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Greening of Global Value Chains: some insights and ways forward

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GVCs as powerful learning tools for developing countries firms

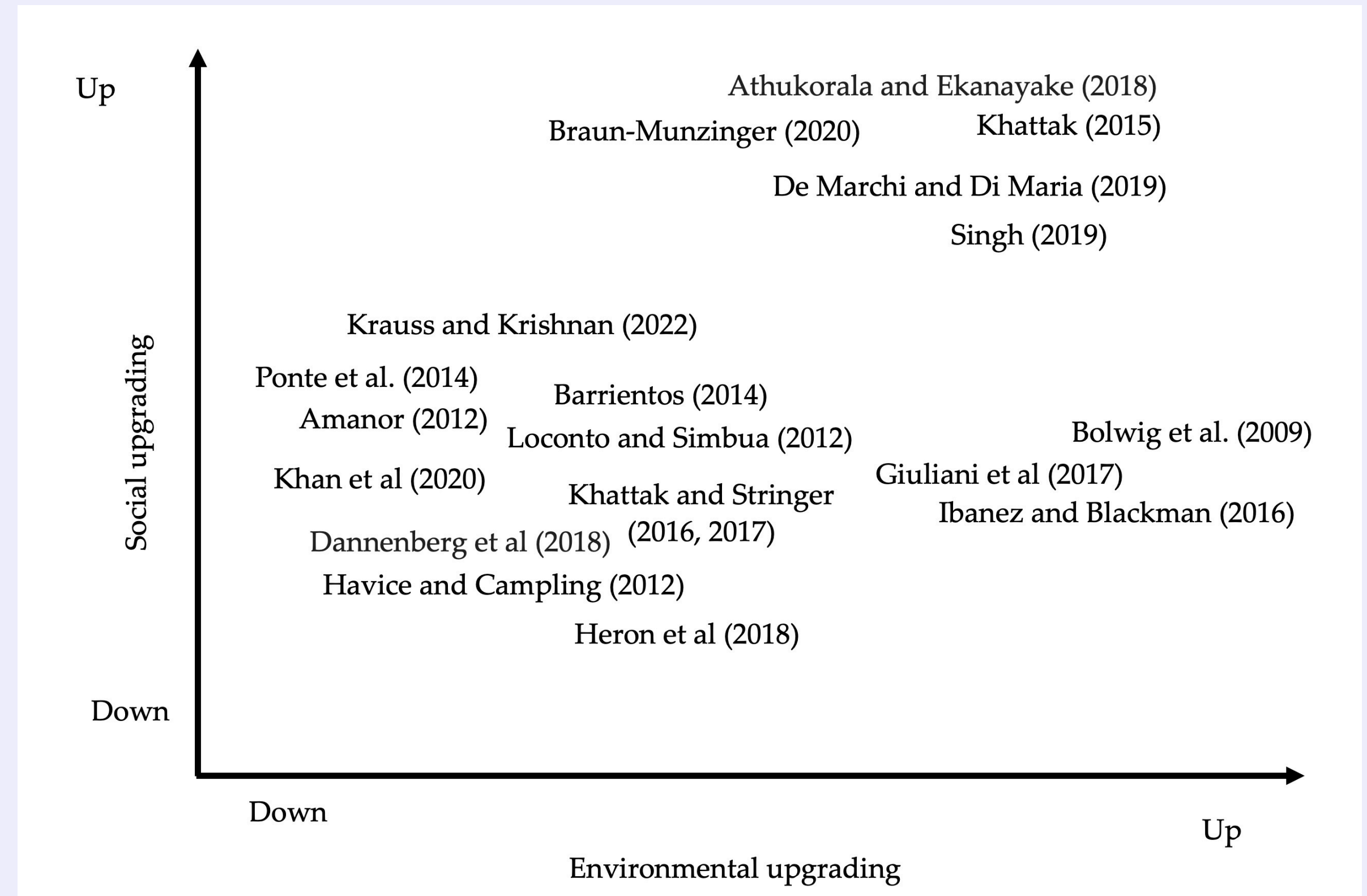
- GVC as a mechanism to transfer knowledge and promote innovation
- ...but just when coupled with local capabilities (at the organizational or territorial level)

