



**MFA Forum Strategy and Planning Meeting
A Textile and Garment Multi-stakeholder Convening**

**September 8th - 10th 2008
New York**

ACTION REPORT



Table of Contents

General Background	3
Background to the MFA Forum Strategy Meeting.....	3
The Strategy and Planning Meeting 8th – 10th September 2008	5
Working Group Decisions.....	7
Bangladesh	8
Lesotho	9
The Americas.....	10
Morocco.....	11
Managing Responsible Transitions.....	12
Purchasing Practices.....	13
Romania	13
Working Group Chairs.....	14
Executive Committee	14
Secretariat	15
Resources	15
Next Steps	16



General Background

Established in the first quarter of 2004, the MFA Forum is an open collaborative network comprised of more than 80 brands/retailers, trade unions, NGOs, multi-stakeholder initiatives and multi-lateral Institutions. The Forum converges around a set of overarching principles to guide actions of individual actors and collaborative initiatives, which are laid out in the '*Collaborative Framework for Guiding Post-MFA Actions*'. The Collaborative Framework outlines roles and responsibilities for buyers, manufacturers, exporting governments, importing governments, non-governmental organisations, trade unions and international institutions to ease the transition to post-MFA and build strategies for a responsible and competitive global garment industry with a purpose of mitigating negative social consequences of sector restructuring on workers and communities. To date, the role of the MFA Forum has been to catalyze, facilitate, and convene collaborative efforts for sustaining the textile and garments industry worldwide post-MFA.

In a May 2005 MFA Forum meeting, the participants mandated engagement at the country level on the basis of ensuring efforts are or lead to 'home owned' and 'home grown' actions and guided by the principles in the 'Collaborative Framework'. The MFA Forum's in-country engagements are designed to root activities in-country and work to strengthen and add value to the activities already taking place. The initial country focus has been within Bangladesh and Lesotho. The Forum now has an additional working group in Morocco, through the ILO Decent Work Programme. Furthermore, the Forum has a regional working group focused on the Americas and a working group on a cross cutting issue - managing responsible transition.

Background to the MFA Forum Strategy Meeting

At last year's international convening in London it was agreed to reduce the number of conferences from two to one a year. This year's annual convening took place in New York and was the fifth meeting since the MFA Forum's inception. The meeting provided the opportunity for more than 80 participants representing governments, industry associations, international brands and retailers, non-governmental organisations (NGOs), trade unions, international institutions and donor agencies to join together to promote the vision and direction of the MFA Forum. The extensive



attendance of in-country participants from Bangladesh, Lesotho, Morocco and the Americas was noticeable. The primary purpose of this year's meeting was to introduce, receive feedback and approve a strategy to address the third phase of the MFA Forum (i.e. the Consolidation Phase). This strategy does not represent a major departure of the Forum's philosophy or aims or scope of engagement, but seeks to ensure mission-aligned focus, efficiency and accountability in achieving well-defined goals to the satisfaction of participants and broader stakeholders.

During each working group meeting, organised during two days preceding the strategy and planning session, working group Chairs together with Executive Committee members presented the proposed strategy (previously circulated) to working group participants. The intention was to provide participants with sufficient content on the strategy in order to allow participants to give feedback and have ample discussion, and allow for clear and tangible next steps that would be outcome-focused for each working group. The third day, unlike in previous years, was not a public event, but sought to ensure that consensus amongst the participants was reached on the proposed strategy. Feedback from working group discussions was integrated and informed the third day's session which Simon Zadek, MFA Forum Convenor, presented to the group. Power-point presentations and minutes can be found on the MFA Forum website at www.mfa-forum.net.

We would like to thank USAID, DFID and SIDA as well as our corporate contributors for supporting the core work of the MFA Forum and making this event a success. We would like to thank Levi Strauss & Co. for allowing us to use their New York offices for the working group meetings and Social Accountability International for providing space for the Executive Committee to meet.





