

**THE SECOND GREEN GROWTH KNOWLEDGE PLATFORM CONFERENCE:  
MAIN OUTCOMES  
4-5 APRIL 2013, PARIS**

The second Green Growth Knowledge Platform (GGKP) annual conference focused on private sector implementation aspects of green growth in areas of mutual interest to advanced, emerging and developing countries. The two-day discussion was framed around the following headline themes: (i) greening global value chains (GVCs), and (ii) measurement and reporting for green growth. The conference webpage may be found at the following link: <http://www.greengrowthknowledge.org/Pages/Events13.aspx>.

GGKP Annual Conference highlights:

- ***The GGKP conference was attended by over 300 participants from advanced, emerging and developing countries.*** Participants included leading academics, policy makers, businesses and NGOs.
- ***Two themes were debated, the greening of GVCs and measuring and reporting for green growth.*** These are at the heart of three priority areas of GGKP research identified by its founding partners, GGGI, UNEP, World Bank and OECD, namely: (i) trade and competitiveness, (ii) innovation and measurement, and (iii) indicators.
- ***The GGKP founding partners launched their first joint paper “[Moving Towards a Common Approach on Green Growth Indicators](#)”, at the conference, which aims at establishing a common basis for measuring progress towards green growth.***

**Session 1: Corporate incentives, motivations and patterns**

Session 1 focused on incentives for the private sector to introduce environmental considerations along GVCs. Angel Gurría (OECD Secretary-General) welcomed the participants by highlighting the importance of addressing green growth considerations holistically within the context of GVCs. Janez Potočnik (European Commissioner for the Environment) emphasised in his [speech](#) that the GGKP is needed to identify gaps and best practices for business to deliver on green growth. Both presenters stressed the importance of measuring and reporting on sustainability considerations in support of management decisions.

Jan Peter Balkenende (Partner Ernst & Young and Chair of the Dutch Sustainable Growth Coalition) highlighted the key findings from the GGKP commissioned paper, [Building Green Global Value Chains - Committed public-private coalitions in agro-commodity markets](#). The paper was discussed by a panel including Michael Toffel (Associate Professor, Harvard Business School) and Peter Bakker (President, WBCSD). In the course of the discussion moderated by Pavan Sukhdev (Founder-CEO, GIST Advisory), a number of key messages emerged:

- ***Taking a holistic view along GVCs is essential for green growth given the complementarities of activities along the chains and the large number of actors involved.*** Greening supply chains is not about enhancing sectors producing environmental goods and services but rather about ensuring environmental sustainability of production in all sectors of the economy and along the whole domestic and global value chain. This often involves complex relationships with suppliers and requires solving difficult corporate governance issues and setting the right incentive structures.
- ***In many instances sustainability has turned from a business hindrance to a business driver.*** From a private sector perspective, it is seen as a way to monitor performance, avoid risk, improve efficiency and manage reputation in view of maintaining or increasing market share.
- ***To foster green growth, integrated business reporting that considers natural (and social) capital along with financial considerations is increasingly seen as an important supplement to traditional***

*reporting practices*. Using monetary valuation methods to reflect the costs to natural capital can facilitate the adoption of integrated business reporting within existing reporting standards and to increase its relevance to corporate governance. However, despite early efforts at harmonization, international corporate reporting initiatives remains highly fragmented.

#### **Knowledge gaps highlighted in the discussion included:**

1. How domestic and foreign policy settings interact to promote (or discourage) the greening of GVCs, the participation of companies in different segments of GVCs, and location of their production activities?
2. To what extent cutting edge economic activity and job creation in service sector areas are complementary to green manufacturing activities?