Table 2: A typology of GVCs

<i>Innovation</i>	<i>GVC-led Innovators (9 GVCs)</i> <i>High</i>	<i>Autonomous innovators (14 GVCs)</i> <i>High</i>	<i>Marginal innovators (27 GVCs)</i> <i>Low</i>
Within GVC learning	Intensive use <ul style="list-style-type: none"> • Mutual learning from face-to-face interactions • Knowledge transfer from GVC lead firms related to a narrow range of tasks • Training of local workforce by GVC lead companies • GVC pressure to adopt international standards 	Some use <ul style="list-style-type: none"> • Mutual learning via face-to-face interactions • Knowledge transfer from GVC lead firms related to a narrow range of tasks 	Low use <ul style="list-style-type: none"> • Mutual learning from face-to-face interactions • Knowledge transfer from GVC lead firms related to a narrow range of tasks • GVC pressure to adopt international standards
Outside GVC learning	Considerable use <ul style="list-style-type: none"> • Internal R&D effort • Imitation of competitors • Learning from suppliers (outside the GVC), universities and consultancy agencies 	Intensive use <ul style="list-style-type: none"> • Internal R&D effort • Hiring skilled managers and workers 	Very low use
Example	Coffee GVC in Brazil lead by Illycaffè	Chinese wind GVC	Kenyan clothing GVC selling to the US market

GVCs as powerful learning tools for developing countries firms

- GVC as a mechanism to transfer knowledge and promote innovation...
- ...but just when coupled with local capabilities (at the organizational or territorial level)
- ...Positive and negative consequences of GVC participation co-exists (considering for economics, social and environmental dimensions)



Alford, De Marchi, Krishnan (2023) Drivers, tensions and trade-offs in achieving social and environmental upgrading in Global Value Chains, Research Handbook on International Corporate Social Responsibility

Developing effective policies in a GVC world: a checklist

- Developing accurate understanding of a given GVC's functioning and address all the relevant actors in the chain;
- Needing to acknowledge, mediate, and prioritize among different interests, which are dependent on the particular characteristics of a GVC
- Ensuring the required resources and capabilities are available
- Involvement of multiple actors in the design (and implementation) of GVC-oriented policies
- Developing a mix of state policies alongside domestic firm efforts

