

Report

“Follow-up Dialogue to G7-Declaration ‘Action for Fair Production’”

BMZ, Berlin

26th April 2016

Summary

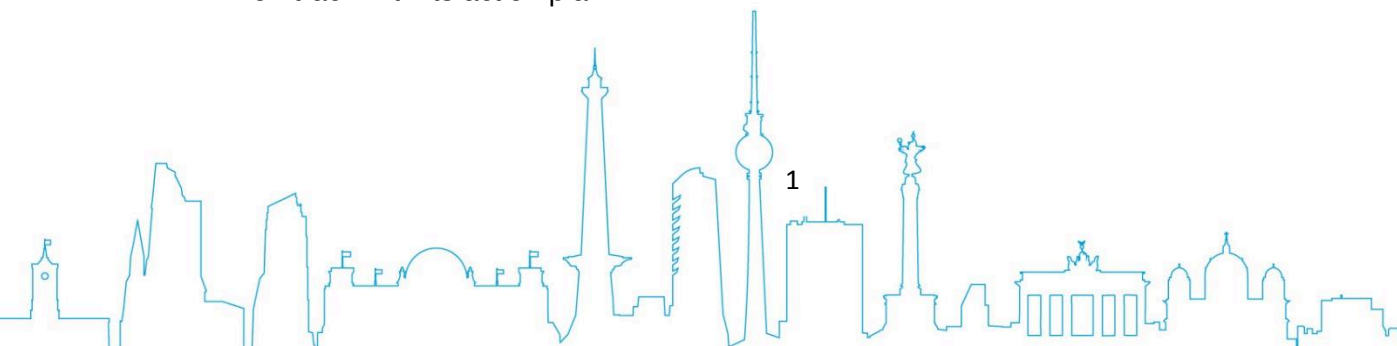
On 26th April, more than 80 representatives from politics, business and civil society came together to discuss challenges and opportunities for collaborative action towards sustainable global supply chains. This important, multi-sectoral event, “Follow-up Dialogue to G7-Declaration ‘Action for Fair Production’”, was jointly organised by The Consumer Goods Forum (CGF) and the German Federal Ministry for Economic Cooperation and Development (BMZ).

In 2015, under the German G7 presidency, the G7 ministers for labour and development cooperation adopted the declaration “Action for Fair Production”. In the declaration they call for stronger cooperation of all stakeholders to make global supply chains more sustainable. The Board of the Consumer Goods Forum had sent a letter to the German Chancellor Angela Merkel in 2015 to express the industry’s support to work together on improving human rights and labour conditions in global supply chains. The BMZ and CGF, therefore, joined forces to deepen this dialogue, help implement the G7 agenda and identify success factors for public-private collaboration.

The event aimed at promoting dialogue between the private sector and governments on how to make global supply chains more sustainable. In the discussions, participants exchanged experiences and views on capacity building approaches, collaborations in multi-stakeholder fora and the nexus of voluntary company commitments and state legislation. A key question all sessions addressed was on how to define success factors for successful collaboration and potential areas to make future cooperation more efficient.

Participants agreed that in order to implement the ambitious goals of the declaration, collaboration among different actors and stakeholders will be key. During the event, the following success factors for collaboration were identified:

- Select the most appropriate forms of collaboration depending on the problem that should be tackled;
- Build on existing efforts and tools for more efficiency and to avoid duplication;
- Gain alignment and coordination between existing initiatives at a national and international level to avoid duplication of efforts and to send a common message to the market;
- Find smart ways to combine private engagement and tools with public regulatory approaches (“smart mix”);
- Define a concrete added value for all actors involved;
- Provide clear focus, goals and key performance indicators (KPIs);
- Take time to build trust between actors;
- Clarify roles and processes and set-up concrete action plans;
- Share successes: frontrunners help to showcase success (best practises) and can act as a source of inspiration;
- Be agile, flexible and able to adapt to a changing environment;
- Measure and report on initiative’s progress and results, and make sure the collaboration is on track with its action plan.



Presentations, Discussion and Key Takeaways

Panel Discussion: “G7 Action for Fair Production – Where do we stand?”