The Strategy and Planning Meeting 8th - 10th September 2008¹

Achieving demonstrable results at the country level is the Forum's bottom line in order to achieve positive development outcomes. The MFA Forum aims to demonstrate that responsible business practices, underpinned by proactive public policy and an engaged civil society, can be aligned to the demands of competitiveness in global markets. The MFA Forum participants have worked together, now for four years, because of their belief that a collaborative approach, embodied in the Forum's Collaborative Framework, can mobilize the necessary mixture of public policy interventions and changes in business behavior needed to provide decent work in a viable and vibrant garment and textiles sector. The Forum has moved through two periods an early Innovation Phase (2005-6) and the second its Scaling-Up Phase (2006-2007). The Forum is now entering a third phase, the Consolidation Phase (2008-2010), and must address key challenges of demonstrating tangible impact in the countries where we work. Participants feel that while there has been success on the international level, more focus on impact on the ground is needed in this next period. More generally, it was recognised that the real potential that this Forum offers has yet not been realised. Therefore, this year's Strategy and Planning Meeting focused on a revised more focused strategy for the MFA Forum going forward.

The proposed strategy was prepared by the Executive Committee of the MFA Forum for submission to the Forum's participants at this International Convening. In its final form, it is intended to serve for the period up to 2010, subject to an annual review of progress and updated proposals presented at our annual Convening. The detailed document titled **MFA Forum Strategy: Impacting Responsible Competitiveness in the Apparel and Textiles Sector** can be found on the MFA Forum website at www.mfa-forum.net.

This strategy was directly informed by the review of progress, a reappraisal of the context of the Forum's work, and an assessment of our strengths and weaknesses. It draws in particular from the second **Voices of the Participants** exercise (available at www.mfa-forum.net) and extensive discussions by members of the Executive Committee, who are drawn from the Forum's key constituencies.

¹ Information in this section is taken from the **MFA Forum Strategy: Impacting Responsible Competitiveness in the Apparel and Textiles Sector** and can be downloaded in its entirety from the MFA Forum website.



An effective strategy for the Consolidation Phase is needed to ensure mission-aligned focus, efficiency and accountability in achieving well-defined goals to the satisfaction of participants and broader stakeholders. The strategy should concentrate on systematizing the MFA Forum's activities in order to deliver impacts and learnings that can be incorporated into the Forum's activities and those of other initiatives and institutions. This does not mean a fundamental shift in the Forum's approach. What is required is a hard-nosed look at what is needed, what should be jettisoned or changed in the light of learnings and changing context, and how best to strengthen the Forum's impact in its core mission of promoting responsible competitiveness in the apparel and textiles industry.

Four key propositions have underpinned the Forum's design and activities to date and over the past three years these theories have been tested in practice and it is now time to move on from those original theories. A review of the practice should inform the Forum going forward:

(a) The end of the MFA posed a major risk to the livelihoods of millions of people. This core, activating concern has proved correct, but proved to be very uneven as the predicted 'meltdown' has for many supplying countries not happened.

(b) The collaboration, based on an appreciation of the inter-dependencies of interests and competencies between business, public institution and civil and labour organizations, is required to improve workers' conditions. Our experience suggests that enhancing competitiveness through more responsible business practices can be achieved. Unfortunately, however, we also see cases of improved competitiveness based on irresponsible business practice (linked to c).

(c) Sustained improvements in workers' conditions require a viable and vibrant apparel and textiles sector. While our experience suggests that collaboration as part of a competitive strategy can be effective in advancing improved workers conditions, the Forum encountered significant constraints to the effectiveness of this approach as irresponsible practice is also profitable and vested interests, weak public institutions and excluded civil and labour organisations prevent effective collaboration.



(d) The disruption caused by the end of the Multi-Fibre Arrangement could be both mitigated, and possibly taken advantage of in establishing a basis for more responsible competitiveness in the sector.

Much has been achieved through international participation based on the voluntary energies. Over time, however, this organising approach proved hugely difficult in practice and generated unintended consequences such as slow progress and the inability to sustain entrepreneurial leadership over an extended time period. The MFA Forum's review of progress shows that positive impact is possible, but challenging in the face of complex political and economic pressures, fiercely price-competitive markets and unstable and uneven brand benefits from demonstrably responsible practices. There are also associated difficulties in sustaining entrepreneurial leadership, in mobilising consistent participation and collaboration and in securing sufficient resources. It is therefore imperative to move away from this original entrepreneurial process to a more structured outcome oriented process that has an inherent accountability structure.

For the Forum to have the best possible chance to deliver what is set out to achieve is to function more effectively in the face of such challenges. With this in mind, the strategy's core proposal is to consolidate its work in the countries in which it is already engaged, and focus on delivering demonstrable impacts on workers' lives. The need is not to develop new programs and initiatives, but to improve our effectiveness on the ground; by streamlining how we are working, by being more focused on outcome delivery, and by strengthening the Forum's governance to ensure that these changes are made in a timely and effective fashion.

