

Improving competitiveness in the textiles, clothing and footwear (TCF) sectors by promoting decent work

EVALUATION REPORT (full text)

MOROCCO

1 – BACKGROUND

The Programme of Action in Morocco must be assessed against a particular background. Since 2002, SECTOR has been working closely with INTEGRATION and the Subregional Office for North Africa (SRO-Cairo) to implement the Decent Work Pilot Programme (DWPP) in Morocco, which is unique in being the only DWPP of a sectoral nature.

The textile and garment sector Programme of Action adopted by the Governing Body is fully integrated into the implementation of the DWPP. It has enabled SECTOR to maintain and strengthen its technical and operational support during the critical period of the first phase of implementation of the National Plan of Action. This support is being continued, and the programme also receives external funding from the Spanish Government, which will make it possible to consolidate the advances that have been made in the area of social dialogue and to develop activities in enterprises with a view to social upgrading and strengthening human resources development and the training role of enterprises.

This interim assessment report was prepared by the National Coordinator of the programme in Morocco with the support of ILO headquarters and SRO-Cairo. Because of the unique nature of the Office initiative, this interim assessment goes beyond the framework of the SECTOR Programme of Action and should be seen as a concerted Office initiative to improve the competitiveness of the Moroccan textile and garment sector through decent work. The programme is currently supported by a small technical team composed of SRO-Cairo, EMP/SKILLS, EMP/POLICY, DIALOGUE, ENTERPRISE and TRAVAIL. Since 2002, it has also received technical and financial support from 18 Office technical departments and four Office projects.

Since the end of the Agreement on Textiles and Clothing (ATC) and the end of the quota regime in January 2005, the textile and garment industries have seen revolutionary changes in the rules of international trade at a global level.

The end of the ATC sent major shock waves through a sector which employs 40 million people throughout the world and generates almost US\$ 400 billion worth of trade annually.

The change has strongly influenced the strategies of buyers, whose approach altered drastically over recent years in anticipation of the effects of the end of the ATC on 1 January 2005. The new international environment which has emerged from this is characterized by:

- Far-reaching changes in the sourcing patterns of major buyers, increasing the recent trend toward lower prices. This trend has, more than ever, placed the concept of price competitiveness at the heart of the post-2005 business landscape.
- The dominant position of China and India.
- The erosion of profit margins as a result of the end of quotas.
- The emergence of lower-cost competitors.
- Changes in buying practices (permanent product renewal) and greater concentration in buyers' sourcing patterns.

As a result, a new international division of labour has emerged: Asia for profit margins, neighbouring countries for reactivity and differentiated supply.

Thanks to low labour costs, sector integration, reactivity, economies of scale and an aggressive commercial strategy, plus a number of other factors, China, India, and, to a lesser extent, Pakistan, have become world leaders in the textile and garment industry. Morocco has been seriously affected by this, and especially by the surge in output from China.

In order to increase competitiveness in a post-MFA environment, the Moroccan textile and garment industry, which produces mainly for the European market, needs to restructure and make the changes required by these new conditions.

For over 20 years, the industry has developed thanks to the major buyers, hypermarkets and catalogue sales companies. Production volume was dictated by two seasons of the year and demanded little in the way of technical know-how, innovation or creativity. Manufacturers in the textile industry could count on high visibility and guaranteed orders throughout the year. For a long time, productivity was based on low production costs, which means low labour costs, in what is a highly labour-intensive industry. The combined effects of the wage adjustments of the 1990s, a weak dollar and Asian competition, totally disrupted this balance. "Made in Morocco" products are now 60 per cent more expensive to produce than those of Asian countries and need to become more competitive in other areas in order to meet this price competition. Moreover, Morocco's relative upstream weakness, especially in terms of weaving and spinning, has made the sector even more vulnerable.

Western consumer trends towards more limited and varied series undoubtedly constitute a major opportunity for Morocco. This will require improved reactivity on the part of operators in order to reduce the period between receiving an order and delivery of the product. Morocco therefore needs to identify innovative competitive factors.

The recent emergence of socially responsible sourcing policies presents the Moroccan textile and garment industry with a genuine opportunity. It also presents a challenge – the challenge of social upgrading of enterprises. Moroccan enterprises, which already supply the British market (an extremely demanding one in terms of social compliance) and have been targeting the American market since the entry into force of the United States - Morocco Free Trade Agreement, have for several years been faced with new social requirements on the part of their customers. They are thus constantly subjected to a monitoring mechanism, in particular through widespread social audits.

This means that the Moroccan textile and garment sector must resolutely commit itself to a process of social upgrading and improve its approach and management practices with regard to human resources by developing social dialogue at both the enterprise and sectoral level. In this context, the improvement of working conditions is unquestionably a vector for competitiveness.

2 – ORIGINS AND IMPLEMENTATION

The "decent work" approach initiated by the ILO fits perfectly into the context of the liberalization of the post-MFA market, as it balances the objectives of competitiveness, development of productivity, quality and creativity, with the universal aim of promoting working conditions based on dignity, equality and freedom of workers. The main priority of this approach is to find solutions to difficult problem areas and reconcile market imperatives with the need to redress employment deficits and social insecurity.

With this approach, social dialogue between the market actors (workers, employers, manufacturers, consumers and the State) has a fundamental role in identifying and implementing solutions aimed at preventing, or at least redressing, social deficits.

Conscious of the consequences of the end of the ATC for the sector, textile and garment manufacturers and the Moroccan Government have since 2002 been implementing upgrading measures for textile and garment enterprises. The strategy focuses on the conventional determinants of competitiveness (production costs, promotion of investment, and economic and political stability).

On the assumption that the move towards global competitiveness in the post-MFA context requires improvements in social dialogue and the general social climate, as well as efforts to promote a new form of management combining economic efficiency and social responsibility on the part of enterprises, the International Labour Office and Morocco in 2002 launched a decent work pilot programme (DWPP) for the textile and garment sector. The purpose of the programme was to improve productivity in the textile and garment industries by promoting decent work through the development of a strategic approach to enterprise upgrading in the sector based on coordination of the economic and social dimensions. It was intended to complement the social upgrading initiatives of the Moroccan social partners and public authorities.

