



MFA Forum Strategy Meeting

5th - 6th September 2006

London, United Kingdom

DRAFT

Action Report

September 2006

The MFA Forum



General Background

Established in the first quarter of 2004, the MFA Forum is comprised of more than 30 collaborative, open networks of brands/retailers, trade unions, NGOs and multi-lateral institutions¹. The Forum converges around a set of overarching principles to guide actions of individual actors and collaborative initiatives, which are laid out in the '*Collaborative Framework for Guiding Post-MFA Actions*' (MFA Forum March 2005)² The *Collaborative Framework* outlines roles and responsibilities for buyers, manufacturers, exporting governments, importing governments, non-governmental organisations, trade unions, and international institutions to ease the transition to post-MFA and build strategies for a responsible and competitive global garment industry with a purpose of mitigating negative social consequences of sector restructuring on workers and communities. To date, the role of the MFA Forum has been to catalyse, facilitate, and convene collaborative efforts for sustaining the textile and garments industry worldwide post-MFA.

In a May 2005 MFA Forum meeting, the participants mandated engagement at the country level on the basis of ensuring efforts are or lead to 'home owned' and 'home grown' actions. This work has also been guided by the principles outlined in the '*Collaborative Framework*'. The MFA Forum's in-country engagements are designed to root activities in-country and work to strengthen and add value to the activities already taking place. The initial country focus has been within Bangladesh and Lesotho. The Forum now has a regional working group on the Americas and has initiated exploratory engagements in the Dominican Republic and Morocco.

The MFA Forum has published four research reports along with the *Collaborative Framework* that map out likely impacts of the end of the MFA on garment industries and workers in vulnerable countries; explores the view of buyers regarding the then upcoming changes in the industry; presents what could be learned from previous experiences of labour market adjustment; and finally presents labour adjustment predictions after the end of the MFA. In addition, research was commissioned by

¹ For more information on the MFA Forum please go to <http://www.mfa-forum.net> All research publications, the Collaborative Framework and materials on in-country engagements can be found on the website.

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FIAS/World Bank, a participant of the Forum, in advance of the Lesotho engagement on particular issues facing the country's responsible competitiveness agenda. These three reports were presented at the May 16-17th conference in Lesotho, "Destination Lesotho: On the Road to Responsible Competitiveness"³.

Background to the MFA Forum Strategy Meeting

At the January 2006 strategy and planning meeting, it was decided that the MFA Forum, as a whole, would meet biannually to decide policy and strategy. Thus this meeting provided the opportunity for more than sixty participants representing governments, industry associations, international buyers and retailers, non-governmental organisations (NGOs), trade unions, and international institutions and donor agencies to convene. Notably, delegations from Bangladesh and Lesotho were in attendance.

The primary purpose of this meeting was for the The MFA Forum to review the progress it has made in the past 15 months of in-country activities and discuss key policy and strategy decisions for the Forum as a whole. The core aim of the meeting was to identify how the Forum can move forward to become more sustainable and accountable by defining success and opportunities for valued-added engagement at the international and local level.

In addition, the London meeting featured a half-day public seminar; **"Sustaining decent work in the textile & garments sector in the face of increased global competition."** The public seminar provided a forum for an informed debate about responsible competition in the global garments industry, with a focus on the Bangladesh Ready-Made Garments sector. An esteemed delegation representing Bangladesh industry (BGMEA, BKMEA, and BEPZA), government, trade unions, and NGOs discussed the work that has been done in the last year with the international MFA Forum to improve working conditions and competitiveness in the industry. We would like to thank DFID Bangladesh and GTZ for sponsoring the MFA Forum's work in Bangladesh, and the public seminar. We would also like to thank USAID and Gap, Inc.

³ Conference report available on the MFA Forum website www.mfa-forum.net .

