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**Beyond economics: accountability frameworks to
optimise public good from global value chains**

by

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The views expressed are those of the author and do not necessarily reflect the views of
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POLICY TOOLS TO ENSURE TRANSPARENCY IN THE GOVERNANCE OF RESOURCE WEALTH

***Beyond economics: accountability
frameworks to optimise public good from
global value chains***

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No room for complacency. . .

As we approach the 70th Anniversary of the signing of the United Nations Charter and the 50th Anniversary of UNCTAD, despite our collective efforts

1. There is “mounting evidence of increasing vulnerability reflected in growing competition for resources and all forms of insecurity
2. Our repetition of the implications of inequality and documentation of injustice in the sharing of globalisation’s costs and benefits have failed to yield the required shifts in public policy and practice
3. With major shifts in power vertically and horizontally, and away from states, there is a growing democratic/governance deficit

No room for complacency. . .

Global value chains provide an important platform for more equitable integration in global markets; but greater complexity and inter-dependence, heightened risk and vulnerability require

- honest assessment of GVC performance - not all boats rise
- greater attention to power differentials, consumption and waste
- a “gear shift” in integration and coordination across the UN system (trade and investment, human rights, development cooperation, poverty reduction, and humanitarian response)
- new paradigms, new platforms for engagement exchanging the language of ‘sectors’ for collective action and mutual accountability by citizens.

If contributing to 'global public good' is an indicator of good 'global citizenship' and makes good business sense

- How could increasing accountability add value for reputable actors?
- What policy tools are there?
- Is NGO experience relevant?

Strengthening existing mechanisms

- Beyond image laundering and ‘compliance’ reporting
 - Global Reporting Initiative
 - Organisational and financial integrity
 - Sustainable Development/Job Creation - adding value through technology transfer, right pricing for local IP, (quantitative and qualitative measures of impact on local economies), Environmental and Social Impact, Respect for Human Rights, anti-corruption efforts
- Beyond useful but potentially unreliable ‘certification’ processes to evidence-based verification of commitment and progress
 - Global Compact; EITI, Forestry Stewardship Council

Strengthening existing mechanisms

- Industry Association and other Codes of Best Practice to ensure comparability in terms of scope, rigour, and transparency, across the system
- Inter-governmental Accountability Mechanisms
 - Universal Periodic Review process
 - The UN Secretary General's *Every Woman Every Child* Information and Accountability Commission
 - Governance, accountability and effectiveness in the context of Post Busan, Post Rio, , IATI, Post 2015 and Humanitarian Summit discussions.
- National policies/guidelines
 - Citizen participation

Exploring new possibilities

- Proliferation of accountability mechanisms increases fragmentation and confusion with different purposes, different approaches, even different definitions.
 - This fragmentation reduces effectiveness, creates burdens for companies and public authorities and provides an ‘excuse’ for in-action.
- Rather than calling for yet another certification label or standard, WV is proposing a common multi-stakeholder approach to underpin individual regimes that are fit for purpose
 - with clarity around shared ‘goals and targets’, shared responsibility and mutual accountability and learning.
- World Vision’s experience is that a cost effective accountability approach improves legitimacy, alignment, efficiency and effectiveness in returns to stakeholders.

But where to start. . .

- **A rights-based approach? Responding to**
 - Basic rights – to water, food,
 - To sustainable livelihoods
 - Land and water ‘grabbing’
 - Corruption
- **A sectoral approach?**
 - The displacement effect of the commercialisation and industrialisation of agriculture (“first world” dietary and horticultural preferences and energy needs ahead of live-saving access to nutritious food)
 - Extractives/Mining industry – high impact, high responsibility, some leadership
 - Manufacturing, Footwear and Clothing, Jewellery/Bling, IT
- **An inter-generational approach?**

A focus on children

- Child labour has been linked to a range of negative economic impacts for present and future generations including:
 - decreased lifetime earning potential and increased likelihood of poverty in later life;
 - depressed wages, constraints on entrepreneurship and the emergence of stagnant, low-wage economies;
 - reduced human capital accumulation.
 - increased adult unemployment;
 - discouragement of inward foreign investment;

A focus on children

- Child labour does not just hurt children and their families, it harms the economies that develop around them.
- Child labour is an obstacle to sustainable and inclusive economic growth
- Governments have moral, legal and economic responsibilities to protect the 168 million children currently toiling in child labour. (ILO 2012)

Addressing Child Labour through G20 public procurement

- Combined G20 public procurement expenditure expected to top US\$15 trillion in 2014. Many of the products commonly purchased by governments utilise complex value chains that are vulnerable to child labour
- Public procurement reform is an opportunity for governments to use their influence as consumers and as lead public opinion to reduce the demand for goods produced through child labour
- Improvements in accountability will drive business smart 'public good' results

Addressing Child Labour through G20 public procurement

- World Vision is calling on the G20 to develop a common approach to the reform of public procurement policies which is grounded in the *Protect, Respect, Remedy framework articulated in the UN Guiding Principles on Business and Human Rights & General Comment 16 on the Convention on the Rights of the Child (CRC)*
 - All G20 countries have ratified one or more international treaty which clearly outlines their responsibilities to protect children from economic exploitation
- The common approach we propose for reform of public procurement policies would. . .

Addressing Child Labour through G20 public procurement

1. Oblige public authorities to introduce public tender eligibility requirements that ensure that companies take sufficient steps to identify, report and address child labour throughout their product's value chains.
2. Be grounded in the *Protect, Respect, Remedy framework as articulated* in the UN Guiding Principles on Business and Human Rights & General Comment 16 on the CRC
3. Ensure that public authorities follow the example set by existing leading multi-stakeholder initiatives, and address supply chain labour standards issues in a manner that clearly prioritises the best interests of the child,
4. *Work with* suppliers, with termination of the contractor/supplier relationship used as a last resort; and
5. Draw on international best practice in relation to the design and implementation of compliance regimes, the exercise of proper due diligence, the verification and monitoring of corporate compliance (including through communication and reporting of performance), and in the handling of complaints.

Just one example. . .

Embracing accountability options on these lines in global value chains has the potential to transform the lives of thousands of children