Following the conclusion of an agreement on the DWPP between the ILO and the Ministry of Labour in mid-2002, a tripartite steering committee (TSC) was established. The TSC is composed of 14 regular members, including representatives of the Ministry of Employment and Vocational Training, the Ministry of Industry, Trade and Economic Modernization, the Office of the Secretary of State for Literacy, the National Agency for the Promotion of Small and Medium-Sized Enterprises (ANPME), the General Confederation of Employers (CGEM), the Moroccan Textile and Garment Industry Association (AMITH), the Moroccan Union of Labour (UMT), the Democratic Confederation of Labour (CDT) and the General Union of Workers of Morocco (UGTM).

Among the first achievements of the DWPP in Morocco were:

- The completion of an in-depth social diagnostic study of the sector;
- The development of an economic and social "control panel";
- The formulation of a tripartite National Plan of Action.

2 -1 PROGRAMME OBJECTIVES

The programme helps to maintain and develop the competitiveness of textile and garment enterprises and of the textile and garment sector as a whole through the promotion of decent work, in the context of the opening up of markets following the abolition of the quota regime under the MFA.

The two key operational areas of the action plan focus on immediate objectives at two levels:

- The level of the textile and garment sector as a whole – the overall political and strategic level;
- The level of textile and garment enterprises – involving direct operations in the short and medium term.

2 – 2 PHASES

The first phase of this programme began at the end of 2002 with the establishment of a programme steering committee, which brought together all the social partners, and the launching of activities aimed at better defining the issue of upgrading, decent work and competitiveness in the textile and garment sector.

The tripartite National Plan of Action is the result of a consensus reached by the social partners in December 2003. Its main aim is to strengthen and improve social dialogue at the enterprise level, but also at the sector level, in order to ensure successful enterprise upgrading. Success here is crucial to improving the competitiveness of enterprises and preserving jobs. The Plan of Action is centred on the following key areas:

- The improvement of social dialogue and the social climate;
- The development of competences and the promotion of a new form of management and employment relations combining economic efficiency and social responsibility;
- Human resources development;
- Increased productivity through improved working conditions;
- The specific needs of women and the integration of the gender dimension into all components of the programme;
- Strengthening of social dialogue;
- Ensuring that due account is taken of the informal sector in any initiatives to develop the textile and garment sector.

Between January 2004 and June 2005, a number of the priority components of this Plan of Action were implemented with the direct support of the ILO, in particular:

- Awareness-raising among economic and social actors in the regions where the textile and garment industry is concentrated;
- The implementation of pilot training forums within textile and garment enterprises in the Rabat region;
- Targeted training programme for trade unions;
- The preparation of training material adapted with social upgrading of enterprises in mind;
- Assessment of child labour in collaboration with IPEC;
- The preparation of a gender strategy for the textile and garment sector;
- The creation in 2004 of a joint sectoral committee (a major "first" in Morocco).

Since 1 July 2005, the programme has received financial support from the Spanish Ministry of Labour and Social Affairs to implement the three priority components of the action plan, which are: improvement of social dialogue; social upgrading of enterprises; and strengthening the role of enterprises in training.

To date, the project has undertaken the following activities:

- Recruitment of the project team: the National Coordinator was recruited in January 2006 and the social upgrading expert in March 2006;
- Preparation and approval of the 2006 work plan by the tripartite steering committee;
- Participation in the AMITH/ANPME "Road Show" and promotion of the DWPP in the four textile-producing regions;
- Translation of ILO training modules on social upgrading for use by enterprises, and adaptation of these modules to Moroccan conditions;
- Formulation and approval of criteria for the selection of Moroccan training institutions responsible for firmly establishing and replicating social upgrading practices;
- Development and approval of criteria for selecting enterprises to receive such assistance;

- Training for trade unions on the macroeconomic dimension of the textile and garment sector in May and June 2006;
- Three meetings of the textile and garment sector joint committee (set up in December 2004), namely:
 - A meeting on 25 March 2006. Discussions mainly concentrated on the committee statutes.
 - A meeting on 18 April 2006, with the aim of allowing the members of the joint committee to better identify and formulate their expectations of the committee in order to construct a common vision. This meeting identified various lines of action.
 - A meeting on 11 May and talks with the Belgian textile and garment Joint Committee which enabled the social partners to find out about the working mechanisms and modalities of an operational model.
- A meeting on 12 May 2006 between the tripartite steering committee and a delegation of the MFA Forum composed of a member of the Secretariat of the MFA Forum, the General Secretary of the International Federation of Textile, Garment and Leather Workers, and a management representative from the INDITEX Group.

3 – ASSESSMENT METHODOLOGY

The assessment was based on a questionnaire prepared by the ILO's Sectoral Activities Department (SECTOR) and addressed to the bodies represented on the Tripartite Steering Committee.

The following bodies replied to this questionnaire:

- The Ministry of Employment and Vocational Training
- The Office of the Secretary of State for Vocational Training
- The Ministry of Industry, Trade and Economic Modernization
- The National Agency for the Promotion of Small and Medium-Sized Enterprises
- The General Confederation of Employers of Morocco
- The Moroccan Textile and Garment Industry Association
- The General Union of Workers of Morocco
- The Democratic Confederation of Labour
- The Moroccan Union of Labour (UMT).

4 – ASSESSMENT OF THE PROGRAMME BY THE MEMBERS OF THE TRIPARTITE STEERING COMMITTEE

The analysis of the social partners and their views on the programme are structured around the following seven key areas:

4 – 1 SOCIAL DIALOGUE

The DWPP has set in motion a range of initiatives to improve social dialogue, in particular, by involving the social partners in a programme to facilitate communication between the different parties. This partnership has led to greater common awareness of the urgent need to reflect on solutions and strategies that will allow the Moroccan textile and garment sector to face up to the new constraints imposed by international competition. In particular, it has resulted in a measure of progress in strengthening social dialogue, specifically in terms of:

- Exchanging views on different issues affecting the future of employment relations in the sector;
- The contribution made by consultation and dialogue between social partners to the settlement and reduction of social conflicts;
- Accelerating the process of organizing workers at the sectoral level by creating sectoral trade union federations;
- The creation of a joint sectoral committee - the main achievement of the DWPP, as it represents a "first" at the national level.

This programme has also resulted in an improvement in inter-union relations, with the three unions participating together in a confederative initiative (a rarity in Morocco) and discussing a number of issues of concern to them. This development has enabled them to address issues frankly, without "taboos" or preconceived ideas. This in turn has had a positive impact on the quality of social dialogue.

