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► Multilateral approaches to global supply chains

2019 Update





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Malte Drewes

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Abstract

This paper is an update of the 2016 International Labour Organization (ILO) Working Paper [Multilateral Approaches to Global Supply Chains](#). The original paper served as an input for the 2016 International Labour Conference discussion on decent work in global supply chains. Regular updates of this document are foreseen under the ILO's [roadmap and programme of action](#) on decent work in global supply chains of 2017-2021. The current version, which covers 2016 to 2019, also served as an input for the ILO background report for the [Technical Meeting on Achieving Decent Work in Global Supply Chains](#) held February 25-28, 2020.

This update reviews several different organizations' approaches, guidelines and standards, as well as select research and technical cooperation programmes related to global supply chains.

Key words:

Global supply chains, global value chains, multilateral supply chain governance, due diligence, decent work in global supply chains, standards, trade, supply chain development

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Acronyms and Abbreviations

AfDB	African Development Bank
APEC	Asia Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ARTNeT	Asia-Pacific Research and Training Network on Trade
BSR	Business for Social Responsibility
CETA	Comprehensive Economic and Trade Agreement
CFS	Committee on World Food Security
COFI	FAO Sub-Committee Committee on Fish Trade
CSR	Corporate Social Responsibility
DWGSC	Decent Work in Global Supply Chains
EATUC	East African Trade Union Confederation
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECOWAS	Economic Community of West African States
ESF	Environmental and Social Framework
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign Direct Investment
FTA	Free Trade Agreements
G7	Group of Seven
G20	Group of Twenty
GEF	Global Environment Facility

GSC	Global Supply Chains
GVC	Global Value Chains
IBRD	International Bank for Reconstruction and Development
ICAC	International Cotton Advisory Committee
ICAT	Inter-Agency Coordination Group against Trafficking in Persons
IFC	International Finance Corporation
ILC	International Labour Conference
ILO	International Labour Organization
IMF	International Monetary Fund
IOE	International Organisation of Employers
ISO	International Organization for Standardization
ITC	International Trade Centre
ITUC	International Trade Union Confederation
L20	Labour20
LEMM	Labour and Employment Ministers
MNE	Multinational Enterprises
NAP	National Action Plan
NCP	National Contact Point
OECD	Organisation for Economic Co-operation and Development
OHCHR	UN Office of the High Commissioner for Human Rights
OSH	Occupational safety and health
PS	Performance Standards
RBC	Responsible Business Conduct
SDG	Sustainable Development Goals
SEZ	Special Economic Zone
SME	Small and medium-sized enterprises

TiVA	Trade in Value-Added
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNECA	UN Economic Commission for Africa
UNECE	UN Economic Commission for Europe
UNECLAC	UN Economic Commission for Latin America and the Caribbean
UNESCAP	UN Economic and Social Commission for Asia and the Pacific
UNESCWA	UN Economic and Social Commission for Western Asia
UNGPs	United Nations Guiding Principles
UNIDO	United Nations Industrial Development Organization
UN-OHRLLS	UN Landlocked Developing Countries and the Small Island Developing States
WAIPA	World Association of Investment Promotion Agencies
WBG	World Bank Group
WDR	World Development Report
WTO	World Trade Organization

1. Introduction

This paper is an update of the 2016 International Labour Organization (ILO) Working Paper [Multilateral Approaches to Global Supply Chains](#). The original comparative desk study served as an input for the 2016 International Labour Conference (ILC) discussion on Decent Work in Global Supply Chains (DWGSC). The objective was to map existing multilateral initiatives, processes and institutional frameworks related to global supply chains to provide input for the ILO report [Achieving Decent Work in Global Supply Chains](#).

As a follow-up to the [2016 Resolution concerning decent work in global supply chains](#), the ILO Governing Body mandated the Office to implement the [DWGSC programme of action 2017-21](#). This update was prepared as a deliverable under the programme of action.

The paper provides an overview of existing initiatives related to decent working conditions in global supply chains implemented by key economic institutions, agencies of the United Nations, and selected regional organizations. Special attention is paid to the evolution (if any) of approaches to supply chain governance.

For the purpose of this paper, the term global supply chains [refers](#) to “goods and services that cross international borders for consumption or as inputs for further production”. Most international organizations and other stakeholders have adopted the terms “global value chain” (GVC) or “value chain” when referring to this and related topics. Because of this tendency, both terms are used in this text, especially when paraphrasing or quoting from organizations’ own descriptions of their programs or efforts. Where possible, the text refers to “global chains” or “chains” to avoid confusion.

2. Key economic institutions

2.1 World Trade Organization

The mandate of the [World Trade Organization](#) (WTO) is to set the basic rules of the multilateral trading system, to facilitate cross-border exchange of goods and services and to settle trade-related disputes. The organization aims to create an open, predictable and rules-based system of global trade.

The WTO approaches global supply chains as a means of advancing economic development through free trade. Historically, the WTO has focused on lowering trade barriers to facilitate economic integration as well as to create new trade and investment opportunities. Its work has helped facilitate a great expansion in the range and reach of global trade. The drive toward ever more open markets and free trade, however, has increasingly faced challenges. Various countries around the globe have questioned the benefits of globalization, and protectionist policies are on the rise. This trend could potentially undermine the WTO's ability to set the rules of the game.

Though member States have periodically restated their commitment to the multilateral trade agreement negotiations begun in 2001 (often known as the [Doha Round](#) or Doha Development Agenda), these talks remain formally suspended. The 2008-09 financial crisis, the complexities of the Doha Round and a rise in regional trade agreements have complicated the WTO's lead role. Several recent regional and bilateral trade agreements and/or preferential trade agreements have gone beyond WTO rules. Some of these agreements also include technical standards that provide non-tax barriers for third party countries, thereby influencing the terms of supply chain development in many countries.

Nonetheless, the WTO has made progress in other areas. In 2017 member States adopted the [WTO Trade Facilitation Agreement](#), the first ever multilateral trade accord aimed at reducing time to import and export goods. The accord came into force in 2017 as a follow-up to the [Bali Package](#), adopted in 2013 as part of the Doha Round. With this package, WTO member States established a

review mechanism for [special and differential \(“S&D”\) trade provisions](#) that provide access to international commerce for developing countries.

The WTO actively fosters developing countries’ economic integration into the global economy. The [WTO-led Aid for Trade Initiative](#) supports developing countries’ ability to engage in international trade. Through this programme, WTO seeks to mobilize resources and helps to integrate trade issues into national development strategies. The programme has disbursed more than \$409 billion to build trade capacity and enhance economic infrastructure since its founding. Its 2018-2019 programme focused on economic diversification and empowerment for inclusive, sustainable development to eradicate extreme poverty and ensure effective participation in trade of women and young people. Aid-for-Trade is implemented together with several partner agencies, including Organisation for Economic Co-Operation and Development (OECD), United Nations Conference on Trade and Development (UNCTAD), United Nations Industrial Development Organization (UNIDO), International Trade Centre (ITC) and the World Bank.

The WTO has emphasized the need to improve the statistical frameworks around global trade, particularly with respect to value add attribution and rules of origin, to ensure “international interactions resulting from globalization are properly reflected” in trade data and better understood by policymakers. Its signature efforts in this regard are the joint WTO-OECD [Trade in Value Added \(TiVA\)](#) and [Global Value Chain Indicators](#) databases. The main objective of TiVA is to develop value-added indicators to determine the value added by each country in the production of goods and services consumed worldwide. The indicators are derived from input-output tables. The WTO has used the indicators to create [country statistical profiles](#) that show the “value-added content in an economy’s exports, its participation in global value chains”, the contribution of services to the value-added content of exports, and trade in intermediate goods and services.

The WTO has also increasingly invested in studying the implications of global value chains for economic diversification and empowerment, notably from a gender equality perspective. The [Global Value Chain Development Report 2019](#), the second edition of this flagship publication, examined the impact of a

changing world of work and technological innovation from a global trade perspective. Additionally, the WTO has highlighted the role of services in global trade and value chain development, including in the 2019 [World Trade Report](#).

