

EDITORIAL

Sustainability has been a core issue in development long before the SDGs were adopted worldwide. Policies, criteria and instruments to achieve sustainable development vary widely, but there are core standards that are accepted as minimum benchmarks to achieve sustainability in production and consumption. Basic human rights, ILO minimum labor standards, work safety and health standards as well as quality and environmental standards are operational instruments to measure sustainability aspects in different companies, along value chains, and in their respective economic sub-sectors. Although national legislative frameworks are essential, the most effective way to increase sustainability in the business sector is through high environmental, social, health and safety standards. This is why certification is increasingly demanded by global markets.

Since 2000, GFA has been active in implementing sustainability standards in forest management and the wood and paper industry through GFA Certification. In this newsletter, we highlight GFA's work in training and capacity development for sustainability in the textile and ready-made garment industry in Bangladesh, in hydropower and electricity companies in Indonesia, with small-scale gold miners in the Andean countries, and with cotton farmers in Africa.

Sustainability is key to GFA's vision and mission and our new management team will make sure this principle will be developed further.



Christoph Schaefer-Kehnert
Managing Director
GFA Consulting Group

THE ROLE OF PRIVATE SECTOR DEVELOPMENT FOR LABOR AND SUSTAINABILITY STANDARDS

Private sector development plays a key role when it comes to labor standards. Private sector companies are at the heart of related issues and only through working with them, sustainable solutions can be developed. GFA's Private Sector Development department has been working in this field for many years.

Hence, some lessons learned on the link between private sector development (PSD) and the implementation of standards can be drawn. Companies, especially the ones integrated into international value chains, mostly understand well the standards-related issues facing their industries. Implementing and upholding environmental, labor and safety standards is no longer a choice for most companies, it is a key requirement for remaining competitive. Today, compliance demanded by buyers and consumers often goes beyond laws and regulations. In such a setting, the private sector needs tools to safeguard compliance and remain competitive. This calls for capacity development with sector or industry associations that can support companies in achieving relevant standards. In GFA experience, listening closely to such organizations and companies is a key to success.

In Bangladesh, GFA has been implementing the Promotion of Social and Environmental Stan-

dards in the Industry (PSES III) project on behalf of GIZ. Together with local and international partners, GFA added sustainability reporting for companies in the garment and leather sector as a key component of its approach. As outlined below, this has allowed the project to demonstrate a tangible value proposition to associations and their members.

In another example, GFA has been improving the quality of employment for small and medium enterprises in the Suez Canal region in the context of the GIZ Labour Market Access Project in Egypt since 2015. Together with interested companies, GFA experts developed and implemented a C³ Supervisory Skills Training Program to improve job quality in the manufacturing sector. The training scheme helps supervisors gain a better understanding of their responsibilities when leading production teams. Instead of using brute force or yelling at staff, supervisors now use communication instruments such as workplace dialogue. These new quality standards resulted in a change of organizational culture at the job floor that helped prevent worker abuse and harassment, and ultimately increased productivity.

Such examples show that standards can be introduced most successfully, when an immediate benefit for participating companies is visible. Finally, a functioning institutional environment



Landmark Shoes production line in Bangladesh



In-company vocational training center Echotex

needs to be in place that provides necessary expertise to guide and support the private sector in complying to standards. Working with actors that contribute to such environments has become a strength of GFA's PSD department. Tools like C³ Associate, a training program developed by GFA to build the capacities of associations, have proven a great advantage in this regard. Together with GFA's growing expertise in this field, the company is well-equipped to remain a leading partner for development partners around the world.

PROMOTION OF SOCIAL AND ENVIRONMENTAL STANDARDS IN THE INDUSTRY IN BANGLADESH

Bangladesh aims at achieving middle-income country status by 2021. With its contribution of 20% to the GDP, the textile and apparel sector will be a driving force behind this transition. It currently employs around 20 million people and is the cornerstone of the government's Vision 2021, which aims at increasing export revenues to over 50 billion US Dollars by 2021. But on the global market for textiles and ready-made garments (RMG), customers in Europe and the US are increasingly demanding sustainably produced textiles. Tragedies like the collapse of a textile factory building in Dhaka in 2013 with a death toll of 1,134 have increased global awareness of the sector's problems. This is why manufacturers in Bangladesh need to comply with environmental, social and safety standards. However, most of them struggle to develop clear implementation strategies for attaining the targets of Vision 2021 in a sustainable way. Most recently, GFA was entrusted with implementing PSES III in 2017. The project strives to develop the capacities of government, private sector, and civil society actors as the basis