Helmut Fischer (BMZ, Head of Division Sustainability Standards)

Sebastian Künzel (BMAS, Advisor G7/G20 Policies, Vision Zero Fund),

Véronique Discours-Buhot (CGF, Director of the Global Food Safety Initiative GFSI),

David Schilling (ICCR Interfaith Center on Corporate Responsibility, Senior Program Director Human Rights & Resources)

The four panellists presented how their organisation or stakeholder group they represent is already acting for sustainable global supply chains.

Helmut Fischer and Véronique Discours-Buhot stressed the importance of multi-stakeholder initiatives (MSI) in tackling the complex challenges of global supply chains. The BMZ initiated the German Partnership for Sustainable Textiles, which brings together relevant stakeholder groups in the German textile sector. Helmut Fischer suggested that such initiatives could act as a blueprint for other sectors. Véronique Discours-Buhot highlighted the efforts of the Global Social Compliance Programme (GSCP), where companies effectively work together with civil society and trade unions, despite their, at times, conflicting interests.

Sebastian Künzel introduced the Vision Zero Fund of the BMAS. This fund has been initiated in the course of the G7 summit in 2015 and is currently in its pilot phase. The fund aims to improve occupational health and safety (OHS), an area which is highly dependent on the cooperation of different institutions and actors.

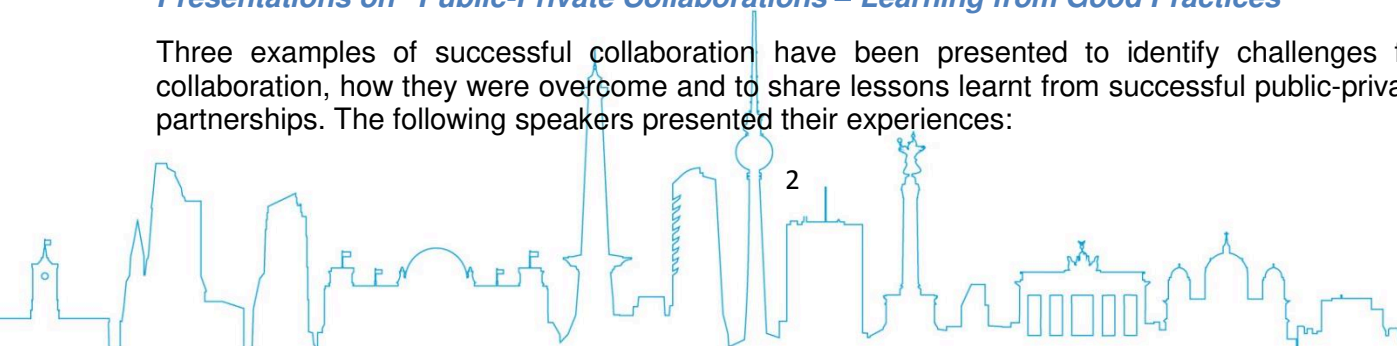
David Schilling emphasised that investors are taking sustainability aspects into stronger consideration. The ICCR tries to align the sustainability goals of investors and strategies to reach them. In his experience, ambitious goals alone do not suffice: coordinated implementation is necessary.

In the subsequent discussion, panellists and audience highlighted the following aspects:

- **All stakeholders should focus on how best to fulfil their respective roles:** Civil society actors assume the important role of pushing businesses and governments to action. Multi-national enterprises have the capacity to think and act globally. They should take a leading role in implementing sustainability requirements in their supply chains. National governments should better coordinate their policies and actively engage with companies and stakeholders. The media are an important actor to improve transparency and trust between stakeholders. Their work should be based on accurate and reliable information about the actions of companies and the challenges they face in complex supply chains.
- **Declarations of intent are not sufficient. Concrete plans of implementation and institutions that are responsible for monitoring progress are needed to ensure success.** The OECD and its National Contact Points have an important role to play in this respect. Participants stressed that it is important that the topic of sustainable supply chains continues to stay on the agenda of high-level mechanisms, such as the G20, for a truly global dialogue.

Presentations on “Public-Private Collaborations – Learning from Good Practices”

Three examples of successful collaboration have been presented to identify challenges for collaboration, how they were overcome and to share lessons learnt from successful public-private partnerships. The following speakers presented their experiences:



Michael Dickstein (Heineken, Director Global Sustainable Development)

Beate Weiskopf (GISCO German Initiative for Sustainable Cocoa)

Bas van den Brink (IDH, The Floriculture Sustainability Initiative FSI)

Heineken has teamed up with the UN Industrial Development Organisation (UNIDO) to improve water consumption in the Heineken supply chain. The goal of the joint project is to reduce water consumption by 30% by 2020, source 60% of raw materials locally and advance renewable energy in Africa. Heineken is currently assessing the potential for cooperation with local actors and initiatives.