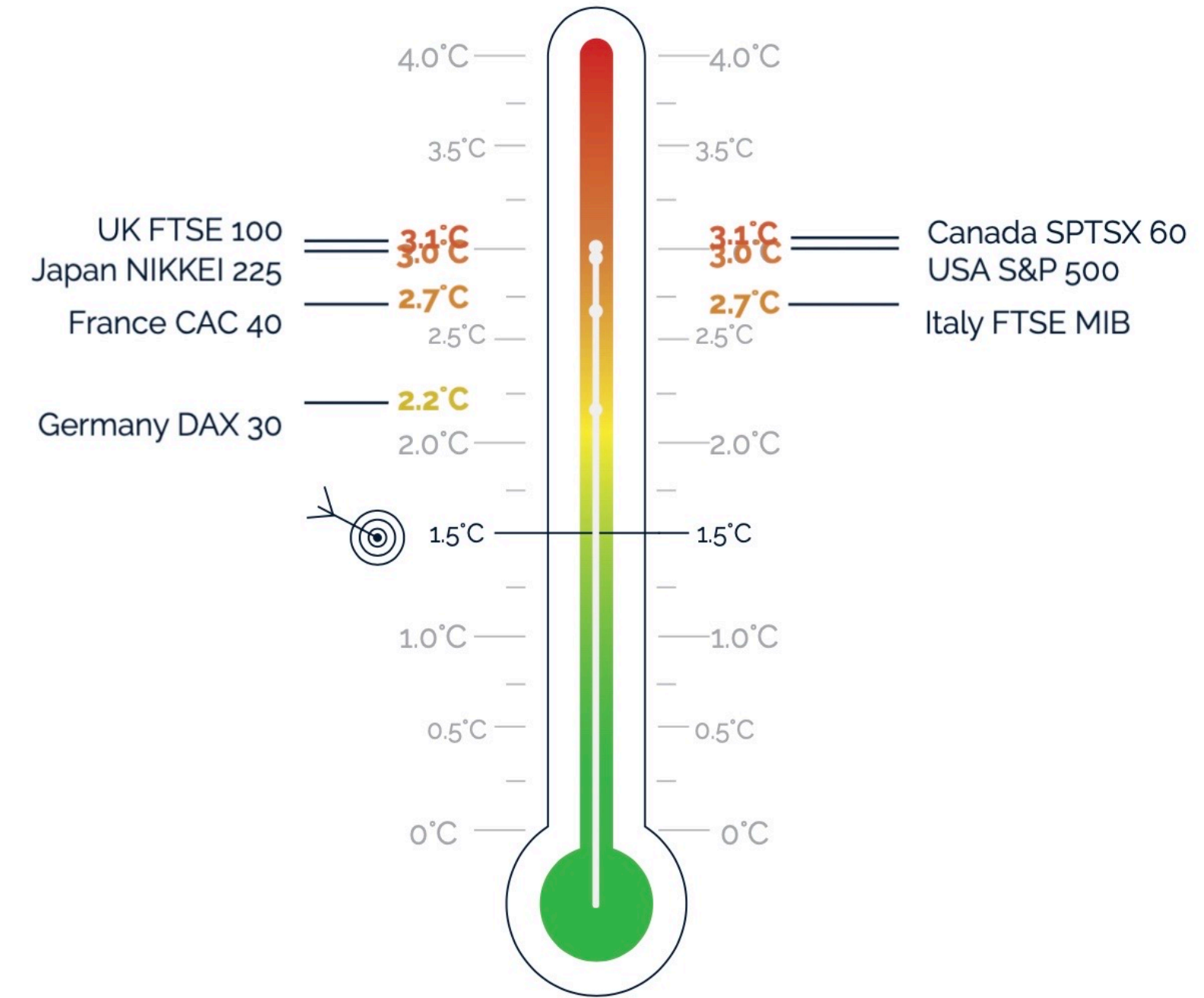
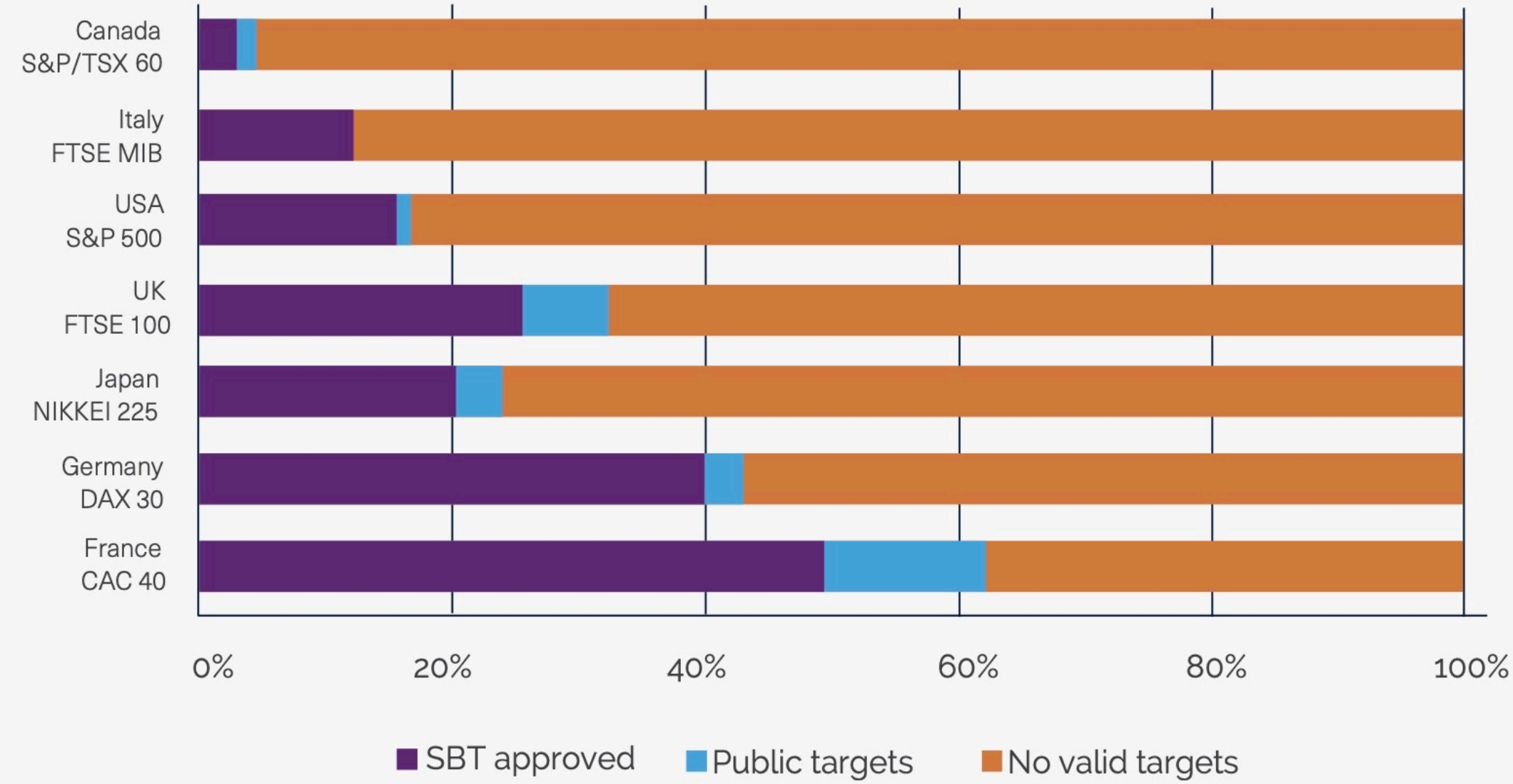
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Ensure the effective development and implementation of policies as a key policy object, especially challenging in the context of environmental (and social) upgrading:

