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# Sustainable industrial policies and strategies in the textiles and clothing sector

## Lessons learned from Cambodia, Jordan and Viet Nam

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# Foreword

Governments are increasing efforts to shape the economy by means of industrial policies and strategies which target specific sectors. This pattern has accelerated in the wake of major economic shocks such as the 2008 Global Financial Crisis and the COVID-19 pandemic. Although debate as to the efficiency and optimal degree of industrial policy is ongoing, more and more countries are adopting or reviewing industrial policies and strategies.

The textiles and clothing industry is facing a series of challenges including the reshaping of global and regional trade, technological advances, climate change, changing consumer preferences and demographic change. The sector contributes significantly to economic growth and employment and there is increasing pressure on enterprises to tackle social and environmental concerns. Industrial strategies and policies, when developed in an inclusive manner, can promote investment and innovation within the textiles and clothing sector while also advancing working conditions, skills, environmental protection and, overall, the realization of human and labour rights.

This paper analyses and summarizes textiles and clothing strategies developed in Cambodia, Jordan and Viet Nam. It sets out recommendations on the most effective and inclusive way to develop sustainable industrial policies or strategies for the textiles and clothing sector. The paper recognizes that there is no one-size-fits-all approach and provides guidance to policymakers and ILO constituents which can be further contextualized and applied to different economic and institutional environments.

The paper was prepared by Stacey Frederick with the support of the “Sustainable Supply Chains to Build Forward Better” and “Supply Chains for a Sustainable Future of Work” projects, joint initiatives of the ILO and European Union to advance decent work in global supply chains. This report was reviewed by Casper N. Edmonds, Beatriz Cunha and Luke Carroll. The peer review was performed by Margherita Licata and Jeffrey Eisenbraun. This Working Paper also benefited from valuable inputs, comments and contributions from Adam Greene, Anne-Laure Henry-Gréard, Arianna Rossi, David Kucera, Elina Scheja, Emily Sims, Irmgard Nubler, Jeffrey Eisenbraun, Léna Chiaravalli, Nguyen Hong Ha, Nguyen Ngoc Duyen, Nour Al Dabbas, Qais Qatamin, Sara Park, Sun Doi and Tareq Abu Qaoud. Final comments were addressed by an external consultant, Francine Ndong.

# Abstract

Countries are increasingly adopting industrial strategies and policies in response to global crises and emerging economic trends. With regards to the textiles and clothing sector, industrial strategies and policies, when developed in an inclusive manner, can address economic, social and environmental concerns. This paper summarizes and analyses textiles and clothing strategies developed in Cambodia, Jordan and Viet Nam. It sets out recommendations for the development of holistic industrial policies for the sector. In addition, it provides guidance on the inclusion of a diverse range of stakeholders during this process.

# About the author

**Stacey Frederick** is a research analyst and global value chains expert who has worked on projects in over 25 different industries including apparel, textiles, electronics, pharmaceuticals and digital services. Stacey has served as Director (2018-2021), Research Scientist (2010-2018) and Research Affiliate (2005-2009) at the Duke Global Value Chains Center. She has worked as a consultant for a range of international organizations such as, the International Labour Organization, the World Bank, and the United Nations Industrial Development Organization. She holds a PhD in Textile Technology Management from North Caroline State University.

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# Executive Summary

Clear, holistic, and well-coordinated industrial or sectoral policies or strategies can contribute significantly to inclusive growth and decent work.

This report analyses and summarizes the textiles and clothing policies of Cambodia, Jordan and Viet Nam and sets out recommendations for the development of sustainable industrial policy in other countries as well as steps for beginning that process.

The three strategies that are reviewed co-exist with multiple horizontal policies[1] and strategies developed within countries during overlapping time periods and led by various agencies to address different objectives. The decision to develop these industrial strategies was driven by a desire to grow trade and investment so as to increase exports and employment. They largely focus on similar topics: product upgrading beyond basic assembly, market diversification, establishing domestic backward linkages to textiles, improving the business environment, providing grants or financing for process upgrading/machinery improvements, and promoting training and skills development programmes. These strategies pay less attention to social and environmental issues: although they touch on working conditions, gender, and respect for human and labour rights to varying degrees, the strategy on garments and footwear in Viet Nam was the only one that included considerations of the sector's environmental sustainability.

Based on a review of the three national strategies, the report recommends that sustainable industrial policies and strategies should be formulated on the basis of inclusive and effective social dialogue with employers and workers in the industry concerned, as well as with multiple branches of national and local government. They should carefully consider global, regional and national dynamics, take the views of key industry stakeholders into account, and seek to establish an enabling environment for sustainable enterprises in which workers can enjoy their rights. To be sustainable, these policies or strategies should address economic, social and environmental challenges and opportunities in a comprehensive way and set out measurable targets designed to reach realistic objectives. Finally, sustainable industrial policies or strategies should be developed together with an implementation plan that assigns clear roles and responsibilities and is supported by dedicated financial and human resources.

The ILO, other UN agencies, international financial institutions and other international and regional organizations can play an important role. Collaboration with other stakeholders, including global initiatives, multinational enterprises, brands and buyers, suppliers in the value chain and development partners, is also critically important. Coordination across sectoral strategies and with national development plans and initiatives is imperative in order to prevent overlap, avoid confusion and ensure that resources are available to implement objectives.

Sustainable industrial strategies in the textiles and clothing sector should ideally include three parts: the strategy, an implementation plan, and supporting research and analysis.

- The strategy should be based on a clear vision and include objectives and goals, the activities for achieving the goals, targets and performance indicators, and the institutional

[1] Horizontal strategies/policies, in the context of industrial strategies, refer to strategies/policies that cut across multiple sectors and industries. These strategies/policies are not specific to a particular industry or sector but rather have a broad applicability and impact. They are called "horizontal" because they run horizontally across various sectors, affecting them all in different ways. Source: Author.

arrangements for oversight and implementation. The strategy should also provide historical background, set out the current situation of the industry in the country, outline key megatrends and drivers of change, and the challenges and opportunities to advance economic growth and decent work and other Sustainable Development Goals (SDGs).

- The implementation plan should include a timeline of activities, the stakeholders responsible for each activity, a mechanism for coordination and reporting, the financial resources needed, and the sources of funding. It is important to include measurable performance indicators in order to track progress, and to ensure that the more qualitative social and environmental aspects of the strategy are addressed.
- Research is key to creating the evidence base for policy formulation and to establishing a baseline against which to measure impact of such strategies.

# Introduction

The case for governments to perform a strategic and coordinating role in the economy has been gaining traction across countries in the wake of the 2008 Global Financial Crisis and the COVID-19 pandemic. It is also supported by ongoing trends and developments such as the new uncertain era of globalization, reverses in structural transformation in many countries, productivity slowdowns, digital transformation, and the need to address climate change.

However, there is no consensus on the optimal policy paradigm, or necessity of targeted industrial policies. Targeted policies continue to be questioned for reasons such as their capacity to address global societal challenges, the potential anti-competitive effects, the risk of waste and corruption, and the opportunity cost of public funds (Criscuolo et al., 2022).

As these debates continue, the reality is that a growing number of countries are formulating or updating and upgrading industrial policies or strategies. In a joint ILO and UNCTAD publication entitled "Transforming economies: Making industrial policy work for growth, jobs and development", Salazar et al. highlight how countries at all levels of development are using targeted industrial policies, not only for economic development purposes, but also to respond to myriad contemporary challenges such as job creation and poverty reduction, participation in the technological revolution and global value chains (GVCs), the promotion of efficient and clean energy and the greening of the economy (Salazar-Xirinachs et al., 2014). During the period from 2013 to 2018, at least 84 countries across continents issued industrial policy statements or explicit policy frameworks for industrial development (UNCTAD, 2018).

While traditional industrial and sectoral policies and strategies have focused on growth, productivity and protection of domestic industries, the new generation of industrial policies tends to be more adaptive, collaborative, and responsive to broader policies and issues such as sustainable development (UNCTAD, 2018). There now seems to be consensus that industrial policies and strategies should be better crafted and coordinated so as to attract investment and to advance employment, skills, innovation, institutions, ecological ambition, social policy, and human and labour rights. There is both a growing demand and potential for the tripartite constituents of the ILO – labour and employment ministries and employers' and workers' organizations together with other relevant stakeholders – to engage in the formulation and implementation of these strategies so that they lead to inclusive growth and decent work for more women and men. In addition to collaboration between the tripartite constituents of the ILO, cooperation between other ministries, such as those responsible for finance and planning, trade, technology, science, education, health and the environment, is essential to ensuring greater alignment across a set of defined policy goals and to preventing siloed decision-making.

## Purpose

This report analyses and summarizes the textiles and clothing policies of Cambodia, Jordan and Viet Nam.

It also sets out recommendations for policy makers and ILO constituents – be they governments, employers or workers – in other countries concerning the most effective and inclusive ways to develop sustainable industrial policy or strategy in the textiles and clothing sector and on the steps to be taken by ILO constituents and other stakeholders to begin this process.

## Methodology and limitations

The report draws on research and work conducted by the author over the last 15 years in several countries with large and export-oriented textiles and clothing industries. This includes the advisory support that the author provided in the development of the textiles and clothing strategies of Cambodia and Jordan.

The analysis and summary of the strategies is conducted on the basis of Cambodia's strategy (SNEC, 2022), English translations of Viet Nam's draft strategy from August 2021 (MOIT, 2021) and Jordan's Economic Vision (GoJ, 2022). ILO constituents and officials involved in the strategy development process in Cambodia, Jordan, and Viet Nam were also consulted in preparing the report.

