



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

September 17th - 19th 2007
London

ACTION REPORT



General Background

Established in the first quarter of 2004, the MFA Forum is an open collaborative network comprised of more than 50 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*' (MFA Forum March 2005). 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. This work has also been guided by the principles outlined 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 additional working group in Morocco and Romania, through the ILO Decent Work Programme. Furthermore, the Forum has a regional working group focused on the Americas and two working groups on a cross cutting issue - managing responsible transition and purchasing practices.

Background to the MFA Forum Strategy Meeting

At the January 2006 strategy and planning meeting in Washington DC, it was decided that the MFA Forum, as a whole, would meet biannually to decide policy and strategy. The September 2007 meeting in London was the fourth bi-annual meeting of the MFA Forum. The meeting provided the opportunity for more than eighty participants

The MFA Forum



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. Notably, delegations from our in-country work in Bangladesh, Lesotho and Morocco were in attendance. The primary purpose of this meeting was for the MFA Forum to review the progress it has made in the past six months and discuss key policy and strategy decisions for the Forum as a whole. The core aim of the meeting was to identify how the Forum can move forward to become more sustainable and accountable by defining success and opportunities for valued-added engagement at the international and local level.

The Public event on the third day focused on one of the most important issues for providing sustainable solutions in labour compliance. The public event entitled **“Positive Buying: Confronting the Challenge between Buying Practices and Workers Rights”** was attended by over 100 participants and was Chaired by Dan Rees from the Ethical Trading Initiative. Presentations included an overview of the challenges and potential solutions by Jeremy Hobbs, Executive Director, Oxfam International and Neil Kearney, General Secretary, International Textile, Garment and Leather Workers’ Federation. Presentations from the buyer and supplier perspective were presented by Dan Henkle at GAP, Inc., Osama Taseer, Supplier Tiffany’s Wear Limited and Jackie Belchambers from New Look. Finally, a discussion was moderated by Dan Rees by all the participants. Power-point presentations and podcasts can be found on the MFA Forum website at www.mfa-forum.net.

We would like to thank our financial contributions and support of our donors and participants, without which the three-day event could not have happened. The MFA Forum would like to thank USAID for supporting the core work of the MFA Forum and all the corporate participants who supported this event: Marks & Spencer, Tesco and Nike. We would like show our gratitude to the Ethical Trading Initiative and Gap Inc. for all their support on the public event and for hosting our working group meetings. Several other participants supported the meeting by ensuring multi-stakeholder representation. For this, we would like to thank Oxfam International and Com-Mark Trust for supporting government, trade union and NGO representation.

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The MFA Forum



USAID, the United States Agency for International Development, is the government agency providing US economic and humanitarian assistance worldwide for more than 40 years. <http://www.usaid.gov/>



The Ethical Trading Initiative (ETI) is an alliance of companies, non-governmental organisations (NGOs) and trade union organisations. ETI exists to promote and improve the implementation of corporate codes of practice which cover supply chain working conditions. <http://www.ethicaltrade.org/>



Oxfam Novib is the [Dutch](#) affiliate of the international [Oxfam](#) organization. It is an association dedicated to establishing a fair world with no poverty in it. <http://www.oxfamnovib.nl/>



The ComMark Trust aims to reduce poverty in the region by putting into practice the development approach known as 'making markets work for the poor', or MMW4P, which has become increasingly prominent within the international development community. <http://www.commark.org>



M&S has over 450 stores located throughout the UK and 150 stores worldwide, including over 130 franchise businesses, operating in 30 countries. You can read about M&S's Plan A at <http://www.marksandspencer.com/gp/node/n/50890031/203-6340610-6028718?ie=UTF8&mnSBrand=core>



Tesco is one of the world's leading international retailers. Today the group operates in 12 markets outside the UK, in Europe and Asia. Tesco's Corporate Responsibility is reported online at <http://www.tescocorporate.com/reportsanddownloads.htm>