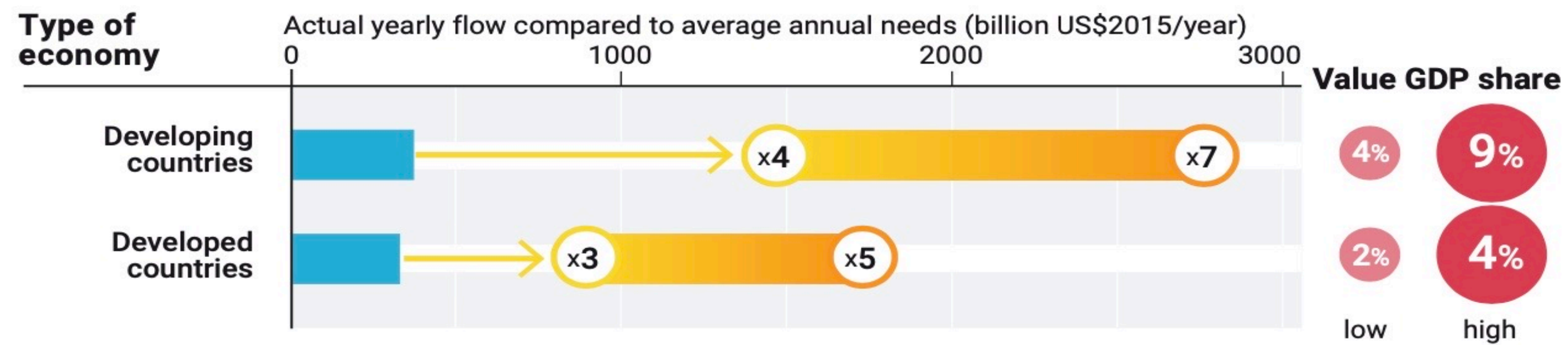
- Complexity
- Non-marketability
- Systemicness

G7 INDEXES TARGET DISCLOSURE RATES (SCOPES 1+2+3)



(Science Based Targets, 2021)

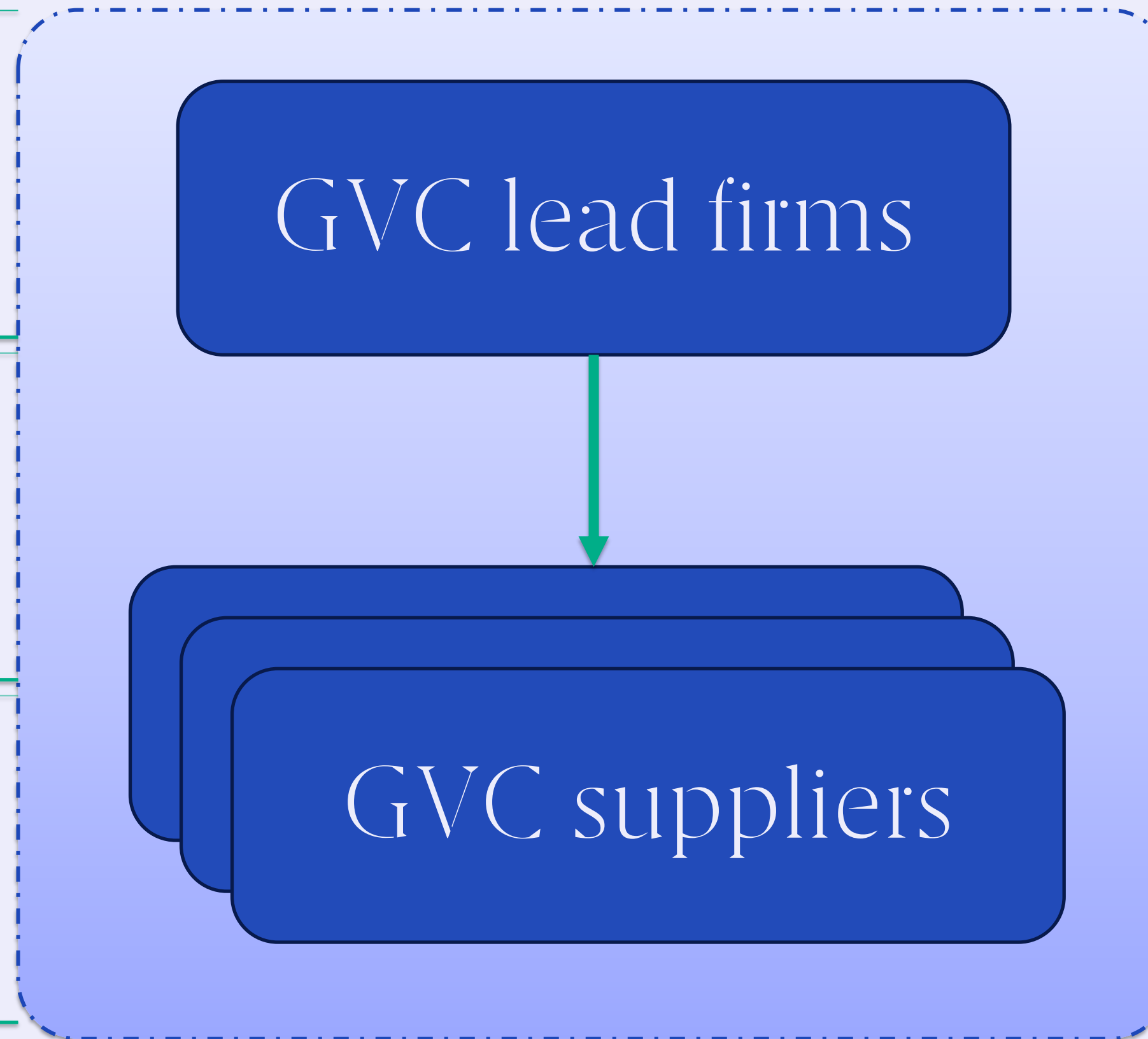
Figure ES.6 Finance flows and mitigation investment needs per sector, type of economy and region (averaged until 2030)



