



**MFA FORUM STRATEGY AND PLANNING MEETING**  
- A Textile and Garment Multi-Stakeholder Convening -

November 2<sup>nd</sup> - 3<sup>rd</sup> 2009  
London

**ACTION REPORT**



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## GENERAL BACKGROUND

Established in the first quarter of 2004, the MFA Forum is an open collaborative network comprised of more than 100 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 after the MFA phase-out.

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.

2009 was a turbulent year - marked by noticeable implications of the global recession and the ending of safeguards against China. Believing in its ability to mobilize an extensive stakeholder network and its vast pool of industry knowledge, the MFA Forum launched the Sustainable Apparel and Footwear Initiative (SAFI). SAFI is a coordinated set of initiatives designed to promote rapid as well as long-term responses to the significant industry shifts that to some extent were already anticipated at the end of the MFA and whose full extent are only emerging today. In 2009, the MFA Forum together with the IFC hosted 'Responding to the Crisis: The Global Recession and its



Impact on Workers in the Garment and Footwear Industry' in Washington, DC that defined a three-pillar initiative for this industry going forward: 1. social protection for workers, 2. trade finance opportunities for suppliers, and 3. exploring future industry scenarios to prepare the industry for future changes.



## BACKGROUND TO THE MFA STRATEGY MEETING

This year's annual convening took place in London and was the fourth annual 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. As with previous years, there were a number of attendees from Bangladesh, Lesotho, and Morocco and to a lesser degree the Americas.

The main purpose of this year's event was to take stock of the achievements to date and review progress since initiating the Consolidation Phase (2008 - 2010) last year that aims to ensure a mission-aligned focus, efficiency and accountability to achieve well-defined goals to the satisfaction of participants and broader stakeholders. In addition, the meeting allowed for a discussion on the planned actions for the Forum, the newly launched initiative SAFI and individual working groups until the ending of this funding cycle as well as the possibilities beyond that period. Prior to the meeting, the Executive Committee together with the Chairs explore the possible options for the Forum. These options were then discussed in breakout sessions and working group meetings throughout the two days. The action point coming out of this discussion can be found in this Action Report and minutes and presentations will be publically available on the MFA Forum website [www.mfa-forum.net](http://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.



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FROM THE AMERICAN PEOPLE





## THE STRATEGY AND PLANNING MEETING - 2ND & 3RD NOVEMBER 2009

2009 was a turbulent year. The implications of the global economic recession played itself out in the textile and garment industry - globally, far over 10 million workers lost their jobs and another 4 million are at risk, over 14.000 factories had to close due to the increased focus on industry consolidation and the lack of finance. 2009 also saw the full liberalisation of the trading regime with the ending of safeguards against China. The industry now recognizes that the major shifts anticipated after the phase-out of the Multi Fiber Agreement five years ago did not full realize until today, and that growing consolidation brings with it an increase of subcontracting and further job insecurity. In addition, there is a growing concern about climate change and the rising constraints on natural resources. With all of this in mind, an important question for many is whether CSR initiatives and voluntary standards have a future and to what extent recent events should signal the need for more public regulations<sup>1</sup>.

There is a general consensus amongst participants about the significant value in using the Forum as a platform to engage with key industry stakeholders and most remain committed to the collaboration. Whilst there is some feeling of exhaustion throughout the network, participants also recognise increasingly the complexity of this work and the challenges of achieving tangible and sustainable results on the ground for those workers and communities in most need and for the industries to remain responsible competitive in the global market.

At the last International Convening in September 2008 in New York a revised strategy was agreed for the Forum going forward. As such, the Third or Consolidation Phase of the Forum (for the period 2008 - 2010) was introduced with an emphasis on:

- Concentrate: focus on existing countries
- Outcomes: work plans including activities, anticipated outcomes and budget implications
- Strengthened: stronger chair involvement, stronger reporting to ExCo, evaluation methods, regular reporting

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<sup>1</sup> Presentations on the current state of the industry can be found on the MFA Forum website: [www.mfa-forum.net](http://www.mfa-forum.net)



A year on, one can conclude that this has led to the professionalization of the Forum with improved processes and procedures. At the same time, however, it has not achieved the impact on the ground aimed for. In the past year, many of the efforts have stalled despite better work plans, communication and reporting. Moreover, the situation has in many respects worsened since this last Convening - more redundancies, tighter margins and an increasing drive to irresponsible competitiveness as buyers not only switch orders to cheaper countries (e.g. Bangladesh and Haiti), but also to the worst factories within those countries.

As a response, the MFA Forum launched the Sustainable Apparel and Footwear Initiative (SAFI) in 2009. SAFI is a coordinated response to both the immediate and longer term implications of the changing face of the industry. Its aim is to proactively shape the industry and become a major force behind improving international standards, be an agent for development and sustainability, and to predict the disruptive changes in the future that will continue to impact the industry. SAFI seeks to shape the industry through three inter-related outcomes: worker support through social safety nets, trade finance for suppliers and a renewed vision for the future of the industry<sup>2</sup>.

