

Global demand, supply and environmental and social risk

growing global population

- Global population to reach 8.6 billion in 2030, 9.8 billion in 2050; **83 million people** added to global population **each year** (UN DPI, 2021)

rising demand for food

- Global food demand increase up to 56% by 2050 (Van Dijk, 2020)
- Nearly 1/3 world (2.37 billion) did not have access to adequate food in 2020 (FAO, 2020)

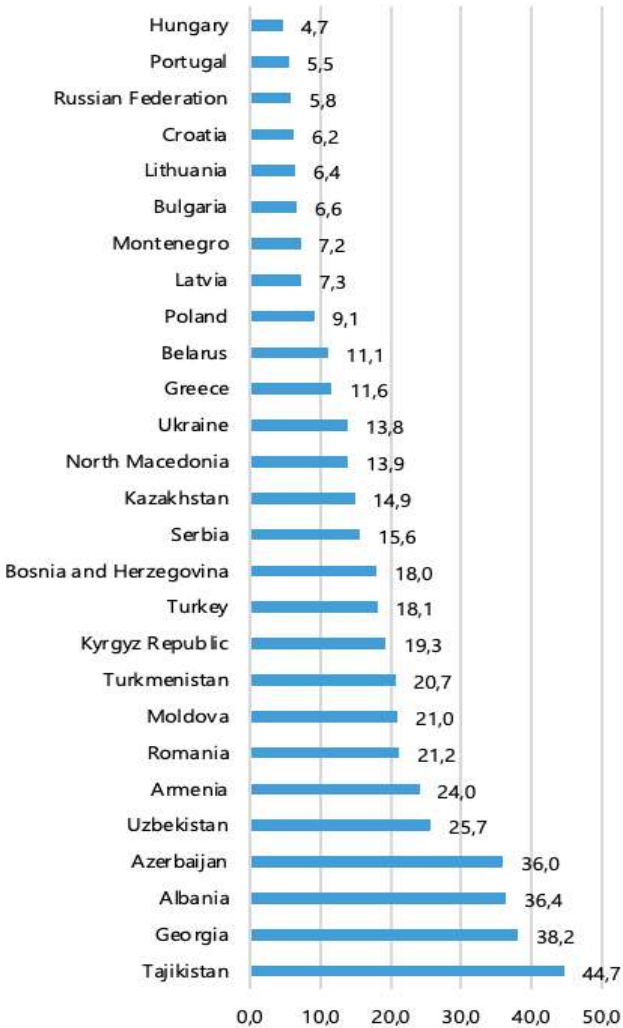
In line with the global developments on responsible supply chains, FAO works with governments and companies to:

- make a **positive contribution to economic, environmental and social progress** with a view to achieving **sustainable development**; and
- **avoid and address adverse social (including human rights) and environmental impacts** in their **own activities** and prevent/mitigate adverse impacts **directly linked** to their operations, products or services (supply chain)