UNEP (2022)

The role of lead firms in driving sustainability within and outside the GVC

Standards & certifications	Requiring to undertake audits, comply with standards and/or third-party certifications or codes of conduct developed by lead firms
Product design	Giving product specifications that allow suppliers to reduce material and energy use or avoid hazardous chemicals when manufacturing or requiring them to adopt a life-cycle perspective.
Knowledge transfer and support	Providing specific knowledge on how to environmentally upgrade products, processes or organization, and sharing best practices among suppliers



Within the GVC

Outside the GVC

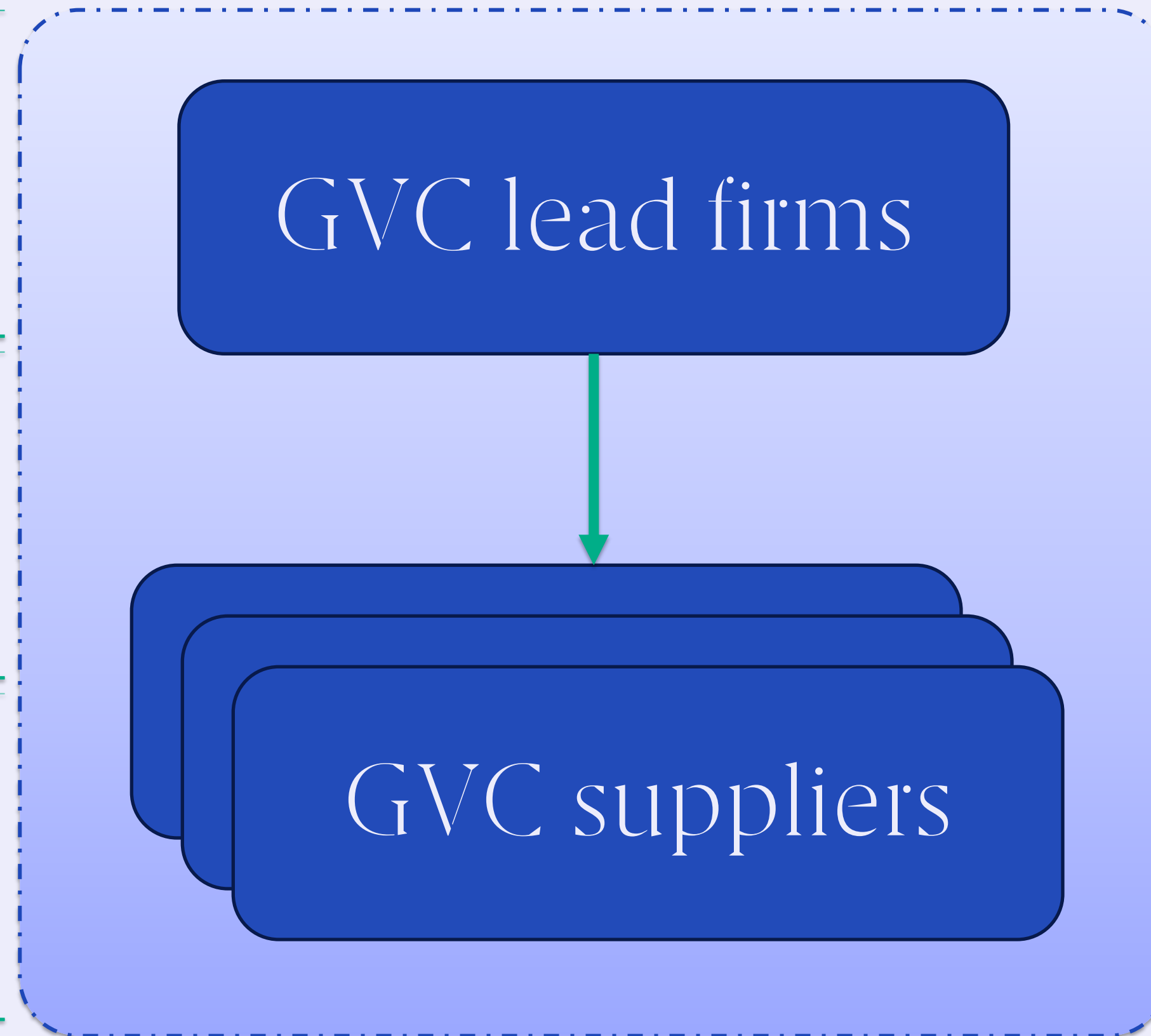
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Within the GVC