Cambodia, Jordan and Viet Nam were selected on the basis of the ILO's involvement in and support for the development of these Member States' industrial strategies and the presence of an ILO-IFC Better Work programme in each country. This greatly facilitated the author's access to relevant information and key stakeholders.

It was not the intention, and nor was it possible, to analyze the impact of these relatively recent sustainable industrial policies and strategies. The report sets out the scope and contents of the three policies or strategies but does not provide an in-depth comparative analysis. It instead focuses on their development processes, with a view to providing guidance enabling other countries to develop policies and strategies in a coordinated, integrated and inclusive way. To that end, it constitutes a first milestone towards strengthening understanding and building capacity among ILO constituents in the textiles and clothing sector.

While this report sets out concrete steps to take when developing industrial and sectoral policies and strategies in the textiles and clothing sector, there is no one-size-fits-all approach. Because of the small sample size, the recommendations contained in the report would need to be further contextualized when used by ILO constituents and other key stakeholders in other countries and sectors.

## Structure of the report

The report begins with a brief introduction to industrial policies and strategies. This is followed by an overview of sectoral and industrial policy and strategies in the textiles and clothing sector in different regions of the world. The third chapter contains an analysis and summary of the textile and clothing policies and strategies of Cambodia, Jordan and Viet Nam. The fourth chapter highlights the challenges and good practices that characterize the development of textiles and clothing policies and strategies in the three countries. The final chapter summarizes the key steps in the process of strategy development and implementation.

# 1 Industrial policies and strategies

The revival of industrial policies is a strategic response to the evolving challenges and opportunities of the 21st century. It serves as a comprehensive approach to foster sustainable, inclusive, and resilient economic growth in the face of modern challenges.

This resurgence is driven by several key factors. Rapid technological advancements in fields such as artificial intelligence, robotics, and biotechnology necessitate strategic support to harness these innovations for economic growth and competitiveness. Changes in global trade dynamics require countries to position themselves strategically to benefit from global value chains while protecting domestic industries from unfair competition. The importance of balancing economic growth with environmental sustainability and social equity has led to industrial policies that guide industries towards cleaner technologies and practices.

Promoting economic resilience through industrial diversification helps buffer economies against external shocks and reduces over-reliance on specific sectors. Industrial policies promote the creation of quality jobs and inclusive growth, fostering the equitable distribution of economic development benefits across society. Targeted industrial policies contribute to regional development, reducing disparities and promoting balanced growth within a country while enabling countries to remain competitive in emerging industries such as renewable energy and digital technologies, capitalizing on new opportunities. By guiding and supporting industries in this complex global landscape, governments can ensure long-term prosperity and stability (Kastelli et al, 2023).

While there is no universal definition of sectoral or industrial policy or strategy, development organizations and researchers generally align on what it entails, using a variety of terms and phrases (Box 1).

**▶ Box 1. Distinguishing "Policy" and "Strategy" in sectoral and industrial contexts**

In the literature, the terms "sectoral or industrial policy" and "sectoral or industrial strategy" are used depending on the focus of the stakeholders involved. "Policy" is typically used by intergovernmental and government-only initiatives, while "strategy" is more commonly associated with multi-stakeholder initiatives that emphasize collaboration and alignment among various interests.

While the term "policy" is strongly associated with government actions, and while governments play a leading role in the formulation and implementation of sectoral and industrial policies, "strategy" is a more holistic term which is widely used across industries today, including in the textiles and clothing sector. It implicitly recognizes the importance of collaboration involving both public and private-sector institutions. It expands the scope beyond government agencies, as the activities necessary to achieve objectives go beyond government policies and require support and input from multiple stakeholders. It thus recognizes that a sectoral or industrial strategy should represent the collective voice of the industry, its employers, workers, and multiple branches of government, and that other key stakeholders should be consulted so as to take national, regional, and global dynamics into account.

The term "sustainable" refers to the ability to maintain a certain rate or level over time. The United Nations recognizes three dimensions of sustainable development: economic, social, and environmental. A sustainable strategy, therefore, addresses these challenges and opportunities in a way that can be maintained over time.

Accordingly, for the TCLF industries the phrase used in this report is "sustainable industrial strategy".

Reviews of industrial policies and strategies by the OECD and academic sources illustrate the common elements described below:

- Industrial policy is generally seen as any type of intervention or government policy that attempts to improve the business environment or alter the structure of economic activity towards sectors, technologies or tasks that are expected to offer better prospects for economic growth or societal welfare than would occur without intervention (Warwick, 2013).
- Industrial policies are generally categorized by domain and orientation. Domain (focus) areas include product, labour, capital/credit, land, technology, trade, and systems or institutions. Orientation can be horizontal or targeted (Warwick, 2013).
- Criscuolo et al. (2022) describe industrial policy as encompassing all types of instruments intended to structurally improve the performance of the domestic business sector. A policy instrument is a tool used by policymakers to affect performance outcomes in the business sector to achieve an objective. Policy instruments include research and development grants, training programmes, public procurement or sectoral industry boards. Instruments are categorized along two dimensions: target of intervention (i.e. orientation) and the channel through which it operates.
- Industrial strategies are a consistent and articulated group of policy instruments designed to reach specific policy objectives (Criscuolo et al., 2022). Traditional objectives comprise innovation, productivity and economic growth, and have been used to pursue social objectives, such as the fostering of economic activity in disadvantaged areas. Countries adopt industrial strategies for subsets of the economy that they deem deserving of support. Selection criteria areas include sectoral, mission-oriented, technology-focused, and place-based strategies. A strategy for the textiles and clothing industry would be considered a sectoral strategy.

Regardless of policy domain or scope, there is universal agreement on the importance of coordination between public and private actors and on securing strategic alignment in the context of selective-strategic industrial policy (Warwick, 2013). Instruments are needed to govern coordination between stakeholders from the public and private sectors at the subnational, national, and international levels. Such governance is a necessary enabler of successful policy interventions (Criscuolo et al., 2022). Another common theme is the need to build evaluation criteria into the strategy to ensure that instruments are effective (Criscuolo et al., 2022; Warwick, 2013).

# 2 Textiles and clothing policies and strategies around the world

Around the world, leading clothing and footwear exporting countries have taken different institutional approaches to policy and strategy development and implementation.

Several South Asian countries, including Bangladesh, India, and Pakistan, have ministries dedicated to the textiles industry. India and Pakistan have released a textile policy document approximately every five years, since at least 1985 in India and the early 2000s in Pakistan[2]. Bangladesh has developed programmes for the textiles and clothing industry on an ad hoc basis since 2005. All three countries also have multiple employers' organizations representing different textile products at different stages of their supply chain.

Sri Lanka established the Joint Apparel Association Forum (JAAF) in 2002[3] to lead the industry through the turbulent times following the phase-out of the Multi Fibre Arrangement (MFA), which governed world trade in textiles and garments from 1974 to 1994 and imposed quotas on the amount that developing countries could export to developed countries. The JAAF is a public-private forum of industry associations and government, led by the Ministry of Industry and Commerce, which continues to guide the industry in Sri Lanka today.

Several countries in Asia have formulated five- or ten-year national development plans that outline key objectives and identify priority sectors and industries and cross-cutting, horizontal focus areas, which means that in some countries sectoral plans and strategies are integrated into development plans. Among the top textiles and clothing exporting countries, at least China, Indonesia, and Viet Nam have implemented such plans:

- The textiles and clothing industry has been included in five-year national plans in China since the first plan in the 1950s.
- Textiles and clothing are also part of national plans in Indonesia, which has established a directorate within the Ministry of Industry for the textiles and related industries.
- In Viet Nam, every five to ten years the Government and industry associations develop objectives and targets for the textiles and clothing industry.

In Latin America, private or public-private organizations tend to play a leading role in establishing a vision and direction for the textiles and clothing sector. Unlike in Asia, ministries or departments dedicated specifically to the industry do not exist, and most of the countries in the region have not had industrial strategies for the textiles, clothing, leather, and footwear sector. However, Honduras has introduced a cross-cutting, public-private industry initiative called Honduras 2020, under which strategies have been developed for six sectors including textiles and clothing. In El Salvador, the textiles and clothing industry association has developed strategies for increasing

2 India has been releasing textile policy documents approximately every five years since at least 1985. These policy documents typically outline strategic goals and measures for the textiles and clothing industry and are intended to guide the sector's development over the subsequent five years.
Pakistan has been releasing textile policy documents roughly every five years since the early 2000s. These policies aim to support and enhance the competitiveness of the textiles and clothing sector and provide guidance for the sector's development over the following five years.

3 Sri Lanka joint Apparel Association Forum. Accessed on April 19,2024. Available at: https://www.srilankaapparel.com/who-we-are/

foreign investment and for entering the sportswear industry, but the Government has not played a significant role. The export processing zone authority and the textiles and clothing association are leading actors in the sector in Nicaragua and Guatemala, respectively.

Sub-Saharan African countries pursuing a textiles and clothing export-oriented strategy include Mauritius, Madagascar, Kenya, Lesotho, Eswatini, and recently Ethiopia. Tunisia, Morocco, and Egypt are also among the leading textiles and clothing exporters in the region, but have taken a different development trajectory linked to their proximity to the European Union.[4] Within Africa, Ethiopia and Egypt are currently the countries most active in developing strategies and policies specific to the textiles and clothing industry.