4-2 PLAN OF ACTION

The social partners' active participation in developing the programme's Plan of Action has facilitated framework activities with a direct impact on the improvement of social dialogue in the sector. The Plan of Action is thus fully in line with the social partners' expectations. It responds to the needs of textile and garment companies working for international buyers requiring high levels of social compliance. It also facilitates cross-cutting activities with a view to improving social dialogue at every level (trade union training, gender strategy, social upgrading, improvement of the general social climate, and so on).

Furthermore, competitiveness within the textile and garment sector (a major employer of labour) cannot improve without developing human resources. This depends on: *(i)* initiating social dialogue to address both workers' basic social needs and the challenges and strategies defined by employers; *(ii)* social upgrading measures, especially with regard to compliance with regulations, working conditions and wages; and *(iii)* training to improve productivity and promote career development.

4-2-1 IMPACT OF THE PLAN OF ACTION ON THE DEVELOPMENT OF THE SECTOR

The Plan of Action will have a positive impact on the sector's future since its implementation will give Morocco a relative advantage over competitors that persist in applying questionable social practices. The programme, by operating on a tripartite basis, will need to create a business climate that reassures investors and restores workers' confidence.

To date, we can consider the main achievement of this Plan of Action to have been the development of a bipartite system and the strengthening of social dialogue. The social partners are aware of the constraints they must deal with and are all prepared to contribute to and safeguard the sector's socio-economic achievements.

Four main ideas emerge from an analysis of the social partners' replies:

1. The Plan of Action in place was not provided with clear performance indicators which could be used to gauge the extent to which objectives have actually been achieved. It is difficult to assess the plan's impact at this stage, since it is at the beginning of its operational phase.
2. While it is true that the studies carried out under the programme have facilitated a diagnostic assessment of the socio-economic situation of the sector, the programme's activities must be further developed if the intended objective is to be achieved (improving competitiveness in the sector through decent work).
3. No impact assessment was carried out to check the potential effects of the programme on the sector's socio-economic development. An impact assessment of this kind is therefore highly recommended, since in the absence of socio-economic development indicators it is difficult to assess the results of the programme.
4. The culture of dialogue between partners is only in its early stages, so it is important to remain cautious when assessing the long-term prospects of such dialogue.

Finally, some participants suggest that the project strategy, approach and implementation mechanisms should be evaluated in greater depth in order to answer the following questions:

- Has the project paved the way towards a framework for sectoral organization and forums for consultation and dialogue between partners?
- What progress has been made in improving the competitiveness of the sector through decent work?
- To what extent has the project actually helped to strengthen the capacities of the project partners?
- How should we best follow up, consolidate and broaden the experience acquired during the project pilot phase?

4-2-2 FUTURE PROSPECTS

The DWPP will undoubtedly benefit the sector in the future, since it responds to buyers' demands and may bring a new element of competitiveness into the Moroccan textile and garment sector. To achieve this, it is important to monitor the programme's implementation, development and sustainability in the medium and short terms through more sustained financial and human assistance with a view to extending it to a "critical mass" of companies throughout the country's textile and garment regions. In order to obtain the expected benefits, it is also necessary to maintain, consolidate and institutionalize the participation of all those currently involved, as well as preserving the gains that have already been made in social dialogue, particularly the joint sectoral committee.

Reservations have nonetheless been expressed by certain participants who believe the Plan of Action will be beneficial only if basic human rights, as well as international agreements and the country's Labour Code, are strictly observed.

4-3 POST MFA MEETING AT THE ILO – OCTOBER 2005

The Moroccan social partners have provided relevant information for inclusion in the report on the tripartite meeting in Geneva. In anticipation of the meeting, a report on the economic and social impact on the Moroccan textile and garment sector of the end of the MFA was presented to the ILO. This study was carried out in the framework of the programme and approved by members of the steering committee.

Morocco was strongly represented by a tripartite delegation whose members considered their participation to be an enriching experience which allowed them to become better acquainted with prevailing constraints and strategies at global level in a post-MFA context, and enabled them to make good use of the experience gained in Morocco.

4-4 THE IMPACT OF THE MEETING ON THE NATIONAL ACTION PLAN

No changes were made to the National Plan of Action following this meeting. The meeting's generally positive response to the Moroccan programme suggested that the choices made by the Moroccan social partners and reflected in the National Plan of Action were sound. Moreover, this underlined the need as far as possible to bring together and raise the awareness of the buyers and various associations concerned with the social dimension of the enterprise.

The Textile and Clothing Emergence Plan approved by the Government in consultation with AMITH emphasizes the four following strategic areas:

- Targeted integration;
- Reactivity and service;
- Competitiveness and adaptation of supply;

- Targeted promotion and market diversification.

The measures envisaged for achieving the objectives of the third key strategic area of the plan focus on a number of activities to improve the various functions of the enterprise, namely:

- Diagnostics;
- Implementing initiatives for progress with competitiveness;
- Social compliance;
- Training and human resources development.

The PPTD is thus fully in line with the policy of upgrading the sector negotiated with the government under the Emergence Plan.

4-5 THE ROLE OF THE PROGRAMME IN INTEGRATING THE SOCIAL DIMENSION INTO THE SECTORAL DEVELOPMENT STRATEGY

It is clear that the ILO programme, which began in a unique context characterized by the overhaul of labour laws and a harshly competitive environment for the textile and garment sector, has made the social partners more aware of the need to improve employment relations in order to promote lasting social peace, and to use the social dimension of the enterprise as a lever for business competitiveness.

At the same time we should note the comment about the need to make employers more aware of this approach and to encourage them to welcome the trade unions as full partners in efforts to make enterprises genuinely competitive, which can only ever be achieved if due account is taken of the social dimension.

4-6 PERCEPTION OF THE DECENT WORK CONCEPT AT THE SECTORAL LEVEL

The programme has helped to publicize the concept of decent work, at least among the partners directly implicated in the project.

This concept was widely discussed within the steering committee. These discussions have made it possible to define the parameters of the concept more precisely and to assess the socio-economic issues at stake.

Regional workshops were also set up by the project in order to disseminate information on the DWPP. Enterprise, trade union and administration representatives took part in these workshops. The impact of these workshops on enterprise practice in terms of promoting decent work has not been assessed.