The German Initiative for Sustainable Cocoa (GISCO) is a forum for the private sector, civil society and government institutions to improve both productivity and livelihoods of cocoa farmers. The initiative represents 10% of global cocoa demand. GISCO runs a project for capacity building of smallholders in Ivory Coast, which is jointly financed by the private sector and the German and Ivorian governments. Its main success factors are the active involvement of all important stakeholders, the strong involvement of the German and Ivorian governments and a clear focus on key challenges in the cocoa supply chain.

The Floriculture Sustainability Initiative (FSI) brings together retailers and certified producers of sustainable flowers. The goal by 2020 is to have 90% of flowers and pot plants that are traded by FSI members to be from responsible sources. Wherever possible, FSI collaborates with other organisations to use already existing tools. For example, the benchmarking of sustainability standards for social requirements is provided by the GSCP Equivalence Process. Key factors for success are the focus on front-runners of the sector, to set ambitious goals and to measure them as well as a forward-looking approach to keep the initiative moving.

Persistent challenges encountered by MSIs are the different speeds of decision making and readiness for implementation between stakeholders, as well as the tendency to develop new standards and certificates instead of using and optimising existing ones. Also, instruments to monitor and report on progress toward reaching sustainability goals are lacking and need to be developed. An overarching success factor across all three examples was the need to build trust amongst different actors – a process that might require time but is crucial for success.

Breakout Sessions

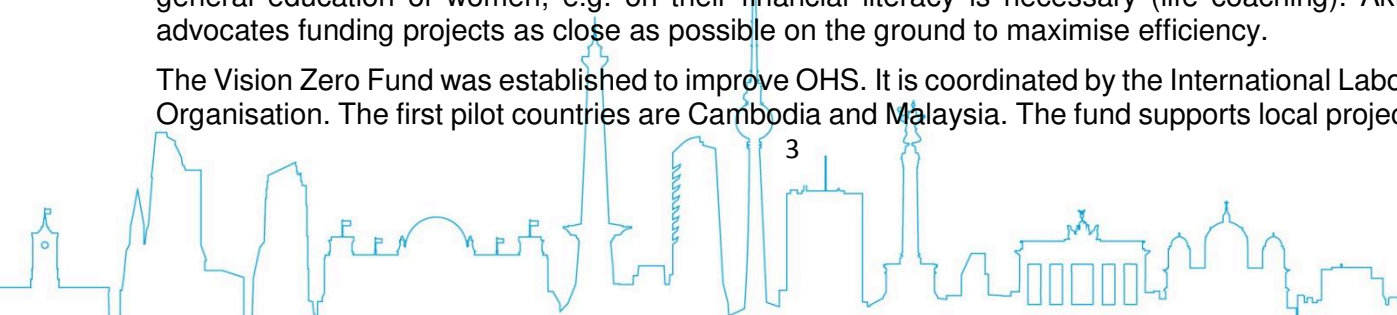
Participants split into three breakout groups to discuss the topics “Capacity Building: Co-Creating Impact on the Ground”, “Voluntary Company Commitments vs Legislation” and “Multi-Stakeholder Fora: Bringing Everyone on Board?”.

Capacity Building: Co-Creating Impact on the Ground

The experts for this session were Nazma Akter, labour activist and trade unionist in Bangladesh, and Sebastian Künzel, BMAS advisor working for the Vision Zero Fund.

Nazma Akter began work in a garment factory as a child and quickly engaged in the promotion of workers' rights. She pointed out that workers should not only be educated on their rights, but also their responsibilities as employees. This helps to start trustful communication structures between management and workforce. In her experience, occupational health and safety (OHS) issues are a good starting point for the dialogue. Questions around wage and working hours can be addressed more easily once a dialogue on less conflicting issues has been established. Her work, however, is not only restricted to rights and responsibilities in the work place context. She emphasised that general education of women, e.g. on their financial literacy is necessary (life coaching). Akter advocates funding projects as close as possible on the ground to maximise efficiency.