#### **Session 2: Implementation challenges to green GVCs**

Bernard Sinclair Desgagné (HEC Montréal) presented a toolbox to provide information, incentives and improve coordination to green GVCs. His paper [Greening Global Value Chains: Implementation Challenges](#) underlined the need to adopt a systemic approach to green GVCs. The process involves many actors, including not only firms but also governments, financial institutions and NGOs and requires traceability and transparency. The paper was discussed by the panellists Dooa Abdel Motaal (Deputy Chief of Staff of the Director-General of the WTO) and Anders Gautschi (Head of Consumption and Products Section, Swiss Federal Office for the Environment). In the course of the presentation and the discussion moderated by John Llewellyn (Founding Partner, Llewellyn Consulting), the following was highlighted:

- *Instruments to set incentives properly for promoting green growth can be introduced at the firm, chain, country or international levels. As pointed out in Degagné’s paper*, at the firm level they can include performance rewards, monitoring and auditing, internal pricing, task design and allocation, centralisation and delegation of decision making, staffing and training and improvement of corporate culture. Within chains, useful instruments range from selecting and terminating relationships or contract framing to taking full advantage of market incentives. Within national borders, regulations or competition policy can play a useful role, but also policies to fight against corruption or foster social economic developments. Finally, at the global level, international agreements and green technology transfers appear to be very important, while NGOs can help to diffuse information.
- *Implementation of policies is however often problematic*. Notably, insufficient comparable information, asymmetric information, the lack of technology, expertise and financing, particularly in small and medium-sized enterprises (SMEs) and especially in developing countries constitute the main obstacles to implementation.
- *As the world is highly integrated, green protectionism is counter-productive because components of imported products are often produced in the importing country itself (e.g. in renewable energy devices)*. Environmental policy – for instance support to renewable energy – needs to focus on measures that do not distort trade. Voluntary approaches, in the form of a negotiated agreement with the industry, could complement mandatory instruments, perhaps through standards and other tools to facilitate reporting and monitoring of implementation progress.

#### **Knowledge gaps mentioned in the discussion included:**

1. Informality is widespread in many developing economies and encouraging informal firms to green their production process is challenging. A number of initiatives are currently taking place in developing economies (Africa, Ecuador) to reduce the size of the informal sector. What is the environmental impact of policies aimed at monitoring and reducing the size of the informal sector?

#### **Session 3: Implications for innovation and skills**

This session was moderated by Michael Grubb (Professor, University of Cambridge). Matthieu Glachant (MINES ParisTech) presented his paper “[Greening Global Value Chains: Innovation and the International Diffusion of Technologies and Knowledge](#)”. The paper describes how emerging market economies and

developing countries are innovating and adopting green technology and discusses what policy approaches could foster their participation in the globalization of knowledge, technology, and skills. A number of issues were highlighted by the panellists Luisa Prista (Head of Environmental Technologies Unit, DG Research, European Commission), Reinhilde Veugelers (Professor, KU Leuven), Kevin Urama (Executive Director, African Technology Policy Studies Network) and Antoine Dechezleprêtre (Research Fellow, LSE):

- ***Economic globalisation does not directly induce the globalisation of innovative activity.*** Technology adoption is widespread with knowledge, skills and technologies mostly flowing across countries through trade, foreign direct investment (FDI), joint-ventures and the associated circulation of skilled workers. But the international division of labor could in fact lead to the specialisation of certain countries in innovative activities.
- ***While emerging economies are integrated in the global economy with varying degrees of knowledge exchange, least-developed countries are not connected to international technology flows.*** They do not import green technologies and low barriers to trade and FDI or strict intellectual property rights are unlikely to trigger technology transfer.
- ***Environmental regulation boosts green innovation both domestically and abroad although the effect is weaker abroad.*** However, there can also be pollution leakage: firms in countries with strong environmental regulation can source inputs from less regulated countries, rather than innovate in response to environmental policies.

**Knowledge gaps are abundant, and further research is needed to better understand:**

1. What is the link between technology transfer and absorptive capacity across countries, including in the context of subsidized activities (e.g. renewable energy)?
2. How important are IPRs and specific innovation policy instruments for countries with various income levels and socio-economic contexts?
3. How effective are various financing mechanisms and technology-oriented instruments under international agreements (e.g. CDM)?