In March 2022, the European Commission adopted the EU Strategy for Sustainable and Circular Textiles. Its aim is to create a greener, more competitive sector that is more resistant to global shocks. The strategy addresses the entire lifecycle of textile products and proposes coordinated actions to change how textiles and clothing are produced and consumed. It also incorporates and helps implement commitments made under other EU initiatives including the European Green Deal, the Circular Economy Action Plan and the European Industrial Strategy.

**▶ Box 2. Global level social partners and industrial policy**

The International Organization of Employers (IOE) supports the three-dimensional definition of sustainable development. It does not have a specific definition or position on industrial policy, but stresses that partnerships are key to achieving the SDGs and advocates for companies, governments, and civil society to work together to achieve these global goals. The IOE's position on sustainable development states that "governments need to create the enabling environments both for business to create jobs, drive economic growth and development, and also the right collaborative frameworks for business, government and civil society to work productively together" (IOE, 2022).

Industrial policies have long been promoted by workers organizations at the national, regional, global and sectoral levels. IndustriALL Global Union describes industrial policy as a plan to encourage desired patterns of industrial development and growth. It targets specific industries and sectors and considers broader needs such as transportation and communications infrastructure, education and skills training, research, and energy. A sustainable industrial policy should create a healthy economy and quality employment (decent, secure work that pays a living wage) while minimizing negative environmental impact and advancing the interests of society (IndustriALL, 2013). This includes the effective implementation of labour standards, promotion of collective bargaining, resources for labour inspection, dialogue between industry and trade unions, and labour laws that restrict precarious work. It should be underpinned by social protection policies addressing unemployment, retirement, and healthcare, to which industry is required to contribute. As a workers' organization, IndustriALL emphasizes social development and ensuring that gains are passed onto workers in terms of defining sustainability.

[4] Based on general research, the differences between the Sub-Saharan African countries and the North African countries lie in their respective development trajectories and strategies for the textiles and clothing sector. SSA countries for instance have an export-oriented strategy in the sector, have positioned themselves as low-cost manufacturing destinations, and many of them have benefited from AGOA.

Tunisia, Morocco and Egypt, besides the geographical proximity to the EU, have mostly established preferential trade agreements that give them a privileged access to EU markets. Unlike some Sub-Saharan African countries focusing on low-cost production, Tunisia, Morocco, and Egypt have emphasized value-added products in the textiles and clothing sector. This includes higher-quality garments, innovative designs, and specialization in niche markets.

Table 4 in the appendix lists a selection of countries with large textiles and clothing exports and the main stakeholders from government and the private sector involved in the textiles and clothing industry. In some countries the ministry responsible for industry or a ministry dedicated to textiles takes the lead, whereas industry associations or public-private entities play a primary role in others. One or more workers' organizations are involved, but these are generally not the drivers of industrial policies and strategies or consistently engaged in their formulation and implementation.

Table 5 in the appendix provides information on textiles and clothing strategies in development and those that have been launched, as well as historical policies and strategies. Most countries developed a plan or strategy in preparation for and after the MFA phase-out in 2005 and issued temporary policy responses during and in the aftermath of the Global Financial Crisis of 2008-09 (Frederick and Staritz, 2012; Gereffi and Frederick, 2010).

# 3 Textiles and clothing policies and strategies in Cambodia, Jordan and Viet Nam

Over the past six years, the ILO has supported the development of national textiles and clothing policy and strategy in countries that had not developed strategies in the past, including Cambodia and Jordan. Given their lack of domestic experience, the involvement by an international organization in these two countries has been instrumental. Viet Nam had already established a precedent for strategy development and hence the role of the ILO was limited to providing inputs to the most recent garment and footwear strategy.

## 3.1 History and stakeholder engagement

Cambodia published its first textiles and clothing-related strategy in March 2022, having begun the process in 2017, when a survey of textiles and clothing firms in the country was conducted to generate a better understanding of the state of the industry. This was followed by stakeholder interviews and research conducted by an external advisor that assisted the Ministry of Economy and Finance (MEF) in writing the initial drafts of the strategy document. "For the garment sector, the Cambodia Garment, Footwear and Travel Goods Sector Development Strategy 2022- 2027 aims to strengthen resilience in these sectors with high-added value, competitive products and services. Besides, the government focuses on the reform to enable friendly trade and investment to maximize trade benefits which contribute to growth, diversification, and competitiveness of the economy." (ILO, 2022).

Central to the strategy's success is collaboration with key stakeholders, notably the Garment Manufacturers Association of Cambodia (GMAC). GMAC, representing garment manufacturers and exporters, plays a vital role in advocating for policy measures that foster growth and competitiveness within the sector. Workers' organizations are also crucial stakeholders, though not explicitly referenced in the strategy. These organizations, such as the Cambodian Labor Confederation (CLC) and the Free Trade Union of Workers of the Kingdom of Cambodia (FTUWKC), represent the interests of garment workers and advocate for fair wages and decent working conditions. International support has been instrumental in Cambodia's textiles and clothing strategies. The ILO Better Factories Cambodia (BFC) project has provided valuable assistance throughout the strategy's development and implementation. BFC's efforts focus on improving working conditions, ensuring compliance with labour standards, and facilitating social dialogue within garment factories.

Sustainability and compliance with international labour standards are key themes within Cambodia's strategies. The sector has faced scrutiny in the past over labour rights issues, prompting initiatives to improve working conditions and labour practices. Cambodia also benefits from preferential trade agreements with key markets, such as the European Union (EU) through the Everything But Arms (EBA) scheme and the United States through the Generalized System of Preferences (GSP). These agreements provide duty-free access, supporting the sector's export competitiveness.

In June 2022, Jordan released its Economic Modernization Vision for 2022-33. This is a national development plan led by the Prime Minister's office and supported by government ministries. Input was gathered at a national economic workshop that included 500 public and private stakeholders. As a national development plan, the Vision covers all prioritized industries in the country, including textiles, as well as other horizontal aspects of development.

The Ministry of Planning and International Cooperation is responsible for providing support to line ministries through the coordination of strategic planning, and the Royal Hashemite Court for monitoring progress in accordance with tasks assigned to the Government in Letters of Designation.

Prior to the Economic Modernization Vision, concerted efforts had been made to create a specific industrial strategy for the textiles and clothing industries in Jordan, but these were not adopted. Industry stakeholders, particularly the Jordan Chamber of Industry (JCI) and the Jordan Garment Accessories and Textile Exporters Association (JGATE), supported the development of a comprehensive background and strategy document between 2019 and 2021 in consultation with an external advisor (Frederick, 2021). Multiple industry studies were also conducted by the Netherlands Centre for the Promotion of Imports from Developing Countries (CBI), the European Bank for Reconstruction and Development (EBRD) and the International Trade Centre (ITC).

The development of a textiles and clothing strategy was interrupted by the COVID-19 pandemic. Despite continuous efforts, it was not possible to gain support from employers' associations; both the JCI and JGATE requested that the issue be postponed until the release of the Economic Modernization Vision. Following its launch, the Government focused its efforts on preparing action plans for implementing the Vision's objectives. The JCI and JGATE have expressed their desire to wait until the outcomes of this exercise are known before deciding how to proceed with the sectoral strategy.

Jordan does not have a specific ministry or department within the Ministry of Industry dealing with specific sectors, but rather a general directorate for industrial development. The Ministry of Labour is engaged in national dialogues about the future of the textiles and clothing industries, faced with the need to increase employment opportunities for Jordanians. The JCI, JGATE and the Association of Owners of Factories, Workshops and Garments (AOFWG), also known as the "Syndicate" (which represents micro to large textiles and clothing factories), also play an active role. The Jordan General Trade Union of Workers in Textile, Garment and Clothing Industries (JTGCU) is the main industry-specific workers' organization. Skills development falls under the purview of the tripartite sectoral skills councils. Better Work Jordan (BWJ) seeks to improve working conditions, compliance with labour laws and competitiveness via a range of activities, including factory assessments, research, institutional capacity building, and promotion of social dialogue.

In Viet Nam, the Ministry of Industry and Trade (MOIT) leads industrial strategy development. The country has developed national plans and strategies for both the garment and footwear industries since at least the late 1990s. In developing the latest strategy, the MOIT has hosted meetings with key stakeholders and consulted with the main industry associations, including the Viet Nam Textile and Apparel Association (VITAS) and the Viet Nam Leather, Footwear and Handbag Association (LEFASO), and with international organizations such as the OECD and the ILO, through the Better Work Viet Nam programme. The MOIT has shared drafts with relevant ministries including the Ministry of Labour, Invalids and Social Affairs (MOLISA), as well as with the Viet Nam General Confederation of Labour (VGCL), for their input and feedback. The release of the new strategy was delayed because of COVID-19 disruptions and global market trends, which necessitated a more thorough assessment of opportunities and challenges. This, combined with Viet Nam's commitment to sustainable development, such as achieving net zero carbon emissions, required the MOIT to revise the content and to conduct an environmental impact assessment.

The new strategy was approved by the Government of Viet Nam in December 2022 and is the first to combine the leather and footwear industry with the textiles and garment industry: in the past, each had a separate strategy. Having observed developments in other countries, and through their participation in meetings hosted by the OECD, representatives of the MOIT had come to recognize the significant similarities between these two sectors and that other major production countries also tended to combine them under a single strategy. Once LEFASO representatives had fully supported the idea, the MOIT worked closely with the business associations of these two sectors to revise the draft strategy.

