



UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION



Research Network  
Sustainable Global  
Supply Chains



lkdf  
Learning and Knowledge  
Development Facility



SIDA  
SWEDISH INTERNATIONAL  
DEVELOPMENT COOPERATION AGENCY



# LKDF Forum 2023: Skills for Sustainability in Global Supply Chains

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## Outcome Book

Partners



German Institute for Global and Area Studies  
Leibniz-Institut für Globale und Regionale Studien



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WELT-WIRTSCHAFT

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## Acknowledgments

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## Introduction

The LKDF Forum 2023 was held on 13 and 14 November 2023 at the United Nations Industrial Development Organization (UNIDO) Headquarters at the Vienna International Centre (VIC), Vienna, Austria. The Forum was organized by UNIDO's Learning and Knowledge Development Facility (LKDF) together with the Forum on Globalization and Industrialization (FGI) and the Research Network Sustainable Global Supply Chains, with the support of the Swedish International Development Cooperation Agency (Sida) and the German Ministry for Economic Cooperation (BMZ). The 2023 edition of the forum was focused on Skills for Sustainability in Global Supply Chains. 293 participants from various industries, public, private and development institutions, and academia from all around world attended in person and online.

After a warm welcome and opening remarks from Gunther Berger, the Managing Director at Directorate for SDG Innovation and Economic Transformation at UNIDO, and Alan AtKisson, Assistant Director General at Sida, a “Setting the Scene” session fostered a shared understanding of the forum's thematic focus. It also underscored the importance of continuous engagement in achieving effective and sustainable supply chains.



**“The sustainability skills gap within global supply chains is no longer a sectoral but global issue.”**

- Gunther Beger, Managing Director  
UNIDO

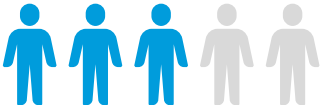
**“The challenges we face in achieving a sustainable future are daunting, but they are also full of possibility.”**

- Alan AtKisson, Assistant Director-General  
Sida



# Statistics

## Gender Ratio



**53%**  
Male



**47%**  
Female

## General

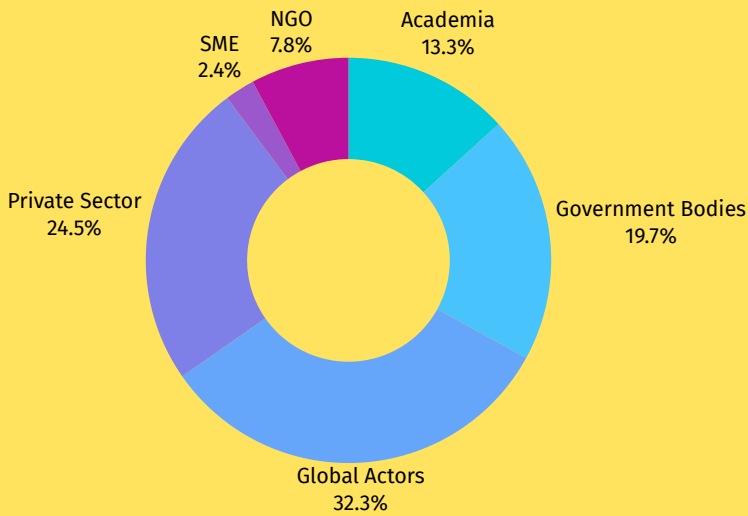
**293**  
Registrations

**23**  
Speakers

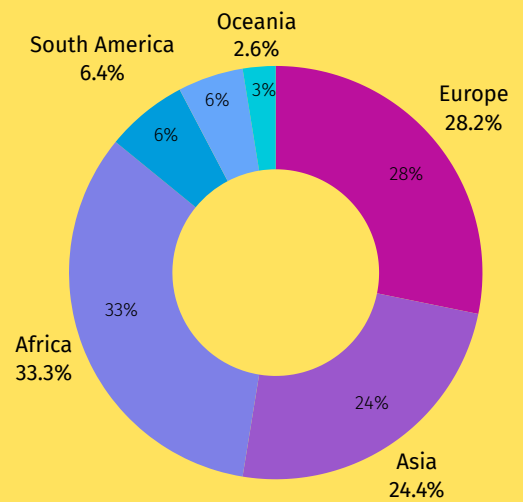
**78**  
Countries

**10/10**  
Satisfaction Score

## Sector Breakdown



## Continent Breakdown



## Social Media Reach



[@LKDFacility](#)



[LKDF - Learning and Knowledge Development Facility](#)

### Engagements

**23,343**

### Impressions

**867**

# Pictures from Day 1

13 November



# Setting the Scene

The Setting the Scene session, focusing on vital skills for fostering sustainable supply chains in industrializing and developing countries, raised a critical issue: Who is bearing the cost of compliance? This question, highlighting the urgency of addressing financial responsibilities in sustainable practices, suggested that without prompt discussion, history shows it is often the producers who bear this burden. The session delved into the complexities of supply chain management, going beyond the traditional focus on auditing to explore effective remedies for systemic challenges. The session emphasized the necessity for continuous engagement to drive sustained improvements. It also stressed the importance of creating awareness, not just among businesses but throughout the entire supply chain ecosystem.