The ILO and WTO have occasionally collaborated on topics related to trade and supply chains, including joint research on the employment impact of trade and value chains. For example, in 2017, they jointly published [Investing in Skills for Inclusive Trade](#), which used experiences from ILO technical cooperation programmes to highlight the importance of appropriate skills development policies in enabling firms to participate in trade and in helping workers find good jobs.

Despite significant challenges, the WTO remains the lead player in setting the rules of global trade. This role and its embrace of integration into global chains as a means of economic development mean it continues to have major influence on global supply chains.

2.2 World Bank Group¹

The World Bank Group's (WBG) twofold mission is to end extreme poverty and promote shared prosperity. Broadly speaking, the WBG's influence on global supply chains is also two-fold, in terms of projects, research, and technical cooperation it funds and, more recently, risk management policies for the group and its borrowers.

World Bank

The World Bank divides trade into two broad themes, Connectivity, Logistics & Trade Facilitation and Global Value Chains.² With respect to global chains, it posits that *how* countries participate in global chains determines whether or not

¹ The World Bank Group comprises the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency and the International Centre for Settlement of Investment Disputes. The IBRD and IDA together form the World Bank.

² In this division, the term "supply chain" falls under connectivity, logistics, etc.

they benefit from them. The World Bank view is that “in order to reap the gains from value chain participation, countries must put in place the right kind of trade and investment policies”.³ The multi-donor [Umbrella Facility on Trade](#) launched in 2017 has helped make trade integration an important part of World Bank lending. Technical assistance focuses on trade and investment policies for an enabling business environment to create more and better jobs. The [Trade Facilitation Support Programme](#) provides specific support for countries to align their trade practices with the 2017 WTO Trade Facilitation Agreement (see WTO section). The [Macroeconomics, Trade and Investment Global Practice](#), a global team of IBRD and International Finance Corporation (IFC) staff, provides technical support on economic integration for development and advances solutions on how to translate the findings into action.

Since 2010, the World Bank has undertaken extensive research on the interdependencies between socio-economic development and global value chains, applying a trade lens to study the nexus between sustainable development, prosperity and social cohesion. In this respect, its orientation can be summed up by the title of a 2016 publication, [Making Global Value Chains Work for Development](#). Since at least 2014, the World Bank has sought not only to look at chains in terms of trade and attracting Foreign Direct Investment (FDI), but as a means of promoting both economic and social development. This has included researching patterns of specialization and policies for sustainable chain development.

The 2020 World Development Report (WDR), [Trading for Development in the Age of Global Value Chains](#) explores the effects of economic integration on inclusive growth. The report concludes that participating in global chains can boost growth, create jobs and reduce poverty if sound environmental and social policies are in place, but also finds that the gains from such participation are being distributed unequally within and across countries. It asserts the quality of jobs in global chains can be improved through “focusing on GVC upgrading strategies, implementing and strengthening private standards, improving

national regulations, and strengthening monitoring and evaluation of the impact of GVC operations”.

The WBG also analyses the jobs dimension of economic integration, and has also turned its attention to services trade. In 2018, the WBG Jobs Group published a [toolkit](#) for surveying jobs in value chains. The tool is designed to help map chain activities and quantify employment potential. The research paper [Jobs in Global Value Chains: New Evidence for Four African Countries in International Perspective](#) (2019) studies the impact of technological change, global demand and GVC competitiveness for a country’s positioning in the global economy.

Recognizing a need to align with other multilateral institutions, the World Bank developed an [Environmental and Social Framework \(ESF\)](#), approved in 2016 and applicable to all new project investment financing as of October 2018, to integrate environmental and social sustainability into its mission.

The Environmental and Social Policy for Investment Project Financing comprises a set of mandatory requirements that guide the Bank own investment project financing and procurement processes. For World Bank borrowers, there are ten Environmental and Social Standards (ESS), also known as safeguards, grounded in the identification and management of environmental and social risks and impacts that could arise over the course of projects supported by the Bank. These include specific safeguards on labour and working conditions as well as on indigenous peoples. The framework also calls for enhanced stakeholder engagement and capacity building for borrowers (primarily government entities).

The [ESS2 on Labour and Working Conditions](#), “informed by” ILO Conventions, underlines the importance of fair treatment and safe and healthy working conditions and requires monitoring of primary supply chains. The safeguard requirements apply to workers who are directly engaged by the borrower or by third parties, whether they are contractors, sub-contractors, brokers, agents or intermediaries. Borrowers must assess a project’s primary supply chains and monitor them for potential risks regarding child labour, forced labour and serious safety issues. For example, if cases of child or forced labour are

identified, the supplier is required to take appropriate steps, remedy them and, where serious safety issues are found, must introduce procedures and mitigation measures to address them. If the supplier is unable to do so, the borrower is expected, within a reasonable time period, to shift the project's primary suppliers to those that can demonstrate that they meet the requirements of the ESS. A similar provision on primary suppliers is included in ESS6 on biodiversity conservation and sustainable management of living natural resources. Regarding Occupational Safety and Health, the World Bank Group [Environmental, Health and Safety Guidelines](#) (EHS Guidelines) provide detailed guidance tailored to specific sectors. The EHS Guidelines are a key reference for ESS2 as well as the IFC's Performance Standards.

International Finance Corporation

The International Finance Corporation (IFC), the World Bank's private sector arm, is one of the largest global financiers of private sector development; in fiscal year 2018, it made \$11.6 billion in long-term investments and mobilized approximately \$11.7 billion for private sector actors in developing countries. The IFC has actively invested in and implemented trade and supply chain initiatives in developing countries for several years. It primarily supports companies in emerging economies to receive much needed financial resources and facilitates access to markets. IFC's SME and Value Chain team provides solutions to private sector clients to enable small businesses in the value chains of its clients to grow and increase their profitability, find new markets or integrate more effectively within existing markets.

The IFC believes that by demonstrating the business case for sustainable supply chains, other investors, financial institutions and companies can be persuaded to move towards more sustainable and socially responsive supply chain practices. Its [sustainability framework](#) and safeguard system are designed to manage or mitigate environmental and social risks in its development financing.

Eight [Performance Standards \(PS\)](#) make up the basic conditions for development financing, outline detailed risk management duties for clients. The stand-alone [performance standard on labour and working conditions \(PS2\)](#)

references the ILO's Core Labour Standards. The IFC [Environmental and Social Review Procedures Manual](#) provides guidance on how to conduct due diligence according to the PS. The Performance Standards were last updated in 2012, with input from ILO and other stakeholders, to reflect the evolution of standards on corporate responsibility. The key changes concern supply chain management, climate change and business and human rights (see OHCHR section).

The [global map of environmental and social risks in agro-commodity production](#) (GMAP) is an online-tool that provides information on potential risks associated with the production of primary goods related to the PS2 (labour rights) and PS6 (biodiversity). The tool is a cooperation with the World Wide Fund for Nature. Since May 2019, the GMAP has also included data from the ITC Sustainability Map (see ITC section) to steer the user to certification schemes that can help mitigate identified risks.

The IFC also provides [loans and technical assistance for local financial institutions](#), to strengthen their credit scoring and due diligence tools. This includes staff training to enable supplier firms in emerging and developing markets access much-needed financial resources based on the prerequisite of improving the enterprises' social and environmental management systems. The [FIRST](#) (Financial Institutions: Resources, Solutions and Tools) for Sustainability tool provides an overview for financial institutions to better understand how IFC operates.

The IFC also conducts research. Several initiatives focus on jobs in global supply chains, many of which are specifically being tailored to the [needs of Small and Medium Sized companies](#) (SMEs). In 2018, IFC co-produced a [Good Practice Note on Managing Risks Associated with Modern Slavery](#). Other handbooks provide guidance for specific sectors, including textile, services or energy.

During the past years, the IFC framework has become the reference point for many international financial institutions that work with the private sector. Other multilateral banks, such as the European Bank for Reconstruction and Development (EBRD) and the African Development Bank, (AfDB) have applied

similar approaches. According to the IFC, its guidelines, standards and tools have been widely adopted as market standards in the private sector.