In addition, the ILO programme, combined with the accompanying programme for social upgrading set up by AMITH for obtaining the “Fibre citoyenne” label, as well

as the requirements imposed by the main international buyers on their Moroccan subcontractors in terms of social compliance, has made it possible to popularize the concept of decent work at the sector level.

However, despite these efforts, further efforts are needed to publicize the concept, which remains little known to many industrialists in the sector and even less known in other sectors where renewed publicity efforts are needed, including regional campaigns.

4-7 OPPORTUNITIES FOR SHARING EXPERIENCE WITH OTHER COUNTRIES

Convinced of the need to combat social dumping and of the importance of respecting the rules that must govern fair trade, the programme partners are willing to contribute to the efforts made in this area by other countries and partners with a view to possible replication of the results. Only successful aspects of the project can be shared with other countries. They must be identified on the basis of an independent appraisal and approved by the implementing parties.

5 – CONCLUSIONS AND LESSONS TO BE LEARNED

The new competitive climate in which the textile and garment industry has to operate, and the changing patterns of demand faced by Morocco, are creating new requirements, in particular with regard to the country's ability to meet quality standards and comply with social regulations.

Working conditions in the Moroccan textile and garment industry have been strongly criticised by some buyers. This issue is addressed in the audits drawn up for buyers. It is of fundamental importance as an indicator of the capacity of the enterprise to adopt a rigorous philosophy of social compliance.

SME's are being called on to "humanize" working conditions. Recommended improvements concern specifically:

- Measures to improve the physical working environment: noise, temperature, ventilation, lighting, workspace design, and so on.
- Compliance with occupational safety standards: preventing fire hazards, workplace accidents, etc.
- Improving health and hygiene conditions in the work environment: observance of regulations in the area of industrial medicine.
- Measures to improve management / worker relations so as to reduce tensions; train middle managers in a different approach to their job by emphasizing their

teaching and guidance role (listening, communicating, facilitating worker participation);

- Instituting information meetings on purely technical work-related issues (changes affecting organization, customers, projects and project implementation), social issues (prevention of illness, social protection), and ceremonies (pilgrimages, departures and honours);
- Introducing staff representative bodies (worker delegates, works councils and safety and health committees); this provides an opportunity to establish a solid basis for modern industrial relations management, in particular by:
 - o having interlocutors elected by employees with whom the management
 - o can establish stable relations based on dialogue;
 - o discussing problems in a dispassionate way, allowing time for reflection
 - o and consultation in order to find solutions;
 - o listening and communicating in order to identify socially sensitive issues;
 - o training staff representatives so that they become full and responsible
 - o participants in efforts to improve company performance.

The DWPP responds directly to these concerns, especially for a sector that is encountering serious economic difficulties following the end of the ATC. Social responsibility is now a means for enterprises to maintain market share while improving the working conditions of their employees.

The first success of the DWPP was the institution of social dialogue between the social partners of the Moroccan textile and garment industry. This gave all the social partners in the sector, for the first time ever, an opportunity to get to know one another and exchange views from a perspective of "winning partnership" - in particular through the creation of a joint sectoral committee whose principal mission is the prevention and settlement of disputes. The DWPP is now at the stage of consolidating the structure of the joint committee by creating a permanent secretariat.

The fact that the AMITH Office, which is increasingly integrating this dimension into its upgrading strategy, has bought into the ILO project marks a major advance for the sector in the sense that it now takes the social dimension into consideration in its development strategy. The establishment by AMITH of an ethical charter and a "Fibre citoyenne" label are also significant steps towards ensuring that the social dimension is reflected in strategic thinking.

6 - RECOMMENDATIONS

1. The DWPP and its associated activities must enter into a process of permanent improvement with a view to ensuring that the advances made are lasting.
2. The programme should be extended to other sectors and integrated into government development policy. The Ministry of Employment and Vocational Training plans to launch a wide-ranging programme of social compliance for enterprises in other sectors.
3. The most appropriate parameters for assessing the effectiveness of social dialogue in the sector are: the number of disputes successfully settled; the reduction in the total number of disputes; and the number of collective agreements signed by the economic and social partners in the sector. These indicators must be included in the programme's impact assessment.
4. Linkages must be established between activities at sector level (strengthening sectoral social dialogue) and those at enterprise level (social upgrading and training).

PHILIPPINES

PROJECT BACKGROUND

Since the Agreement on Textiles and Clothing's phaseout of quotas was completed in January 2005, the industry has had to find ways of balancing national imperatives of productivity, competitiveness, social protection and dialogue in the face of unpredictable international markets. The stakes are highest for the estimated 215,995 registered and thousands of unregistered workers that make up the country's biggest employer of home-based subcontracted work. Over the last 3 years, the number of jobs created has been marginally higher than jobs lost, but downsizing and displacement have affected close to 20% of the industry's total workforce.

Following the launching by the ILO of the TCF Action Programme, the Clothing and Textile Industry Tripartite Council (CTITC) was reactivated. A first formal Session of the CTITC was held in February 2005. The mandate given to the CTITC was to serve as a consultative body, clearing-house and documentation centre for issues of common interest to its tripartite constituency. Its priority was to develop a **National Action Plan to Improve Competitiveness in the Textile, Clothing and Footwear Sectors through the Promotion of Decent Work in the Philippines**. The Plan was finalized in July 2005 following two simultaneous drafting workshops (for labour and management) and a separate session to consolidate the work.

PURPOSE, SCOPE, CLIENTELE OF EVALUATION AND METHODOLOGY

The purpose of this evaluation is to answer the following questions in relation to the National Action Plan's (NAP) impact and effectiveness:

- Has the NAP's Programme of Action improved the quality of social dialogue within the sector?
- Do stakeholders consider the NAP to be well-suited to the socio-economic situation of the sector and sensitive to the constraints arising from globalization?
- Has the NAP's implementation had an impact on development indicators within the sector?
- Have the activities of CTITC promoted the adoption of decent work as an organising principle of industry restructuring?

A 9-item questionnaire was sent to 8 organizations¹ out of a total 12 representing CTITC's labour, government, and business constituencies. The responses are summarised below. Aside from assessing the past year's work, this report may be valuable in informing discussions concerning the CTITC's proposed projects for 2006, which include Time & Motion studies for selected establishments, the development of a Master Plan for workers enterprises, strategic interventions for DOLE's Poverty-Free Zones, and others.