The Vision Zero Fund was established to improve OHS. It is coordinated by the International Labour Organisation. The first pilot countries are Cambodia and Malaysia. The fund supports local projects



that foster collective action of government bodies, trade unions and companies. An intermediate goal is to strengthen, or even create, local institutions that lead to sustained action on social issues. The focus on OHS is limiting but it can serve as an entry point for other social improvement issues.

Key takeaways:

- There is great need to share proven and reliable practises and methods in capacity building amongst stakeholders.
- Capacity building should not only educate workers in their rights, but also enable them to negotiate, cooperate and communicate with management and improve their livelihoods.
- Improving the working and living conditions of workers is a prerequisite for effective capacity building.
- Capacity building should be based on professional expertise and try to incorporate insights of research. Participants proposed that the Vision Zero Found should engage with academia.

Voluntary Company Commitments vs. (?) Legislation

Franziska Humbert (Oxfam), Jens Nagel (AVE - Foreign Trade Association of German Retail Trade) and Marjan Schippers (Dutch Ministry of Foreign Affairs) discussed the nexus of voluntary company commitments and state legislation.

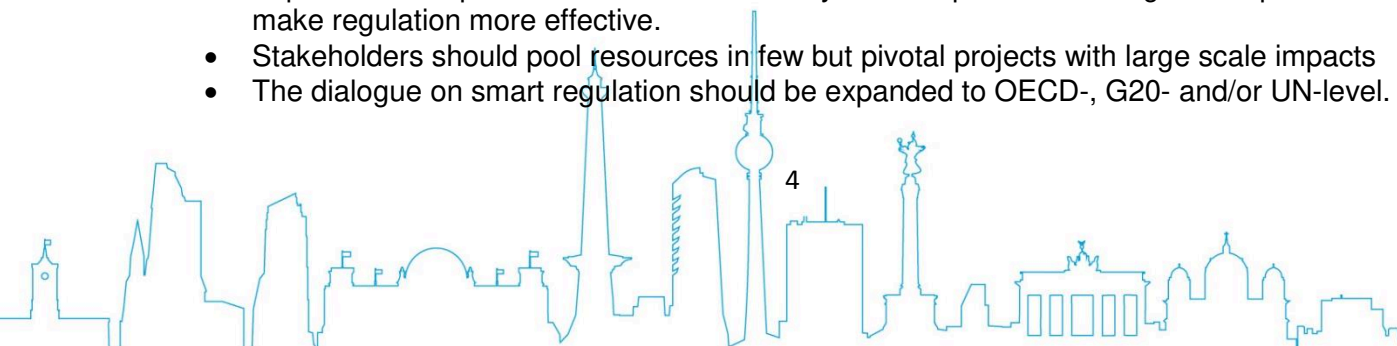
Franziska Humbert recognises private initiatives as a first step towards mandatory regulation. For example, the shape of CSR and sustainability reports have in part resulted from voluntary company practises before they had been cast into legislative form. This interplay of private and governmental initiatives should be further encouraged, such as in the reporting of “due diligence” of companies in their global supply chains. Government actors should support private voluntary initiatives and consider actively participating. According to Franziska Humbert, many initiatives have, however, failed to deliver the sustainability improvements they had aimed for.

Jens Nagel shares the concern that most initiatives have failed to provide significant impact on the ground. The members of AVE are confronted with an ever-growing number of initiatives, certificates and regulations, impeding effective implementation. He demands better coordination and coherence of government policies. Voluntary commitments are an efficient instrument to improve sustainability. In his view, developing countries need support to adapt their national policies to global challenges and requirements. Most problems that arise in implementation are due to corrupt or unreliable government bodies. This also highlights the relevance of private-sector approaches to remain independent from government intervention.

Marjan Schippers appreciates the increasingly pro-active role of the private sector. Voluntary initiatives are particularly important to inform state legislation and prevent ineffective regulation. In the long term a “smart mix” of voluntary company commitments and government legislation is necessary. She considers international guidelines, such as those developed by the OECD, to be an essential basis for future initiatives.

Key takeaways:

- Private initiatives and government regulation have to be coordinated and aligned (“smart mix”).
- National legislative initiatives can serve as a “laboratory” but should be brought on European or international level in order to avoid duplication of efforts.
- Experiences of private sector initiatives may be incorporated into legislative processes to make regulation more effective.
- Stakeholders should pool resources in few but pivotal projects with large scale impacts
- The dialogue on smart regulation should be expanded to OECD-, G20- and/or UN-level.



