasing the value added of such a process is key for participants’ engagement. Another challenge is the gathering of decentralized information without technological support required to speed up data collection between parties. Ms. Tonelli evidenced that it was very complex for suppliers to provide information about a cotton batch, especially if it had been mixed from several batches and purchased sometimes ago. One lesson learned is to consider the variable of time to collect ex post information (e.g. an agreement between tier 2 and 3 could happen at the beginning of the purchasing order).

Q&A

- **How many styles did you include in your trial? How long did this traceability work take you (i.e. internal resources)?** Ten styles were included. Fabric- and supplier-related information is always required for the entire VW collection in standard internal process. In terms of resources, one person from VW and one person from Fondazione Pistoletto led the work. Internally, key representative of functions (fabric researcher, product developer) were involved for decision-making purposes. The supplier availability is the key success factor.
- **Was the information shared with the customer and what was their response?**

Mr. Andrea Redaelli, Principal Project and Portfolio Management, UN/CEFACT project expert, provided an overview on the progress achieved for the first pilot to implement a blockchain solution in the cotton value chain. The solution is requested to be open-source (free of charge available globally), although at the initial phase it will be permissioned, to guarantee full transparency and scalability of the solution for other business purposes. The pilot will run from 2020 to showcase the results during the validation phase early 2021. These results will be the basis for other pilots to extend the entire validation of the Proof-of-Concept of enhanced due diligence and traceability based on blockchain technology. The idea and concept were developed building upon project subgroups and will be adapted based on the collection of all the business process descriptions, which will eventually enable the development of the technical solution itself.

NEXT STEPS

The situation analysis, the scope, the business and technical requirements, the partners to be involved, the outputs, the key activities, the timeframe have been detailed in the [pilot project document](#). The procurement phase will start in May 2020 for implementation to begin in the fall of 2020. The secretariat will keep the group of experts informed about the launch of the request for proposals (quotations), which will be published on the [United Nations Global Marketplace website](#). The secretariat is collecting the inputs for all the business processes descriptions and the user stories from the implementing partners.

Q&A

- **In a permission-less blockchain, anyone can read the data while in a permissioned blockchain a party's ability to read data depends upon the "permissions" they have been given.**

Ms. Michela Puddu, CEO & Co-Founder, Haelixa, elaborated on the potential of one tool for identifiers, the DNA markers, which bridge the gap between digital product data and physical products. They have set up in place a DNA technology to prove the product origin and integrity. The solution not only proves the origin and the authenticity of the product, but also detects the blending of the product's components, it also anchors the data to the product with a physical link to the material throughout the whole supply chain to prevent and detect false product claims. The solution was successfully tested with the [Tracing Organic Cotton from Farm to Consumer pilot](#) in India (Fashion for Good, Organic Cotton Accelerator and C&A Foundation).

Q&A

- **In which phase do you spread the cotton, before or after ginning or spinning? What happens if you merge different quality of cotton?** The spray is undertaken at the ginning facility, farm or spinning level depending on the supply chain and traceability request.
- **What would be the cost of such a technology (and scanners along the value chain)?** The physical tracer is not significant in terms of cost but is additional to the cost of the digital solution.
- **Are there studies about the health impact and safety of this spray? Does it wash off? What if the cotton is chemically recycled?** Markers are harmless and do not affect users' health or the environment.
- **Is it possible to use this technology to enable identification of products at the end of life?** Sure, the technology can be applied at any stage of the supply chain, from the very early stage to identification of finished products.
- **Can your traceability DNA be applied to synthetics yet?** Now it is applicable to all natural fibres, and the work is underway for synthetics fibres.
- **What cost will this add to the fibre? How do you build capacity of supply chain workers to apply this?**
- **What steps should be taken by organizations/governments to help SMEs with technological resource constrains adopt blockchain, specifically in developing countries?** Financially support pilots to test and scale such solutions, invest into their implementation once the solutions are validated, support SMEs in aligning/involving relevant industry stakeholders (brands, manufacturers).