for pursuing a course of sustainable economic growth in the textile, garment, and leather industries. Following its inception and roadmap development phase, the roll-out phase of PSES III started in October 2019 and will be concluded by June 2020. The time and energy invested into collaborating with Bangladesh's five major business associations in the leather and textile sector have paid off. Based on the associations' feedback, the GFA team has already over-achieved goals set out in the GIZ terms of reference. Cooperation structures with the five major business associations have supported them in developing roadmaps, communication strategies and preparing sustainability reports.

Sustainability reporting has turned out to be in particularly high demand among the associations and manufacturers. With more buyers requiring credible and comprehensive reporting on labor standards, resource consumption and environmental compliance, competitiveness demands manufacturers to provide standardized reporting

on their performance. In close coordination with GIZ counterparts, the GFA team has identified this need early on and managed to engage the associations by offering tailored capacity development solutions aligned with international best practices. Organizations like the Bangladesh Tanners' Association and the Bangladesh Knitwear Manufacturers and Exporters Association have been working to improve the situation among their member companies. Through sustainability reporting at the association level, they will be able to get a better overview of persisting issues and progress. Yet, this is only the first step. Together with its partner Stakeholder Reporting from Germany, the GFA team started creating a pool of national sustainability reporting consultants (NSRCs) in Bangladesh. As part of PSES III, local companies and consultants are trained to guide textile manufacturers in preparing their own sustainability reports at the company level. The successful creation of such a pool of NSRCs will contribute to a systemic change, making the process of sustainability reporting less depending of international consultants and development partners. Nevertheless, a lot of work remains to be done. It will be the responsibility of government agencies such as the Bangladesh Ministry of Commerce, the Ministry of Industries and the Department of Inspection for Factories and Establishments to steer the sector towards more sustainability. In many cases, the legal requirements for manufacturers fall behind international sustainability standards or are not properly enforced. The GFA team is planning to engage relevant ministries until June 2020, which will be followed up by capacity development in the next phase of PSES. While the goals and design of the next phase of PSES are still under development, GFA will enter



GFA expert Paul Weijeers (left) with Emdadul Haque, Assistant Manager (ETP) in front of the water treatment plant of Apex Footwear

future tenders in Bangladesh's textile sector with the advantage of the PSES III success story.

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PROMOTING SOCIAL COMPLIANCE THROUGH C³ IN BANGLADESH

In previous phases to PSES III, GFA introduced the C³ training methodology between 2006 and 2009 in the GIZ project "Social and Environmental Standards" in the Clothing Industry. To date, over 1,200 trainers, consultants, or multipliers from factories in the RMG sector have been trained in over 50 C³ training courses, 25% of them women. In addition, a six-month diploma course on compliance for RMG factory managers was introduced at the Bangladesh Institute of Management based on C³ manuals. In 2012 and 2013, the C³ Training Unit of GFA implemented several missions assessing the local training delivery system's outreach and sustainability which resulted in recommendations on trainer development path and manual quality management. An additional C³ training module for RMG middle management was developed to support the introduction of fire safety management systems in factories. Senior trainers, representatives from the Bangladesh Fire Safety and Civil Defense, and RMG associations participated in developing the materials. Trainers were trained and coached during pilot implementation. To strengthen local trainer capacities, four C³ Trainer courses were held, two for junior trainers or multipliers involved in social compliance in the garment sector, and two for senior C³ trainers.

SUSTAINABLE HYDROPOWER PROGRAM IN INDONESIA – LEARNING MODULE FOR INDUSTRIAL SAFETY

In Indonesia, the Sustainable Hydropower Program aims at improving capacities within the State Electricity Company PLN regarding strategic and sustainable planning, development and implementation of hydropower projects in compliance with international standards. Program activities entail training workshops based on GFA's C³ methodology, e-learning formats and platforms, on-the-job-training and coaching as well as lectures and study tours. A consortium of German utility Uniper Kraftwerke, GFA and AF-Consult, supported by PT Kwarsa Hexagon, are implementing the program on behalf of KfW from mid 2018 to the end of 2021. So far, a number of different courses have been developed and inte-



Obligatory alcohol test before underground work, small mining company SOTRAMI, Peru

grated into regular capacity development activities of PLN's Corporate University. In addition to technical topics related to hydropower, several courses emphasize environmental or community related issues to be considered during the planning phase of hydropower plants. Another course focuses on behavior-based safety and was developed for PLN's middle management to increase the understanding of issues related to health, security, safety and environment (HSSE). By means of interactive and practice-oriented tools, the course stresses the importance of pro-active leadership related to self-assessment, behavior change and institutional culture associated to HSSE.