Europe and

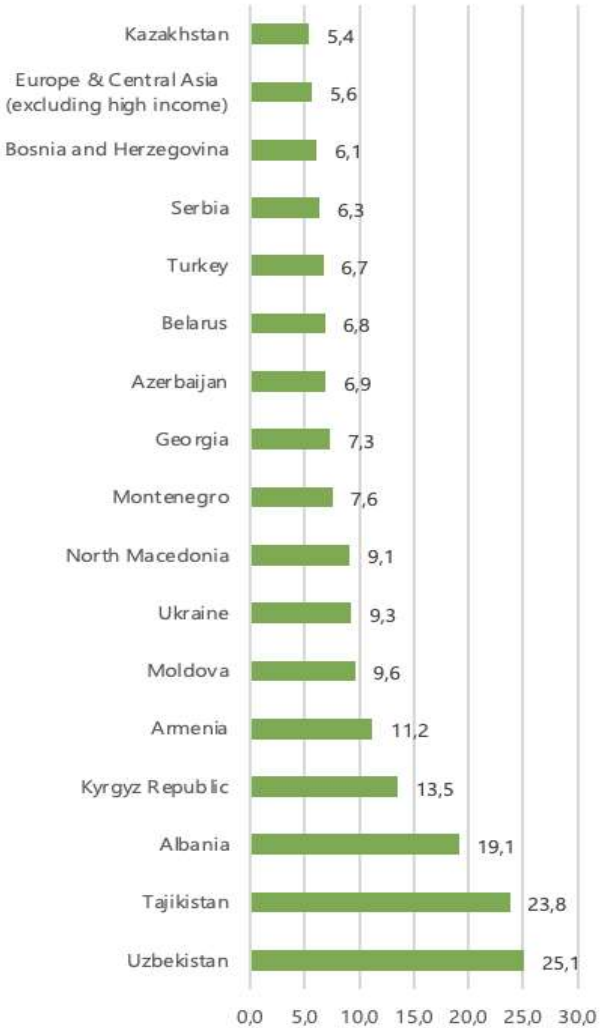
- Europe and Central Asia largest producer of agricultural products (OECD/FAO, 2019)
- Agriculture and rural development outlook varies
- The agricultural sector in Ukraine is under stress due to the war which will increase food insecurity
- Remittances from agricultural production, global value chains
- The impacts of climate change on agriculture with notable crop losses

Figure 1. Employment in agriculture (% of total employment), 2019.



Source: UNECE, based on the World Bank Data.

Figure 2. Agriculture, forestry, and fishing, value added (% of GDP), 2020

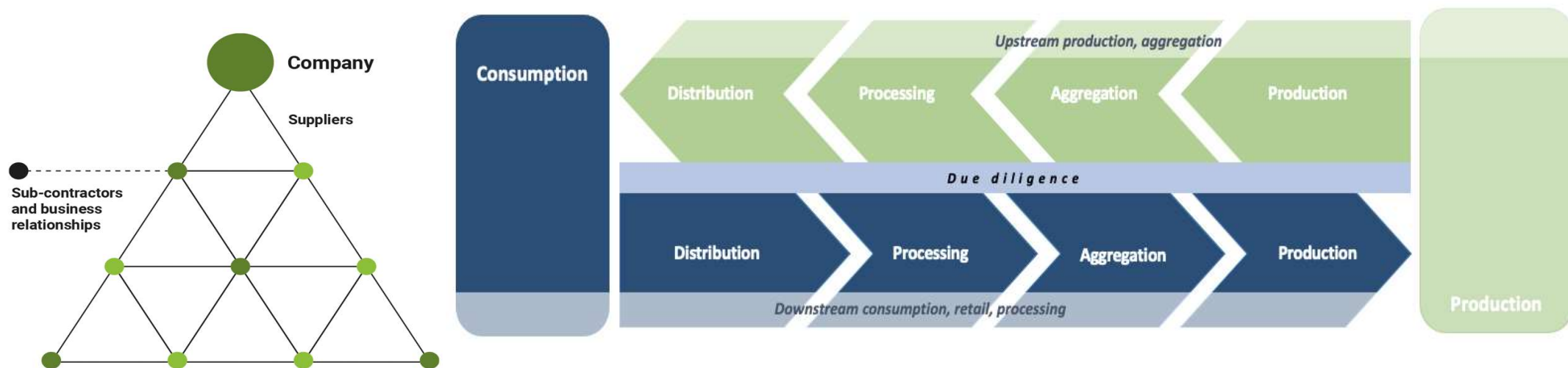


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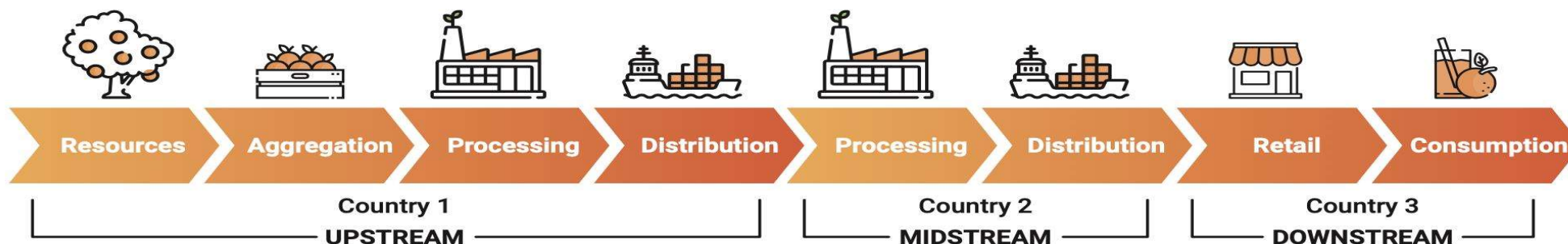
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What kind of risks and development impacts and where?