FINDINGS

In this section, we present the results of the evaluation instrument, organized following the questions posed above:

- Has the NAP's Programme of Action improved the quality of social dialogue within the sector?

There is broad agreement that the structure of the CTITC has encouraged better communication among tripartite partners. Respondents also cited the help provided by the NAP in building capacity among worker's and employer's organizations, particularly in the areas of negotiating techniques, understanding of competitiveness issues, understanding of balance sheets & accounting documents, and new methods of work organization. Finally, respondents considered it important that the ILO requires progressive status reports to keep the government's focus on the NAP despite its other competing priorities.

However, some obstacles to smooth dialogue were also experienced. In one instance, the labour representative sent to the Tripartite Meeting to Promote Fair Globalization in Textiles & Clothing (Geneva 2005) did not come from the ranks of the CTITC and, more disturbingly, denied the CTITC Labour Group a pre-departure briefing.

- Do stakeholders consider the NAP to be well-suited to the socio-economic situation of the sector and sensitive to the constraints arising from globalization?

The results here were unsurprisingly mixed as they generally reflected the concerns of each partner – productivity, competitiveness, quality and cost-effectiveness from the business sector, social protection and equity from labour. All the respondents affirmed the desire to cooperate within the framework of the NAP, but expressed varying degrees of support for the application of decent work principles within the sector. One respondent from business categorically stated, “the focus today is to generate more employment” while another from labour

¹ Labour: ALU-Trade Union Congress of the Philippines, Brotherhood of Asian Trade Unions, Philippine Transport & General Workers Association, Alliance of Progressive Labour; Government: Bureau of Export Trade Promotion, Sectoral Activities Branch (?); Business: Textile Mills Philippines, Garments Business Association of the Philippines.

characterised the NAP as “conservative, given the magnitude of negative effects generated by the end of the Agreement on Textiles and Clothing”.

1. Has the NAP’s implementation had an impact on development indicators within the sector?

Most respondents agreed that it was too early to tell, although the signs were promising, particularly because of the NAP’s commitment to capacity-building within the sector.

2. Have the activities of CTITC promoted the adoption of decent work as an organizing principle of industry restructuring?

The consensus is that the CTITC provides a helpful venue for interaction among partners, and that the NAP represents a step forward in creating binding and actionable commitments to the adoption of Decent Work principles. However, progress is held back by a number of long-standing grievances within the sector as well as some mutual suspicion about the implications of future proposals [see Items 4 & 5 below].

RECOMMENDATIONS

The open-ended nature of the questionnaire may have been a concession to logistics, but it also encouraged fairly brief responses. Nevertheless, it was possible to glean the following recommendations for future action:

- That the members of the CTITC take active steps to address the more sensitive issues associated with the Decent Work agenda – in particular, by activities designed to encourage partners to adopt a broader view of the aims of Decent Work [eg getting management partners to see Decent Work as more than a way to increase productivity]. This may be done via:
 - ILO-sponsored study tours for selected representatives to regions/countries that have successfully implemented a Decent Work agenda within recently-liberalized sectors;
 - Development of benchmarks and case studies; and
 - Joint conferences and technical workshops to disseminate and analyze these findings;
- That the CTITC clarify the status of its pronouncements, initiatives and programmes, particularly with respect to government partners. Some respondents

- have experienced delays or difficulties in receiving official government endorsement of NAP-related activities;
- That the CTITC encourage worker and management representation in all firm-level self-assessment and self-monitoring activities to ensure transparency;
 - That the CTITC consider limited but significant activities designed to enhance the NAP's credibility by showing how Decent Work principles can help resolve long-standing issues or grievances within the sector – *eg* case studies and “best-practice” accounts looking into OSH and working-hour issues, alleged anomalies in the remittance of SSS payments, etc;
 - That the ILO may find it useful to tap into the growing literature in economics and cognitive psychology for insight into how individuals form notions of fairness, how they form bargaining strategies, how they analyze concessions, etc. This could help it develop research and advocacy initiatives that anticipate and inform debates on the implications of proposed CTITC projects, given how some respondents expressed reservations about the potential for abuse of, say, benchmarking and Time & Motion studies.

LESSONS LEARNED

Given the difficult dilemmas of a liberalising and declining industry, the CTITC has had to move with a degree of caution. Nevertheless, it was still possible to identify a number of important organizational insights:

- Tripartite partners are generally amenable to the overall premises of the Decent Work agenda, but tend to interpret its aims in self-serving ways: for management, it is a way to increase productivity and ensure competitiveness; for labour, it is an endorsement of various positions or grievances; and for government, it is a means of achieving industrial peace. The challenge of getting stakeholders to think about Decent Work as something more fundamental than these limiting conceptions remains high;
- Vigilance must be kept with respect to the overall balance of programmes such as the NAP so that they do not end up merely subsidising vested interests (whether public or private). Care must be taken to ensure, for instance, that investments in capacity-building yield measurable outcomes in terms of Decent Work objectives;
- The evaluation process may require some re-thinking. Open-ended questionnaires sent by mail are clearly more convenient for all, but they rarely generate nuanced answers – for example, when asked for proof that the programme delivers, respondents often cited the objectives of the programme as evidence, rather than the relevant industry-level data. Likewise, follow-up tends to be difficult once answers have been submitted.

ROMANIA

This interim evaluation is based on the answers to a questionnaire (see Annex I) sent to the members of the National Steering Committee on how the International Labour Organization (ILO) project “Improving competitiveness in the textiles, clothing and footwear (TCF) sectors by promoting decent work” is working in Romania.

This evaluation is made under the supervision of the ILO National Correspondent in Romania in close cooperation with the Sectoral Activities Branch of the ILO and with the support of the Ministry of Economy and Commerce and looks at the whole project even though it is continuing this year and has planned activities also for 2007. The project is already a success because it has brought the social partners and the Government together to work on competitiveness. The focus of this dialogue is the concept of decent work as a competitive factor.

This interim evaluation is made at the request of the ILO to assess the impact of the Action Programme in Romania at both the national and the sectoral level. The evaluation continued with aspects that could be improved will provide useful lessons and experiences for the new Action Programmes to be undertaken by the ILO. Twelve social partners from ministries, employers’ organizations and trade unions participated in the evaluation exercise. The questionnaires were sent to the evaluator at the end of May 2006 and processed into an integrated version by the evaluator.