Working Group Decisions²

During the two days prior to the strategy and planning meeting, an informed and lively debate took place in each of the working groups of the MFA Forum. Minutes from these working group meetings are available online. Please refer to those minutes for more information on the detailed discussions www.mfa-forum.net .

² More detailed minutes can be found on the MFA Forum website: www.mfa-forum.net.



Bangladesh

Generally, this meeting aimed at finding consensus amongst participants on the future direction of the Bangladesh working group. It gave participants the opportunity to voice concerns about the current situation in the country, which they felt is unacceptable and deteriorating. More generally, some felt that participants' commitment has somewhat dropped since the inception of this working group four years ago. There was consensus amongst participants that the MFA Forum should not withdraw from Bangladesh. However, it is imperative for the group to identify activities to address the serious concerns facing the industry.

Following an initial buyers meeting, a range of options were proposed to the full working group. The discussions covered a wide range of proposals such as the possibility of aligning two proposals relating to improving factory conditions. The first was suggested by the MFB (during the Dhaka meeting) to work with factories that have received low scores on their grading system to create a program for the buyers group to assist them achieve a higher grade. The second proposal was the possibility of creating a grading system that focuses primarily on top factories, giving incentives for changing buying habits away from lower level factories. Other suggestions centred around the idea of creating a collective measurement system for factory improvements, a capacity building initiative and the possibility to increase the engagement with diplomatic channels and the government. All of these suggestions require a more refined definition, but an initial translation of these proposals into action points took place at the meeting, which can be found below.

The MFAF will support these goals and activities through:

1. Seek commitment from buyers to demand supplier compliance publicly with Bangladesh labour law, international labour standards and their own codes of conduct by June 2009.
2. Build a broad coalition of buyers committed to such an approach.
3. Buyers Group communicate to BGMEA, BKMEA, the Government, and individual suppliers their intention to design a framework to switch sourcing from non-compliant to compliant suppliers within Bangladesh and to source only under these conditions.



4. A framework will include consolidating grading of suppliers and buyer reporting on suppliers they work with in the “A level” category every 6 months and include capacity building programmes.
5. Track changes and progress in Framework.
6. Communicate the need for effective labour inspectorate and to insist that the Government seek the technical assistance of the ILO.
7. Seek to secure the support of its international agency members.
8. Explore trade relations routes to drive change.
9. Liaise with MFAF Purchasing Practices WG to advance progress.
10. Support two other ways to promote change:
 - Through International agencies - IFC, World Bank
 - Through trade rules negotiations
11. Pursue the actions agreed during the July 2008 Dhaka conference.

Lesotho

Neil Kearney (ITGWLF) introduced the meeting with a review of the development of the Lesotho working group to date. It has always had a light approach with most of the work being done by the inter-ministerial task team. Over past 18 months, relationships between the Forum’s international and Lesotho participants have been limited. The general election and changeover period in government ministries has also been a factor. Neil Kearney emphasised that from the beginning the MFA Forum has seen its role as being a catalyst, not an implementer. It was reaffirmed that the role of the MFA Forum should be that of a catalyst and advocator supporting actions led by in-country stakeholder, including in particular the support of the work program of the in-country inter-ministerial taskforce.

Additionally, discussion points during the meeting covered the upcoming expiry of the Chinese safeguards, the African Growth and Opportunity Act and other challenges such as the ability to be price competitive, meet lead times and source fabric locally. There was also a review of the priorities for the industry, which were set in 2006 at the



conference “Destination Lesotho”. Participants then discussed areas where there had been progress since the last MFA Forum Convening in Toronto and what the focal points for the future should be. A plan of action was agreed and is outlined below.

MFAF support goals and activities of country-led multi stakeholder work by:

- 1) Seeking greater involvement of other buyers and potential buyers.
- 2) Encouraging buyers to visit Lesotho, to be hosted by LNDC and Ministry for Trade.
- 3) Support funding-search for ILO Better Work Program.
- 4) Liaise with ministry of trade on showcasing Lesotho’s efforts pursuing ethical trade.
- 5) Liaise with High Commission to support expansion to EU market
- 6) Create European Parliament group on Lesotho.
- 7) Support development of professional material for trade promotion.
- 8) Update 2006 work plan with progress made and roles for MFA Forum going forward.
- 9) Promote improved communication.