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for supporting the core work of the MFA Forum, including this strategy and planning meeting. We would like to thank Oxfam International for supporting trade union and NGO participation at the 2- day event. And finally, we would like to thank the Levi's Foundation for supporting the MFA Forum's learning agenda that provided funding for the two reports presented at the meeting and provided the basis of strategic discussions for the meeting's second day.

gtz

GTZ, the German Development Organisation, is an international co-operation enterprise for sustainable development with worldwide operations. All activities are geared to improving people's living conditions and prospects on a sustainable basis. www.gtz.de/en



DFID, The United Kingdom Department for International Development, is the part of the UK Government that manages Britain's aid to poor countries and works to get rid of extreme poverty. www.dfid.gov.uk



USAID, the United States Agency for International Development, is the government agency providing US economic and humanitarian assistance worldwide for more than 40 years. www.usaid.gov



Oxfam International, is a confederation of 12 organizations working together with over 3,000 partners in more than 100 countries to find lasting solutions to poverty, suffering and injustice. www.oxfam.org



The Levi Strauss Foundation (LSF) seeks to alleviate poverty on behalf of women and youth in communities around the world where our employees and our contractors' employees live and work. The foundation's grant making has supported innovative and risk-taking social change initiatives. <http://www.levistrauss.com/Citizenship/LeviStraussFoundation.aspx>

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Gap Inc. is one of the world's largest specialty retailers, with more than 3,000 stores and operates four of the most recognized apparel brands in the world – Gap, Banana Republic, Old Navy and Forth & Towne. Gap's social responsibility initiatives are reported in their Social Responsibility Report available online at http://www.gapinc.com/public/SocialResponsibility/sr_report.shtml.



Key Messages

This summary conference report outlines the main areas for development and action-planning for the MFA Forum going forward, as agreed by consensus by the participants. The conference provided an opportunity for an informed and lively debate, details of which are provided in the full conference report.

On the first day of the meeting the five working groups presented updates to the Forum on activities, key issues and decisions facing the working group. Details of these discussions are in the full conference report. The five working groups that presented are: the Bangladesh, Lesotho, and Morocco working groups, the Americas working group, and the Responsible Closures working group.

The second day began with a presentation of Peter Raynard's learning paper "Voices of MFA Participants," commissioned by the MFA Forum Secretariat.⁴ The paper was based on twenty-one interviews and outlines the progress, lessons and key areas for development for the Forum and its Secretariat. The Forum confirmed that the opinions presented accurately reflect the experience of the whole of the Forum, and accurately reflects the Forum's progress and current standing to date.

Eight key areas emerged through the paper and discussions throughout the day. These key areas are:

- 1) The process and number of in-country engagements the MFA Forum should be involved in;
- 2) How to support regional working groups;
- 3) Whether the MFA Forum should engage in the public policy arena and processes for engagement;
- 4) Participation;
- 5) A review of the governance structure;
- 6) The need to strengthen the Secretariat;
- 7) The resource model; and
- 8) Knowledge Leadership

⁴ "Voices of the MFA Forum Participants" is available on the MFA Forum website at www.mfa-forum.net



A summary of the discussions on each of these points are below.

1. In-Country Participation

A learning paper, “Implementation of In-country Work”, prepared by Sally Paxton and Chris Nupen on behalf of the MFA Forum Secretariat informed a debate on what the Forum has learned and how to improve the MFA Forum’s in-country engagements.⁵

The paper drew from Peter Raynard’s research, a teleconference with invited participants, and can be considered a reflection of the experience of the two authors.

The *Collaborative Framework* was identified as providing clear roles and responsibilities on an international level for Forum participants, but provides a limited basis for any in-country engagement due to lack of detail necessary for in-country work. A need to balance ‘lite’ governance with concrete results was identified as a challenge in doing this. Secondly a need to manage expectations of stakeholders by the MFA Forum was highlighted. Thirdly, the paper underscored the need for understanding the high level of commitment and work involved in making in-country engagements work.

The process outlined in the paper was largely agreed to be sufficient with certain reservations from the group regarding the placement of a permanent in-country resource person. This placement was felt to be dependent on the level of engagement the MFA Forum would have (i.e. with active engagement as the engagements with Lesotho and Bangladesh, this may be a necessity while the ‘light touch’ involvement of the Forum’s work in Morocco, it may not be necessary).