The proposals made by the national partners will improve the project and will contribute to follow-up activities with ILO assistance. Good practices learnt in this project could be generalized or replicated in other projects developed by Government, employers’ organizations and trade unions.

In October 2004 the Sectoral Activities Branch of the ILO and the Government of Romania launched the Decent Work Pilot Programme in the textiles, clothing and footwear (TCF) industries. There was a consensus that the focus should be on the TCF sectors with the objective of improving competitiveness through the promotion of decent work. Traditionally, the TCF industries play an important role in the social-economic development of Romania both for employment and for manufacturing output and exports.

On 5-8 October 2004, the Romanian Government held a meeting with interested parties in Bucharest to confirm the social partners’ commitment to the project and to define and adopt the terms of reference for the background study to be elaborated by a national consultant and define a workplan. A National Tripartite Steering Committee (NTSC)² was established to manage the activities of the Action Plan. The NTSC involved

² **Composition of the NATIONAL STEERING COMMITTEE**

1. Ministry of Labour, Social Solidarity and Family
2. Ministry of Economy and Commerce
3. National Agency for SME’s and Cooperation

all of the stakeholders (Ministry of Labour, Social Solidarity and Family, Ministry of Economy and Commerce, National Agency for SMEs and Cooperation, employers' organizations and the most representative trade unions). The NTSC established a Drafting Committee for the elaboration of the draft of National Action Plan.

The National Tripartite Steering Committee (NTSC) held its first meeting on 7th April 2005 having as its main objective the presentation by the national consultant of the study "Improving competitiveness in the Romanian TCF sectors by promoting decent work" which focused on the evolution and economic importance of TCF sectors, determinants of TCF sector competitiveness, an assessment of decent work parameters in the TCF industries, and on the main challenges and opportunities of TCF sector competitiveness in a post-MFA environment. Particular attention was paid to identifying the key aspects of competitiveness including social factors. This study was prepared in close consultation with the members of NTSC and under the guidance of the ILO. The National Tripartite Steering Committee approved the national study and found that the Programme was moving in the right direction.

At that meeting the National Tripartite Steering Committee analysed and adopted, with amendments, the Action Plan to promote the competitiveness of the TCF industries through the promotion of decent work and established the priorities for making use of the funds available from the ILO, Romanian state budget, employers' organization etc. and the national constituents involved.

The National Tripartite Action Plan developed a strategic approach, encompassing economic and social dimensions to bring the Romanian TCF industries up to date in the new trade environment.

The four main components of the National Tripartite Action Plan consist of activities which focus on preparing the Romanian TCF industries for accession to the European Union:

- Proposals and actions aimed at improving the image and competitiveness of the

-
4. Labour Inspection
 5. FEPAIUS Federation of Patronate in Light Industry-member of EURATEX
 6. ROMCONF, Employers' Organization of Clothing-Knitwear
 7. UNICONF CARTEL ALFA, Federation of trade unions of Clothing and Knitwear
 8. PELCONTEX FEDERATION
 9. CRAIMODEX FEDERATION-BNS
 10. FSP CARTEL ALFA, Federation of trade unions of leather and footwear
 11. CSDR
 12. ACPR
 13. National Agency for Employment

Romanian TCF industries through the production of decent work. Particular attention was paid to management systems for corporate social responsibility and health and safety at work.

- Enhancing the capacity of the sectoral social partners and strengthening social dialogue at enterprise and industry level. Particular attention was paid to raising awareness of the positive linkages between competitiveness and improved working conditions.
- Development of human resources in the TCF industries as a key factor for competitiveness in the world market.
- A list of objectives, activities and respective responsibilities together with a tentative agenda.

The activities requiring ILO support had been clearly identified and budgeted for.

The National Tripartite Steering Committee met on a regular basis to evaluate the implementation of the objectives and targets defined in the Action Plan and to reorient certain activities and priorities when required (14-18 September 2005, 7-8 December 2005, February 2006, 19 May 2006). The approach was flexible and adapted to local conditions. Thus, the NTSC approved the contracting of a study-diagnosis on Decent Work (using the Decent Work indicators elaborated by the ILO) in the Romanian TCF sectors that was finalized in October 2005 with the financial support of ILO. This was the first time in Romania that a study had treated in an integrated manner the dimensions of the decent work agenda in the TCF industries. Decent work is a broad concept with many dimensions, some of these being difficult to measure and others measurable by statistical indicators.

Some of the highlights of the project are set out below:

14-18 September 2005 at TIMINTEX 2005-Mamaia (the Romanian National Fair for Textiles, Clothing and Footwear)

- Two workshops on the ILO Declaration on Fundamental Principles and Rights at Work and the European Social Charter of Textiles and Clothing respectively on the improvement of the Romanian image of TCF sectors (with ILO assistance)
- Promotional materials on the National Action Plan and a brief presentation of the Statistical Indicators for measuring Decent Work was disseminated to a wide audience (national exhibitors, foreign buyers, media, employers' associations, potential and foreign donors etc.).

24-26 October 2005 Geneva - A Tripartite Meeting on Promoting Fair Globalization in Textiles and Clothing in a post-MFA Environment

- Participation at this event of the representatives of the Romanian Government and trade unions; the Ministry of Economy and Commerce also sent information for the report intended for this International Tripartite Meeting to the ILO.

The perception of the global post-MFA environment and of the socio-economic strategies that need to be developed to improve competitiveness and promote decent work in the textiles and clothing industries in Romania changed after this very important meeting. Both the Government and the trade unions are aware of the importance of improving social dialogue in common tripartite activities to face the challenges of globalization.

The Government initiated support schemes for improving the sustainability of the TC industries in a post-MFA environment and took measures to promote decent work in the TC industries.

The trade unions became more active in the social dialogue process at the sectoral, national and international level and required direct support from the ILO and other international organizations for training and retraining initiatives.

7-8 December 2005 Bucharest

- Tripartite seminar on “European solutions for the Romanian light (TCF) industries post-MFA and pre-accession at EU” attended by the General Secretary of the European Trade Union Federation of Textiles, Clothing and Leather from Brussels.

February 2006 at TINIMTEX-National Fair for Clothing and Footwear - Mamaia

- Seminar on “Improving competitiveness in the TCF industries by implementing decent work” was held with a large business audience from the TC sector.