**Session: Filling Knowledge Gaps – Releasing a GGKP Paper on Green Growth Indicators**

The four GGKP founding partners, represented by Jorgen Elmeskov (Deputy Chief Economist and Director, OECD), Achim Steiner (Executive Director, UNEP), Richard Samans (Director-General, GGGI), and Marianne Fay (Chief Economist, Sustainable Development Network, World Bank), launched their first joint paper “Moving Towards a Common Approach on Green Growth Indicators” – aimed at establishing a common basis for green growth indicators around the following areas central to green growth:

- environmental and resource productivity and innovation,
- natural assets and their cost-effective management,
- the environmental quality of life,
- related green growth policies, economic opportunities and social context of green growth,
- monitoring sustainability of overall economic developments.

This work is the result of coordinated efforts by the GGGI, the OECD, UNEP, and the World Bank as part of the GGKP’s research program on green growth measurement and indicators. In offering a conceptual framework for green growth indicators, this preliminary report marks the first time that the participating international organisations have shared a joint vision for a set of indicators that can help communicate the central elements of green growth and green economy. Converging towards a common measurement approach and a set of indicators will facilitate their application.

The scoping paper also lays out an agenda for further progress, identifying knowledge gaps in the measurement, interpretation and implementation of green growth indicators in practice.

#### **Session 4: Measurement and reporting for green growth - Private sector initiatives**

Nancy Kamp-Roelands (Ernst & Young) presented the landscape of corporate reporting relevant to green growth with her paper [Private Sector Initiatives on Measuring and Reporting on Green Growth](#). Sustainable reporting is dominantly taking place in large companies in developed economies. Its contents were discussed by the panelists Vânia Maria da Costa Borgerth (Senior Advisor to CEO, BNDES), Paul Dickinson (Executive Chairman, Carbon Disclosure Project), Martin Roberts (Development Director, University of Cambridge Programme for Sustainable Leadership) and Philippe Martin (Policy Officer, Eco-innovation and Finance, DG Environment, European Commission). The panelists and audience raised a number of questions including:

- ***Why do companies report on non-financial accounts in the absence of mandatory requirements?*** According to Kamp-Roelands, the corporate rationale for sustainable reporting has gradually shifted from complying with the environmental laws to monitoring performance on firm's own operations as well as along the supply chain. While in the 1990s sustainability reporting was mainly the responsibility of public affairs departments it has become increasingly the responsibility of the CEOs and CFOs – to support internal management decisions in view of cost reductions and risk management. This shift has driven more rigorous data collection. Externally, sustainability reporting helps companies communicate on performance and gain trust of various stakeholders. It also facilitates the identification of bottlenecks or areas of potential risk, and helps ensure adherence of business partners in the supply chain to the ethical standards of the corporate brand.
- ***What is the role of regulators?*** The panellists highlighted the example of green public procurement that requires targets and reporting, pre-market demonstration projects to identify market imperfections blocking entry, and increased transparency about program requirements. The audience noted that collected information must not lead to additional regulation, which could be detrimental to business decisions. Conference participants put forward the following benefits of integrated reporting for banks: planning effectively risk-hedging activities, assessing holistically environmental impacts of credit lines of infrastructure investors, and expanding the scope of services offered to their clients.
- ***What more needs to be done to encourage progress?*** Given the vast range of different approaches used in the private sector, further harmonization of accounting and reporting standards and measurement approaches was perceived as cost-saving, while the benefit of ensuring comparability of data across firms, among countries and over time was also noted. A small set rather than one single indicator is preferred from a corporate perspective. There is an increasing need to identify key topics of indicators not merely on operations, but also on supply chain and inventories in the entire GVCs. Other issues include the lack of knowledge exchange on good practices, not only related to indicators but including strategic risk management and governance, and to provide the right framework conditions through legislation and regulation.