This also led to a discussion about the MFA Forum’s role as convenor versus implementer, which led to consensus that the Forum’s value-added role is as convenor and catalyst. Importantly the MFA Forum is not a development agency or implementation body, although the Forum may coordinate and utilize such participants. That outcome led to the recommendation that the Forum should also

⁵ “Implementation of In-country Work” is available on the MFA Forum website at www.mfa-forum.net.

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utilise the network and connections more, decentralising and outsourcing, in order to reduce constraints on resources at the Secretariat and to fully utilise the network.

Recommendations

Decisions relating to constituents and level of assistance and resource would be dependent on agreed work plans, in particular the appointment of an in-country 'coordinator'.

The group was cognisant of the impact on other existing in-country work, such as that of the ILO. There was strong desire to avoid duplication and replication of existing programmes. Thus it was agreed strategic decisions should be made after initial engagement or scoping visits, depending on local situations. Therefore, the MFA Forum should have the mandate and ability to instigate 'first level engagements' at an exploratory level without long-term commitment.

The MFA Forum agreed that the number of country engagements should not be limited to a particular number, but rather depends largely on available resources, interest by participants, and capacities.

2. Regional Working Groups

Engagement at the regional scale presents a new level of strategic intervention previously not considered by the MFA Forum, somewhere between the core in-country workings and the higher level of engagement with new actors and international learning. In January 2006 interested stakeholders from the Americas regional working group met to map the project, during which time it became apparent that the Americas presented a unique opportunity given the diversity within the region and industry coupled with strong geographic and economic links with the United States. Considering the various stakeholders experience within the Americas the working group suggested that the MFA Forum should consider selecting between one to three countries within the region where there is high potential for value-added engagement.

Concerns were raised that regional-level working groups lacked an element of local drivers for initiating MFA Forum involvement. This was discussed as presenting a

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challenge to the Forum's ethos of 'home-grown, home-owned' initiatives and whether it would challenge the role of the MFA Forum as a convenor and catalyst. Thus it was concluded that the MFA Forum's role should remain as a facilitator in engaging countries and stakeholders in dialogue, even at a regional level. And that, if the Forum worked at a regional level, a clear value-add would have to be present.

It was generally agreed by the Forum that regional work by the Forum could prove valuable, and a proposal for a sub-Saharan Africa regional working group was put forward to the group.

Recommendations

A clear outcome of the discussion was that there is an interest in continuing to work at the regional level however prior to in-country engagement the key role at this stage is seen as consolidating lessons learned from the MFA Forum's existing initiatives, from other initiatives in the region and initiatives that have failed within the region.

There was consensus that new research should not be a direct output from the MFA Forum rather the Forum should consolidate the research coming out of the Forum's participants and other institutions such as academics and research organisations. Such an approach was deemed appropriate for both multi-country engagement in the Americas and sub-Saharan Africa, particularly as research should consider cross-sector implications.

The group recognised that the regional context is problematic, due to the Forum's learning that government participation and buy-in is essential for successful engagement through the development of common platforms to aid participation. Thus the Forum is learning how to engage at a regional level and that these types of engagements will be dependent on the leadership and resource capabilities of the Forum and partners.

3. Public Policy

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Throughout the meetings it became evident that there is a growing appetite within the group to engage in trade policy issues, however it is currently unclear where or how it is appropriate for the MFA Forum to participate. It raises the broader issue of whether the Forum has a 'collective voice' given the diversity of participants and open participation.

It was agreed that trade policy issues are extremely relevant to the in-country work of Bangladesh and Lesotho, and for the regional work taking place in the Americas and potentially in sub-Saharan Africa. Thus going forward, the role of the MFA Forum needs to be clearly defined.

In addition, participants were interested in what this type of Forum could do 'beyond the MFA', as other countries not vulnerable to the MFA phase-out could benefit from this type of work, and other sectors.

Within Lesotho, a consensus was reached that the MFA Forum as a whole should not undertake advocacy or policy work rather facilitate the amplification of groups and brands already part of the Forum, that are lobbying or doing advocacy work, without the MFA Forum taking a trade policy position.