## 3.2 Relationship with horizontal strategies

As mentioned in chapter 1, national industrial policies often co-exist with multiple horizontal policies and strategies that are developed during overlapping time periods and led by various agencies with different objectives. For instance, many countries have a national export or economic development plan driven by a top government body such as the Prime Minister's office. Horizontal strategies on education, skills development and employment are also common.

Such horizontal strategies also have important implications for industrial development. This is the case if the textiles and clothing industry is:

- specifically considered one of several industries covered by the strategy;
- not considered as a priority industry from a national perspective and thus not included; or
- the textiles and clothing industry plays such a dominant role in the country's economy that the horizontal strategy effectively only represents textiles and clothing.

In the first scenario, it is important to align the strategy for the textiles and clothing industry with horizontal strategies that are likely to be pursuing similar objectives. If the second scenario exists, implementing a textiles and clothing strategy will be difficult if national stakeholders do not perceive it to be competitive.

In Cambodia, at least seven other national strategies were simultaneously being developed or already in effect during the process of developing the textiles and clothing strategy. These included the Rectangular Strategy, the National Strategic Development Plan (NSDP), the Industrial Development Plan 2015-2025, the National Employment Policy 2015-2025 and the National TVET Policy 2017-2025.

Jordan's Economic Modernization Vision is a national development plan that includes the textile industry, rather than a stand-alone industrial strategy. Other strategies include the Ministry of Education Strategic Plan 2020 and the Sector Skills Council initiative (promoted by the Ministry of Labour (MOL) under a new framework for TVET). Garments and Leather is one of seven priority sectors for which a national sectoral skills council has been created. On the other hand, the Jordan Investment Commission, historically responsible for investment attraction, had not considered textiles and clothing to be a priority industry until its restructuring in 2019.

In Viet Nam, other relevant strategies include, but are not limited to, the Socio-economic Development Strategy for 2021-2030, the Industrial Development Strategy through 2025, with a vision to 2035, the National Master Plan for 2021-2030, with a vision to 2050 (relating to industrial development), and of the resolution on building national industrial development policies to 2030, with a vision to 2045.

## 3.3 The role of investment policies in fostering trade, investment and decent work

The decision to develop industrial strategies is in most cases driven by a desire to grow trade and investment, with the objective of increasing exports and employment. Industrial strategies therefore typically include generous investment incentives such as corporate income tax holidays and the establishment of industrial zones with duty-free input and machinery imports. This has been coupled with preferential market access or the conclusion of free trade agreements (FTAs).

In this regard, and on the basis of its Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration), the ILO has stepped up its efforts to assist its 187 Member States in advancing sustainable development and decent work through more inclusive and integrated trade and investment agreements and frameworks (Box 3).

**▶ Box 3. Investment, industrial policies and decent work**

The Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) provides clear guidance on how enterprises can contribute through their operations worldwide to the realization of decent work. Its recommendations are rooted in international labour standards and reflect good practices for all enterprises. It also highlights the role of both host and home governments in stimulating sustainable and responsible business, as well as the crucial role of social dialogue.

Trade and investment agreements increasingly make reference to the MNE Declaration. Foreign investors tend to introduce new technology and skills which bring economic and social development advantages. Government policies to attract foreign direct investment (FDI) and promote trade as part of industrial policies provide important entry points for advancing decent work. However, while FDI and trade offer potentially substantial benefits for home and host countries, including contributions to the more efficient utilization of capital, technology and labour, governments seeking to develop and implement industrial policies and strategies, together with social partners, should adopt suitable measures to ensure that investment incentives help advance SDG 8, particularly for lower-income groups and less developed areas.

The ILO has developed a range of activities and partnerships with international organizations to support governments' efforts to maximize the decent work contribution of FDI and to harness trade for decent work. This work builds on the guidance provided in the MNE Declaration to governments, social partners and (multinational) enterprises. It is carried out in partnership with international organizations with complementary competencies relating to trade and investment for sustainable development:

- The ILO and the World Association of Investment Promotion Agencies (WAIPA) have signed a cooperation agreement on FDI and decent jobs, sustainable businesses, more inclusive growth and better sharing of the benefits of FDI. ILO, the International Training Centre of the ILO (ITCILO), and WAIPA regularly co-organize courses on Effective investment facilitation and sustainable development.
- The ILO and WAIPA recently surveyed investment promotion agencies (IPAs) to find out how they integrate SDG 8 in their promotional activities and services and what types of support IPAs need to accelerate progress in attaining this goal.

- The ILO and ITCILO also collaborate with UNCTAD, UNIDO, UN-OHRLLS and WAIPA in maintaining an Executive College that trains IPAs from 20 least developed countries. The project is funded by the WTO Enhanced Integrated Framework.

An increasing number of trade agreements and preferences are predicated on a beneficiary country's ability to uphold international labour standards in law and in practice. International labour standards and the fundamental principles and rights at work are also referred to in new legislative initiatives to promote human rights due diligence by brands and buyers in key global markets. This has attracted greater attention to these topics, as non-compliance may result in the suspension or removal of preferential trade access or lost orders. The ILO has an important role to play in assisting enterprises, governments and employers' and workers' organizations to prepare for the new rules of the game, including through technical advice on how to incorporate international labour standards into new and existing industrial strategies for the development of a more resilient, inclusive and sustainable textiles and clothing sector.

## 3.4 Structure of the textiles and clothing strategies reviewed

### 3.4.1 General overview

The three strategy documents reviewed include three to six goals or objectives, accompanied by activities for achieving the goals in the short, medium and, in some cases, long term.

Cambodia

The strategy for Cambodia defines short-term (three years) and medium-term (five years) goals. The document includes sections on vision, historical background, current situation of the industry in the country, challenges and opportunities, objectives and goals, activities to achieve goals, and institutional arrangements. Cambodia's strategy includes a total of five goals related to 50 activities, of which 37 are short-term and 13 medium-term. The five goals comprise human capital development, working conditions and workers' welfare, investment promotion with high-value addition, increased investment in supporting industry, and promotion of export market diversification. Two of the five relate to sustainable social development, and over half (27 out of 50) of all activities listed in the strategy pertain to these areas.

Viet Nam

Viet Nam's document has three parts: the background to the development of Viet Nam's textile, leather and footwear industry; the status of development and factors affecting Viet Nam's industries; and the development strategy to 2030, with a vision to 2035. Viet Nam's objectives for the industry have been similar across the years: increasing the localization rate and domestic textile production, shifting to more advanced business models that involve design and branding, developing apparel brands, and building textiles and clothing industrial parks.

The current emphasis on developing large, specialized textile and garment industrial parks and attracting investment to industrial zones also places strong focus on fabric and finishing, including the provision of proper environmental treatment facilities. Human capital development is referenced more in relation to the development of domestic brands in the fashion, leather and handbag industries and the shift to more advanced products. Viet Nam's objectives are organized into four stages of the value chain: fashion, the textile industry group (textiles and clothing), leather and footwear, and supporting industries.

The strategy's proposed solutions/actions cover market development, attracting investment and developing domestic value chains, raw material production, organization/ management, improving human resources, scientific and technological innovation and environmental improvements, and financial mechanisms and capital sources.

Jordan

Jordan's Economic Modernization Vision for 2022-33 comprises two pillars, namely economic growth and quality of life, both of which are underpinned by sustainability. The economic growth pillar covers five economic sectors, one of which is high-value industries. Textiles is one of nine high-value industries. The Vision includes 10 initiatives for textiles.[5] Two of these relate to human capital development, with one focused on the expansion of vocational training and the benefits to be derived from the sectoral skills council and the other on the promotion of local employment and on increasing the number of Jordanians in managerial positions in the sector. Any activities related to working conditions or the environment will be addressed in the second broad "quality of life" pillar.[6]

### 3.4.2 Comparison of the objectives, goals and topics included in the strategies reviewed

The three strategies reviewed in this report largely focus on similar topics:

- product upgrading beyond basic assembly;
- market diversification;
- establishing domestic backward linkages to textiles;
- improving the business environment;
- providing grants or financing for process upgrading/machinery improvements; and
- developing training and skills development programmes.

These strategies place less emphasis on social and environmental factors. Viet Nam is the sole country to have included environmental objectives. Cambodia is the only country to identify working conditions and welfare for workers as an objective. Meanwhile, Jordan places the most extensive focus on establishing an enabling environment for sustainable enterprises. Its strategy includes four objectives relating to improving the business environment and one relating to the expansion of Small and Medium-sized Enterprises (SMEs).

The labour-related objectives set out in the three strategies include skills development but rarely cover other aspects of the ILO Decent Work Agenda (Box 8 in appendix). Strategies that have been developed with greater involvement by the ILO and/or the ILO-IFC Better Work programme

[5] The Vision also includes 15 general initiatives for manufacturing but does not provide details.
[6] The draft strategies developed in consultation with industry stakeholders include objectives such as building up MOL's inspection and enforcement services and continuing the BWJ's factory assessments in order to further improve competitiveness through a culture of compliance.

include more decent work dimensions such as working conditions, gender, and respect for human and labour rights. Examples from the three countries are included in Table 1.