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THE BETTER GOLD INITIATIVE

The Swiss Better Gold Initiative (BGI) is a value chain project that aims at supporting artisanal and small-scale mining for gold in respect with responsible production. The gold is exported to

the Swiss market. The initiative is based on a private-public partnership between the Swiss State Secretariat for Economic Affairs (SECO) and the Swiss Better Gold Association (SBGA). Projekt-Consult GmbH as a member of GFA Consulting Group has been implementing the BGI in Peru since 2013 and in Bolivia and Colombia since 2017. BGI defines "responsibly produced gold" either as certified by Fairtrade, Fairmined or the Responsible Jewellery Council, or as complying with specific BGI/SBGA criteria that encompass legal, environmental and social criteria relevant to mining. In particular, work norms, minimum wages, child and forced labor, human rights, the right to workers' organization, gender criteria, workplace security and good community relations play a role. So far, about 50 small-scale gold mining operations and cooperatives have been supported that export a total of more than 2,500 kg of gold to Switzerland annually, equivalent to an annual value of 125 million US Dollars.

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"Walk & Talk" about security at a construction site in Indonesia



GFA'S ENGAGEMENT AS A SHAREHOLDER OF THE COTTON EXPERT HOUSE AFRICA

MISSION & VISION

The Cotton Expert House Africa (CHA) is a non-profit organization with the objective to improve sustainability in the African cotton and textile industry. CHA was founded in December 2016 by the Aid by Trade Foundation (AbTF) that holds the Cotton made in Africa standard (CmiA), and GFA Consulting Group. Following the successful establishment of the organization over a period of three years, AbTF will be the sole shareholder of CHA as of January 2020.

The mission of CHA is to provide a platform for industry stakeholders such as smallholder cotton farmers, ginners as well as cotton and textile companies to facilitate exchange, share learning experiences, and provide technical support. Acting standard-neutral, CHA connects African stakeholders to sustainable cotton standards and offers opportunities for constructive sector dialogue. In order to provide the required services, CHA draws on strong in-house expertise, up-to-date market information and a large professional network of sector and regional experts of GFA and AbTF. Building on these assets, CHA responds to individual support requests for skills trainings and piloting innovations that improve sustainable cotton production and benefit smallholders and cotton companies alike.

CHA aims at improving livelihoods of African smallholder cotton farmers, environmental impacts and long-term business viability. It believes in engaging cotton smallholders to secure a sustainable future for the African cotton and textile industry, the backbone of a way of production that is unique in the world. The small scale of production results in a large number of farmers involved, who maintain a symbiotic relationship with the cotton companies.

CHA SERVICE PORTFOLIO

CHA is committed to the development of socially fair, economically viable and ecologically sustainable cotton and textile value chains in Africa. Support measures offered through CHA headquarters in Hamburg, Germany, Nairobi, Kenya and Ouagadougou, Burkina Faso encompass the implementation of technical training activities on sustainable cotton production, and support of management capacity building at cotton

companies, ginneries and cotton associations and farmers unions. Online access to standardized knowledge products is provided through a knowledge management platform and website. Moreover, CHA promotes stakeholder dialogue through national workshops and international conferences, and implements innovation projects on digitalization, efficient extension services and within the cotton seed sector.

