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GLOBAL CLOTHING BRANDS REVERSE THEIR DECISION TO WITHHOLD 20 BILLION DOLLARS FROM SUPPLIERS

25 large global clothing manufacturing brands committed to paying their suppliers in full for the orders they canceled during the pandemic.

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When large brands do not pay their suppliers, it can wreak financial havoc on the latter, given the upfront costs they assume to produce the clothing. This translates into job losses or job insecurity for the millions of factory workers in low- to middle-income countries, who end up suffering the greatest economic consequences. It is estimated that, at the beginning of the pandemic, clothing brands refused to pay 40 billion dollars to suppliers for orders that they had already fulfilled. Today, this amount has been reduced to 20 billion dollars. The Worker Rights Consortium (WRC) and Remake, both supported by the Response and Vision Fund (RVF), obtained commitments from 25 global clothing brands to pay for their orders in full. Six of these commitments (totaling several billion dollars) were obtained during the period that RVF supported these two organizations.

Why does Fundación Avina support this initiative?

This initiative was supported by the Response and Vision Fund, which was launched during the pandemic as part of the FORGE alliance. Fund partners include the Ford Foundation, Fundación Avina, Humanity United, Laudes Foundation, Omidyar Network, Open Society Foundations, SAGE Fund, True Costs Initiative, Wellspring Philanthropic Fund, and Wallace Global Fund. The fund supports civil society organizations, community-based organizations, worker groups, and social movements that work with the populations and communities who suffer the greatest economic consequences of the COVID-19 pandemic, while at the same time promoting systemic change so that the global economy moves in a more just and sustainable direction.

What did Fundación Avina and its allies do?

Fundación Avina is committed to pursuing systemic transformation of the global

economy that strengthens the global South. Therefore, we took on the role of administrator of the Response and Vision Fund, which is the FORGE alliance's COVID-19 rapid response initiative. We helped co-design the fund (objectives, evaluation criteria, and selection) and oversee its operations, managed the grant portfolio, engaged in dialogue and built trust with allies, and developed and implemented the learning, monitoring, and evaluation plan. This collaborative fund was key to transferring power to textile industry workers, one of the groups most affected by the COVID-19 pandemic due to their vulnerable position in the global economic system.

Impact Achieved

Quality of Life.

The payment agreements made it possible for textile factories to retain workers in their jobs.

Networks for Replication, Education, and Learning.

The commitments obtained from clothing companies can be replicated in other countries, and the systematized learnings can inspire new types of agreements.

Markets.

The agreements directly impact the market because, by redirecting 20 billion dollars to suppliers for canceled orders, they can reverse a negative externality arising from the pandemic.

Changes in the Balance of Power.

The initiative managed to reverse an asymmetry that harmed the weakest link in the clothing manufacturing industry's production chain.

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— *Those whose rights are under constant threat turned out to be the most vulnerable and particularly susceptible to the impacts of the pandemic. Only by ensuring their capacity to exercise power were we able to modify some of the structural imbalances that the crisis has exacerbated in the global South. These innovative initiatives are addressing challenges related to COVID-19 while dismantling unjust systems at the same time. Through collaboration, the Response and Vision Fund aims to amplify voices from some of these promising initiatives led by the global South."*

Florencia Iacopetti, Fundación Avina

"First of all, we must act now because clothing manufacturing workers are on the brink of starvation and time is of the essence. Our current work through the PayUp campaign is critical for holding brands accountable for their canceled orders, ensuring that wages are paid, and using leverage to release funds from public institutions. Secondly, the most essential workers in the fashion industry are getting sick. Clothing manufacturing workers are becoming more and more vulnerable, due to job loss, increasing COVID-19 infection rates, and lack of access to medical attention or severance pay."

Ayesha Barenblat, Founder & CEO of Remake

"Our goal is to guarantee that clothing manufacturing workers' means of survival and their ability to exercise their rights are protected during this crisis. We will help ensure that workers continue to be paid so they can keep taking care of themselves

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and their families. We will help make sure that workers are issued PPE, that necessary protective measures are in place so they can work safely, and that their other rights are guaranteed, including the right to organize. Finally, we will work to achieve structural changes in the clothing manufacturing industry so that risks and costs are distributed more equitably between brands, suppliers, and workers."

Liana Foxvog, Crisis Response Director, Worker Rights Consortium

Impact on Fundación Avina's Strategic Pillars

Just and Regenerative Economy
Democratic Innovation

Impact on the Sustainable Development Goals (SDGs)



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Impact in Numbers

1,000,000

**people directly impacted
by improved goods and services**

4,000,000

people
indirectly
impacted

Based on the fact that labor accounts for about **12%** of the total operating costs of a clothing factory, we estimate that the portion of the restored orders that corresponds to wages comes to **2.4 billion dollars**. This represents one year's wages for approximately one million clothing manufacturing workers.

Impact on the Components of the Collaborative Process

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 <p>Relevance</p>	<p>Clothing industry workers were one of the groups most affected by the economic crisis caused by the pandemic. Thousands of workers suffered from the cancellation and lack of payment of purchase orders that they had received several months prior.</p>
 <p>Tipping Point</p>	<p>The workers had fulfilled their obligations, but they were at a disadvantage when it came to standing up for their right to be paid by global clothing companies.</p>
 <p>Scalability</p>	<p>Remake's <i>PayUp</i> campaign has laid the foundation for guaranteeing that the labor rights of clothing workers around the world be upheld.</p>
 <p>Collaboration Deficit</p>	<p>Workers did not have a strategy nor the means to bring visibility to the way their rights were being violated.</p>
 <p>Social Capital</p>	<p>This outcome was possible thanks to the mobilization of worker groups, civil society organizations, the philanthropy sector, and academic institutions.</p>
 <p>Unifying Vision</p>	<p>To increase the recognition and exercise of the social and labor rights of clothing industry workers, as well as achieve structural reforms in the industry so that risks and costs are distributed more equitably between brands, suppliers, and workers.</p>
 <p>Shared Action Agendas</p>	<p>To protect clothing manufacturing workers' rights by ensuring the fulfillment of the commitments made by large global clothing brands to their suppliers.</p>
 <p>Innovation</p>	<p>The <i>PayUp</i> campaign brought global visibility to the large clothing brands' refusal to pay their obligations during the pandemic.</p>
 <p>Incidence</p>	<p>Thanks to this initiative, 25 large global clothing manufacturing brands were persuaded to pay in full for the orders they canceled during the pandemic, recovering 20 billion dollars for suppliers.</p>