Global supply chains are a substantive element in ILO-WBG collaboration, including through technical cooperation programmes. Examples include World Bank support for research on SME competitiveness for supply chain integration and for ILO monitoring of the cotton harvest in Uzbekistan. The [IFC-ILO Better Work Programme](#) aims at improving working conditions in the garment sector. A wide range of decent work themes is being covered, including OSH, wages or collective bargaining and freedom of association. Currently, Better Work is active in nine countries targeting some 2.2 million beneficiaries in 1,600 factories in Africa, Asia as well as Latin America and the Caribbean. The joint programme works on workplace compliance at factory level while building partnership with international buyers, governments and social partners to facilitate structural change in garment value chains.

The World Bank Group continues to lead and support a broad range of activities to foster international trade and supply chain development. The World Bank's Vision for Sustainable Development and ESF reflect common supply chain responsibility and due diligence concepts applied to itself, and government borrowers. Its work under the GVC theme shows the Bank's continued interest in the impact of supply chains on sustainable development, prosperity and social cohesion. Meanwhile, in the IFC's engagement with the private sector, WBG has promoted voluntary standards systems as a means to mitigate supply chain risks and to ensure sustainability.

2.3 Organisation for Economic Co-operation and Development

The OECD [Guidelines for Multinational Enterprises](#) and related OECD due diligence guidance have become central instruments in the promotion of responsible supply chains. The Guidelines are a part of the OECD [Declaration on International Investment and Multinational Enterprises](#), and are the most comprehensive international standard on responsible business conduct (RBC). They reflect the expectation from governments to business on how to act

responsibly and define basic parameters how to do business in the global economy. The Guidelines cover all key areas of business responsibility, including disclosure, human rights, labour rights, environment, bribery, consumer interests, as well as information disclosure, science and technology, competition and taxation.

Since their adoption in 1976, the Guidelines have been updated several times. The 2011 revision added a chapter on human rights in alignment with the UN Guiding Principles on Business and Human Rights and its “Protect, Respect and Remedy” framework, (see OHCHR section) and called for a proactive agenda to foster due diligence and responsible supply chain management. In the chapter on employment and industrial relations, the Guidelines reference the ILO’s Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration), as well as the Declaration on the Fundamental Principle and Rights at Work.

The OECD has promoted implementation of the Guidelines by developing practical guidance for business. In 2018, the OECD [Due Diligence Guidance for Responsible Business Conduct](#) was adopted, containing practical support for enterprises of all sizes and applicable across sectors, industries and supply chains. This Guidance seeks to promote a common understanding among governments and stakeholders on due diligence for responsible business conduct. The UN Guiding Principles on Business and Human Rights as well as the MNE Declaration also contain due diligence recommendations, and this Guidance can help enterprises implement them.

In addition, the OECD has also developed four sector-specific due diligence guidance, which have all been embedded into OECD Council Recommendations:

- [Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-affected and High-risk Areas](#). This first sector-specific guideline, adopted in 2011 and revised in 2016, has become an important reference for supply chain regulation concerning conflict minerals. In 2018, the OECD also conducted an [alignment assessment](#) of industry programmes with the OECD minerals guidance. [Practical Actions for Companies to](#)

[*Identify and Address the Worst Forms of Child Labour in Mineral Supply Chains*](#) (2017) complements the respective guidance.

- [*Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector*](#) (2017).
- [*Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector*](#) (2017). As with minerals, the OECD also conducted an alignment assessment of industry initiatives in the garment and footwear sector. A specific [alignment assessment tool](#) was launched in early 2018.
- OECD-Food and Agriculture Organization (FAO) [*Guidance for Responsible Agricultural Supply Chains*](#) (2016).

As part of its work on RBC in the financial sector, the OECD also developed [*Responsible Business Conduct for Institutional Investors*](#) and [*Due Diligence for Responsible Corporate Lending and Securities Underwriting*](#).

In the context of the implementation programmes of the different due diligence guidance instruments, the OECD increasingly offers technical assistance to non-OECD countries in which multinationals operate and/or source. It has signed several memoranda of understanding and various programmes with non-OECD countries, including for example with China and Thailand.

The OECD also hosts various annual fora on [responsible business conduct](#), including sector-specific meetings notably on [garment and footwear](#) and [responsible mineral supply chains](#). These fora bring together business, trade unions, civil society, governments, academia and international organizations to discuss means of putting responsible business conduct into practice and explore emerging issues relating to sustainability and supply chain management.

OECD countries and other states adhering to the OECD Guidelines (a total of 49 as of April 2020) are required to establish a [National Contact Point](#) (NCP) for RBC to ensure the effective implementation of the Guidelines. The NCPs provide

a forum for discussion and handling complaints. These non-judicial complaints mechanisms provide a platform for dialogue and conflict resolution for adverse human rights impacts. The [structure](#) of the NCPs differ from country to country. Adhering governments have flexibility in determining the structure of their NCP, provided they are visible, accessible, transparent and accountable. The specific instance procedure is intended to be a consensual, non-adversarial, forward-looking forum for discussion. Cases can be addressed by individuals or companies from buyer and producing countries and are being discussed either in the country of origin or, if no NCP is in place, in the country where the accused company is registered. The mediation results in an independent report. So far, 49 countries have set up an NCP. Between 2000 and 2019, more than 500 cases (known as “specific instances”) have been handled. Overall, since 2011, 37 percent of the NCP cases dealt with employment and industrial relations and another 53 percent revolved around human rights (see [OECD specific instances database](#)).

The OECD and ILO collaborate frequently, including on activities promoting their respective instruments. Since 2017, the [OECD and the ILO](#) have been implementing partners in EU-funded projects to promote responsible supply chains in Asia and responsible business conduct in Latin America and the Caribbean. As part of these projects, the ILO, OECD, and OHCHR developed a joint communication tool on [Responsible Business: Key Messages from International Instruments](#) to ensure coherence and speak with one voice to stakeholders. In addition, a training has been developed for OECD NCPs in EU Member States on the labour dimension of responsible business conduct and the guidance provided by International Labour Standards and the MNE Declaration. Furthermore, the OECD, together with ILO, IOM and UNICEF jointly produced the 2019 report [Ending Child Labour, Forced Labour and Human Trafficking in Global Supply Chains](#) under the framework of [Alliance 8.7](#).

Beyond its focus on responsible business conduct, OECD considers other dimensions of global supply chains. The OECD continues to devote significant resources to study chains across a wide range of employment and social outcomes, including [employment](#), skills and wages, and pays specific attention to the implications for developing countries.

Furthermore, the [OECD Directorate for Science, Technology and Innovation](#) studies the nexus between international production, trade and investment. In 2018, the [Multinational Enterprises and Global Value Chains](#) report looked at the influence of MNEs in shaping supply chains by means of analyzing trade and investment patterns. The OECD also analyzed the [development impact of MNEs for domestic markets](#). This work stream complemented by the Trade in Value-Added initiative and the work under the OECD Inter-Country Input-Output Tables, were also the basis for the analysis in the above-mentioned Alliance 8.7 report. The [Skills Outlook 2017](#) analyzed how countries can make the most of global supply chains by investing in people. It has also looked at the [gender dimension](#) of employment in global chains.

Another important dialogue forum is the [initiative on global value chains, production transformation and development](#). Since 2013, the OECD has convened 17 countries as well as several international organizations, including the ILO, to foster knowledge sharing and peer learning to promote participation and upgrading of global value chains. It provides a [range of services](#) to help policy makers understand the effects of GVCs on trade in value-added, trade policy and GVCs (statistical and analytical work), as well as initiatives on GVCs, production transformation and development.

2.4 G20

The Group of Twenty (G20) met for the first time in its current format in 2008 to discuss strategies to resolve the international financial and jobs crisis. Creating decent jobs and fostering inclusive growth has since been discussed at many meetings and highlighted throughout several G20 Declarations. In 2011, a Task Force on Employment was created that became the Employment Working Group under the Turkish G20 Presidency 2015.

Already in 2011, UNCTAD together with ILO, World Bank, United Nations Development Programme (UNDP) and OECD prepared the background report [Promoting Standards for Responsible Investment in Value Chains](#) for the G20 High-Level Development Working Group. The report referenced multiple international standards and initiatives, including the MNE Declaration, OECD

Guidelines, UN Guiding Principles, UN Global Compact as well as ISO26000, and called for endorsing the best existing standards.