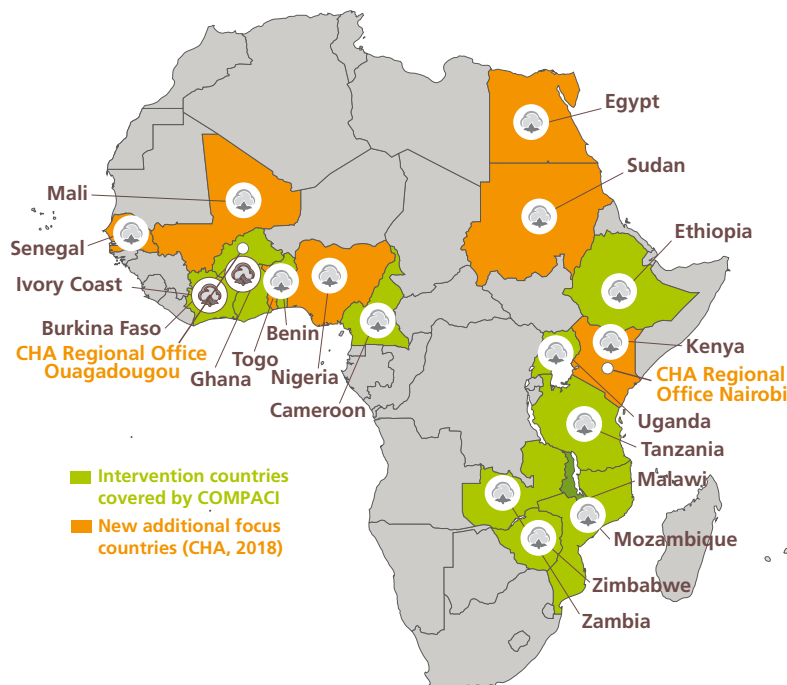
For greater impact, CHA has been utilizing funds from its own CHA sources as well as international donors to co-finance innovative sustainability projects of private sector cotton companies. CHA has been supported by funds from the German Federal Ministry for Economic Cooperation and Development (BMZ) that were channeled through GIZ during a first funding cycle from 2017 to 2019.

CHA AND GFA

Drawing on rich experience from more than 30 years of work in Africa, GFA has provided key assistance in developing the organizational concept of CHA and establishing it as a professional organization. GFA combines expertise from multiple business areas including private sector development and agriculture. At the same time, GFA has gained additional competencies through its CHA engagement. Building on the expertise of its own staff and professional net-

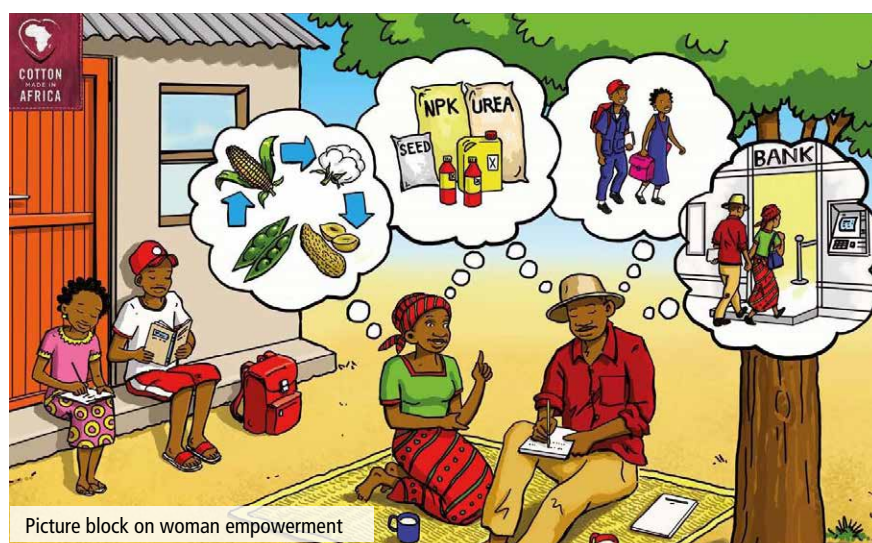
work contacts, CHA has been focusing on the implementation of public-private collaboration, the achievements of which to date can be summarized as outlined below.

Fourteen cooperation projects with the private sector in eight African countries were considered eligible for financial support. Partners



Cotton farmer in Mozambique

COTTON EXPERT HOUSE AFRICA



Picture block on woman empowerment

such as cotton companies, cotton ginners associations, national researchers and governmental cotton institutes have contributed 50% or more of the project value and followed a sustainability plan for envisioned certification. Three companies have achieved CmiA certification in the meantime. A total of more than 176,000 smallholder farmers and 892 extensionists have been trained, 19% of which were women.