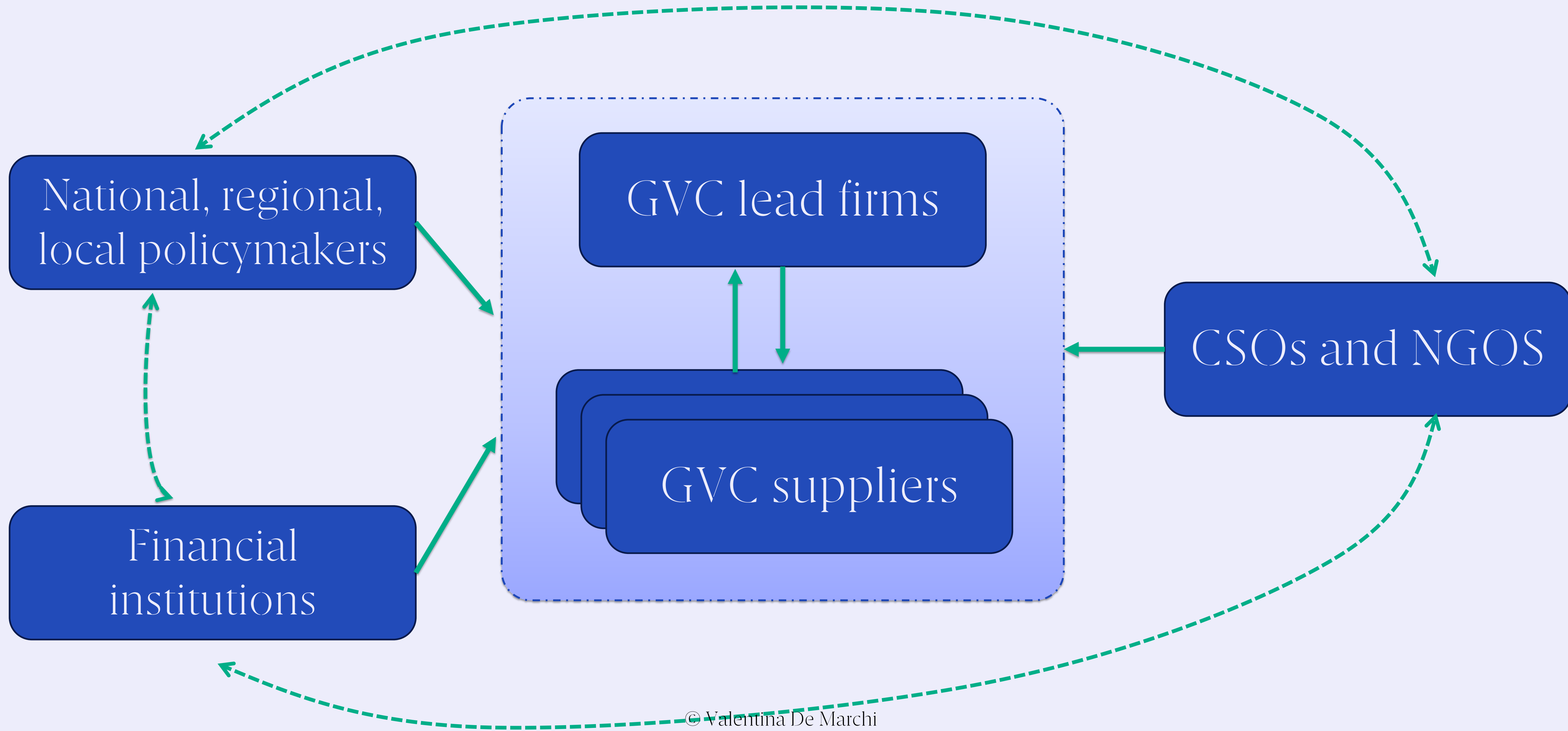
Partnering for the change

Guiding and influencing governments

Supporting further adoptions of technologies

Outside the GVC

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Several forms of decoupling

- Policy–practice decoupling