**▶ Table 1. Objectives and aims of the apparel strategies studied**

| Aim | Countries | Objective |
|---|---|---|
| General productivity and competitiveness improvement | Jordan | Enhance productivity; improve cost competitiveness (initiative 5). |
| | Viet Nam | Increase economic value of industry. |
| Improve business environment | Cambodia | Promote investment with high-value addition (objective 3; 11 activities); enhance predictability and stability of the sector to facilitate more long-term investment and improve reputation. |
| | Jordan | Create subsector data centre/database (initiative 7).<br>Develop unified governance framework for the sector (initiative 8).<br>Streamline sector-specific laws and regulations (initiative 9).<br>Develop detailed plan for the sector (initiative 10). |
| | Viet Nam | Raise awareness of the impact of free-trade agreements and support businesses to take full advantage; meet rules-of-origin requirements. |
| Growth and marketing; diversification | Cambodia | Promote export market diversification (objective 5; 5 activities). |
| | Jordan | Attract new investments in the sector (initiative 4). |
| | Viet Nam | Textiles, garment & footwear industries meet most domestic consumption demand, continue as country's main export industry; be one of world's leading producers and exporters of textiles and garment products. |
| Backward/upstream supply chain linkages to textiles | Cambodia | Attract investment in supporting industry (objective 4; 8 activities); rationale: to reduce cost of doing business and lead times. |
| | Jordan | Develop fabric manufacturing (vertical integration) to fulfil the needs of export markets in one season (initiative 1); rationale: raw materials to speed up supply chain and increase added value. |
| | Viet Nam | Foster links between foreign and domestic enterprises and develop the domestic value chain from raw material production to the final product. |
| Technology upgrading [1] | Viet Nam | Increase application of science and technology in production. |
| SMEs | Jordan | Increase integration and collaboration between large and small enterprises to expand small enterprises (initiative 6). |

| Aim | Countries | Objective |
|---|---|---|
| Human capital (skills development) | Cambodia | Further strengthen human resources (objective 1; 12 activities) to increase productivity and production capabilities, and create career paths for Cambodian workers; managerial and technical positions. |
| | Jordan | Promote local employment; increase Jordanians' managerial positions (initiative 3); expand vocational training; benefit from sectoral skills council (initiative 2). |
| | Viet Nam | Develop human resources for knowledge-intensive positions (technical and design/brand development). [2] |
| Working conditions and workers' welfare | Cambodia | Continue to improve working conditions and welfare for workers (objective 2; 15 activities). |
| | Viet Nam | Ensure that the average income of workers in the textiles, garment, leather and footwear sectors is above 90 per cent of the average income for all workers by 2025. |
| Environment | Viet Nam | Ensure green and sustainable development and meet international labour, environmental and safety standards; ensure sustainable development under a circular economic model. |

[1] India and Pakistan: technology upgrading funds have been significant aspects of polices/strategies. [2] Knowledge-intensive positions are non-production workers in positions related to management, design, engineering, market development and R&D. Source: compiled from published or draft strategies.

## 3.5. Performance indicators and implementation arrangements

Both Jordan and Viet Nam have included measurable performance indicators in their strategies, allowing them to benchmark their outcomes. For example, Viet Nam's industrial strategy for textiles, clothing and footwear includes an aim to increase the average income of workers in the industries to 90 per cent of the average wage of general workers nationwide by 2025, and to reach equivalence with the national average wage by 2030. Meanwhile, Jordan's Economic Modernization Vision aims to create over 149,000 jobs in textiles (Table 2). Although Cambodia's strategy has a strong focus on sustainable social objectives, it does not include specifics about financial resources or other implementation arrangements, and important private-sector organizations are not included in the working group that has been set up to develop these.

**▶ Table 2. Examples of textiles and clothing strategy targets/performance indicators**

| | | |
|---|---|---|
| Exports | Jordan | Increase exports by 3-4 times. |
| | Viet Nam | US$84-86 billion (textiles, garments, footwear) (2030). |
| Employment | Jordan | Create over 149,000 jobs for Jordanians. |
| Environment | Viet Nam | Become known as responsible T&G manufacturer and exporter (2030). |
| Textiles/backward linkages | Viet Nam | Localization rate of 50 per cent by 2025 and 55-60 per cent by 2030. |

| | | |
|---|---|---|
| Working conditions/wages | Viet Nam | Increase average income of workers in the textile, garment and footwear industries to 90 per cent of the average wage of general workers nationwide (2025) and then to equivalence with the national average (2030). |

The performance indicators and implementation arrangements for the three strategies can be summarized as follows:

- Cambodia's strategy will be implemented by an inter-institutional working group within the committee on economic and financial policy (CEFP). The strategy's action matrix only includes government ministries, most often the Ministry of Labour and Vocational Training (MLVT) (for measures related to human capital and worker welfare), the MEF (all; particularly for backward linkages and market diversification), the Ministry of Industry, Science, Technology, and Innovation (MISTI) (measures related to the business environment and backward textile linkages), the Ministry of Commerce (MOC) (measure on market diversification), the Council for the Development of Cambodia (CDC) (human resources, investment attraction) and the Ministry of Environment (measure related to establishing backward linkages). The action matrix furthermore lacks specifics on how the strategy will be implemented. These will be decided by the above-mentioned working group; however, it has not met in the first six months since the strategy was released.
- Viet Nam's draft strategy includes a section on implementation organizations which outlines four groups of actors: (1) the MOIT; (2) other relevant ministries; (3) provincial authorities and centrally run cities; and (4) industry associations. Other ministries listed include Planning and Investment (MPI), Finance (MOF), Science and Technology (MOST), Natural Resources and Environment (MONRE), Education and Training (MOET) and Labour, Invalids and Social Affairs (MOLISA). The VGCL is not mentioned in the strategy and was not significantly involved in its development. However, it is expected that it will be an important stakeholder during the implementation phase.
- A vision and strategic roadmap accompanies Jordan's Economic Modernization Vision for the 2022-23 period. Each initiative will include objectives, stakeholders subdivided into initiative owners and participants, a timeline with start and end points, metrics to track the progress and delivery, and a checklist of deliverables. Textiles products are fully included in that roadmap. A summary of the initiatives for textiles products is available, and the overall vision will be implemented in three phases, with 93 per cent of the 344 initiatives to be implemented in phase I (2022-2025).
- Implementation thus remains a challenge in all three countries. The inclusion of sustainable objectives is an important first step towards sustainable development, but without an implementation plan, dedicated stakeholders assigned to tasks, and financial resources, there is a high risk that these strategies will have a minimal impact. This review of the three strategies clearly illustrates the need for strong stakeholder coordination, clear leadership and inclusion of actionable steps, and at least baseline financial resources, as part of the strategy development process.

# 4 Good practices

Good practices and common challenges related to each aspect of strategy development are outlined below. These draw on lessons from the industrial strategies reviewed, as well as work undertaken by the author in textiles and clothing exporting countries.

## 4.1 Stakeholders involved in development and implementation

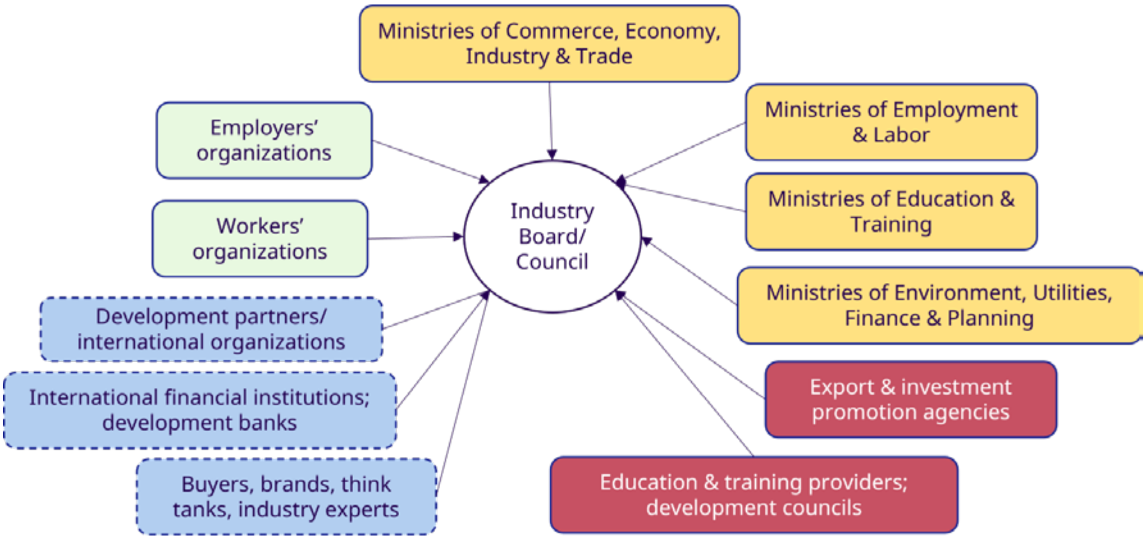
It is critically important to involve, at the adequate level, government and employers' and workers' organizations in the development of industrial strategies. In some countries, particularly those that are developing industrial strategies for the first time, this may require the development of new institutions or further strengthening the capacity of existing institutions with the support of key actors and international organizations such as the ILO.

In addition to the tripartite constituents of the ILO, it is important to engage a broad range of industry stakeholders. This will help ensure that the strategy becomes comprehensive and covers a wider range of areas that need to be addressed in a consistent manner. It is also critically important to engage brands, buyers and lead firms. In the textile and clothing industry, these wield great power and resources, and their practices are key to achieving the goals of sustainable industrial strategies, whether in terms of attracting foreign direct investment, technological upgrading, adding local value, or improving working conditions. It is highly recommended to establish an industry board or group of key and relevant stakeholders to oversee and guide the formulation of the strategy. This group could be supported by the ILO or other UN entities and meet or communicate regularly to discuss issues and monitor the progress of the strategy once it is implemented. Figure 1 and Table 3 list private and public actors that could be included in the development of industrial strategies. The content in this figure and table is not exhaustive. Indeed, the process could include NGOs, cooperatives or informal workers depending on their characteristics and on national contexts and realities.