The 2013 Russian G20 Presidency stressed the importance of economic integration for growth, development and job creation. The 2013 Declaration cited the WTO-led Aid for Trade initiative and highlighted the need for well-designed social and labour market policies, respect for human rights and ILO norms.

In 2014, the Australian G20 Presidency steered the debate towards supply chain regulation based on the notion that robust policy frameworks are required to govern trade. The 2014 Declaration also entails a commitment to improve OSH in both G20 economies and across the globe. These commitments were strengthened at the Summits in Antalya, Turkey (2015) and Hangzhou, China (2016).

In 2017, the German G20 Presidency put the topic high on the agenda and fostered discussions around decent work in global supply chains in several work streams. The ILO provided input throughout the process. The [2017 Leaders' Declaration](#) called for immediate action to end child labour, forced labour and modern slavery. Key ILO norms as well as other standards such as the MNE Declaration were highlighted. [The 2017 Labour and Employment Ministers \(LEMM\) Declaration](#) defined concrete follow-up activities regarding global supply chains. G20 members agreed to establish adequate policy frameworks to improve compliance with Core Labour Standards, fight child labour and modern slavery, facilitate payment of living wages and improve OSH. The Vision Zero Fund, established under the German G7 Presidency in 2015, was enlarged and became a G20 initiative. The ILO together with OECD, World Bank and International Monetary Fund (IMF) prepared two important background reports concerning [Sustainable Supply Chains and Decent Work: Opportunities and Challenges for G20 Members](#) and [Promoting Sustainable Global Supply Chains: International Standards, Due Diligence and Grievance Mechanisms](#). Other working and engagement groups such as Business20, Labour20, Trade and Investment as well as Development also discussed the [subject matter and approved recommendations](#).

The issue was picked up in 2018 under the [Argentinian G20 presidency](#). The commitment was reiterated, most notably concerning agro-food supply chains and action to fight the worst forms of child and modern slavery. Again, the ILO provided input and drafted a corresponding [background report](#) with contributions from UNICEF and World Bank.

In 2019, the Japanese G20 Presidency stressed the importance of decent working conditions in global supply chains in the [Leaders' Declaration](#). The G20 Trade Ministers also endorsed a "Strategy for Global Trade Growth".

In the 2000s and early 2010s, the G20 approached global supply chains in the context of trade and development. Especially after 2017, the G20 shifted the focus towards decent working conditions and adherence with ILO Core Labour Standards, including some strong pushes for concrete action on supply chain governance.

2.5 G7

The Group of Seven (G7) policy is generally in line with WTO and G20 positions aiming for a rules-based multilateral trading system. It also reflects recent governmental initiatives put in place to regulate labour issues in specific sectors, such as textiles, clothing and footwear.

In 2015, the German G7 Presidency fostered a discussion around social and environmental standards in GSCs. The [Leaders' Declaration](#) that year included a chapter on responsible supply chains. Also in 2015, the Vision Zero Fund was established. The fund aims at zero severe and fatal work-related accidents, injuries and diseases in global supply chain, and is administered by the ILO. G7 members also agreed to strengthen the OECD's NCP system. Furthermore, the G7 expressed their strong support to the UN Guiding Principles and requested private firms to continue supporting working conditions in global value chains. The [2015 G7 Employment and Development Ministers](#) agreed on an "Action for fair production" in their Declaration. An entire section focused on GVCs.

In 2016, Japan picked up the supply chain topic in the [Ise-Shima Leaders' Declaration](#) and underlined that the G7 countries will "continue to strive for

better application of internationally recognized labour, social and environmental standards in global supply chains”.

The 2019 G7 Summit in Biarritz further stressed the importance of due diligence. France framed the debate around the most pressing issues of the day under the overall theme of “reduction of inequalities”. The [G7 Social Communiqué](#) featured a commitment to promote responsible business conduct in global supply chains, including through the promotion of international standards, such as the ILO MNE Declaration, OECD MNE Guidelines and UN Guiding Principles on Business and Human Rights. It also mentioned support for existing initiatives in which the ILO plays a leadership role such as Alliance 8.7, Vision Zero Fund and the Inter-Agency Coordination Group against Trafficking in Persons (ICAT). Furthermore, the G7 agreed to promote cross-border social dialogue and called for mitigating adverse human rights impacts in business operations. In addition, the 2019 [G7 Social Tripartite Declaration](#) underlined the role of business to foster decent work and adherence with international labour standards in GSCs in line with international instruments including the MNE Declaration.

3. United Nations system

3.1 2030 Agenda for Sustainable Development

The 2030 Agenda for Sustainable Development comprises 17 Sustainable Development Goals (SDGs) and 169 targets that guide development efforts until 2030 and beyond. A significant majority of indicators refer to international human rights, addressing working conditions, labour standards, labour migration, health and safety at work, child labour, and forced labour and modern slavery. Goal 8 (Decent work and economic growth) is the primary goal for the world of work generally. In addition, several targets address specific issues relevant to supply chains, as for example SDG 9.3 on integration of SMEs into global value chains; SDG 16.3 on rule of law at the international level; or SDG 17.11 on boosting exports by developing countries. Though the 2030

Agenda does not refer to global supply chains directly, as the shared blueprint for global development, the SDGs both incorporate or are incorporated in many supply chain-related initiatives, both old (e.g. SDG 8.a targets growth of Aid for Trade) and new (e.g., Alliance 8.7).

3.2 United Nations Office of the High Commissioner for Human Rights

The UN [“Protect, Respect and Remedy”](#) framework was developed to clarify standards of corporate responsibility and accountability for transnational corporations and other business enterprises with regard to human rights. The framework is the basis for the [UN Guiding Principles on Business and Human Rights \(UNGPs\)](#), which were unanimously endorsed by the Human Rights Council in June 2011. The UNGPs comprise a set of 31 principles that define the roles and responsibilities of States and private sector entities in dealing with human rights. Elaborated by the former UN Secretary-General’s Special Representative on Business and Human Rights, Professor John Ruggie, the UNGPs established a three-pillar approach to human rights:

- The state’s duty to protect
- The subsequent corporate responsibility to respect human rights
- The requirement to provide access to remedy.

The UNGPs provide a common framework for the international community, applicable to all states and businesses aiming for a socially sustainable globalization, contributing to greater policy coherence. The UNGPs offer guidance for doing business in global value chains by providing global standards for preventing and addressing risks of human rights violations linked to business activities. The UNGPs call on companies to conduct human rights due diligence to identify and respond to human rights risks across their business operations, including making through effective grievance mechanisms. Specific reference is made in Section II, “Corporate responsibility to respect human rights”, to the ILO Declaration on Fundamental Principles and Rights at Work (Art. 12). The 2017 revision of the ILO’s own MNE Declaration

included updates to align with the UN Guiding Principles on Business and Human Rights, including guidance on due diligence processes.

The UNGPs are not legally binding but may result in legal implications at national level since they have been built in part on existing legal obligations for States, including the eight ILO core conventions.

A [UN Working Group \(WG\)](#) established in 2011 exists to build capacity and promote effective implementation of the UNGPs. The UN Office of the High Commissioner for Human Rights (OHCHR) has also worked to clarify the “Protect, Respect and Remedy” Framework, including through an [interpretative guide for the private sector](#).

States are encouraged to implement [national action plans \(NAPs\)](#) adapted to the respective context. To date, 23 NAPs have been adopted, 23 NAPs are being developed and 8 States initiated corresponding discussions. Several NAPs reference ILO standards as well as the ILO Helpdesk for Business on international labour standards as practical support for business when doing due diligence. The ILO has regular meetings with the WG to enhance coherence on the implementation of the UNGPs. The WG also welcomed the adoption of the revised MNE Declaration in 2017 as an important step towards further coherence on the business and human rights agenda.

The WG also organizes an annual [UN Forum on Business and Human Rights](#) that brings together more than 2,000 participants from business, government, academia and civil society to discuss corporate respect for human rights. The ILO is an active participant and contributor to the forum. In 2019, the ILO-led session focused on [governments as catalysts](#) for business respect for human rights in the world of work; in 2018 the ILO session focused on [labour rights and human rights due diligence](#); and in 2017 the ILO prepared an event around [modern slavery in supply chains](#). In 2016, IOE together with the International Trade Union Confederation (ITUC) organized a [session](#) on the way forward for decent work in global supply chains as a follow up to the 2016 International Labour Conference discussion.