 - divergence between sustainability statements and sustainability practices
- Means–end decoupling
 - Divergence (or uncertain link) between sustainability practices and sustainability outcomes

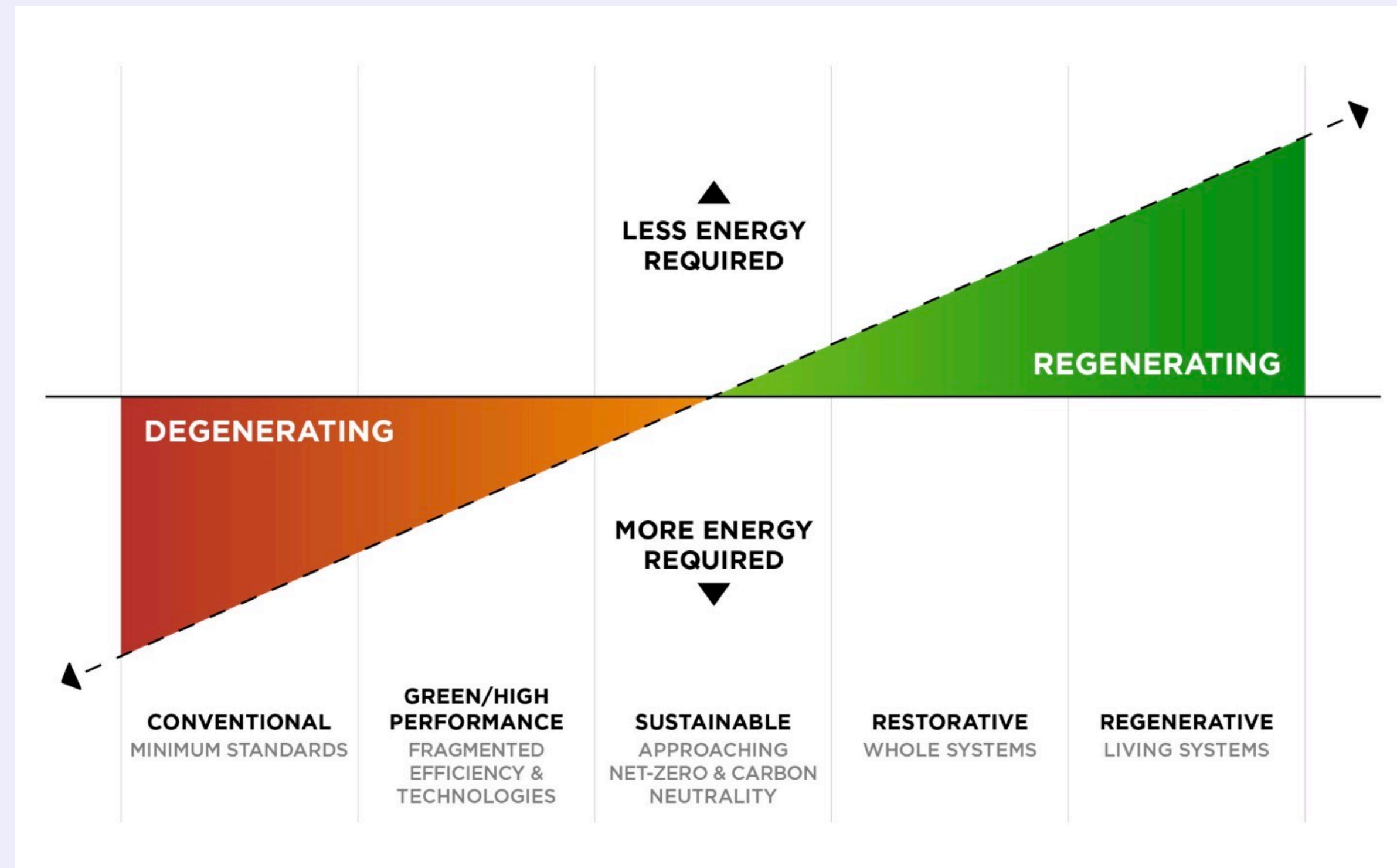




Issues to be accounted for to develop sound policies using technologies to tackle climate change