**“Decades of voluntary self regulation industry failed to deliver on the sustainability goals and we need to go beyond that.”**

- Joerg Hofstetter, Associate Professor in Supply Chain Management, KEDGE Business School and President of the International Forum on Sustainable Value Chains

**“The only way to really impact the change in your supply chain to the degree that you want and to transform your business model is to really understand the data.”**

- Neelam Melwani, ESG Advisory, Senior Manager – Circular Economy and Sustainable Supply Chains, Deloitte UK



Long-term solutions emerged as a recurring topic, with participants highlighting the necessity of building robust, enduring partnerships. This included recognizing the importance of relationships with suppliers that have less developed capacities, ensuring they can meet the need and requirements of both the industry and workers.

Further discussion followed regarding concerns that competition and sustainability are a challenge to adhere to especially for suppliers in the Global South. Speakers addressed this - highlighting that putting emphasis and resources into improving skills as well as understanding within business models may actually benefit and continuously improve the effectiveness and therefore sustainability of said supply chains.





**“We have to ensure that even weaker suppliers are in the position to fulfill those [voluntary] standards.”**

- Jann Lay, Lead Research Fellow, GIGA

**“We need to provide country tailored support, especially for SMEs to be able to continue collaborating or being part of the global value chains.”**

- Virpi Stucki, Chief, Division for Fair Production, Sustainability Standards and Trade, UNIDO



Participants emphasized that private sector involvement is pivotal for the success of training and skill improvement programs and making the necessary changes in supply chain practices. In summary, the setting the scene session provided a comprehensive exploration of supply chain challenges. The discussions emphasized the need for holistic, context-specific solutions, long-term partnerships, and active private sector involvement to drive sustainable change in the complex landscape of modern supply chains.



# Session 1

## Developing Due Diligence Capacities to Enhance Sustainable Supply Chains: Perspectives from Industrializing and Developing Countries

The first session of the LKDF Forum 2023 discussed developing due diligence capacities to enhance sustainable supply chains. Firstly, legislation was identified as pivotal for harmonizing requirements and creating a level playing field. The potential impact of European-level legislation to drive scale and set a global standard, especially in the context of human rights and diligence laws, was emphasized. This legislative approach was seen as a catalyst for internationally operating companies to adopt and implement responsible business practices.

The effectiveness of due diligence regulations was explored, noting the active role of civil society organizations in influencing legal designs and their effective implementation. The importance of meaningful involvement of civil society organizations in producing countries was highlighted to ensure a more comprehensive understanding of the local context. Furthering the notion that awareness or capacities of local stakeholder, especially governments, need to be strengthened for an effective implementation of due diligence regulation (and national laws).



**“Legislation would be important to harmonize the requirements and create a level playing field.”**

- Valentina Bolognesi, Advocacy and Engagement Senior Advisor, Amfori

**“We need to raise awareness to all of the stakeholders about the standards and the processes, and then identify the gaps and existing regulatory frameworks for business behavior.”**

- Mohamad Anis Agung Nugroho, Program manager, ILO (International Labour Organization) BetterWork



UNIDO's contribution to normative settings and technical cooperation for quality infrastructure was acknowledged. The LKDF program's decade-long commitment to skills development, in collaboration with the private sector, was commended with an emphasis on systemic solutions and the Public Private Development Partnership (PPDP) approach.



**“Due diligence is a shared responsibility where the ultimate responsibility rests with buying companies and these needs to collaborate with their suppliers to make the diligence a meaningful exercise.”**

- Eike Hellen Feddersen, Senior Project Manager “Initiative for Global Solidarity”, GIZ

**“There has been a lack of meaningful involvement of potentially effective civil society organizations and right holders in producing countries.”**

- Maria-Therese Gustafsson, Assistant Professor in Political Science, Stockholm University



**“UNIDO has [done a lot of work]... to enable countries to access trade and in technical cooperation.”**

- Akos Koeszegvary, Chief of Division of Public Private Partnerships, UNIDO

The session recognized the challenges of limited awareness among suppliers, business associations, and governments regarding diligence aspects. The importance of emphasizing that due diligence is a shared responsibility, with buying companies collaborating with suppliers, was underscored. It was stressed that enterprises cannot simply pass on their obligations to suppliers. Therefore, collaboration between local governments, trade unions, civil society, and businesses was deemed essential. The need for these entities to build their capacity to engage in informed discussions and partnerships was emphasized. Raising awareness among stakeholders, identifying gaps in existing frameworks, and strengthening the implementation of laws were identified as crucial steps.