Four innovation projects have tested and expanded new approaches in ICT, bio-pesticides, improved cotton seeds and advanced extension services. Under the Kazinga Smart Cotton Initiative the Rural Sourcing Management software solution of SAP has been installed with two partners in Uganda. Supported by the Digital Innovation Unit of GFA, project implementation will be completed by the end of 2020. Together with CIRAD, the French research institute for ag-

ricultural commodities and the assistance of local research institutes, CHA has established the Cotton Seed Improvement Programme, which has included three cotton seed sector studies in Zambia, Tanzania and the Ivory Coast. As a result, a roadmap for research and multiplication of improved cotton seeds will be developed within the next two to five years. Based on the initiative and request of the Zambia Cotton Ginners Association, a Joint Cotton Extension Training Programme has been established in close collaboration with major Zambian ginners. Extension experts provided through the GFA expert database have implemented several training activities for extension workers on sustainable cotton production. It is a novelty for Zambia that competing companies send their personnel to joint training activities. A similar request from Tanzania has been submitted. Since 2015, bio-

pesticides from local plants have been tested by AbTF. On the basis of good results in showing the ability to reduce pest infestation in cotton fields, field application tests with anti-bollworm pest traps using molasses have been supported in Ethiopia, complemented by a cascade of training sessions for public extension agents, lead farmers and smallholders. The success story has already gone viral in East Africa, as farmers are requesting molasses from nearby sugar factories for making their own traps.

Stakeholder exchange platforms have proven a successful tool for African stakeholders, licensing organizations regarding sustainability standards such as BCI, CmiA, GOTS, or Fairtrade, and interested actors from the cotton and textile industry to promote the uptake of sustainable cotton produced in Africa. CHA has organized four regional workshops and two Pan-African stakeholder conferences. The last international conference in Kampala, Uganda has attracted around 170 participants from all over Africa and Europe.

A lessons learned from GFA's engagement is that lasting change for the African cotton and textile sector should include stakeholders from the entire chain of custody. After successfully launching a strong exchange network and platform for knowledge management, GFA will further offer and share its expertise with the new CHA organizational setup. Overall, CHA is well-prepared to make the vision of a sustainable cotton and textile production in Africa come true by cooperating with all stakeholders concerned.

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Cotton gin at work



Cotton purchase in Cuamba, Mozambique

GENERATION CHANGE – THE NEW GFA MANAGEMENT BOARD



Anja Desai, Ilona Schadl, Heiko Weißleder

Throughout more than 35 years, GFA Consulting Group has continuously been able to transform its structures and managing bodies by focusing on the company's mission. Re-organization and restructuring of group members and organizational units has taken place regularly to adapt to changes in the market and GFA's steady growth. The handover in management from the founder generation to the current team of Klaus Altemeier, Christoph Schaefer-Kehnert and Heiko Weißleder came to pass about thirteen years ago. At the end of this year, Klaus Altemeier and Christoph Schaefer-Kehnert will retire and clear the way for Anja Desai and Ilona Schadl to take the lead in GFA Consulting Group together with Heiko

Weißleder. Anja Desai has been with GFA since 2007 and has managed the Department of Education, Skills & Employment, the strongest growth driver, for the past five and a half years. Ilona Schadl, with a background in private sector development, has been with GFA for nine years. She has been managing GFA's private sector development work, and has been in charge of the prominent Afghanistan portfolio. The former GFA leadership has tripled turnover and staff and has significantly increased in-depth technical expertise in today's ten strategic business areas. The former directors will remain involved not only as shareholders but also in specific missions. GFA has had a long

handover period and is well-prepared for a start into the 2020s. Anja Desai, Ilona Schadl and Heiko Weißleder will set up GFA Consulting Group for challenges ahead such as digital transformation, new development frontiers and the climate crisis.

GFA's mission will continue to improve the livelihood of beneficiaries based on professional advice. The company will continue to strive for excellence and innovation in its services. GFA hopes for its wide range of partners and clients to keep trusting in the GFA teams' long-standing competencies in years to come.

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GFA Consulting Group is a growing consulting organization active in international economic development. The main sectors of the company comprise agriculture & rural development, natural resources management & environment, climate change, energy, governance, public finance management, private sector development, education, skills & employment, financial systems development, health, digital innovation, monitoring & evaluation, water, sanitation & waste management. Every year, GFA carries out around 300 projects and studies around the world.

GFA vision – to be the partner of choice for clients in our core service areas.

GFA mission – to improve the livelihood of beneficiaries through our professional services.

GFA core values – to offer high performance in service delivery, technical excellence in our main sectors, innovative approaches and products, and credibility with our clients when putting projects into practice.