Accounting for outcomes (ra) other than practices

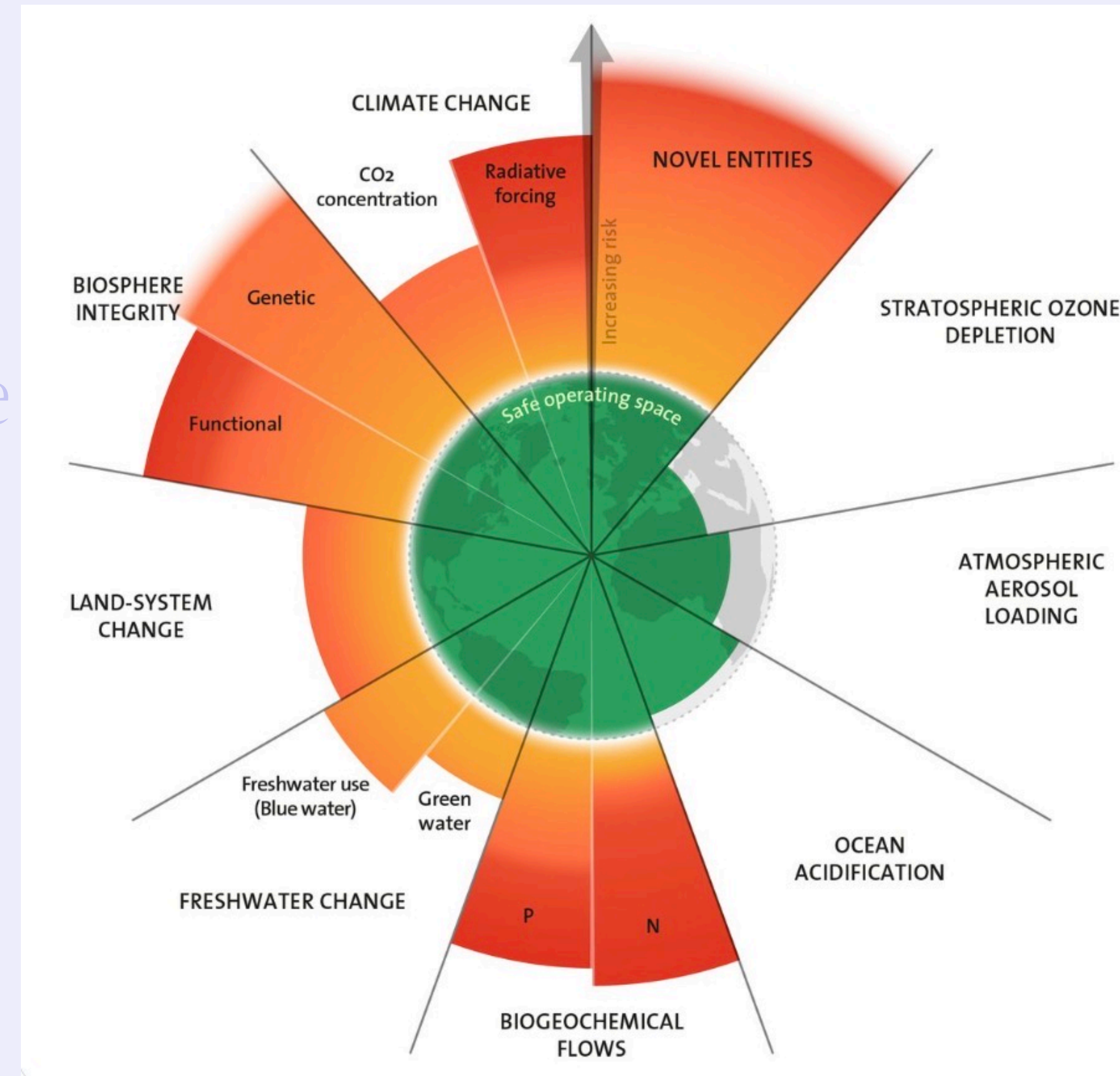
- Absolute reductions rather than relative change



Issues to be accounted for to develop sound policy tackling climate change

Accounting for outcomes (ra) other than practices

- Absolute reductions rather than relative change
- Broader set of issues than CO₂ emissions and climate change



Issues to be accounted for to develop sound policy tackling climate change

Accounting for outcomes (rather) other than practices

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- Considering tensions and how to approach them



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Accounting for different actors' perspectives

- Taking a systemic perspective in policy development, aware of GVC structure and
- Accounting for role of firms to trace responsibility

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THANK YOU

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