Benjamin Fuchs, CEO, Alba-Gruppe, weba Weberei Appenzell AG, a company manufacturing premium quality cotton fabrics introduced their value chain from seed to shelf and the due diligence applied all along the production. They grow GIZA cotton types in Egypt. The non-GMO seed is provided by the Egyptian Cotton Research Institute. Its organic cultivation complies with the guidelines of the EU-Eco-regulation; it is reviewed and verified by the inspection company ECERT and by the Ministry of Agriculture and Land Reclamation of Egypt. Alba-Gruppe applies a sound due diligence throughout the entire value chain, through the combination of traceability and digitalization for organic cotton.

Q&A

- **Does not it make sense to identify first the functions and the governance issues, then, the best technical solution? Blockchain maybe part of the solution and other less data-intensive and energy- consuming options should be considered.** Indeed, there may be other solutions for data storage or automated verification processes for certificates, and if available, they should be considered.
- **Artisans / craftsmen** account for more than 300 million, with more than 65% of artisan activity taking place in the Global South, it is worth up to USD 40 billion. Artisans are part of the subcontracting sector and their contributions disappear in tangled and complex apparel value chains. Having them at the table of key stakeholders is critical to ensure their creativity, tradition, culture as producers of natural fibres, are duly supported.

CLOSURE OF THE MEETING – NEXT PROJECT MILESTONES

NEXT PROJECT MILESTONES	
PROJECT OUTPUTS	WORK STREAMS
<ul style="list-style-type: none"> • MULTI-STAKEHOLDER POLICY PLATFORM • POLICY RECOMMENDATION (section 1) • & GUIDELINES (section 2), CALL FOR ACTION 	<ul style="list-style-type: none"> • Stakeholders structured engagement strategy & mapping per specific value chain • Drafting report on findings from desk and field research and experts consultation • Advancing the drafting of Policy Rec
<p>TECHNICAL STANDARD FOR TRACEABILITY FOR TEXTILE AND LEATHER</p>	<ul style="list-style-type: none"> • Advance on Business Process Analysis to develop Value Chain and Data Model for main types of Fibers and Materials • (plant-based, animal-based, synthetic)
<p>PILOT #1 COTTON BLOCKCHAIN PILOT</p>	<ul style="list-style-type: none"> • User stories and business process analysis for traceability collection (piloting partners) • Publication of the RfP for procurement of the solution and tender process
<p>KINDLY SEND YOUR INPUTS TO THE SECRETARIAT : Maria Teresa Pisani, maria-teresa.pisani@un.org ; Olivia Chassot olivia.chassot@un.org ; Olga Kharitonova olga.kharitonova@un.org</p>	

NEXT PROJECT EVENTS AND MEETINGS

- 2020: Virtual meetings - depending on the evolution of the COVID-19 situation
 - Conference call #4 Subgroup 1: [Policy Recommendation](#) – Friday 29 May at 15:30 CEST
 - Conference call #4 Subgroups 2&3: [Technical standards for traceability](#) – Thursday 28 May at 15:30 CEST
 - Conference call #5 Subgroup 4: [Pilots & Capacity-Building](#) – Wednesday 3 June at 15:30 CEST
- European Development Days 2021 (15-16 June 2021, Brussels)

ANNEXES

- List of Participants - [27&28 April 2020 Multi-stakeholder policy dialogue](#) (CUE Space)
- UNECE news piece, May 2020 - [Transparent value chains can help make the fashion industry's post-COVID recovery more resilient and sustainable](#)
- UNECE [Project page](#)
- Meeting preparatory documents (hyperlinked)
 - Meeting agenda
 - Policy Recommendation (Part I), Guidelines (Part II) and Annex 4. Call for Action Template
 - Stakeholders Ecosystem Report and Annex 1. Stakeholders in the Garment and Footwear Sector
 - Mapping of supporting policies, regulations and legislation for the Policy Recommendation
 - Explanatory note for Business Process Analysis (BPA) for the value chain and data model for traceability of information exchange
 - Project document for a pilot on blockchain for traceability and due diligence in the cotton value chain and progress report
 - Report of UNECE project sessions at OECD Due Diligence Forum (Feb 2020)