## Session 2

### Skillful Solutions: Unlocking Sustainable Supply Chains through Partnerships

The second session delved into the challenges and solutions to developing sustainable supply chain skills by emphasizing the importance of partnerships between public and private sectors. In addition to addressing key challenges and potential solutions, speakers discussed strategies for integrating sustainability into training programs and incentivizing private sector investment in skills development within their supply chain operations. The session aimed to highlight the potential of collaboration between different public and private bodies in order to foster effective partnerships.



**“There is not a real collaboration between different parts of the supply chain. We can see [...] companies trying to do the same things, at different speeds and with different systems [...] and that is one of the main challenges we are facing.”**

- Fernando Santiago Cajaville, Project Manager, Buehler Group

**“It is very important to come up with this kind of more holistic approaches to [create] these transformative partnerships.”**

- Sarah Meinert, Head of Knowledge Management | GoTrade, DHL



The discussion revealed a focus regarding the challenges and necessary steps to improve sustainability and collaboration within supply chains in said sectors. A common issue that was discussed was a lack of consistent cooperation within supply chains. It is suggested that this may be due to different levels of capabilities, systems, and interests of actors. Ultimately, lacking a unified approach or blueprint that has hindered progress toward sustainable practices which are essential to comply with regulations.



**“[A key point is] the interoperability: enabling the sustainability and compliance with regulation to speak the same language, to have the same ability to exchange data.”**

- Gerardo Pataconi, Head of Operations, International Coffee Organization (ICO)

**"Push the bar with everybody and bring [suppliers to] the level that they all develop the necessary traceability."**

-Elina Rääsk, Sustainable Operations Manager, Nokia



Further points in the discussion highlighted the role of small and medium-sized enterprises (SMEs) in global supply chains. Although SMEs represent a large proportion of business and employment, they face specific challenges which include limited resources available to invest in training, financial constraints, and specific situational requirements within different supply chains. To address these gaps, the need for development-based support mechanisms to support compliance, training and skills development for SMEs was highlighted.



**"There is space for partnering with the LKDF as we've now done 17 different partnerships in 15 different countries with 15 different private sector partners and it's all based on finding the mutual interest of the partners."**

- Mattias Larsen, Industrial Development Expert and Manager of LKDF

**"What I can see is that capacity building and partnering [...] getting the actors together, because we are doing it together, [...] we really go for the same goal."**

- Ulrika Hessling Sjöström, Counsellor, Analyst, Deputy Head of Section, Embassy of Sweden, Ethiopia



Regional differences in infrastructure, resources and context were also highlighted, especially in the case of African countries. Addressing these differences was considered important for inclusive market development and sustainable trade agreements within and across sectors. Ultimately, ending the session with a call for collective efforts, tailored support for SMEs, and furthering diverse expertise to promote sustainable practices and to not only address and acknowledge the complexity within global supply chains - pushing for the need for a clearer and more comprehensive strategy.

## Session 3

### Global Efforts in Skills Development for Sustainable Supply Chains

Several critical insights and challenges were highlighted in this session. One prevalent theme revolved around the uneven participation of SMEs within global supply chains due to limited access to financial services such as obtaining credit which may hinder their ability to upgrade production, invest in equipment, upskill, and comply with essential standards. The discussion highlighted that cases as such create major barriers to sustainability, thus emphasizing the need for collaborative financing models that encourage SMEs to enhance production processes and adhere to sustainability standards.



**“Challenges for SMEs are huge. They're often acting in a resource constrained environment. They lack human resources. They lack financial resources. They lack capacity, they lack in training. They lack knowledge and they really do need support.”**

- Stefanie Weniger, E-Executive Director of the Global Compact Austria, UN Global Compact

**“Although SMEs account for large shares of employment and GDP, they are often unable to get the credit that they need to upgrade themselves in terms of production, equity investing and equipment.”**

- Ghada Teima, Lead Financial Sector Specialist, International Finance Corporation (IFC) - World Bank Group and Global SME Finance Forum



**“If the standard is very stringent, then it is really difficult to meet. It's especially difficult for an SME to prove compliance.”**

- Rupal Verma, Sustainability Expert, United Nations Conference on Trade and Development (UNCTAD)



Development within finance institutions, investors, and NGOs play pivotal roles in providing credit lines, loan guarantees, technical assistance, and affordable financing. The ultimate goal discussed is to ensure that sustainability requirements are followed through the help of potential external support. This highlights the key role that global buyers play in assisting suppliers with financing and monitoring compliance with labor and environmental regulations.