A consensus was reached that under no circumstance would the MFA Forum take on the form of an advocacy group. It should continue to bring players together in order to develop common understandings, delivering the Forum's key skills and competency as a facilitator instead of moving into new areas full of complexities which could potentially divide participants. It was decided that the MFA Forum, through the Secretariat, cannot make statements on behalf of the participants as a whole.

However, in order to make use of the leveraging affects of the Forum and its network of participants, it was agreed that the MFA Forum could make statements on behalf of Forum participants or constituents that publicly sign onto a statement. An example was given for how a statement can be made—the MFA Forum Bangladesh Buyers/Retailers group made a decision to write a letter to the government asking for a minimum wage review through official process. The MFA Forum, on behalf of the

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buyer/retailers, therefore submitted the letter signed by the buyers/retailers who were asking for this action.

Recommendations

It was agreed that under the current understanding there is little conflict of interest for participants. There is a possibility of developing a policies option which should be explored, however the MFA Forum should not become a specific proclaimer of policy.

4. Participation

The open participation currently exercised by the MFA Forum, as outlined in the *Collaborative Framework* was agreed to be a positive contributor to the Forum's success to date and it was agreed that this should be maintained. Questions were raised about the definition of open participation, even though the *Collaborative Framework* acts as guidance for the actions of the Forum and participants there have never been any attempts to formalise this commitment. The sustainability of such an arrangement was queried.

Thus suggestions were made to formalise commitment to the MFA Forum and *Collaborative Framework* in some way. In an attempt to maintain the loose nature of participation varying levels of rights and responsibilities were agreed to be a possible solution. For instance commitment to the framework affords participants certain rights whilst others who do not make a participant declaration simply hold observation status.

It was discussed that financial contributions could become a standard part of MFA Forum participation for company participants after a certain period of time, as a means of formalising commitment and addressing financial issues (as discussed below).

It was agreed that there is a need to enable in-country participation considering the value-added of current in-country participants from Bangladesh and Lesotho who have grounded the discussions in different ways.

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A suggestion to present the MFA Forum as a “Forum for Innovation” encouraging learning and knowledge sharing to encourage participation from other brands and buyers along with participation from academia, trade unions and government, was well received by the group.

Recommendations

The Secretariat should reach out to participants to get a ‘statement of declaration’ by participants of the Forum to firm up commitment and identify what level of participation different actors and organisations will engage. A call was made for more feedback from new participants as to their desired level of participation. A consensus was reached that the attraction of top-level players, particularly buyers, was key to the development of the Forum in the future.

5. Governance

Currently the Executive Committee of the MFA Forum is primarily focused on the implementation of the MFA Forum’s policy and strategy decisions whilst finances are managed by the Secretariat. Discussions focused on the possibility and necessity of expanding the responsibilities of the Executive Committee to include financial oversight in order to make the Secretariat and EC more accountable. However, because the MFA Forum is not a legal entity but the Secretariat resides within AccountAbility, fiduciary responsibility would continue to lie with the Secretariat and AccountAbility.

At present the Executive Committee comprises of representatives from companies, non-governmental organizations, a trade union representative, an international intergovernmental organisation and a multi-stakeholder initiative. The suggestion to include in-country representatives was discussed by the group and questions were raised about how representation would be decided, and how to negotiate the representation of other stakeholders.

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The Executive Committee is due to be reviewed at the end of year 2006, as established at the January meeting. The Forum agreed to maintain the current structure and timetable for review.

The possibility of producing an annual report to act as a communication and information tool was also discussed however the group agreed that such a time and labour intensive task is beyond the current capabilities of the Secretariat and provides little return for the efforts.

A consensus was reached regarding the need to strengthen reporting and communication links especially across country and within in-country working groups to ensure well-informed and correctly sequenced decision-making as part of the MFA Forum duty of care to participants.