#### **Knowledge gaps discussed included:**

1. Further work is needed to explore the scope for sustainability reporting practices in the private sector. There is interest in understanding better how indicators can be embedded in risk management strategies, corporate strategy, what actions have been taken, how stakeholder development targets have been fulfilled, and how the use of indicators has improved the overall performance.
2. There is scope for further research to better understand:
  - a. the business case for sustainability reporting by using more detailed data at product and local levels,
  - b. accounting for and evaluating both the short and long-term financial implications of firms' sustainability practices, particularly to entice capital market actors to use integrated reporting,
  - c. how to deal with informality as this sector accounts for a large part of the supply chain in developing countries.

#### **Session 5: Measurement and reporting for green growth - Public sector issues and IOs initiatives**

Session 5 focused on countries' applications of green growth indicators and international advances on the measurement frameworks. Yolanda Kakabadse (President, WWF for Nature) moderated the session. Carl Obst

(Editor, SEEA) presented an update on the SEEA developments to inform the discussion by the panellists Vannak Chhun (Senior Minister's Advisor and Deputy Director-General for Inspection, Government of Cambodia), Dahe Jiang (Professor, UNEP-Tongji Institute of Environment for Sustainable Development) and Andrés Flores Montalvo (General Director for Environmental Economy, Mexico's National Institute of Ecology and Climate Change). The following issues were highlighted:

- ***An integrated and organised approach to reporting and measurement is essential to support green growth policy implementation along the GVCs.*** The System of Environmental-Economic Accounting (SEEA) is a means to ensure data quality and comparability, however, it needs to be populated quickly to become effective.
- ***What is the role of international organisations and the GGKP?*** Organised data and integrated approach to reporting are essential for further policy development. The GGKP can help to align public and corporate efforts by facilitating the exchange of knowledge; developing and accepting common approaches to measurement and reporting; recognising the need for investment in data as a basis for decision-making; and supporting implementation, research and testing activities as part of the coordination efforts. Consolidated action of international organisations can help to obtain complete and coherent understanding of the economy-environment links; improve decision-making and risk management; facilitate a collaborative, multi-disciplinary and multi-sector approach; and promote the use of common terms, definitions and approaches in monitoring progress towards green growth.
- ***What are the opportunities and challenges for developing countries?*** The main obstacles relate to the fragmentation of measurement tools, the lack of global leadership on green growth and sustainable development, differentiated responsibilities among countries, and valuation of natural resources. The experience of Cambodia demonstrates that indicators are useful for supporting national policy roadmaps, with increasing importance of sub-national indicators to monitor distributional implications, the quality of life, and use of resources across rural and urban areas. In the scope of the eco-city development programmes, China has developed two systems of environmental indicators in 2003 and 2008 to monitor progress on various dimensions of eco-city management, importantly on the quality of life aspects. As emphasised by Mexico, interpretation of indicators needs to be assessed within the socio-economic context.

#### **Knowledge gaps discussed included:**

1. Guidance on indicator applications for governments and statistical offices is insufficient. Such guidance, which could take the form of a guide, could help prioritise data collection and address the measurement gaps. In the same spirit, developing a guide for green growth indicators at the company level could be useful to promote integrated reporting practices.
2. Further work is needed on green growth metrics to:
  - a. harmonise the measurement and reporting metrics given the large number of approaches proposed in both the private and public sector,
  - b. better align private and public sector initiatives on measuring and reporting on green growth, and
  - c. advancing the measurement agenda as proposed in the GGKP scoping paper.

#### **Break-out sessions**

Conference participants were invited to select one of five working groups to discuss knowledge gaps emerging from the discussions in the green GVCs and measurement sessions.

**Working group 1** focused on the alignment of government and corporate measurement and reporting on green growth.

- Main knowledge gaps were identified in the following areas, including i) the role of stranded assets, ii) skill requirements, iii) the assessment of opportunities and risks (particularly for SMEs), iv) harmonisation of reporting and measurement methodologies, and v) verification of reported information.