When engaging industry stakeholders and establishing industry boards, it is critically important to ensure a balanced representation of women and men. In the textiles and clothing industries, gender inequalities are still common in many countries, and women often struggle to have their voices heard.

While it is important to engage multiple entities, clear leadership is needed in order to move the development and implementation of the strategy forward. In most cases, the Ministry of Industry will be the prominent public agency, acting in close partnership with the main industry association and a sectoral union/national union federation.

▶ **Figure 1. Stakeholders for strategy development**




Yellow: government agencies. Green: social partners. Red: public-private organizations. Blue/dotted lines: external, international actors. Source: Author.

▶ **Table 3. Stakeholders and descriptions**

| Entities | Description |
|---|---|
| Ministry of Commerce, Economy, Industry and/or Trade | Normally the government agency involved in developing and implementing the strategy. This also includes industry-specific ministries where they exist. |
| Ministry of Employment or Labour | Labour and employment ministries are responsible for promoting job creation and for promulgating and enforcing labour laws and should be involved in all aspects. |
| Ministries of Environment, Utilities and/or Energy | The involvement of ministries of environment and energy is key to enhancing the environmental sustainability of the industry. |
| Ministries of Finance and/or Planning | Ministries of planning often play a key role in geographic planning and infrastructure investments, including in Export Processing Zones. Ministries of finance or planning are responsible for administering financial resources and coordinating donor funding to implement sustainable industrial strategies. |
| Export and investment promotion agencies | Investment promotion agencies (IPA), export promotion agencies and special economic zone (SEZ)/industrial park (IP) authorities and other public-private development agencies play a key role in marketing and infrastructure development. |
| Ministry of Education and Training | Representatives from all levels of education should be involved in or made aware of the process to ensure that the strategy will align with relevant education and training initiatives. Technical and vocational education is particularly important for developing skills needed now and in the future. |
| Education and training providers; skills development councils | Universities, technical and vocational training centres and innovation/development/skills councils are involved in human capital development. |
| Employers' associations | Employers' organizations provide a collective voice for employers. The presence and structure of such organizations varies by country. |

| Entities | Description |
|---|---|
| Workers' organizations | Workers' organizations provide a collective voice for workers. The presence and structure of such organizations varies by country. |
| Development partners and international organizations | Development partners include multilateral development agencies such as the ILO, the ITC, the OECD, UNIDO and the World Bank, and development partners with offices and industry-specific projects (e.g. SIDA, USAID, DFID, GIZ). These entities provide various forms of development support. |
| International financial institutions and development banks | Global and regional development banks may provide financial assistance to achieve objectives. These organizations also sponsor research initiatives as development partners. |
| Industry-specific global and regional experts/advisors, think tanks and buyers | These actors can provide an external voice and ongoing guidance and insight on global and regional activities in the industry. |

## 4.2. Development process

The strategy should be developed in a timely manner, as longer time frames run the risk of personnel turnover and outdated research. Developing the first strategy will be time-consuming, but once a process and organizational structure is in place it will become more seamless.

Strategy development should be based on a comprehensive map of the entire supply chain to ensure full understanding of global dynamics and the country's footprint in the chain. Mapping is the process of identifying the structural elements along the chain, including the firms, products, activities, stakeholders and geographic locations involved in taking a good or service from concept through production to the final consumer (Frederick, 2019). Special attention should be given to the key role of brands, buyers and leading firms, given their prominent roles in global textiles and clothing supply chains.

Background research should also identify global trends (macro and industry-specific) that may impact the future of the industry in the country, including competition from other countries and the potential of the textiles and clothing sector to pave the way for broader developmental and structural change. National, economy-wide factors should also be considered during strategy development as these can limit success. Examples are national debt (Sri Lanka), unfavourable US perception after terrorist attacks (Pakistan, 2001) or limited capacity of government agencies to implement and enforce policies (Ethiopia, Laos and Madagascar – OSH improvements) (Frederick and Charbonneau, 2021).

An initial study should provide a "state of the industry" analysis which should include statistics on employment and analyses on environmental sustainability, identify firms, clusters, and supporting organizations within the country, and provide a brief summary of the historical evolution of the industry in the country, including the challenges it has faced. In most countries this can be compiled by gathering information and research from domestic stakeholders. The initial study should be shared among members of the strategy development team, so that everyone involved can agree on the definition and scope of the industry. A lack of agreement can otherwise impose a significant, ongoing constraint on strategy development. The importance of ensuring an enabling environment for sustainable enterprises across the industry, and economy as a whole, should be borne in mind during the preceding steps. Such an environment is a necessary precursor to the success of any industrial strategy.

The goals and objectives of strategies should also reflect the goals and objectives of the ILO constituents and other stakeholders involved. Since the ministry of industry is in practice most often the leading agency and its main objective is to improve economic conditions, it is critically important to also engage the ministry of labour or employment, as well as social partners, to ensure that social and labour issues are addressed. It is equally important to ensure that other line ministries are included in order to address environmental issues, infrastructure development, energy needs and other factors. To this end, governments should establish a clear procedure for coordination between ministries which promotes the consideration of social and environmental goals. This procedure should also provide for participation by other relevant departments including, but not limited to, those concerned with planning, trade, technology, science, education and health.

Ideally, the industry strategy should be embedded within a broader sustainable development framework that addresses cross-cutting themes which go beyond the scope of an industry. If not, it is important to ensure the industry strategy aligns with other ongoing strategies at the national, sectoral and local levels. Some countries have a national model for inter-ministerial collaboration that is applied in sectoral strategy development. If this does not exist, each sectoral strategy will need to form sector-specific working groups (as Cambodia is proposing). Where a national model of collaboration does not exist, more attention will be needed to ensure that other factor/topic-specific policies in the country are aligned with the sector's strategy.

It is also common for international and regional development organizations, agencies and banks to finance research to provide a country with guidance. Often, multiple institutions are actively engaged in research or strategy development in the same country, with overlapping objectives. Lack of coordination among projects led by development partners leads to significant overlap in activities and conflicting outcomes. Better coordination of development assistance within countries and expansion of the types of activities funded by development agencies will greatly improve outcomes in host countries (Box 4). For instance, Better Factories Cambodia organizes a development partners' meeting twice a year to discuss ongoing and upcoming projects in the country so as to raise awareness, share information and eliminate duplication.

**▶ Box 4. Fostering policy coherence among development partners**

**Challenge**: Multiple research projects (EBRD, CBI, ITC, ILO) were financed by multi-stakeholder institutions and European national development agencies to support Jordan's textiles and clothing industry, largely in response to new EU trade preferences issued in 2018-19. Donors attended an annual coordination meeting where they shared objectives and achievement goals, but not details, to ensure there was no overlap at the sector level. The Ministry of Planning was responsible for donor coordination, but only at a very high level.

**Outcome**: The projects provided useful research, but all focused on the same topic (SMEs and exporting), the results were not widely disseminated or published, they did not provide for financial support for implementation, and there was no capacity within the country to fill the recommendations in the reports.

**Lessons learned**: Had donors coordinated their efforts prior to research, resources could have been reallocated into phases (1) research, (2) filling structural gaps identified and (3) implementing recommendations. Lack of coordination resulted in three research projects on the same topic with no resources to implement. Projects were carried out by external consultants with no local capacity development or knowledge transfer.

**Best practice**: Donors should communicate on a more regular basis (quarterly) and discuss projects and programmes at industry-specific levels and seek to provide complementary support to a country in which projects build on other project results.

## 4.3. Focus areas and performance indicators

A sustainable strategy should include economic, social and environmental objectives and set realistic performance indicators to measure progress.

While industrial strategies can take many forms, it is critically important that they are set out in three clear parts: (1) the strategy itself; (2) the implementation plan; and (3) supporting research.

The strategy should be based on a clear and compelling vision and include: (1) objectives/goals; (2) the activities needed to achieve goals; (3) targets/performance indicators; and (4) institutional arrangements. Objectives should be distinct and accompanied by the activities needed to achieve the goals in the short, medium and, in some cases, long term. The objectives should encompass multiple dimensions, including economic, social, and environmental aspects, while also addressing the diverse opportunities and challenges that arise along the textiles and clothing supply chain. The strategy should be succinct and focused, with additional information in appendices if necessary.

The implementation plan should include: (1) a timeline of activities; (2) the stakeholders involved and those responsible for activities; (3) the financial resources needed; and (4) sources of financial resources.

Supporting research should provide context on how and why certain objectives and goals are included. It should include sections on: (1) historical background; (2) the current situation of the industry in the country; and (3) challenges and opportunities.

The document itself should be long enough to highlight key points, but short enough to read and fully comprehend in less than one hour. Additional materials can be published as separate reports or as appendices to clarify certain points.

Sustainable industrial strategies should include performance indicators for each objective and activity. Targets for decent work opportunities – such as an enabling environment for sustainable enterprises, skills development, gender equality, equal pay, elimination of violence and harassment, wage growth, unionization and formality – should also be included, as well as environmental considerations. They should be quantifiable to the extent possible, and realistic. More ambitious social, environmental or economic objectives can be included as part of a long-term vision, and these should be aligned with broader national development strategies and the Sustainable Development Goals, but short-term objectives and achievements should be feasible and manageable.