Challenges in compliance with various Voluntary Sustainability Standards (VSS) were also discussed, acknowledging the proliferation of standards, associated costs, and difficulties in stringent compliance for SMEs.

The session also highlighted the potential use of collaborative efforts to address complexities within global value chains. Initiatives such as creating wide actor partnerships and providing safe spaces for exchange of knowledge and experiences were identified as essential roles for intermediaries. Additionally, the discussion stressed the importance of investing in skills development as a fundamental driver for sustainable global supply chains, economic resilience, and adaptation to transitional disruptions.



**“We keep being very attentive to the changing needs of our primary partners [...] for them to go the extra mile that we often require from them.”**

- Patrik Stålgren, Head of Unit for Strategic Partnerships, Private sector, Innovation and New methods, Sida

**“Skills development can play an important role for employability and productivity, and skills can also play an important role as an enabler for sustainable global supply chains.”**

- Hae Kyeong Chun, Technical Officer at the Skills and Employability Branch, International Labour Organization (ILO)



**“It's not only about transferring the technology, but it's supporting the skills development so that this technology can not only be sustainable but can also prompt the availability of companies to innovate and to maintain that process for the future.”**

- Manuela Prina, Head of Skills Identification and Development Unit, European Training Foundation (ETF)



Furthermore, a focus on sectoral approaches for skills development, involving stakeholders from the government, social partners, enterprises, and civil society, was highlighted as a potential nuanced strategy. The aim is to integrate skills strategies onto more national levels such as policies - ensuring stakeholders' involvement from policy design to implementation and evaluation. The session was concluded with further highlighting the necessity for collaborative financing, addressing compliance challenges, investing in skills development, and fostering partnerships to ensure sustainable and inclusive participation of SMEs within global value chains.

# DAY 2 - Co-creation and Research Workshop

14 November

The second day of the LKDF Forum 2023 consisted of a co-creation workshop facilitated by the UNIDO's Innovation Lab and a research workshop facilitated by GIGA in which participants had the opportunity to engage further in actionable outcomes.

GIGA's research workshop consisted of two sessions with 8 presentations on sustainable global supply chains, particularly from the perspective of the Global South. It . The first session addressed global supply chains and due diligence regulation, focusing in particular on the (expected) impact of recent mandatory human rights and environmental due diligence regulations. The second session explored global supply chains and sustainable industrial clusters, focusing in particular on welfare and labour market impacts. The event facilitated discussions on current research and future avenues for policy-oriented research.



UNIDO's co-creation workshop fostered deeper exchanges among participants from public, private and development sectors, laying the groundwork for potential collaborations based on shared interests across various industries. The LKDF's founding members, the Volvo Group and FESTO, shared their 10 year long experience of working together with UNIDO in Public Private Development Partnerships (PPDPs), highlighting the effectiveness of long-term partnerships in driving sustainable solutions forward. This initial dialogue led into a more in-depth exploration during the subsequent fishbowl discussion.



In the fishbowl discussion, the focus shifted to the challenges faced by organizations in the context of sustainable supply chains, offering a nuanced examination of the intricacies involved. The multifaceted nature of these challenges became apparent, touching upon supply chain structures, data sharing, business models, skills development, and societal impact.

Notably, participants identified a critical need for structured solutions for lower-tier suppliers in international supply chains. The tension between short-term cost saving and the necessity for resilient, long-term relationships was highlighted, with the disruptive impact of the Covid pandemic serving as an example.




The dialogue also delved into the critical aspect of trust in data sharing. Challenges were identified, rooted in contractual, competence, and goodwill trust. Business model shifts towards sustainability were explored, revealing a conflict with the prevailing cost-reduction model. The necessity for changes, such as furthering a nuanced understanding of linkages within business models, was underscored as essential for fostering sustainable practices. However, it became evident that immediate shifts faced resistance, particularly when perceived to raise costs without a clear business case. The hesitancy of companies to invest in sustainability without a demonstrable positive impact in the market further emerged as a significant obstacle.


Furthermore, the discussion unveiled insights into skills development and policy-making, indicating a higher receptivity in the private sector for immediately applicable skills, such as mechanics, compared to intangible skills involving policy making. Supply chain specifics presented a diverse array of challenges unique to each company, with risks identified but not yet prioritized for immediate action.

Lastly, the societal impact focus revealed a prevailing baseline among companies to avoid negative impacts on society, with positive impacts, especially three tiers down the supplier chain, considered a distant goal. Ultimately, ending the forum with a nuanced understanding of the intricate challenges within sustainable supply chains - paving the way for exploring collaborative solutions through PPDPs, emphasizing the need for innovative approaches and collective action.





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