**Working group 2** discussed green growth indicators and development of SDGs.

- Main knowledge gaps were identified in the following areas, including i) the development of indicators that capture a social dimension of sustainable development (e.g. on job creation and social inclusion), ii) better understanding and measurement of policy interventions that promote green skills, taxation and subsidy reforms, iii) progress with valuation of ecosystem services and planetary boundaries, iv) effective communication and interpretation of indicators.

**Working group 3** focused on integration of green growth policies in national plans to maximise the benefits of GVCs.

- Main knowledge gaps were identified in the following areas, including i) a distinct analysis for exporting and importing countries, ii) more focus on international harmonisation and standardisation in the context of developing countries, iii) the assessment of policy implications for large and small companies, iv) consideration of policies for public procurement, training and skill development, and v) a further analysis of intended and unintended effects of green growth policies – including the impacts on SMEs, jobs, and social inclusiveness.

**Working group 4** looked at distributional and job implications of greening GVCs.

- Main knowledge gaps were identified in the following areas, including i) a further analysis of benefits and costs of greening GVCs that can be unlocked by national and local governments, ii) more focus on participation of SMEs in the life-cycle approach along GVCs, iii) the integration of local stakeholders and small firms in greening GVCs, iv) the role of social protection systems to provide employment opportunities and to facilitate the entry of companies in new markets, and v) the analysis of public-private partnerships and general labour market effects – including an assessment of skill needs and distributional impacts of declining sectors.

**Working group 5** discussed policy obstacles to business sector implementation of green economic activities.

- Main knowledge gaps were identified in the following areas, including i) the development of a reliable and standardised benchmarking tool, ii) a further analysis of how poor enforcement and contradicting regulations impact implementation of green economic activities in developed and developing countries, iii) improved data collection and communication of results to policy makers, iv) an analysis of policy incentives to discourage multinational companies that seek opportunities in developing countries with weak environmental regulations, v) an assessment of linkages between environmental degradation and health.

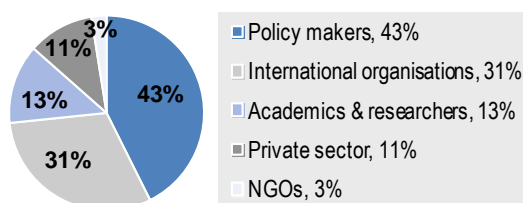
## ANNEX. FEEDBACK FROM THE GGKP CONFERENCE PARTICIPANTS BASED ON QUESTIONNAIRES

### *Attendance and evaluation*

- **The GGKP conference was attended by over 300 participants from advanced, emerging and developing countries** (Ministries of Economy, Environment, Industry, Agriculture and Development were represented), private sector, academia and research institutions, international organisations, and from civil society.
- **Limited participation from Ministries of Finance** made it difficult to gather views on greening GVCs and green growth indicator metrics from a budgetary planning perspective including fiscal policy considerations. The conference did not sufficiently reach out to business representatives from developing and emerging countries. Given this, the challenges and opportunities for SMEs in GVCs from a developing country perspective was missing.
- **Most participants rated the conference positively** and found the conference useful to enhance their knowledge about “greening global value chains” and “indicators and measurement”. About two-thirds of participants considered that discussions and emerging insights were relevant to their work. Participants were satisfied with the quality of interventions and the overall structure of the session. Time allocated to discussions was nonetheless estimated to be too short.

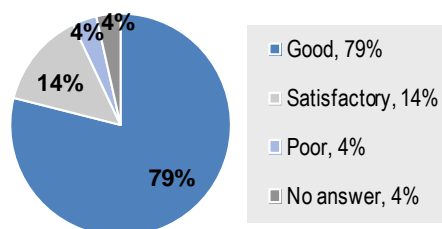
### Overall assessment of the second GGKP conference

**GGKP Conference Participation**



\* 319 registered participants, of which:  
 - 40% women  
 - 7% from emerging and developing countries

**GGKP Conference Assessment**



\* Based on survey completed by 57 p participants.