Recommendations

The discussion led to the consensus that within the next two to three months in-country representatives from Lesotho and Bangladesh would be invited to participate as observers on the Executive Committee. In parallel to this, the Secretariat will progress a paper on the MFA Forum governance and Executive Committee, addressing the issues of wider participation for circulation within the Forum. The outcome of this paper and consultation can then influence the renewal of the Executive Committee at the end of 2006 and future next steps regarding financial oversight.

6. Secretariat

It was noted that at the moment the expectations on the Secretariat exceed the capabilities and resources available, thus improvement of the Secretariat is essential to prosperous future development as the current situation is unsustainable. Particularly given the desire to maintain open participation. This raises issues regarding the finances and participant contribution to the maintenance of the Forum.

Decisions relating to the future of the Executive Committee, Participation and Resourcing will therefore be significant in determining the future role of the

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Secretariat. In addition, it will be important for all participants to take part in supporting the fundraising activities of the Forum.

Recommendations

The Forum agreed that strengthening the role and resources for secretariat should be an area of priority with an emphasis to shifting work, where appropriate, to other MFA Forum partners. It was agreed that the experience of other multi-stakeholder initiatives should be reviewed in the consideration of possible formats. The production of a business plan would enable the Forum and its participants to fundraise and plan for future activities and therefore resource needs.

7. Resourcing

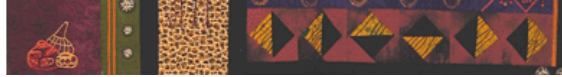
Throughout the meeting it became clear that underpinning the development of the MFA Forum and the successful implementation of projects, the resolution of resourcing needs is a priority.

The mobilisation and leveraging participant voices, including local stakeholders, was identified as a currently under-utilised resource in terms of garnering support from key donor agencies. In particular with regard to core in-country MFA Forum work the group agreed that local stakeholders could provide the leverage needed to secure funding.

As noted previously direct financial participation, with a lead from the business community, could be essential to the successful maintenance and expansion of the MFA Forum considering the emphasis on open participation. Importantly, financial contributions would not take the form of membership fees nor would it be mandatory. Rather, financial contributions should be considered depending on the capacity of the participant and characteristics of involvement.

Recommendations

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It was agreed that multi-stakeholder initiatives such as BSR and ETI are well placed to recruit new members and this should be actively pursued. Similarly the potential exploration of seeking contributions from other caucuses should be seriously considered.

8. Knowledge Leadership

A consensus was reached that the value-added role of the MFA Forum is in convening and facilitating the engagement of stakeholders, whether that be at the international, regional or local level. Thus there was a strong indication from the group that MFA Forum resources should not be heavily invested in engaging in new research rather the Forum should seek to consolidate existing learnings and research. This includes work within the MFA Forum and the utilization of learning from other multi-stakeholder initiatives. It was discussed that the MFA Forum should be capturing and communicating its own learning in a systematic way.

Recommendations

It was recommended that systematic learning processes are needed to understand the learning taking place in the Forum, to enable learning across the working groups and to the public at large. This would also help to identify what participant's needs are and should be consolidated with current learnings as part of the Forum's communications model.

Next Steps

From the eight key areas identified above, the following next steps are the concrete actions to be initiated following the meeting:

- The Secretariat will seek to put out "Implementation of In-country Work" learning paper as an operational paper;
- ILO to circulate a proposal for Romania;

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- Circulation of a proposal for a sub-Saharan Africa discussion and next steps for a working group;
- Make sure resources are available for participants to make ‘first level engagements’;
- Build a Business Plan for the MFA Forum: Secretariat will work with the Executive Committee and possible other interested parties, on its development and input;
- The Secretariat will reach out to participants from now forward for how they can participate in fundraising and/or for financial contributions.
- The Secretariat will submit proposals, with the help of the Forum participants, for the necessary resources needed to support the Core based on the business plan.
- Develop a methodology for capturing learning that can be communicated to participants;
- Invite Lesotho and Bangladesh observers on the Executive Committee teleconferences;
- Progression of a paper by the Secretariat on MFA Forum governance and the Executive Committee, addressing the issues of wider participation for circulation within the Forum.