Transparency and Traceability for Sustainable Value Chains

Accelerating action for Decent Work and Sustainability in the Garment and Footwear Industry

Maria Teresa Pisani
12I 02 I 2019, Paris, OECD
A global scenario

Garment and Footwear Value Chains

**GLOBAL**
- Global Value Chains: Main feature in international trade
- Lengthy lead-times
- Driven by big retailers and traders

**COMPLEX**
- Multi-stakeholder
- Small and scattered production facilities
- Short product lifecycles

---

**A global scenario**

**Garment and Footwear Value Chains**

**GLOBAL**
- Global Value Chains: Main feature in international trade
- Lengthy lead-times
- Driven by big retailers and traders

**COMPLEX**
- Multi-stakeholder
- Small and scattered production facilities
- Short product lifecycles
Sustainable Value Chains

**TRACEABILITY**

“the process by which enterprises track materials and products and the conditions in which they were produced through the supply chain” (OECD, 2017)

**TRANSPARENCY**

“relates directly to relevant information been made available to all elements of the value chain in a standardized way, which allows common understanding, accessibility, clarity and comparison” (EC 2017)

Source: Boston Consulting Group & Danish Fashion Institute - Pulse of the Fashion Industry 2018
The UNECE explorative analysis

Research Questions

1. How can transparency and traceability of the value chains help advance sustainability in the garment and footwear sector?

2. What are the key requirements for the business sector to put in place a robust transparency and traceability scheme?

3. What are possible measures that policy makers could devise to support traceability and transparency of sustainable garment and footwear value chains?

Engaging with the business sector

Source: UNECE Survey 2018
Focus on Traceability and Transparency

The UNECE exploratory analysis

+ 100 respondents

N° Employees

- Micro: 15%
- Small: 26%
- Medium: 38%
- Large: 22%

Industry share

- Textile: 63%
- Leather: 22%
- Both: 5%

Source: UNECE 2018
1. Why Transparency and Traceability?

The UNECE exploratory analysis

A **priority** for the industry

<table>
<thead>
<tr>
<th>More accurate information for consumers</th>
<th>Reputational risk management</th>
<th>Efficient resource management (e.g. energy, water, chemicals)</th>
<th>Enhanced communication with business partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>76.79%</td>
<td>75.00%</td>
<td>69.64%</td>
<td>67.86%</td>
</tr>
</tbody>
</table>

Possible **challenges**

<table>
<thead>
<tr>
<th>Complex business network</th>
<th>Privacy of data</th>
<th>Cost</th>
<th>Technological barriers</th>
<th>Product segregation</th>
</tr>
</thead>
<tbody>
<tr>
<td>69.09%</td>
<td>54.55%</td>
<td>49.09%</td>
<td>29.06%</td>
<td>21.82%</td>
</tr>
</tbody>
</table>

Source: UNECE Survey 2018
1. Why Transparency and Traceability?

The UNECE exploratory analysis

Does the industry track and trace the value chain?

Tier 1: Final product manufacturing and assembly
Tier 2: Material manufacturing
Tier 3: Raw material processing
Tier 4: Agriculture, farming and extraction
2. What are the key ingredients?

The UNECE exploratory analysis

Quote: “In order to have a robust system, the necessary information should be complete and must be 1. obligatory by law, 2. certified by an internationally recognized certification system and supported by strict testing systems, 3. ensure product sustainability, and 4. should be easy to implement across a large supply base.”
3. What are possible policy approaches?

The UN/CEFACT Project

- R&D support: 54%
- Regulation: 75%
- Fiscal incentives: 64%
- Skills development: 61%
- Trade agreements: 34%
- Promotional support: 27%
- Voluntary standards: 27%

Source: UNECE Survey 2018
The Project

How to enhance transparency and traceability?

POLICY RECOMMENDATION & DIALOGUE PLATFORM

TRACEABILITY STANDARD AND IMPLEMENTATION GUIDELINES

PILOTING AND CAPACITY BUILDING

Previous experiences and publications
Next Steps

- Call for Interest and establishment of Groups of Experts by Project Component
- Experts Groups meetings (e.g. at UN/CEFACT Forum on 4 April Geneva)
A multi-stakeholder initiative

Thank you!

Maria Teresa Pisani
maria-teresa.pisani@un.org
Economic Cooperation and Trade Division, UNECE