### **Overall assessment**

About one-fifth of participants filled in the questionnaire, of which 14% attended also the 2012 inaugural conference in Mexico.

- **Most participants rated the conference positively as good, very good or excellent (79%).**

Table 1. Overall assessment

	Number	Percentage
Excellent	5	8.8%
Very good	22	38.6%
Good	18	31.6%
Satisfactory	8	14.0%
Poor	2	3.5%
No answer	2	3.5%
	57	100%

- ***Most participants found the conference useful to enhance their knowledge about “greening global value chains” (74%) and “indicators and measurement” (76%).***
- ***Most participants found the conference useful for knowledge exchange between institutions and experts (88%).***

Table 2. 2013 GGKP annual conference enhanced the...

	Agree	Rather agree	Rather disagree	Disagree	N/A
knowledge about greening global value chains	32%	42%	19%	2%	5%
knowledge about indicators and measurement	30%	46%	21%	0%	4%
exchange of knowledge between institutions and experts	39%	49%	9%	0%	4%

- ***The event helped to diffuse more broadly the work of organisations involved and to exchange views between countries and institutions.***
- ***The conference achieved its objectives as most participants found it useful to identify knowledge gaps (95%), identify best practices (77%) and enable synergies among experts (91%).***

Table 3. The GGKP annual conference can help...

	Agree	Rather agree	Rather disagree	Disagree	N/A
identify knowledge gaps	49%	46%	2%	2%	2%
identify best practices	32%	46%	19%	2%	2%
enable synergies among experts	44%	47%	5%	2%	2%

### Assessment of the content

- ***The format and contents of the sessions and the related presentations were in general well-targeted to the audience.***
- ***The content of the conference was perceived as well-balanced. Most participants found that it was up-to-date and forward looking (88%), but could perhaps be supported by more case studies and country experiences.***

Table 4. Content of presentations and discussions was...

	Agree	Rather agree	Rather disagree	Disagree
up-to-date & forward looking	40%	44%	11%	0%
supported by sufficient case studies & country experience	19%	49%	26%	0%
too technical & theoretical	5%	23%	32%	33%

- ***About two-thirds of participants considered that discussions and emerging insights were relevant to their work, but their relevance was less significant for policy-makers (40%).***



Table 5. Relevance of discussions and emerging insights to...

	Very significantly	Significantly	Moderately	Unimportantly
your work	23%	39%	35%	0%
policy makers in your country	12%	28%	42%	5%

### Assessment of the conference organisation

- *The format and contents of session and the related presentations were in general organised well.*
- *There is scope for improving the clarity of GGKP conference objectives in the future events.*
- *Participants were satisfied with the quality of interventions and the overall structure of the session.*
- *Time allocated to discussions was nonetheless estimated to be too short.*

Table 6. Conference organisation

<b>Preparations</b>				
	Good	Fair	Insufficient	No answer
Communication	82%	12%	0%	5%
Conference facilities	92.98%	3.51%	1.75%	1.75%
<b>Clarity of objectives and issues</b>				
	Good	Fair	Insufficient	No answer
Clarity of conference's objective	61%	26%	7%	5%
Clarity of issues at stake	51%	37%	7%	5%
<b>Documentation</b>				
	Good	Fair	Insufficient	No answer
Availability	61%	33%	2%	4%
Quality	68%	26%	0%	5%
Relevance to Conference	70%	25%	2%	4%
<b>Set-up</b>				
	Good	Fair	Insufficient	No answer
Speakers				
Quality of speakers	60%	33%	5%	2%
Diversity of speakers	44%	39%	16%	2%
Relevance to topic	53%	37%	5%	5%
<b>Sessions' format</b>				
	Too long	Good	Too short	No answer
Length of sessions	18%	74%	2%	7%
Durations of discussions	4%	68%	21%	7%