The need to build or enhance the capacity of key institutions and actors is an important element of sustainable strategy development that cannot be overlooked (Box 5). This may be an objective and can be accompanied by performance indicators. For example, one objective might be to enhance the capacity of industry-specific stakeholders to effectively implement strategy goals. Associated measures could include the creation of specific staff positions in an organization and securing the financial resources needed for them.

**Box 5. Building an enabling environment (institutions and staff) can be an objective**

Developing and implementing a strategy requires (1) relevant institutions to exist and (2) having staff with the skills and time necessary to implement the activities. This is often overlooked but is critically important.

**Challenge**: An initial review of Jordan's textiles and clothing industry found that lack of staff across critical institutions would prevent the implementation of a strategy in the country.

- The exporters' association lacked a full-time director and supporting staff; the primary representative was an elected board member from a textiles and clothing factory.
- The SME association lacked a full-time position or support staff and had insufficient funding to implement activities.
- The industrial sector employers' association did not have staff dedicated to the textiles and clothing industry.
- The BWJ was filling the coordination gap in the country, but this was beyond the mandate of the programme and required time and effort from the director.

**Outcome:** Resources were redirected from development partners in the country to provide partial funding to support the missing staff roles. Knowledgeable, full-time personnel needed to be put in place to enable the country to move forward.

**Lessons:** (1) Development partners may need to step out of their mandated roles to fill necessary coordination gaps in the country; (2) External advisory support helped identify structural bottlenecks preventing strategy development and implementation; (3) Institutions and staff are needed in order to implement strategic objectives.

Once a country has a process in place to develop and implement strategies, it is important to evaluate previous objectives and achievements. For example, Viet Nam's strategy document builds on previous strategies, objectives and achievements and provides solutions (Box 6).

**Box 6. Evaluating the successes and challenges of previous strategy objectives**

Viet Nam's strategy development process evaluates past objectives and achievements. For example, increasing cotton production had been an objective in the previous strategy. However, further research found that the country did not gain a competitive advantage by growing cotton: it is not as profitable as other crops, and using domestic cotton is not a requirement in FTAs. As a result, it will no longer be an objective.

The numbers of workers that received short- and long-term training were well below target, suggesting that the targets were set much too high and should be revised in the future. Targets were not met because of the limited financial resources available and difficulties in attracting students to the training programmes. As a result, this strategy will focus on identifying a new, sustainable funding source and on research/marketing in order to increase enrolment.

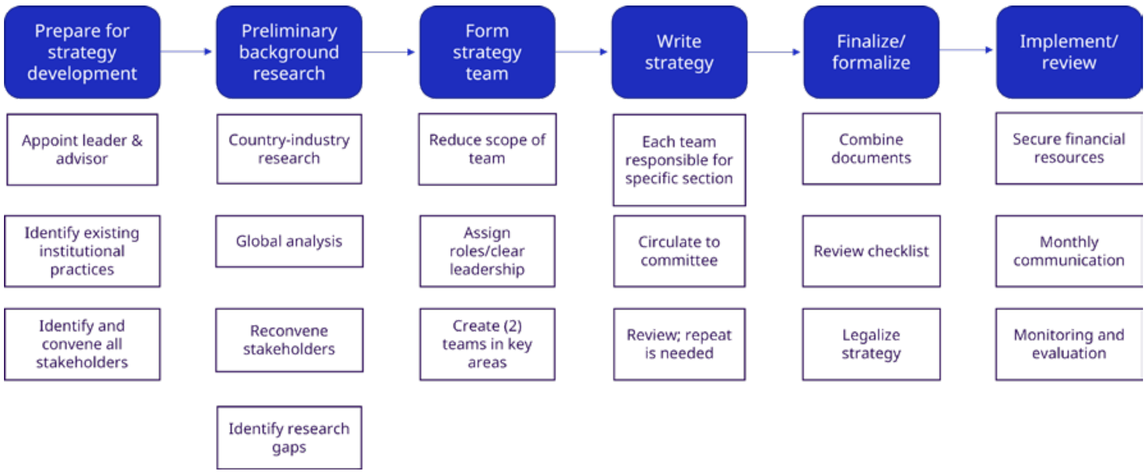
Viet Nam has striven to increase localized fabric production for two decades and has continually sought to increase investment in this area. Further evaluation discovered underlying issues preventing new investments. For instance, it has been difficult to attract investment in textile dyeing because of localities' environmental concerns. Viet Nam has similar high discharge standards for textile and dyeing enterprises to those of developed countries, but has not provided centralized wastewater treatment or supportive policies to encourage private investment. The development of textiles and clothing-specific industrial zones will need to incorporate wastewater treatment systems that comply with international standards and environmental regulations in order to increase investment.

# 5 Initial steps in the strategy development process

Creating a textiles and clothing industry strategy for the first time can be an efficient and methodical process.

The following steps can help constituents in a country to develop the institutional structure to begin the process and to write and implement the strategy.

**Figure 2. Steps in strategy development**




## Preparation: identify stakeholders and gather relevant background information

1. The lead organization should appoint a focal person dedicated to leading the effort. This person will stay engaged throughout the entire process. Document the steps taken along the way so that the information can be provided to a new focal person if necessary. Engage the community of development partners in the country to financially support these positions for at least one year.
2. Determine if there is a precedent for developing industrial policies or strategies in the country. For example, has this industry or any other industry developed or implemented a strategy in the past? Documentation is also important because it can be shared with other industries that might formulate a similar initiative in the future.
3. Identify any national institutional structures for developing policies and strategies. For example, is there a centralized five-year planning process? Have strategies been developed for horizontal objectives such as education or spatial planning?
4. Identify all potential industry-specific stakeholders and representatives from other economy-wide institutions (Figure 1 and Table 3).
5. Convene ILO constituents and stakeholders for an initial meeting to raise awareness of the initiative, and gather information on any prior, current or future projects that might provide useful background for strategy development. Ensure a balanced representation of women

and men. If a strategy has been developed by another industry in the country, include a representative from that process to provide insight.

## Conduct preliminary background research

1. Prepare a background document on the history and status of the country's footprint in the value chain of the industry. This should include information gathered from stakeholders at the initial meeting as well as relevant data from the national statistics organization and industry associations, ensuring the use of gender-responsive data.
2. Conduct a SWOT analysis, including national to global perspectives. This should consider past, present and future trends.
3. Convene the stakeholders to present the results of the research, so as to establish a mutual understanding of the country's footprint in the industry (including definitions of what the industry entails).
4. Identify gaps in the research. Determine whether more data is necessary prior to moving forward with strategy development. If not, finding missing data and filling specific research gaps can be included as part of the strategy's objective.

## Form the strategy development team

1. Form a diverse and gender-inclusive strategy development team. The composition will vary according to the institutional structures of the country. It should primarily comprise the ILO constituents and stakeholders identified and included in the initial meetings. In small countries, the team may be the same as the initial group. In larger countries with many stakeholders, a smaller core team needs to be established to ensure progress.
2. Designate a focal person from each organization in the full advisory group to be the strategy representative. This woman or man is responsible for representing the activities of their organization to the textiles and clothing strategy committee, and for reporting the actions of the committee to their organization.
3. Ensure that the core team includes the ILO constituents and all industry stakeholders necessary to build a sustainable strategy, in particular actors that advocate on behalf of workers (i.e. workers' organizations, the ILO, the ministry of labour), women, vulnerable groups and the environment.

## Write the strategy

1. As a group, develop a clear and compelling vision statement and a limited set of core objectives.
2. Divide the strategy development team into gender-balanced groups to identify objectives, activities, performance indicators, estimated costs and potential financial sources.
3. Alternatively, most countries can begin with a two-pillar strategy focused on people (working conditions, human capital development) and firms (economic competitiveness). The focus should be on the primary stage of the supply chain in the country. [7] Using the same baseline information, one team (Ministry of Employment/Labour, ILO representatives and workers' organizations) should develop the component related to working conditions and human capital

[7] If the objective is to develop a strategy for multiple stages or groups within the industry, such as textile production, cotton production, or home furnishings, carry out the process by separating these first and combining them later.

development. Another team, composed of the Ministry of Commerce/Industry/Trade and employers' organizations, would focus on economic objectives. Each draft should incorporate objectives, activities (short-, medium-, long-term), performance indicators and financial needs. If developing a textile component industry or demand for the national market are primary focus areas, a third team dedicated to environmental conditions should be formed as well.

4. The person leading the initiative should be included in the development of both pillars. She or he should continue to document the process and provide liaison in order to avoid duplicated efforts and ensure that aspects which cut across both focus areas (such as training and education) are addressed.
5. Convene the groups of stakeholders to review and validate draft documents.
6. Present drafts together as one document to the larger group of stakeholders for input. Team leaders should incorporate this input and determine if another round of edits is necessary. Ensure that this process is democratic, inclusive, gender-balanced and transparent and allows for accountability.

## Finalize and formalize the strategy

1. Team leaders should combine documents and add relevant background information from the initial stages to create a full, final document. Prior to formalizing the strategy, review the strategy checklist below (Box 7).
2. Embed the strategy into the country's policies and legislation to ensure it transcends turnover in government agencies. Document and archive the actions taken in developing the strategy so as to ensure transparency and prevent information becoming embedded in one person.
3. Create a version of the full strategy document in the national language and also an official English translation for external industry stakeholders and international organizations.