The OHCHR also implements a [project on accountability and remedy](#) to improve access to judicial as well as State and non-State-based grievance mechanisms.

Such mechanisms are particularly relevant in dealing with extraterritorial human rights violations in lower tiers of global supply chains.

The organization frequently partners with the ILO as well as UN Global Compact or OECD to integrate human rights into business operations. Currently, the [joint EU-ILO-OECD-OHCHR project](#) is being implemented to promote responsible business conduct in Latin America and the Caribbean, covering nine countries in the region (see also OECD section).

In 2014, the Human Rights Council established an [open-ended intergovernmental working group](#) on transnational corporations and other business enterprises with respect to human rights, whose mandate is “to elaborate an international legally binding instrument to regulate, in international human rights law, the activities of transnational corporations and other business enterprises”. A [zero draft treaty](#) was published in 2018 and discussed during the group’s fourth session that year. In October 2019, the Working Group re-convened in Geneva to discuss the [revised draft legally binding instrument on business activities and human rights](#). Negotiations around a second revised draft were to continue in 2020.

3.3 United Nations Global Compact

In 2000, the former UN Secretary-General Kofi Annan launched the UN Global Compact as a voluntary initiative to bring together business as well as representatives from NGOs, governments and academia to promote corporate sustainability.

Companies commit to respect the [Ten Principles](#) around human rights, labour conditions, environment and anti-corruption. The framework itself is non-binding but the principles are universally accepted and derived from international instruments, including the ILO 1998 Declaration on Fundamental Principles and Rights at Work.

The UN Global Compact provides a platform for dialogue, learning and partnerships. Local networks exist in 68 countries across all regions to strengthen cooperation with companies at country level. Members are obliged

to submit annual progress report. In turn, the network offers a wide range of support and learning opportunities. The Global Compact studies the implications of global value chains and shares its findings through its business networks, meetings, webinars, reports or handbooks for practitioners.

The ILO frequently partners with the Global Compact. The [UN Global Compact Action Platform on Decent Work in Global Supply Chains](#), a joint initiative together with ILO and UNICEF, gathers private sector firms' willing to achieve sustainable development outcomes while respecting human and labour rights. A key objective is to resolve systemic root causes of human rights violations. Local activities are combined with Global Roundtables. The [2018 baseline report](#) gives first-hand insights from participating companies.

Another joint initiative is the ILO-UN Global Compact [Child Labour Platform](#) and now promoted as part of the Action Platform on Decent Work in Global Supply Chains.

The UNGC [sustainable supply chains](#) website is a collaboration with CSR Europe. It provides an overview on resources and corporate practices related to supply chain activities as well as good practices.

The UN Global Compact Supply Chain Advisory Group brings together representatives from several leading multinational enterprises as well as Social Accountability International and Business for Social Responsibility (BSR). The network supports private sector efforts to improve global chains by preparing handbooks and reports. Together with BSR, the Global Compact published [A Guide to Traceability: A Practical Approach to Advance Sustainability in Global Supply Chains](#). Another joint publication was on sustainable procurement practices, [Supply Chain Sustainability: A Practical Guide for Continuous Improvement](#).

In celebration of the 70 Anniversary of the Universal Declaration of Human Rights, the UN Global Compact prepared the report [Human Rights: The Foundation for Sustainable Business](#), focusing in particular on social dialogue, inclusion and job creation.

The Global Compact's Ten Principles help translate international instruments into voluntary action items for business, which has raised awareness of rights and other issues in the private sector. The Global Compact's influence is also in its ability to convene business leaders to work on common solutions.

3.4 United Nations Conference on Trade and Development

The United Nations Conference on Trade and Development (UNCTAD) focuses on assisting developing countries to access global markets. Equitable integration into global markets, including through GSCs, is regarded as an important vehicle for development.

UNCTAD's 2013 *World Investment Report*, [*Global Value Chains: Investment and Trade for Development*](#), significantly influenced the debate around sustainable value chains. In the report, UNCTAD estimated that global value chains "coordinated" by transnational corporations (TNCs) account for some 80 per cent of global trade. The investment decisions of TNCs, therefore, have significant influence on value-added trade and thus economic development. To access global markets and profit from GVC integration in an equitable manner, developing countries should be afforded space to enact proactive trade and industrial policies.

UNCTAD continues to study value chains in the context of fostering socio-economic development and inclusive growth, and has devoted considerable resources to improved analysis of global chains and their effects on jobs, development, and equitable distribution of gains. Addressing the need for data and measurement tools has been a priority, and UNCTAD has continuously upgraded the [UNCTAD-Eora GVC database](#)⁴. The database enables insights into the trade links between economies; the distribution of value added, income and employment resulting from trade; the investment-trade nexus; and how

⁴ Environmental Accounting Framework Using Externality Data and Input-Output Tools for Policy Analysis.

transnational corporations, through equity and contractual modes, shape patterns of value-added trade.

UNCTAD has often addressed supply chain responsibility in the context of responsible investment practices. UNCTAD also conducts research on the integration and [role of SMEs in global value chains](#), studies implications of the [gender dimension](#) in global chains as well as value chain integration for individual countries. UNCTAD's *Transnational Corporations* journal also frequently touches on topics relevant to decent work in global supply chains. Noting the shift toward regional rather than multilateral economic cooperation, UNCTAD has brought more focus to regional chains, focusing specifically on Africa. UNCTAD's focus on African regional value chains has included projects [supporting regional integration](#), the [potential of transport services](#) for regional value chains, and [sector-specific research](#), including a focus on services.

In 2019, the [World Investment Report](#) returned to the important supply chain topic of special economic zones (SEZ). The report pointed out that SEZs often lead to greater participation in global trade, as goods are often produced for foreign markets. Sustainable development, however, is not a guaranteed result. The report argued that SEZs can contribute to job creation and formal employment if sound environmental and social safeguards are in place. Also in 2019, UNCTAD published [Enhancing the Contribution of Export Processing Zones to SDG 8, Decent Work and Economic Growth](#) in partnership with the ILO.

At the [2019 WTO Public Forum](#), ILO and UNCTAD hosted a session on Export Processing Zones and Social Policy with speakers from WTO, World Association of Investment Promotion Agencies (WAIPA), International Organization of Employers (IOE) and East African Trade Union Confederation (EATUC).

UNCTAD continues to promote participation in global chains as a gateway to economic development, while emphasizing the role of investment and trade policy in facilitating equitable growth. Its investment in data has contributed to a clearer understanding of chain participation and development.

3.5 International Trade Centre

The ITC was established as a joint initiative between WTO and UNCTAD to advance the internationalization of SMEs in developing countries. Value chain development and economic integration are considered important factors to foster inclusive growth, create jobs and reduce poverty.

ITC focuses on environmentally sustainable sourcing practices, supply chain standards and support for least developed countries. The organization plays a leading role in implementing the Aid for Trade initiative (see WTO section). The [ITC's Value Added to Trade programme](#) provides support for SMEs in developing countries to help them move up the value chain. Other programmes such as the [Ethical Fashion Initiative](#) or the [Trade and Environmental Programme](#) foster socio-economic upgrading and environmental sustainability related to food and agri-business, manufactured goods, trade in services as well as environmental exports. The ITC also offers [Market Analysis Toolkit](#) and [e-learning courses](#).

In addition to technical assistance, the ITC studies value chain development and upgrading from various angles and with regards to diverse sectors, including textile, automotive, infrastructure or food and agriculture. The ITC has a [memorandum of understanding](#) (MoU) with the Duke University GVC Center aimed at better understanding how to engage developing countries in GVCs.

In response to the current shift toward regional trade agreements, the ITC seeks to unfold their potential for development. In March 2019, the ITC published a report on [The Power of International Value Chains in the Global South](#) that claimed growing benefits for developing countries in value added trade.

A flagship programme that provides guidance related to supply chain governance is the [ITC standards map](#). The platform provides an overview of more than 250 standards, codes of conduct, protocols and best practices tailored to the needs of producers and buyers alike. Its main objective is to build capacity of key actors to promote sustainable production by providing more transparency concerning the plurality of standards. The ITC also provides a knowledge-sharing [platform for sustainable supply chain development](#).