Despite initial success, progress on advancing SAFI over the last months has been slow, and participants raised the question whether this crisis has passed us by and whether this has been a missed opportunity for the Forum.

However, there have also been achievements that the Forum and its participants can learn from and build on. Due to continuous pressure, for example, the Better Work program was able to secure the initial funds to commence work in Lesotho. In addition, the set up of SAFI has shown that the Forum is able to quickly identify and respond to deliver what is needed in an increasingly challenging environment and industry. The delivery of best practice and guidelines are further noteworthy examples.

Based on these and other learnings, the Executive Committee considered the options for the MFA Forum moving forward discussing whether there should be 1) business as usual, 2) a change to the in-country activities, and 3) a firmer role of SAFI either as separate program or built-in to existing country initiatives. ExCo's recommendations to

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<sup>2</sup> For an overview of the current state of SAFI and presentations on the future of supply chains go to [www.mfa-forum.net](http://www.mfa-forum.net)



the Forum were then discussed in breakout sessions and working group meetings throughout the two days.

### ***Overall MFA Forum Decisions***

- Country-level work will remain part of the MFA Forum work as the global-local interaction of stakeholders is particularly valuable for participants.
- Policy and government engagement will play a significant role for the collaborative work. As such, international trade agreements should be lobbied for based on compliance achievements and should have a reward mechanism.
- Decent work will remain the main goal for the Forum with clear competitiveness aims.
- A strategic review will be conducted, including clear, simple, actionable and time-bound work plans for working groups and SAFI. An assessment of the applicability of the “home-owned, home-grown” principle will be conducted for each working group.

### ***SAFI Decisions***

During the two days it was concluded that while the financial markets may be stabilising, the economic crisis is far from over for retrenched or underemployed workers. In combination with ever-increasing changes to supply chain management, this initiative remains very relevant for the industry. The following was therefore decided:

- Develop a thought piece that:
  - Clearly outlines the scope and objectives for this initiative,
  - Defines tangible and measurable results,
  - Identifies the key actors,
  - Defines the relationship between the MFA Forum and SAFI, and
  - Illustrates the relevance for existing country initiatives.
- The Secretariat will support the ramp up of SAFI and there will be a review in



the second quarter of 2010. It will also support fundraising efforts for its continuation.

- Schedule briefing meetings: schedule one severance and one social protection meeting before February 2010.
- Explore the role that green jobs can play in this effort.
- Promote multi-lateral coherence (e.g. ILO, UNDP, IFC, World Bank, etc.) by using the website online community.

### ***Working Group Decisions***

The afternoon of the second day was dedicated to working group meeting in which lively discussions took place<sup>3</sup>. General working group decisions are<sup>4</sup>:

- The Chairs together with the working groups will develop clear, simple, actionable and time-bound work plans. These plans also specify funding requirements and implementation bodies that the work can be transitioned to and that can take the work further on the ground. The Chairs will deliver these work plans within the next three months and there will be a review in six months.
- The Secretariat will support the Chairs in drawing up these tangible proposals for action.
- The secretariat will develop assessment criteria to assess in mid-2010 whether the work of the group has progressed. Based on its progress, a decision will be made whether the MFA Forum can support the future work of this group.

### **Bangladesh**

As in the previous year, the Bangladesh meeting started of with a meeting of the buyers group. Due to the significant sourcing interests in Bangladesh, buyers confirmed that they find value in having the working group. Several challenges emerged during the discussion though, including the need to engage new buyers who source from the 4000+ factories that MFA Forum brands do not reach and continuing concerns of full

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<sup>3</sup> Detailed minutes are available on the MFA Forum website: [www.mfa-forum.net](http://www.mfa-forum.net)

<sup>4</sup> The Americas working group meeting will take place the 1<sup>st</sup> & 2<sup>nd</sup> December 2009 in San Francisco.



stakeholder representation within the Bangladesh industry and the MFB. This meeting was then followed by the full working group meeting in which Mr. Mohiuddin (BGMEA and MFB Chair) provided an update from the MFB. Finally, Achim Lohrie gave a presentation in which he introduced Tchibo's WE Project on capacity building<sup>5</sup>. Based on these discussions, the following action points were agreed:

- Include advocacy work for FoA and wages as a key element of the work plan.
- Consider support for the MFB skills development proposal.
- MFB will review and circulate their 2009-10 proposal
- Conduct evaluation research on progress of compliance issues with a follow up action plan to address short comings.

#### **Morocco**

The participants of the working group of Morocco confirmed their interest in supporting the launch of Better Work (BW) in Morocco and they decided to align all immediate future activities around this objective. This includes the organization of a buyers' forum to introduce the BW strategy for Morocco to European buyers and to address specific concerns of local stakeholders. In addition, the in-country consultant of the MFAF will organize a capacity-building training for the bi-partite committee. After this training in January 2010, the group will assess whether the committee is fully consolidated or if there are further training needs.