The Americas

The meeting started with a presentation by Fukumi Hauser (Nike) and Laura Robbo (Disney) on the in June agreed document that sets out the purpose and objectives of and a work plan guide for the Americas working group. There was also an introduction to the idea of setting up a Donors Working Group to get a better understanding of donor funding in the region and to organise how the Americas working gorup could influence where the funding is directed. This was then followed by an update of the sub-working groups Nicaragua, Dominican Republic and Mexico. Additionally, there were updates on other initiatives, including the Global Fairness Initiative, CIMCAW Regional Symposium Promoting Social Dialogue and Competitiveness, MFA+3 Labor Rights in a Changing Garment Industry, Clear Voice, BSR CAFTA Project. The meeting ended with a brief presentation/discussion of the MFA Forum’s 2008-2010 Strategy Proposal.



- Reconfirmed usefulness of broad regional approach in the Americas.
- Shared information on initiatives and relevant projects in the Americas.
- Agreed work plans in DR, Nicaragua and Mexico:
 - DR - Waiting for signal
 - Nicaragua - Scoping. ILO not active until 2010.
 - Mexico: Ongoing work making progress
- Set up a new donors committee.

Morocco

The Moroccan meeting started off with a presentation by Maria Belgnaoui (Association Marocaine des industriels du secteur textile et habillement) on the progress made by the 'Fibre Citoyenne' national code-of-conduct and labelling initiative. This presentation was then followed by a participant discussion around the key challenges for and the progress towards responsible competitiveness. This discussion covered issues such as subcontracting, the recent national negotiations on minimum wage, and collective bargaining, freedom of association and workers rights. The group agreed that mature industrial relations are the cornerstone on which the future of the industry in Morocco will depend. Furthermore, there was consensus that the MFA Forum should support joint working by employers' organisations and labour unions to build capacity for industrial relations. The working group also updated its roadmap, prepared in March 2008 during the meeting of the Moroccan Bi-partite Committee and agreed on action points, which are outlined below:

MFAF activities will include:

1. Update on actions in-country against work plan.
2. Support Employers organization and labour unions to work together to build capacity for industrial relations.
3. Organize meeting in December in Morocco.
4. Reactivate buyers group and identify Chair.



Managing Responsible Transitions

After a brief review of the revised MFA Forum strategy by Caitlin Morris (Nike), the attendees felt that this is the right time to define the future direction of this working group. The discussion started off with a longer debate as to whether activities around responsible transition should be the responsibility of respective governments or individual companies. The conversation then turned to more concrete proposals. Participants agreed that the first major achievement of this working group was the publication of the 'Responsible Transition Guidelines'. Therefore, a key proposal by the group was to keep focussing on these guidelines by advocating the discussion around them and explore possibilities how other actors may use the guidelines (e.g. governments).

Participants requested more clarity on what the Purchasing Practices group is working on in order to identify areas where both work streams could work closer together. It was also suggested to pick a set of factories and apply the "untested" guidelines in practice. Participants felt that the benefit of using case studies is to generate real examples that drive learning and hopefully change corporate behaviour (i.e. encourages other companies to take up the guidelines). Related to this is the possibility that companies share their practices publically (i.e. cross-company learning). Finally, by working more closely with other industries (e.g. electronics or automobiles) cross-industry partnerships could be created. This may also shift the conversation from responsible transition to responsible communities.

MFAF activities will be:

1. Promote guidelines and reporting on how they are being used.
2. Develop a work plan that may include:
 - Case Studies
 - More learning and possible work to do on social protection and safety nets; worker retraining; working with institutions promoting building green jobs
3. Analyse challenges to implementation of guidelines.
4. Research current trends in factory divestiture.
5. Bring new actors in, discussion on diversification.



Purchasing Practices

Despite the low participation over the past months, there was a lot of interest at this meeting, reflected by the large number of attendees. Feedback from participants showed that there is little capacity to focus on another initiative on purchasing practices. Many of the brands/retailers have their own activities. In addition, there is a range of existing multi-stakeholder initiatives, and the question was raised whether the MFA Forum had an added value to all of this work taking place.

Participants felt that the best way of moving forward for this purchasing practices work would be to integrate these activities in the in-country working groups rather than keeping it as a separate working group. The learnings gained, for example, within the Bangladesh working group can then be shared with the wider MFA Forum. Once the purchasing practices work is focusing more on in-country activities, a next step could be for working groups to cross-learn from each other and share best practice. It was suggested to have an annual meeting (at the MFA Forum international convening) to discuss relevant issues and to have companies present on their practices.