The ITC has reflected on the growing number of voluntary standards to govern supply chains. Its 2018 report, [The State of Sustainable Markets 2018: Statistics and Emerging Trends](#), found voluntary standards on the rise. The report analyses specifically the market share of key international initiatives and certification schemes in commodity sectors such as cotton, banana or coffee cultivation.

The ITC organizes the annual [Trade and Sustainable Development Forum](#). The October 2019 conference focused on major trends in sustainable value chains as well as in voluntary sustainability standards.

3.6 United Nations Industrial Development Organization

The United Nations Industrial Development Organization (UNIDO) seeks to strengthen sustainable industrial development in order to improve the quality of life, notably for the world's poor. It has examined the [impact of GVCs on stimulating sustainable industrial development](#) and socio-economic upgrading for many years. Research, capacity building and technical cooperation focus on the needs of developing countries and SMEs to increase competitiveness and improve access to markets.

Since 2001, UNIDO has viewed Corporate Social Responsibility (CSR) as an important entry point for sustainable economic integration and assists its member States to comply with international standards. UNIDO approaches CSR as a management concept that integrates economic, social and environmental concerns into business operations. Already in 2010, UNIDO published a guidebook, [Making Private Standards Work for You](#). UNIDO implements a [CSR programme](#) that aims at setting a framework for SMEs to translate responsible business values into practice, thereby enhancing competitiveness and access to markets. The [Responsible Entrepreneurs Achievement Programme \(REAP\)](#) is a CSR-based management tool that is based on the UN Global Compact principles as well as key international standards such ISO14001, SA8000 or OHSAS18001. Furthermore, UNIDO organizes multi-stakeholder platforms and implements technical cooperation projects to foster [knowledge sharing and capacity building related to CSR](#).

The [2018 Forum on Globalization and Industrialization](#) revolved around the contribution of GVCs to drive structural change, economic growth and job creation. At the meeting, UNIDO launched a report entitled [Global Value Chains and Industrial Development: Lessons from China, South-East and South Asia](#). The report stated that participation in GVCs can only unlock its full potential for development if a certain threshold of industrial competitiveness is reached.

Strengthening the link between FDIIs, SMEs and MNEs in Southeast Asia to foster integration into global value chain is also the main objective of a joint UNIDO-OECD project. In 2019, both organizations presented their findings in a joint [report](#).

During the 2019 Japanese G20 Presidency, UNIDO hosted the [G20-T20 roundtable discussion](#) on GVCs for inclusive development. The agenda touched upon trade facilitation and investment policies, most notably with regards to WTO trade rules, FDIIs and the role of SMEs.

UNIDO has emphasized the need to assess the entire value chain from primary production to consumption. GVCs are mainly analysed from a private sector perspective. For instance, the 2014 UNIDO and UN Global Compact report [Engaging the Private Sector in the Post-2015 Agenda](#) linked supply chains with strengthened SMEs and provided support towards [inclusive and sustainable industrial development](#) in the global supply chain context.

3.7 Food and Agriculture Organization

The FAO works extensively in the field of agro-supply chains, including on forestry and fisheries. A special emphasis is put on food security and food safety issues (SFVC). More recently, it has extended its scope of work to cover other issues under the umbrella of sustainable food value chains. FAO views value chains as dynamic, vertically integrated and market-driven systems, with agriculture just one part of an integrated global value chain. The SFVC framework emphasizes GVC participation as a driver of inclusive growth.

In terms of the economic and social development of supply chains, FAO manages a broad technical cooperation portfolio, which includes work on

various agricultural subsectors, including forestry and livestock as well as crop farming and fisheries and aquaculture. [FAO Environmental and Social Standards](#) define the boundaries for the types of projects it will support, and associated Management Guidelines prescribe risk management procedures for project implementers.

The goal of most FAO work on value chains is to find ways to add value to primary products, achieve higher returns, connect producers to markets, and ensure equitable participation of smallholders without unduly degrading the natural resource base. It offers support for smallholders to participate in value chains, producers to scale capacities and developing countries to improve policies and institutions to foster value chain development. FAO's Trade Division supports countries to effectively engage in negotiating, formulating, and implementing trade agreements.

In 2014 the FAO published Guiding Principles for the development of sustainable food value chains that outline the organization's vision for inclusive, sustainable, and efficient global agricultural and food systems. As part of this work, FAO promotes what it refers to as [decent work in food systems or decent rural employment](#), with particular focus on rural people's access to decent farm and non-farm employment.

In 2014, the Committee on World Food Security (CFS) adopted ten Principles for Responsible Investment in Agriculture and Food Systems. These non-binding principles provide a framework for key actors involved in agricultural value chains. The ILO actively supported this process. Principle 2 highlights responsible investments in agriculture and food systems.

In 2016, the FAO and OECD launched joint guidance for responsible agricultural supply chains, to help enterprises undertake risk-based due diligence to observe standards of responsible business conduct (human rights, OSH, decent work, as well as environmental and social issues) along agricultural supply chains and ensure that their operations can contribute to economic development and food security. At the end of 2019, the FAO Sub-Committee Committee on Fish Trade (COFI-FT) continued work developing guidance on social responsibility in fisheries and aquaculture value chains.

FAO fosters dialogue among key actors in value chains, including through platforms such as the World Banana Forum.

With respect to voluntary compliance and certification standards in supply chains, the FAO has argued that care should be taken to ensure these do not become a barrier to smallholder farmers' ability to participate in value chains.

3.8 UN Regional Commissions

The UN Regional Commissions look at GVCs mainly from a trade perspective, to foster integration of local firms into the global economy. The biannual [Global Survey on Digital and Sustainable Trade Facilitation](#) is a joint initiative of all five commissions, begun in 2015.

The UN Economic Commission for Europe (UNECE) together with the UN Economic and Social Commission for Asia and the Pacific (UNESCAP) support developing countries build the necessary [capacity for trade facilitation](#). Overall, UNECE is very active in the field of supply chain sustainability, notably with regard to the garment industry. Transparency along supply chains is a key focus area, with the objective of better understanding human rights violations in lower tiers of the chain. At the 2019 OECD Due Diligence Forum, the UNECE launched a [decent work and transparency and traceability tool](#) for the garment and footwear sector. The tool was developed jointly with other organizations and business partners. In 2017, UNECE published a report on [transparency in textile value chains](#) in relation to the environmental, social and human rights impact of parts, components and production processes. The UNECE is also a member of UN Alliance for Sustainable Fashion (see UN Global Compact section). In April 2019, the [UNECE adopted a recommendation on sustainable procurement](#), an area that is getting more and more attention. UNECE also studies the implications of using [blockchain technology](#) for trade.

The UNESCAP focuses on supply chain integration via free trade, most notably with regards to SMEs. Already in 2004, the [Asia-Pacific Research and Training Network on Trade](#) was established to foster trade policy research, advocacy and

capacity building. UNESCAP also conducted [research](#) on the link between preferential trade agreements and global value chains.

The UN Economic Commission for Latin America and the Caribbean (UNECLAC) provided technical assistance to support governments to put into practice industrial policies for value chain development, summarized in the 2014 report [Strengthening Value Chains as an Industrial Policy Instrument: Methodology and Experience of ECLAC in Central America](#). [UNECLAC also collaborates with ILO](#) on research, including on DWGSC. In 2016, the organizations published a joint report on the [impact of global supply chains](#) on decent work in Latin America.

The UN Economic Commission for Africa (UNECA) promotes [free trade and regional integration](#) in line with WTO-rule as well as the African Continental Free Trade Agreement. The aim is to enhance regional socio-economic development and upscaling of value chains in the primary production and commodity-based industries. For instance, in 2018 the UNECA published [Scaling up Value Creation and Local Development in the Mining Sector in Ghana](#).

The UN Economic and Social Commission for Western Asia (UNESCWA) studied the nexus between infrastructure development and economic integration in global supply chains. Key findings are summarized in the 2017 report on [Transport and Connectivity to Global Value Chains: Illustrations from the Arab Region](#).

3.9 UN inter-agency initiatives

UN entities also implement various inter-agency initiatives around value chain development.