For the longer-term future, the group agreed to assess the possibility of collectively addressing the risk of illegal subcontracting in Morocco.

Agreed action points are:

- Assess the gap between skills of bipartite committee and training needs after the planned training.
- ILO/BSR coordination to present Better Work to European buyers.
- Continue conversations on collaboration on informal sector and social protection.

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<sup>5</sup> This presentation is available on the MFA Forum website: [www.mfa-forum.net](http://www.mfa-forum.net)



## **Lesotho**

The Lesotho group agreed to continue working towards the implementation of the action matrix that all participants had agreed to in January 2009. Buyers and local stakeholders reported that the implementation of all action points of the matrix are underway and that in particular substantial progress has been made regarding the environmental issues that surfaced in August 2009. The major buyers confirmed that they will support the Lesotho government to close any remaining implementation gaps.

The group agreed that additional efforts will be necessary to successfully lobby for an extension of AGOA and to position Lesotho as an attractive sourcing location for the European market. To facilitate the future work on these issues, the group agreed to improve the flow of information between the local and the international level and to continue bi-lateral conversations with potential European buyers and donor organizations.

The following action points were agreed:

- Review the IMTTs action plan.
- Evaluate market access opportunities (trade policy needs).
- Compile an overview of funding opportunities through the EU.
- Visit to Lesotho early next year (timed with the launch of BW).
- Assess interest of investors/buyers for EU market.
- Continue investment in addressing environmental challenges.

## ***Governance Decisions***

In order to support and drive the working group and SAFI decisions, these additional governance decisions were taken:

- ExCo will meet quarterly to discuss progress, challenges, risks and opportunities and if possible organise two meetings face-to-face.
- A change back to two meetings (i.e. the IMFAF will meet in six months and in one year). It was suggested to organise the first meeting in-country as the main purpose is to review the progress of work plans (though location undecided)



yet). The second meeting will be to assess sustainability.

- Set up a review board after six months to assess progress on work plans (possibly including ExCo, Chairs and funders).

### ***Communication Decisions***

- Clearly define the scope and objectives of SAFI and its relationship with the MFA Forum.
- Improved communication on the scope of the MFA Forum (i.e. catalyst vs. implementer).
- Online accounts with unique usernames and passwords will be created by the Secretariat for each participant by the first December week.
- Chairs identify first discussion topics for the online community.
- The Secretariat will review its capacity and assess the possibility of creating a newsletter.



## Next Steps

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

- Deliver a clear proposal to the Executive Committee that summarises the outcomes of this meeting and outlines the options going forward, and that ExCo can decide on. The proposal will take into account the energy level of participants to engage on the country level as well as on the policy level and financial aspects.
- Support the write up of a briefing note on SAFI, including clear goals and objectives, measurable and tangible results and key actors.
- Clearly define the link between SAFI and the MFA Forum, including its relevance for the country initiatives.
- Support fundraising efforts for the ramp up and continuation of SAFI.
- Schedule one severance and one social protection meeting before February 2010.
- Support the Chairs in drawing up tangible proposals for action, including the identification of implementation bodies and funding needs.
- Develop an assessment matrix within six months to define success and assess progress to enable the decision over the future of a working group.
- Publish a report on lessons learned and success within the next six months.
- Discuss with ExCo and the funders the possibility of setting up a review board to assess the working group work plans.
- Create online accounts with unique usernames and passwords for the online community by beginning December 2009.
- Review capacity and assess possibility for creating a newsletter.



## LIST OF PARTICIPANTS

American Eagle Outfitters, Inc.	Lesotho High Commission
AMITH	Lesotho National Development Co-Op
Arcadia Group	Lesotho Textile Exporters Association (LTEA)
Asda/Wal-Mart	Levi Strauss & Co.
Bangladesh Independent Garment Workers Union Federation (BIGUF)	Mango
Bangladesh Textile and Garment Workers League	Maquila Solidarity Network (MSN)
BC International	Marks and Spencer
BGMEA	Nari Uddug Kendra (NUK)/ Bangladesh Garments Workers Protection Alliance (BGWPA)
Burberry	National Garment Workers Federation
Capgemini UK	Next Plc
Ergon Associates	Nike
Ethical Trading Initiative (ETI)	Oxfam Australia
Gap Inc.	Social Accountability International (SAI)
Global Fairness Initiative (GFI)	Sommilto Garments Sromik Federation
Government of Lesotho	Tchibo
GTZ	Tesco Stores Ltd
H&M	The Walt Disney Company
Impactt	Traidcraft
Inditex	TV Mania UK
International Labor Rights Forum (ILRF)	UGTM MOROCCO
International Labour Organisation (ILO)	UK Department for International Development (DFID)
ITGLWF	UMT
LECAWU	University of North Carolina at Chapel Hill
Lesotho Embassy in Brussels	