19th May 2006 Timisoara at the National Fair CONFINTEX 2006

- Presentation on the evaluation of the Action Programme to be undertaken under the supervision of the ILO’s National Correspondent in Romania and with the support of the Ministry of Economy and Commerce
- Validation of the planned activities for September 2006 consisting in a workshop on social protection and other dimensions of decent work in the TCF sectors in Romania and in a seminar on the access to European structural funds for training human resources in the TCF sectors in Romania.
- Training programme concerning corporate social responsibility in the Romanian region of Timisoara.

The representative of the ILO underlined the importance given to corporate social responsibility activities in the conclusions of the ILO tripartite meeting on promoting fair globalization in textiles and clothing in a post-MFA environment held in October 2005 in Geneva and he indicated that the Action Plan was based on the assumption that Romanian TC enterprises were ready to reinforce their CSR activities as a way of improving their competitiveness.

The activities of the Romanian Action Plan are being carried out through seminars, workshops etc. which take place independently or during specialized fairs, and by elaborating studies, prospects and guides of best practices that are addressed directly to producers and exporters in the TCF industries.

The evaluator found that the adoption and implementation of the Action Plan had had a positive impact on the socio-economic development of the Romanian TCF sectors and that all national partners involved in this project consider that the activities of the Action Plan will have important economic and social effects in the medium and long term (providing that social dialogue is also improved).

FEPAIUS-Patronal Federation of Light Industry considers that the activities of the Action Plan contributed to an increase in TCF companies' knowledge of the opportunities to access funds available from the state budget for implementing the OHSAS 18001/1999 on health and safety at work and SA 8000 for social responsibility.

One of the major achievements of this Decent Work Pilot Programme is certainly the improvement of social dialogue at the sectoral level. This gave a new impetus to national, sectoral and regional social dialogue. The social partners are also contemplating the possibility of establishing tripartite TCF forums in the 8 Romanian development regions. The representative of UNICONF Cartel Alfa underlined the participation in the dialogue of more partners than members of the Commission for social dialogue within Ministry of Economy and Commerce and the information supplied was more substantial and up to date.

Ministry of Economy and Commerce assumes its responsibility to provide a suitable framework for constructive social dialogue.

Another major achievement of the programme so far is that the National Reform Programme and the strategy for TCF industries put the human dimension at the heart of the restructuring process, recognizing the importance of integrating the social dimension with the search for economic efficiency. The ILO Program was aligned with and supported by the Romanian Development Plan 2007- 2013 as well as programmes and priorities of the national social partners. The employers' organization ROMCONF proposed a strategy for social responsibility with the assistance of the ILO to help TCF companies to implement social standards.

The ILO Programme has brought all the social partners in the Romanian TCF sectors together for the first time. It has given them valuable opportunities to get to know each other better, exchange views based on facts and on scientific research and to explore the possibilities and opportunities for a win/win partnership.

The activities of the ILO project contributed to a better understanding of the decent work agenda in the Romanian TCF industries. Taking into consideration the complexity of the dimensions of decent work and the lack of information at a national level in the context of globalization and free movement of goods, the Ministry of

Economy and Commerce expressed its interest in extending the Action Plan with new activities of major importance for integrating these industries into the EU and in benefiting from the assistance of ILO Geneva.

The National Tripartite Steering Committee (NTSC), established to manage the activities of the Action Plan with ILO support, contributed to the success of the project. The NTSC met on a regular basis to evaluate the implementation of the objectives and targets defined in the Action Plan and to reorient certain activities and priorities when required. The ILO was associated with this ongoing process.

The representative of CSDR mentioned in his answer a major weakness of this Programme, i.e. the limited number of companies that have participated in the activities of the Action Plan due to the reduced level of affiliation to the light industry employers' federation. All representatives of trade unions recognized the international dimensions of the issues they have to deal with in the post-MFA environment and the necessity of developing new mechanisms and approaches with the support of the ILO. Trade unions should be associated with national and international collaborative initiatives to promote fair globalization in the TCF industries.

Government authorities underlined their important role in managing the process of improved integration into the global economy in a post-quota environment and in ensuring that it meets their economic and social objectives.

Employers' associations asked for the improvement of partnership to promote decent work and to increase productivity, technology, design, marketing and workers' skills training.

The evaluator found that the members of the NTSC are ready to continue the initiative of this Programme with ILO assistance to support the individual companies to consolidate the achievements made so far based on the following proposals:

- Improving sectoral social dialogue and the exchange of information by holding international tripartite sectoral meetings specified by UNICONF Cartel Alfa and with a view to: fostering a broader understanding of the Romanian TCF sector-specific issues through social dialogue; providing guidance for national policies and measures to deal with related issues; promoting sectoral ILO activities in Romania and providing technical assistance to facilitate the application of international labour standards;

- Implementation of integrated strategies from global to local level concerning Corporate Social Responsibility involving the Government and social partners specified both by the Ministry of Economy and Commerce and PELCONTEX Fratia. In these circumstances, the ILO could organize a seminar avec MFA Forum on initiatives and strategies; the trend towards more socially responsible buying offers new opportunities for buyers and manufacturers that respect national legislation and apply international labour standards;

- Improving the competitiveness of TCF products by focusing on branded products, developing Romanian brands and gaining market niches underlined by the representative of the Ministry of Economy and Commerce. The National Strategy for Exports, the Document of Industrial Policy and the related Action Plan for implementation of the Industrial Policy (Chapter IV “Policy for sectoral assistance”) stipulate the importance of continuing “Improving competitiveness in the textiles, clothing and footwear (TCF) sectors by promoting decent work” project with the support of the ILO;

- Improving labour productivity through training and retraining provided both by Governments and industry to enable workers to develop productivity values and to acquire skills and use technology to produce higher-value products; ILO experts could ensure an exchange of experience with the beneficiaries of similar projects from different countries of the world;

- Support of ILO for continuing participation of unions in the design and implementation of the industry restructuring plan is very important and it was mentioned by FSP Cartel Alfa and CSDR;

- Development of national and international partnerships to increase supply chain efficiency and satisfy the quick response requirement; FEPAIUS mentioned that some major retailers will develop partnerships with suppliers focusing in particular on the improvement of labour practices;