MFAF activities will include:

- Integrate purchasing practices into working groups.
- Have annual structured learning sessions that will be captured and disseminated.
- Create a website resource area for updates from all MSIs.

Romania

Executive Committee Decision: It was decided by the Executive Committee to close down the Romania working group. This is mainly due to the fact that no significant interest from buyers to engage in Romania could be secured.

After the working group meeting updates, Simon Zadek asked the attendees to decide on the proposed strategy.



Decision:

- The participants agreed to adopt the proposed strategy for the next phase.

Following on from this collective decision, Simon Zadek outlined to the group what this strategic shift would mean in more practical terms, referring specifically to the working group chairs, the Executive Committee, the Secretariat and the Forum's resources.

Working Group Chairs

In line with the strategy, the working groups' ability to consistently focus on outcomes will be enabled through a more empowered and strengthened role of the chair as well as through:

Decision:

- Chairs are no longer only facilitators but will take a greater leadership role and are directly accountable to the Executive Committee (through reporting), which they sit on.
- Enhanced support from the Secretariat, which will also include strategic work.
- Continuous resourcing to seed in-country work.

Executive Committee

In an attempt to strengthen the overall governance structure, the following decisions were reached:

Decisions:

- Enhanced responsibility and authority through an improved funding situation and to ensure that work plan (submitted by the chairs) are implemented.
- Strengthened through extended knowledge and reach by participation of working group chairs as it will bring governance and in-country work closer together.



- Oxfam and MNS will step down from ExCo and will support the recruitment of new NGOs. Local knowledge will be one of the key recruitment criteria.
- Improved performance and continuity by extending the life span of Executive Committee members to two years.
- The current Convenor will remain in place for a further two years.
- There will be four Executive Committee meetings a year (two will be face-to-face and two will be via conference call). For these meetings, the Secretariat will circulate all relevant documents in advance to make the meeting more efficient.

The concerns that were raised in the context of these ExCo changes are that the enlargement (mainly from the business sector) may alter the balance of ExCo and that voluntary non-business ExCo members may need additional support in the future since the participation on ExCo is very resource intensive.

Secretariat

Over the past year, the secretariat managed to improve its capacities and competencies through the successful recruitment of an additional working group manager and a working group coordinator. In addition, money was invested in re-design of the MFA Forum website in order to make it a more effective communication tool.

Decisions:

- There will be a greater focus of the Secretariat on servicing the working group chairs and the Executive Committee.
- After the re-launch of the new MFA Forum website, it will serve as communication platform.

Resources

The group was informed that public funds for the core budget are now largely secured, but it was also stressed that continuous public funding will be closely linked to the

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commitment of corporate participants and their contributions. For 2009, the Forum will need to secure an additional \$300.000 to \$350.000 from corporations.

Decision:

- The Secretariat will prepare a letter to be sent out to all corporate participants stating what funds are needed and what they will be used for.
- Only corporations that make financial contributions exceeding \$100,000 in an individual year will be publically acknowledged.

Additional funds are needed for in-country activities to sustain this work and the Secretariat can support working groups efforts.

Decision:

- The working group chairs will work closely with the Secretariat to plan and seek funding.

Next Steps

Out of the decisions of the Strategy and Planning meeting and their implementation discussed at the face-to-face Executive Committee meeting following the convening, the next steps for the Forum's Secretariat over the next year are:

- Each working group chair must develop and submit a work plan by December 2008 to the MFA Forum Executive Committee for their acceptance. This work plan needs to be outcome oriented, including observable and measurable targets, a budget (planning period to 2010) and information on funding through development agencies and business support. For in-country working groups this work plan should be informed by the cross-cutting work on purchasing practices and responsible transition.
- The Secretariat will develop Terms of Reference for the role of the working group chair and the Secretariat, referring also to the relationship between the two.



- Secure in-country and cross-thematic resourcing to sustain working group work. For this, the working group chairs will work closely with the Secretariat.
- Secure corporate contributions of a minimum of \$300.000 for 2009. The Secretariat will send out a letter to all corporate participants stating the overall amount needed for this period and what the money will be used for.
- Strengthen learning within the Forum, and between the Forum and other relevant organisations and collaborations.
- Circulate the Terms of Reference for NGO participation.
- Work with NGOs to secure NGO representation on ExCo.