Multi-Stakeholder Fora: Bringing Everyone on Board?

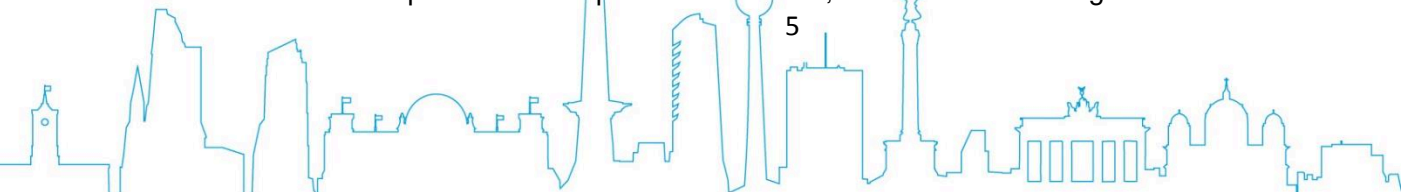
Annette Pensel of the Global Coffee Platform and Jürgen Janssen of the German Partnership for Sustainable Textiles presented their respective initiatives. The discussion of their experiences resulted in an elaborated picture of the up- and down-sides of multi-stakeholder fora. A prerequisite for a successful forum is a topic that is relevant for *all* members. Only then is there an overlap in interests and a win-win situation that leads to success. The ensuing dialogue is needed to establish trust among actors in the sector. Any forum needs to be given enough time and provide good moderation to unfold. Actors within and outside the initiative can and should profit from the experiences and learning processes that are being made. Given a sufficient diversity of its members and good governance structures, multi-stakeholder fora can be an effective tool to implement sustainability processes on the ground. However, the efficiency of such initiatives should not be taken for granted. Problems can be too complex, or national approaches inadequate. Initiatives might also have to be taken on a European rather than national level in order to create a level-playing field. Initiatives need to be able to adapt to a changing environment and allow for flexibility to re-invent themselves or close down if the actors do not see clear benefits anymore. The important question that every MSI needs to be clear on is: Where is our added value?

Key takeaways:

- Multi-stakeholder fora are not a “quick-fix” or a PR instrument. Initiatives need time to evolve. They need to address an issue that the private sector or governments cannot tackle alone.
- Partnerships should focus on few pivotal goals that are relevant and realistic to achieve by all actors. The goals, their strategies and timeframes for accomplishment have to be transparent.
- The membership structure should be balanced and diverse.
- The need of resources for a sufficiently long time frame should not be underestimated.
- The mechanisms of communication and conflict management should find a balance between consensus and leadership depending on the issue. Consensus for every decision has the potential to block the initiative.
- Experiences should be made available for other initiatives and governments to improve future projects and legislation.

Wrap-up

Concluding the conference, the two hosts Didier Bergeret (CGF) and Helmut Fischer (BMZ) discussed the most important results and pathways for future cooperation. Didier Bergeret emphasised that the G7 process needs to continue and also feed into the G20 process and therefore include more countries. Such high-level fora help to keep the momentum going and reinforce the importance of the issue of sustainable supply chains. Didier Bergeret highlighted the need to focus in order to deliver tangible results, as recently demonstrated by the CEOs of the CGF Board, who launched an industry resolution to fight forced labour, and call for joint action together with governments and other key stakeholders to tackle this important issue. He also suggested monitoring results and reporting on the progress of the actions. According to Didier Bergeret, this transparency is important to show civil society and the consumer that the declaration moves from paper to implementation and concrete results are achieved to make global supply chains more sustainable. Helmut Fischer added that it is essential for all stakeholders to respect each other as partners and not opponents. In multi-stakeholder fora and public-private partnerships it is also crucial to manage expectations. He also stressed that learnings should be transferred across sectors. Both hosts emphasised the significance of an intelligent coordination of private and government regulation (“smart mix”). Company commitments and legislation can complement each other. Now it is important to keep the momentum, reinforce the dialogue between businesses,



governments and stakeholders and work together to achieve the ambitious goals of the G7 Declaration “Action for Fair Production”.