Nike operates on six continents with suppliers, shippers, retailers and service providers employing close to 1 million people. You can read about Nike's corporate responsibility at <http://www.nike.com/nikebiz/nikebiz.jhtml?page=24>



Gap Inc. is one of the world's largest specialty retailers, with more than 3,000 stores and operates three of the most recognized apparel brands in the world – Gap, Banana Republic, and Old Navy. Gap's social responsibility initiatives are reported at http://www.gapinc.com/public/SocialResponsibility/sr_report.shtml



The Strategy and Planning Meeting 17th - 20th September 2007

The Secretariat provided a brief update of the work over the past six months, following the Toronto international convening where it became clear the original thinking of the Forum's organisational structure of a network that would devote energy and resource to an 18 month or 2 years process, isn't playing itself out in practice. There has been a growth in demand to engage and a growing number of country-level engagements. This has had an effect on organisational structure as well as its resourcing implications. For the past six months, significant time of the Secretariat has been devoted to developing the business process issues that relate to the developing organisational needs--protocols, policy issues, criteria, how do we think about impact assessment, etc. In addition, we have approached more public agencies for support and have stabilized the company level financial contributions above the in-kind contributions they provide to the Forum. We have noticed, however, that with this focus on the business functions of the Forum, the effectiveness of the Forum in deepening our work and to push forward the discussions and actions of the working groups, has been compromised. As far as resources, we have secured enough funds to function through spring next year at the level we are functioning now (not including working group budgets). We are anticipating that we will need to double the resource base on a monthly basis in order to respond to the demands of the Forum and with our fundraising efforts over the past 6 months, we feel optimistic.

Decisions:

- The Secretariat should focus on supporting the in-country working groups rather than institutional development in the next period.

Following this update, the Secretariat asked **Neil Kearney from ITGLWF and Caitlin Morris from Nike** to give a short presentation on **what has taken place since the end of the Multi-Fibre Arrangement (MFA)**—the changes in sourcing patterns and what the industry will face in the future. Mr. Kearney stated that the industry is still repositioning itself both in country and regional terms. Turkey and Mexico continue to lose as well as many Central American countries. In addition, Indonesia, the Philippines and Thailand are losing. The Central European industry is moving east while the industry in North Africa appears vibrant. China is of course looking strong.



There have been mixed strategies by brands and retailers with consolidation with big base cuts being made while others have expanded their number of suppliers. Subcontracting seems to be increasing with production taking place away from where orders are made. In some countries the industry is having labour shortages, such as in China. Prices are still dropping and there has been an increase in negative media about the industry. Finally, we are still very concerned about the lack of freedom of association and access to benefits of workers in some countries.

Mr. Kearney noted that the end of the restraints on China by the EU and the US will demonstrate more accurately what trade liberalization will look like. All indicators suggest that orders will flood to China with capacity and industry investment providing value for money. However China's negative image over the past couple months may impact this. This along with labour shortages and energy problems may curtail the rush into China—a difference we see from 2004.

An increasingly unstable world economy will also impact this industry. With vulnerable countries becoming more vulnerable, the *Collaborative Framework* becomes more important. Resources need to be focused on key vulnerable countries and keep to the guidelines of the Collaborative Framework to involve all stakeholders. Coming up, the issue of responsible transition will be key, as well as a look at the impact of China following full trade liberalization. We should also look at subcontracting distortions.

From a brand perspective, there is a dynamic tension—we see the same things as far as who is thriving or not. In addition, we have been rationalizing our source base but also we have growth targets to hit. We have fewer suppliers, but a subcontracting model is being used. We are putting our efforts toward greater supplier ownership for managing their business and on their corporate responsibility - both of the elements of responsible competitiveness. We are also focusing on increasing productivity rates and lean manufacturing. In addition, we are looking toward longer term scenarios and the effect of the big challenges of fossil fuel, water, and people in the next decade on our business and industry.