**▶ Box 7. Strategy checklist**

When finalizing a textiles and clothing industry strategy, policymakers should consider the following questions to help ensure completeness:

- Are the objectives specific and do they address unique activities?
- Are all relevant dimensions of the ILO Decent Work Agenda reflected (see Appendix), as well as other relevant global indicators?
- Are all key and relevant stakeholders included?
- Is there an organization responsible for each activity included in the strategy? If more than one organization will be involved, is there clear leadership?
- Do all objectives and activities have an associated metric? Are the metrics realistic?
- Have estimated costs and potential funding sources been identified?
- Does the strategy incorporate other strategies pursued in the country? For example, does it consider how participation in the textiles and clothing industry helps to achieve the overall development goals of the country?
- Does the strategy address how the country's participation in the textiles and clothing industry will help the country transition into other industries?

- Is a transformative agenda for gender equality, inclusion and diversity reflected in the strategy?

## Implementation/review

1. Present the strategy to the community of development partners in the country. Identify specific areas in which technical or financial assistance is needed.
2. Hold regular meetings with relevant and strategic stakeholders, including ILO constituents, and consult other relevant ministries and agencies to ensure that progress is made.
3. Monitor and evaluate the strategy's progress as frequently as necessary on the basis of a monitoring and evaluation plan.

# Conclusion

A clear, holistic industry strategy and a coordinated institutional environment can contribute to setting a country on the path to sustainable development. When developing new or updating existing sustainable industrial strategies for the TCLF sector, ILO Member States can learn lessons from past experiences of other countries and adapt them to their existing institutional framework and available resources. This paper provides relevant background information from a range of TCLF exporting countries, makes recommendations related to key aspects of strategy development, and sets out the steps needed to begin the process.

Sustainable industrial strategies should represent the collective voice of the industry, its employers and workers, as well as multiple branches of national and local government. Proper preparation and an inclusive stakeholder committee are important first steps. Sustainable industrial strategies should carefully consider global, regional and national dynamics and take into account the views of ILO constituents and key industry stakeholders, and background research. To be sustainable, these policies or strategies should address economic, social and environmental factors and set out measurable targets designed to reach realistic objectives. Finally, sustainable industrial policies should be developed together with an implementation plan that assigns clear roles and responsibilities and is supported by dedicated financial and human resources.

# Appendix





**Table 4. Supporting stakeholders in selected textiles and clothing (T&C) exporting countries**

| Country | Combined T&C Exports US$ (Billions) | | Main Government Agency/Department | Textiles and Clothing Industry Associations | Workers' Association | Selected ILO Development Cooperation Programmes |
|---|---|---|---|---|---|---|
| | 2012 | 2021 | | | | |
| China | 255 | 321 | Ministry of Commerce | China National Textile & Apparel Council (CNTAC) | National Committee of the Chinese Financial, Commercial, Light Industry, Textile and Tobacco Workers' Union | |
| European Union | 111 | 156 | Directorate-General for Environment (DG ENV) | The European Apparel and Textile Confederation (EURATEX) | IndustriALL – European Trade Union | Advancing decent work in supply chains through sectoral social dialogue (2022 – 2024) |
| Viet Nam [1] | 18 | 42 | Ministry of Industry & Trade (MOIT) | VITAS, LEFASO, Viet Nam Cotton & Yarn Association | Viet Nam General Confederation of Labour (VGCL) | Better Work (2009 - present);<br>Future of work in textiles and clothing: forecasting and developing skills for promoting decent work and productivity in the sector (2021 – present) |
| India | 29 | 38 | Ministry of Textiles (TEXMIN) | Apparel Export Promotion Council (AEPC), Clothing Manufacturers<br>Association (CMAI), Confederation of Indian Apparel Exporters (CIAE) | Many | Promoting Fundamental Principles and Rights at Work in Cotton Supply Chain (2017 – present);<br>Promoting Sustainable Enterprises in India (2021 – present) |
| Bangladesh [2] | 21 | 37 | Ministry of Textiles & Jute Department of Textiles (DOT) | Bangladesh Garment Manufacturers and Exporters Association (BGMEA); Knitwear Manufacturers and Exporters Association (BKMEA) | Many | Better Work Bangladesh_<br>(2014 - present);<br>Improving working conditions in the ready-made garment sector (2017 – present) |

| Country | Combined T&C Exports US$ (Billions) | | Main Government Agency/Department | Textiles and Clothing Industry Associations | Workers' Association | Selected ILO Development Cooperation Programmes |
|---|---|---|---|---|---|---|
| | 2012 | 2021 | | | | |
| Türkiye | 25 | 33 | Ministry of Trade | Turkish Textile Employers' Association; Turkish Clothing Manufacturers' Association (TGSD); Istanbul Apparel Exporters Association (iTKiB) | Textile, Knitting and Clothing Industry Workers' Union (Teksif) | Job creation and entrepreneurship opportunities for Syrians under temporary protection and host communities in Turkey (2018 – 2023);<br>More and better jobs for women (2019 – 2022) |
| United States of America | 19 | 19 | Department of Commerce (DOC), Office of the United States Trade Representative (USTR), Federal Trade Commission (FTC) | Many | UNITE HERE | |
| Pakistan | 12 | 17 | Ministry of Textile Industry (MINTEX) (2004) | Pakistan Ready-made Garments, Manufacturers & Exporters Association (PRGMEA) | Many | Better Work (2022 - present);<br>International labour and environmental standards application in Pakistan's SMEs (2016 – present) |
| Cambodia | 4 | 8 | Ministry of Economy & Finance (MEF) | Garment Manufacturers Association Cambodia (GMAC) | Many | Better Factories Cambodia - BFC (2001 - present) |
| Jordan | 1.1 | 1.9 | Ministry of Industry (MIT) | JCI (2005), JGATE, Syndicate | JTGCU | Better Work - BWJ (2008) |

[1] Textiles and clothing figures are estimated for 2021. [2] Textiles figures are estimated for 2021. Source: World Trade Organization. (2022). *Merchandise exports by product group - annual.* https://stats.wto.org/

### ▶ Table 5. TCLF-specific industrial policies and strategies

| Country | Name | Segments | Strategy Duration | Status | Previous Strategies |
|---|---|---|---|---|---|
| Viet Nam | Development Strategy for Viet Nam's Textiles and Clothing, Leather & Footwear Industries to 2030, Vision to 2035 | Apparel, Textiles, Leather, Footwear | 10 years | Development (1 year+) | 2000-2010 [1]; 2010-2020 [2] |
| Cambodia | Garment, Footwear and Travel Goods Sector Development Strategy, 2022-27 | Apparel, Textiles, Footwear, Travel Goods | 5 years | Launched March 2022; 5 years; started in 2016/17 | No [3] |
| Jordan | Economic Modernization Vision, 2022-33 | Apparel, Textiles | 10 years | Released (June 2022); 3+ years development | No |
| India | National Textile Policy & Action Plan for Textiles & Apparel | Fibres, Textiles, Apparel | 5 years | Drafting (Feb. 2020) | 1985; 2000; 2007-12; 2012-17; 2016-24 |
| Pakistan | Textiles & Apparel Policy, 2020-25 | Fibres (cotton), Textiles, Apparel | 5 years | Launched (2022) | Textile Vision 2005;<br>2009-14; 2014-19 |

[1] Development strategy of Viet Nam's T&G Industry until 2015, Vision to 2020 (PM Decision No. 36/2008/QD-TTg approved 10 March 2008). [2] Development planning of Viet Nam's T&G industry to 2020, with Vision to 2030 (MOIT Decision No. 3218/QD-BCT approved 11 April 2014). Master plan on development of Viet Nam's leather & footwear industry to 2020, Vision to 2025 (MOIT Decision No. 6209/QD-BCT approved 25 November 2010). [3] Cambodia developed a strategy in 2005 related to the MFA phase-out, but it was not implemented. Sources: Previous strategies (Frederick & Staritz, 2012), Viet Nam (MOIT, 2021), Jordan (GoJ, 2022).

**Box 8. The four pillars of the ILO Decent Work Agenda**

In 1999, the ILO adopted four strategic objectives which guide its actions: fundamental principles and rights at work, employment creation, social protection and social dialogue. In addition, gender equality and non-discrimination constitute a cross-cutting theme. As stated in the Social Justice Declaration [1], these objectives underpin the ILO Decent Work Agenda to promote decent and productive work for women and men in conditions of freedom, equity, security and human dignity.

| Fundamental principles and rights at work | Employment creation | Social protection | Social dialogue |
|---|---|---|---|
| Affirming obligations that are inherent to all member States regarding: (i) freedom of association and the effective recognition of the right to collective bargaining; (ii) elimination of all forms of forced and compulsory labour; (iii) effective abolition of child labour; (iv) elimination of discrimination in respect of employment and occupation; and (v) a safe and healthy working environment. [2] | Ensuring full and productive employment by creating an enabling environment for enterprise and promoting lifelong skills and learning. | Achieving and maintaining access to adequate levels of social protection guided by international social security standards. | Furthering effective and inclusive social dialogue at all levels between representatives of governments, employers and workers. |
| **Gender equality and non-discrimination** | | | |
| Promoting gender equality across each of the four strategic objectives to guarantee equal opportunities for women and men to obtain decent work, and eliminating discrimination based on gender, race, ethnicity, indigenous identity, disability, sexual orientation and gender identity. | | | |

[1] ILO Declaration on Social Justice for a Fair Globalization (Social Justice Declaration). Available at https://www.ilo.org/resource/ilo-declaration-social-justice-fair-globalization. [2] ILO Declaration on Fundamental Principles and Rights at Work.

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The International Labour Organization is the United Nations agency for the world of work. We bring together governments, employers and workers to improve the working lives of all people, driving a human-centred approach to the future of work through employment creation, rights at work, social protection and social dialogue.


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