The Global Compact together with ILO and other UN entities is also a member of the [UN Alliance on Sustainable Fashion](#) (see ITC section).

UNCTAD fosters integration of [landlocked countries](#) into global and regional value chains. The project is implemented since 2018 in cooperation with Regional Commissions, UNIDO, UNDP as well as the UN High Representative for

Least Developed Countries, Landlocked Developing Countries and the Small Island Developing States (UN-OHRLLS).

UNCTAD also hosts the [United Nations Forum on Sustainability Standards](#). The initiative is implemented together with FAO, ITC, UN Environment and UNIDO and promotes compliance with voluntary supply chain standards as a means of increasing prosperity in developing countries.

At the initiative of the Cotton-4 countries (Benin, Burkina Faso, Chad and Mali), the WTO, in collaboration with the FAO, UNCTAD, ITC and the International Cotton Advisory Committee (ICAC), launched the [World Cotton Day](#) in 2019. The event brought together all stakeholders involved in cotton production, transformation and trade.

The ITC, together with the ILO, UNCTAD, UNDP, UNECE, UNEP, UN Global Compact, UN Office for Partnerships and the World Bank's Connect4Climate programme, established in 2018 the UN Alliance for Sustainable Fashion. The Alliance contributes to the SDGs by strengthening coordination between UN bodies implementing policies and programmes in fashion value chains. The scope of the Alliance's work extends from the production of raw materials and the manufacturing of garments, accessories and footwear, to their distribution, consumption, and disposal.

Furthermore, to tackle the e-waste challenge a group of ten UN entities are building a UN E-waste coalition. The vision of the emerging coalition is 'from e-waste to e-value: transforming e-waste for people, planet and prosperity'. The ILO is collaborating with UNIDO on a [regional programme](#) on electrical and electronic waste (e-waste) in Latin America, funded by the Global Environment Facility (GEF). E-waste is one of the fastest growing streams of solid waste and often managed and traded informally, resulting in severe impacts on the environment and human health. The programme advises and assists 13 Latin American countries on e-waste policies and regulations, suitable management technologies, business models, capacity-building and awareness-raising in line with the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal.

4. Selected regional organizations

4.1 European Union

The European Union (EU) advances economic integration and supply chain development within the WTO multilateral trading system. The approach is complemented by several bilateral and single Free Trade Agreements (FTAs). The EU aims to promote sustainable development by including labour provisions in trade agreements. The commitments often reference ILO instruments, most notably with regards to the ILO Declaration on Fundamental Principles and Rights at Work and the MNE Declaration as well as occupational safety and health.

The Trade, Development and Cooperation Agreement (1999) between the EU and South Africa that entered into force in 2004 was the first third party trade agreement that included labour provisions. Ever since, the EU has signed several unilateral reference programmes that provide developing countries access to the market based on labour conditionality. Expectations concerning corporate responsibility are being included for example in the 2017 EU-Canada Comprehensive Economic and Trade Agreement (CETA) or the 2019 EU-Viet Nam Free Trade Agreement.

Furthermore, the [EU GSP+ programme](#) (EU Special Incentive Arrangement for Sustainable Development and Good Governance), which covers eight countries in three regions, references ILO Core Labour Standards. Other agreements, such as the EU-Republic of Moldova Association Agreement, set out specific dialogue mechanisms.

Most trade agreements also include technical cooperation, dialogue and capacity building provisions to improve compliance with labour commitments. The extent to which labour provisions are being integrated differs from generic references in the preamble to the mentioning of specific ILO conventions. The 2017 ILO [Handbook on Assessment of Labour Provisions in Trade and Investment Arrangements](#) provides an overview of the design, implementation and impact of such agreements.

The 2015 EU [Trade for All](#) strategy responds to the rise of global value chains by promoting trade in services, facilitating digital trade, supporting the mobility of professionals, addressing regulatory fragmentation, securing access to raw materials, protecting innovation and ensuring the swift management of customs. The strategy thereby shows that EU trade policy combines economic growth with social justice, respect for human rights, high labour and environmental standards, and health and safety protection. Trade for Sustainable Development chapters in EU Trade agreements promote Responsible Business Conduct/Corporate Social Responsibility, including in global supply chains, based on the promotion of internationally agreed standards, such as the UNGPs, MNE Declaration and OECD MNE Guidelines.

The EU has also passed legislation on responsible sourcing of minerals in conflict-affected and high-risk areas or with regards to non-financial reporting (see OHCHR section). In addition, specific agreements such as the Bangladesh Sustainability Compact and the Labour Rights Initiative with Myanmar have been signed with third countries. In 2019, the European Commission launched an online-tool, [due diligence ready!](#), to provide guidance on the EU conflict minerals regulation.

The Council of the EC in its [conclusions](#) on responsible global value chains (May 2016) encourages the European Commission to further advance due diligence as well as to foster dialogue and cooperation. Policy measures aim at creating a human rights-based due diligence approach at company-level. Overall, the EU pushes for strengthening national regulatory systems for sustainable and inclusive markets.

Most EU member States have adopted national action plans to translate the UN Guiding Principles into action (see OHCHR section). The policy documents entail several measures for companies and public-sector entities to improve environmental and social governance. ILO Core Labour Standards are referenced throughout. The strategies define expectations on sustainable public procurement, handling of adverse impacts on human rights or improve access and effectiveness of grievance mechanisms and remedy. Some member States favour a EU-wide approach. In 2019, a [Shadow EU action plan](#) was presented by the Responsible Business Conduct Working Group of the

European Parliament. The European Commission also implements technical cooperation programmes focusing on [sustainable and responsible supply chains](#). The portfolio covers a wide range of sectors, including agro-food, garment or chemicals.

Between 2016 and 2017, the [ILO partnered with the EU](#) to improve the knowledge base on safety and health in global supply chains to support G20 work on safer workplaces.

The EC is currently one of the donors of the [Vision Zero Fund](#), administered by the ILO (see G20/G7 sections). Under the Fund, the EC has supported country programmes in Myanmar and is currently funding a project on the promotion of fundamental principles and rights at work in the cotton supply chain.

4.2 Association of Southeast Asian Nations

The Association of Southeast Asian Nations (ASEAN) was originally set up in 1967 as a security forum. The regional organization operates according to the principles respect for member States' sovereignty, non-interference in domestic affairs, incrementalism and consensus-oriented decision-making.

ASEAN is in many ways entering a new phase regarding the cooperation among its member States. The regional organization plays a key role in the production and trading of intermediate goods. Lately, the services and tourism industries are becoming more important as well. However, keeping up with global competitiveness is still complicated due to lack of infrastructure or HR capacity.

ASEAN therefore focusses on increasing the global competitiveness of its private sector, especially for SMEs. The organization actively advances the creation of a single market and is fostering socio-cultural as well as economic integration.

In 2017, ASEAN presented [Guidelines for Corporate Social Responsibility on Labour](#) to foster integration of corporate responsibility initiatives, human rights and decent work into business operations.

Overall, economic integration among emerging economies is on the rise. Higher production costs in neighbouring China combined with deteriorated trade relations between Beijing and Washington further accelerate this development. The course of action is stimulated by bilateral FTAs, including with the EU for which ASEAN is its third largest trading partner after the US and China. Another important trade agreement has been signed in 2010 between ASEAN, New Zealand and Australia. The agreements, however, are weak in terms of labour provisions.

4.3 Economic Community of West African States

The Economic Community of West African States (ECOWAS) promotes economic integration and targets social as well as cultural matters. The first labour provision, although non-binding, was included already in an ECOWAS trade agreement in 1993. ECOWAS also signed a [MoU](#) with the ILO that assured advice regarding trade and labour rights by means of technical cooperation.

ECOWAS has launched numerous initiatives and programmes to improve its position in global supply chains. To move toward a West African common industrial policy, the community formulated a 2020 Vision of an “ECOWAS of people”. Based on a firm industrial policy, the policy seeks to foster global competitiveness, environmentally sustainable production and improved living standards for the people by 2030.

The ECOWAS Treaty on free movement makes a provision for 90 days of visa-free stay, an ECOWAS passport, and the elimination of rigid border formalities and (stipulated) residence permit requirements.