Decisions:

- The MFAF should assess the lifting of the China safeguards on the industry over the next 2 years.
- Integrate brands/retailer strategy into the purchasing practices work.



Working Group Decisions

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

Bangladesh

- Mobilize NGO and Trade Union involvement in the Multi-stakeholder Forum Bangladesh (MFB).
- MFA Forum will support a time-bound plan for compliance with international labour standards realized with the MFB.

Lesotho

- The MFA Forum will mobilize a buyers group to engage and visit in-country within 2 months.
- Develop a plan for supporting market access to Europe.
- Write a letter of support to help the ILOs Decent Work fundraising strategy.

Morocco and Romania (in collaboration with the ILO Decent Work Programme)

Morocco

- By end-September: Provide deliverables (Declaration of Intent, gap analysis, ToR for the Impact Assessment and ToR for the Buyers Group) with timeline.
- NGO involvement will be through the buyers group at the international level
- Secure buyer commitment and intent.

Romania

- Seek interest of (new) buyers currently purchasing in Romania
- MFAF delegation to arrange a visit December 2007



- Assess MFAF value-add to Romania's ILO programme for Decent Work

The Americas

- Organise and deliver a Nicaragua multi-stakeholder convening.
- Respond to the Dominican Republic Request for MFA Forum engagement
- Develop a work plan for possible Mexico engagement
- Secure resources for work planned

Managing Responsible Transitions

- Consultation feedback on the draft guidelines by December
- Develop and propose a programme of work implementing the guidelines by next MFA Forum international convening.

Purchasing Practices

- Coordinate with all MSIs and other organisations regarding what research has been done, share the information and deliver actions points based on the best practices.

Impact Assessment Discussion and Decisions

Following the working group updates, the Secretariat presented three areas of institutional development over the past six months. We began with the delivery of an impact assessment methodology for the Forum. Ken Beasley from USAID, Michael Kobori from Levi Strauss & Co., and Joyce Kortlandt from Oxfam International spoke on what stakeholders of the MFA Forum are looking for in terms of an impact assessment model. The impact assessment model should provide indicators for the context for what we are doing and indicators that allow us to track progress on the program/project. It should also extract lessons learned, using the same processes that go into developing the objectives so that you learn why something worked or didn't work. At a macro level we should look at what we affect /create responsible competitiveness and support those countries that may be affective by phase out to become more competitive and respect labour standards. In addition, how we can track how this responsible competitiveness affect the lives of individual human beings making our products in these countries and communities. The MFA Forum is a catalyst organisation, not the implementation organisation so our indicators must reflect this. We need to also assess if we



are supporting the programs and results on the ground and know what is working and not working in terms of process and outcome.

Decision

- All in-country working groups will report according to this document by next international convening.

Institutional Development Discussion and Decisions

Out of Toronto, we were tasked with several key areas of policy development. ExCo looked into the work that was done by two working groups, one on participation and one on complaints mechanisms for the Forum, and formulated recommendations.

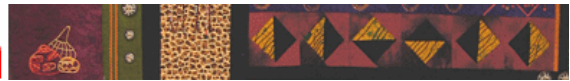
Clarifying Terms of Participation

The MFA Forum is not a membership organisation. Organisations can come and participate and ‘try out’ what it means to participate in a collaborative organisation. We have no recommendation to change that. The Collaborative Framework is a framework for a way of working. There are a number of categories of organisations that are not listed in the Collaborative Framework, namely consultants and funders. It was discussed in Toronto that participants that are not listed in the Collaborative Framework should not be The Secretariat and ExCo believes it is not a useful position to exclude these participants. There are a number of organisations that are important participants and we do not wish to exclude them.

Recommendation: The Collaborative Framework remains. The basis on which organisations commit to participation Continue not to have a formal sign-on process., and where there are organisations such as technical providers or funders who wish to have more involvement in the actual process for the forum communicate that to the secretariat and that request will be taken to ExCo and then ExCo will make decisions in favour or not on an exceptional basis.