- Taking into consideration that Romania will be a member of the EU and must face the challenges of the Single Market, collaboration with the ILO for a new Action Plan is extremely important and should focus on: a) training and retraining in various occupations to help workers find alternative employment using structural funds and regional policy resources; assisting the social partners in taking an integrated approach that combines and balances the goals of global competitiveness, productivity, decent employment and workers’ income security; social protection; fundamental rights and social legislation; and industrial relations. Once adopted and implemented, with the support of the ILO, the Action Plan should bring about better coherence between the responses to the economic and social challenges that Romanian TCF industries will have to face to remain competitive at the European and international level. This Action Plan will determine the Government to call for urgent measures to support the competitiveness and to promote decent employment and facilitate social dialogue;

- The Code of Conduct for the TCF sectors is a key element of social dialogue. The adoption and dissemination of the Code of Conduct is an essential activity that contributed to a climate of confidence which in turn paved the way for finding solutions to critical situations involving trade union rights. UNICONF CARTEL ALFA and CRAIMODEX Federation, –BNS sustained in their points of view the support of the ILO in partnership with the European Trade Union Federation of Textiles, Clothing and Leather (ETUF ECL) and the European Apparel and Textile Organization (EURATEX) to give a better understanding of the Code of Conduct and of international standards;

- To identify the scope of the social audits and possible areas of involvement for the ILO and the EU in the field of auditing is another activity underlined by the participants in this project. Firstly a Conference dealing with social auditing aspects, compliance and labour issues should be organized by the ILO in partnership with ETUF ECL. The objective is to identify the scope of the social audits and possible areas of involvement for the ILO and the EU in the field of auditing. FEPAIUS envisaged that the cooperation results will be a tool for both buyers and suppliers to maximize the benefits of the social audits for both sides and develop corporate social responsibility in the TCF industries in Romania.

- Exchange of experience between Romania and the Central and Eastern countries concerning the reform of the social security systems and the effects on the general development of the economy and the labour market with possible support from ILO is proposed by the Ministry of Labour, Social Solidarity and Family.

In general the social partners are very positive about these new projects in the TCF industries and would like to be involved in their planning, implementation and monitoring and take advantage of the new opportunities opening up.

All the questionnaires filled in by the social partners are with the evaluator and were put at the disposal of those interested in aspects of this ILO project in Romania.

ANNEX I

Action Programme

Improving competitiveness in the textiles, clothing and footwear (TCF) sectors by promoting decent work

Questionnaire

1. Do you consider that the Programme of Action on textiles and clothing has helped to improve social dialogue at the sectoral level in Romania?
If so, please specify.
2. Do you consider that the action plan adopted on a tripartite basis is well adapted to the socio-economic situation of the textiles and clothing sector and to the constraints arising from globalization of the sector?
Please specify which elements of the action plan are attuned to current conditions and requirements.
3. Has the adoption and implementation of the action plan had an impact on the socio-economic development of the sector in your country?
If so, please specify.
4. Do you consider that the Programme of Action will in the future have positive economic and social effects?
If so, what are the preconditions for this?
5. Did you send the ILO any information for the report intended for the Tripartite Meeting on Promoting Fair Globalization in Textiles and Clothing in a Post-MFA Environment (Geneva, October 2005), and did you participate in that meeting?
6. Please indicate whether the meeting in question changed your perception of the global post-MFA environment and of the socio-economic strategies that need to be developed to improve competitiveness and promote decent work in the textiles and clothing sector in Romania.
Have you modified the priorities of the action plan in the light of the discussions at the meeting in Geneva? If so, please indicate how.
If not, are you considering doing so in 2006?
7. Has your country, following the implementation of the Programme of Action and in the light of the post-MFA meeting in Geneva, done more to integrate the social dimension into its strategic approach to developing the textiles and clothing sector in a post-MFA environment?
Do you consider that the Programme of Action implemented with ILO assistance has played a significant role in ensuring that the importance of social dialogue and integrating the social dimension in this strategic discussion is taken into account?
8. Do you consider that the Programme of Action has helped to improve awareness of the concept of decent work at the sectoral level?
If so, please specify how.
9. Do you consider that the governments and social partners of other countries can benefit from your experience of developing this Programme of Action?

Brief overview AP TCF

In the three countries a tripartite National Steering Committee(NSC) is functioning. In the case of Morocco, the NSC (Comité de Pilotage) had been created before, under the Decent Work Country Programme. In the case of the Philippines, the Government decided to reactivate the Clothing and Textile Industry Tripartite Council to act as the NSC of the Action Programme.

The three countries adopted a National Plan of Action to improve the Competitiveness of the TCF sectors through Decent Work.

In all cases the implementation of the National Plan of Action has been undertaken, with the support of the ILO.

The sectoral constituents consider that social dialogue has improved as a result of the Action Programme and a number of activities have been undertaken to deal with the post-MFA situation in a more integrated and socially responsible way. The presence of national delegations of the countries involved in the AP at the ILO's Post-MFA Meeting facilitated the exchange of experiences and exposed the participants to the global socio-economic challenges created by the liberalization of trade.

The Action Programme has improved the awareness of the decent work agenda at the sectoral and national levels. In both Romania and Morocco, the AP have benefited from a good inter-ministerial cooperation, in particular between the Ministry of Labour and the Ministry of Industry and Trade. The National Agencies for SMEs have also been associated to the exercise, bringing the outcome of the AP at a higher level of national coordination.

In Romania, the social dimension of competitiveness in the context of globalization has been incorporated into the sectoral and global industrial strategy.

In Morocco, the Ministry of Labour is launching a national programme of "mise en conformité sociale" of enterprises, capitalizing on the experience acquired through the sectoral approach developed in the TC sector, with the support of the ILO.

In the Philippines, the focus of the TCF AP has been more on the employability and redeployment issues in a crisis environment and therefore its impact has been more limited.

The long-term sustainability of the programme is probably better ensured in Morocco, with a possibility of duplication in other sectors. In Romania, the political will is there but an additional ILO support will probably be required to maintain the momentum. In the Philippines, much will depend in the future on the good will of social partners to agree on mutually acceptable objectives.

The duplication of the methodology developed by the ILO is under way. Already two countries, Egypt and Tunisia, have engaged into preliminary research, with the technical support of the ILO, in view of developing a tripartite national plan of action to improve the competitiveness of their TC industry through decent work.