In order to scale up high export potential value chains, ECOWAS introduced the Exports Promotion & Enterprise Competitiveness for Trade Initiative. The programme aims to support SMEs through skills training and capacity building to enhance their competitiveness in GVCs, for instance in fruit value chains.

At the same time, ECOWAS member States are advancing the concept of harmonising trade policies. To this end, the ECOWAS Common External Tariff

and the ECOWAS Trade Liberalization Scheme have been set up to strengthen the common market.

Agriculture plays an important role for West Africa. Already in 2005, the community adopted the ECOWAS Regional Agricultural Investment Programme to improve coordination. Similar efforts have been made with regards to transport or harmonized principles and policies in the mining sector.

In spite of such efforts, ECOWAS member States still face major constraints in GVCs. A joint report by the OECD and WTO from 2013 highlighted that the region has not been able to establish regional production chains. The relatively small and fragmented market further impedes trade and competitiveness.

4.4 Asia Pacific Economic Cooperation

The Asia Pacific Economic Cooperation (APEC), established in 1989, promotes economic integration by means of bilateral and regional trade in line with WTO trade rules. A special emphasis is put on building capacity and enhancing the competitiveness of SMEs. In 1994, APEC agreed on free trade among industrialized members by 2010 and among all members by 2020.

The 2014 APEC Forum Beijing stressed the organization's priorities: economic integration, growth and connectivity. Targets for improved supply chain performance were established in the 2010 Yokohama Leaders' Declaration.

The "APEC Connectivity Blueprint for 2015-2025" made clear the vision how to foster integration by defining ten objectives: (1) target trade and investment issues, (2) improve data and statistics, (3) define the role of services in GVCs, (4) enable participation of developing countries, (5) assist SMEs to benefit from GVCs, (6) improve investment climate, (7) adopt effective trade facilitation measures, (8) enhance resilience and security of the region, (9) encourage public private partnerships and (10) strengthen cooperation with UN and other economic institutions.

Between 2013 and 2014, APEC put into practice 20 trade facilitation regulations. Yet uneven distribution of opportunities between countries and sectors has

hampered socio-economic upgrading. A 2017 UNESCAP background paper, [Labour Provisions in Asia-Pacific Free Trade Agreements](#) concluded that labour clauses were relatively under-developed in the region. In 2019, the [APEC Strategic Blueprint for Promoting Global Value Chains 2020-2025](#) was endorsed as a follow-up activity to the 2015-2025 blueprint.

5. Conclusions

Since 2016 the debate around GSCs has continued to evolve, as have GSCs themselves. At the end of 2019, several trends affected the context of global supply chains. These include a (further) slowdown in the global economy and trade, more regional trade and South-South flows, and the increasing servicification of GSCs. Even as protectionism and trade tensions helped slow growth in global supply chain participation, global supply chains have remained an important topic on the multilateral agenda. Indeed, global supply chains' relationship to labour and human rights have become more prominent since the 2016 ILC.

The overarching conversation continues to be led by major economic institutions such as the OECD, G20 and WTO, along with prominent regional organizations. These continue to define supply chains primarily in the context of global growth, economic development and integration and trade liberalization, but with a greater emphasis on sustainable and inclusive growth, and more attention to working conditions. This includes more advocacy for robust social and environmental safeguards to ensure that workers benefit from economic integration, with the implementation of the WBG's ESF and safeguards reflecting a shift in thinking. At the same time, with free trade advocates somewhat on the defensive, publications such as the 2020 WDR sought to actively make the case that participation in global supply chains could still offer a valid path for growth and development.

Since the 2016 Resolution, no major new frameworks have been established at multilateral level, apart from the 2017 revision of the MNE Declaration. The UN Guiding Principles on Business and Human Rights, the ILO Tripartite

Declaration of Principles concerning Multinational Enterprises and Social Policy and the body of International Labour Standards remain the key instruments for GSCs and working conditions. The possibility of a legally binding instrument on business activities and human rights remains open, as UN Member States continued negotiations.

The overall framework for sustainable development is largely defined by the 2030 Agenda. Two of the Sustainable Development Goals comprise targets concerning supply chains, a reflection of how the UN broadly approaches GSCs in terms of the potential contribution to development that is socially inclusive and environmentally sustainable. The UN system continued to promote rights-based standards or principles to guide GSC actors and boasted a growing body of work on the links between GSCs, trade and development. The OECD due diligence guidelines have also significantly shaped global conceptions of supply chain responsibility, and the concept of human rights due diligence in supply chains (voluntary as well as mandatory) continued to gain momentum.

Thematically, there was more attention to decent work in global supply chain efforts compared to 2016. More organizations referenced decent work in research, flagship reports, policy papers, meetings and technical cooperation, a trend that coincided with partnerships and improved coordination with ILO. For instance, the ILO together with the OECD currently implements an EU-funded joint project on responsible business conduct. The ILO-administered Vision Zero Fund that became a G20-wide initiative in 2017. G7 and G20 Declarations referenced adherence with ILS, highlighted the importance of the Alliance 8.7, a policy platform against child labour, forced labour and modern slavery in which the ILO plays a leadership role, and addressed other decent work themes such as living wages or OSH. And there have been substantial, often collaborative efforts to improve data and statistics on global trade and countries' participation in GSCs.

Within the UN system, there was some improvement in coordination among agencies, though these went on approaching GSCs from within their mandate and from a specific sectoral or thematic perspective. In 2019, UNCTAD and ILO published a joint report on export processing zones and decent work. Also in 2019, UNECE launched its decent work and transparency and traceability tool.

The UN Global Compact's Action Platform on decent work in global supply chains was established and is being implemented together with ILO and UNICEF. However, many of the institutions included in this report have not proactively or consistently worked with the ILO and its constituents to promote the Decent Work Agenda in global supply chains.

Much work in the field stayed focused on socio-economic development for those at the bottom of GSCs, including farmers and smallholders (FAO) and micro- and small and medium-sized enterprises (UNIDO), with greater attention to gender equality and environmental sustainability in recent years. Overall, recent publications often focused on working conditions in export processing zones, the service sector and raw material supply chains. How to foster economic integration, put into practice social safeguards, improve supply chain transparency, support SMEs and foster gender equality have also been frequent topics.

In terms of supply chain 'governance', there are many voluntary standards to mitigate social and environmental risks in global supply chains. New standards are continually being developed, and existing ones are being aligned both with regards to mandatory and voluntary instruments. There has been more focus on sector-specific action. In addition to the UNGPs, key economic institutions have developed and/or aligned guidelines for the private sector on how to do business in the global economy. The OECD Guidelines, including the more recently adopted sectoral guidance and alignment assessments, as well as the IFC Performance Standards remain key references. More recently, the WGB adopted an Environmental and Social Framework. Already in 2014, FAO adopted the Principles of Responsible Investment in Agriculture and Food Systems. ILS are often referenced, but the extent to which the ILO's normative approach is adopted varies.

Alongside the proliferation of private or public-private guidelines, principles and codes supported by large corporations, NGOs and some development partners, the drive toward mandatory human rights diligence regulation continued to gain traction, especially in European countries. In 2010, the US [Dodd-Frank Act](#) defined the first specific reporting requirements for selected mineral supply chains. In 2017, the EU passed a [Conflict Minerals Regulation](#) modelled after

the US legislation. Several countries have since adopted legislation on mandatory due diligence, most notably with regards child labour and modern slavery as for example the UK [Modern Slavery Act](#) (2015), Australian [Modern Slavery Act](#) (2018) or the Dutch act on [child labour due diligence](#) (2019). In 2017, France passed the "[loi de vigilance](#)", which requires large companies to submit comprehensive due diligence plans. The EU passed a non-financial reporting regulation with implications for supply chains in 2014. At the end of 2019, several other European countries were discussing measures related to mandatory due diligence, including in procurement. Some member States have officially supported the idea of EU-wide regulation. National action plans on business and human rights have also become more common, and helped raise awareness of working conditions in global supply chains.

Since 2016, the ILO has intensified its cooperation with key economic institutions and UN agencies. Despite good progress in advocating for decent work, the ILO could build on the current momentum to foster inter-agency coordination, and to promote the ILO's normative approach to ensure that efforts to ensure decent work in global supply chains are grounded in international labour standards.

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