



Towards more sustainable and resilient agrifood systems: The importance of responsible global value chains

Monday, 30 October 2023 | 12:30 – 14:00 CET

Sheikh Zayed Centre, FAO headquarters & Virtual conferencing platform Zoom

Background

Global value chains have become an essential component of agrifood systems. The FAO flagship report *The State of Agricultural Commodity Markets (SOCO)*¹ showed that approximately one-third of the world food and agricultural exports are traded within global value chains that involve at least three countries.


Policies and regulations for responsible business conduct (RBC) have an important role to play in shaping agrifood value chains and systems, along all steps from production to consumption. A rising number of governments, including in major agricultural importing markets, have introduced legislation to reduce the risk of adverse environmental and social impacts in global supply chains by requiring companies to establish mandatory risk-based due diligence systems. While some of these regulatory initiatives follow a horizontal approach (i.e. they apply *inter alia* to agricultural and food value chains), others specifically aim to support sustainable agricultural and rural development.

However, there are significant trade-offs to consider when implementing such policies and regulations. For example, they may result in additional costs for farmers and companies, not only in terms of the necessary investments to comply with them but also through the various verification and reporting requirements that they often include, creating recurring costs for businesses. Policies that aim to reduce the risks of adverse environmental and social impacts in agrifood supply chains should avoid placing an excessive economic burden on businesses, and a balance needs to be found across all three dimensions of sustainability, which are strongly intertwined.

Suppliers in the upstream part of agrifood supply chains, especially smallholder farmers and small and medium enterprises, can face significant challenges in adapting to these new policies and meeting the new requirements. The resilience of these farmers had already been put to the test by the COVID-19 pandemic and the elevated fertilizer prices observed in the last years. In this regard, it is essential that policies for responsible global value chains consider such challenges and be complemented with adequate support measures. Otherwise, smallholders and small and medium enterprises, particularly in developing countries, may face difficulties to meet these new requirements and maintain their access to traditional export markets.

Furthermore, the effects of RBC policies on agrifood value chains and systems might vary across countries in different ways, depending on many factors, such as the level of development of the agrifood sector, the trade orientation of the country and the level of engagement of the private sector. Such factors need to be carefully analysed for adequate complementary policies to be developed.

¹ <https://www.fao.org/3/cb0665en/cb0665en.pdf>



FAO and other international institutions such as the Organisation for Economic Co-operation and Development (OECD) have contributed to this debate through several activities, tools, and publications.² In 2016, they launched the *OECD-FAO Guidance for Responsible Agricultural Supply Chains*, which provides a common framework to help agri-businesses and investors contribute to sustainable development by identifying, managing, and reducing the risk of adverse impacts. Most recently, the two organizations developed the *OECD-FAO Business Handbook on Deforestation and Due Diligence in Agricultural Supply Chains*. The Handbook will be launched at FAO headquarters on 16 November 2023 in conjunction with the next meeting of the FAO-OECD multi-stakeholder *Advisory Group on Responsible Agricultural Supply Chains*.

High-level discussions in the context of the Group of Seven (G7) have also addressed responsible business practices and promoted the adoption of the *OECD-FAO Guidance for Responsible Agricultural Supply Chains*³. In 2021, the United Kingdom G7 Presidency launched the Sustainable Supply Chain Initiative with a group of large multinational agrifood companies. In 2022, the German G7 Presidency commissioned an OECD study on the G7 members' due diligence regulations related to agricultural supply chains. Under the Group of Twenty (G20), the communiqués of agriculture and trade ministers illustrate the need to strengthen inclusive, resilient and responsible supply chains.

Objectives of the event

The event will provide a platform to discuss challenges and possible solutions to ensure that policies and regulations for responsible agrifood value chains effectively benefit agricultural producers, including small and medium-scale farmers in developing countries, and support the transition to more sustainable and resilient agrifood systems. The event will start with a presentation on the current trends in policy developments for responsible agrifood value chains and the available practical guidance tools. Then, the panellists will share their experience and provide their perspectives on the subject by addressing the following guiding questions:

1. What are currently the main elements of the policies and requirements for responsible agrifood value chains adopted by major importing countries?
2. What are the challenges faced by farmers and agri-businesses (including cooperatives) in exporting countries in adapting to policies and requirements for responsible agrifood value chains adopted by major importing countries?
3. How can countries help their farmers and agri-businesses to overcome these challenges?
4. What are the challenges for smallholder farmers to adapt to the new rules and requirements and what specific support do these groups need in this regard?
5. How can developing countries be assisted in adapting to the new policies and regulations?
6. What can international development agencies do to support developing countries in ensuring that their producers and exporters actually benefit from the new requirements?

Participants

The event is aimed primarily at Permanent Representations to FAO and government officials from capitals.

² Detailed information on these interventions can be found at <https://www.fao.org/responsible-business-conduct-in-agriculture/en/>
Examples of relevant publications include the following:
<https://www.fao.org/3/cc6595en/cc6595en.pdf>
<https://www.fao.org/3/cc1232en/cc1232en.pdf>
<https://www.fao.org/3/cb7780en/cb7780en.pdf>

³ A very recent example is the 2023 G7 Agriculture Ministers' Communiqué, Miyazaki, Japan.