Decisions:

- Participation will remain open, along the constituents outlined in the Collaborative Framework and requests may be made through ExCo for participation for exceptions.
- There will be Good Faith efforts toward consensus among all constituents for decisions, including who is on ExCo.



- Participants are expected to participate in at least 1 working group, listed on website and ‘participation’ will be outlined.

Complaints Mechanism

It was understood out of Toronto that if an organisation outside or inside the Forum wishes to voice a criticism or complaint of a participant there is no reason or way it should be prohibited. However, the Forum does not have and should not have a complaints mechanism or grievance resolution mechanism. This overlaps with other organisations’ mechanisms and it would embroil the resources of the Forum in a way that it has incapable of dealing with at a practical level.

Recommendation: Where a complaint is lodged, it will be communicated to all those involved. Where possible the Secretariat and other participants should direct the complainant towards an existing complaints mechanism and finally, if one of the participants through the involvement of the Forum is damaging the Forum because of the way they are seen in their behaviour then the Forum reserves the right to exclude their participation. This would go through the ExCo or if necessary to the whole Forum.

Decision:

- No complaints mechanism will be created, but the Secretariat will provide sign-posting to other organisations that complainants may utilize and the Forum reserves the right to exclude participants putting Forum at risk.
- This policy will be written and put on the website.
- Communicate the MFA Forum project and processes we are engaged with in-country and the participants involved.

International Convenings

These convenings have been resource intensive both in human resources and financial resources. However there is a lot of energy created, an opportunity to invite new people for recruitment, and pays dividends in the way it improves quality, improved decisions making, and brings more people to the table. It also, negatively, has an environmental and time



impact. If we were resourced appropriately we would like to keep up with them at every six months however this is currently not possible.

Recommendation: An annual meeting still taking place back and forth between North America and Europe/UK.

Decision: The next international convening will be in 9 months (June 2008) and the ExCo will discuss when a public event would be most appropriate. ExCo will discuss and decide where the next meeting will take place. ExCo will still have face-to-face meetings per the decision at Toronto.

Decisions: Moving the Forum Forward

The issues the Forum would like to focus on for the medium to long-term strategy, the participants agreed that:

- For the next convening and at least 1x a year, produce a participant “health check” much like the “Voices from the Participants” produced for the September 2006 meeting to understand why participants are involved in the Forum, what they get out of it, how the CF is used/lessons learned, as well as for key areas for development.
- The Forum should support the participants to evaluate and promote policy activity nationally and internationally.
- The Forum can help facilitate funding for training and capacity building and acquire best practice for labour compliance.
- The Forum can facilitate and support countries to enter new markets.
- The Forum should clarify the MFA Forum’s exit strategy (linked to the impact assessment work).
- A toolkit should be created to enable, participate and catalyze/sustain a local multi-stakeholder dialogue (process methodology and guideline) as part of the exit process.
- Re-communicate the policy that in-country participant representatives can be observers on ExCo.



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 nine months are:

- Write the policy on participation, list of participants and policy on complaints and publish it online.
- Write the governance process of Working Groups.
- Develop an induction process and protocol for new participants
- Develop the exit strategy of working group activities—when is success reached.
- Participant 'health check' should be delivered before next meeting.
- Work with in-country Working Groups to deliver impact assessment by June 2008.
- ExCo to make a decision on the location of the next meeting, taking place in June 2008 with face-to-face ExCo in between location TBD
- Assess impact of China on the industry post-safeguards and other 'responsibility issues' in the industry.
- Address the translation needs of the working groups.
- Map current and future sourcing strategies of the brands/retailers participating in the MFA Forum through the purchasing practices work.
- Identify key policy issues the Forum can address at national - and international level (revisiting the role of the Forum acting as an advocacy platform).
- Continue fundraising requirements and facilitate funding needs for the WGs where necessary.
- Re-communicate the policy that in-country participant representatives can be observers on ExCo.
- Support the working groups to deliver the in-country level decisions.