- Risks and development impacts past Tier 1 suppliers
- Moves beyond financial risks for business: applies a material focus on social and environmental risks in sourcing



Europe and Central Asia: Upstream and downstream dynamics



Source: Adapted from FAO, 2020.

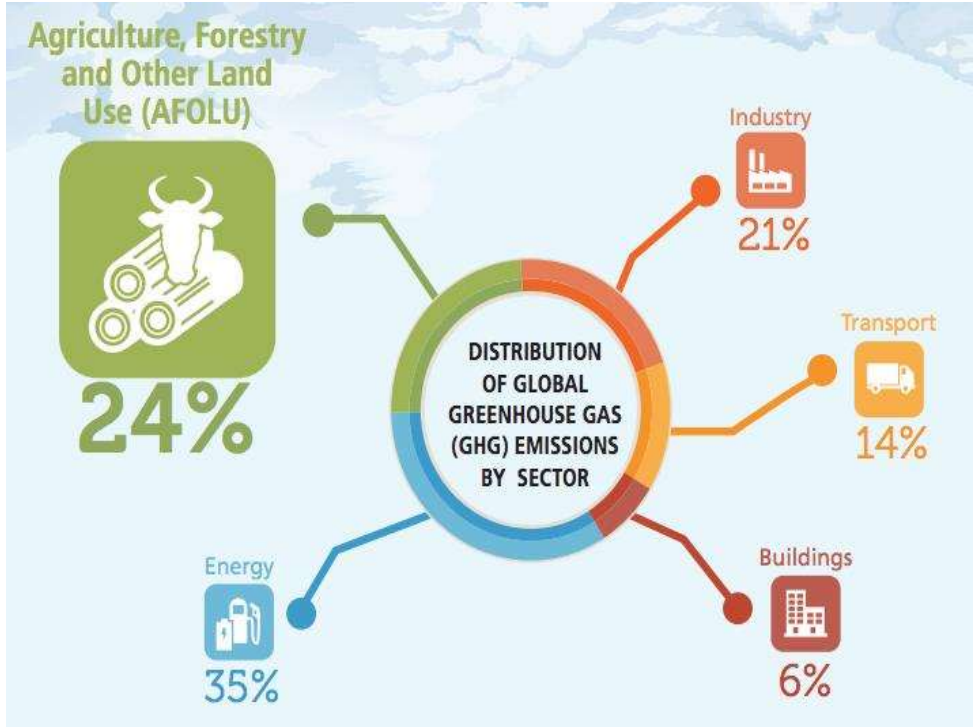
ECA as a producer - upstream business risks: commodity production (raw materials, transport, factory processing)

- In ECA, certain commodities are important in global trade, where global demand may bring about environmental and social risks in business among enterprises operating upstream and mid-stream
- Globally traded commodities include hazlenuts (Georgia, Turkey), cotton (Uzbekistan), seed oils (Ukraine)
- Agricultural goods for that are not produced for export (domestic consumption) ex. tomatoes (Italy), Oranges (Spain)

ECA as a consumer - downstream business risks: can manifest in very different ways that focus on retail to end consumers. Among others, potential risks in ECA can include:

- Consumption risks (food safety standards, nutrition), workers rights and decent work (warehousing, retail)
- Without proper due diligence, imports and consumption can contribute to risks in other regions (cocoa, sugar, coffee, etc)

What kind of development risks? Climate change, deforestation and natural resources



What kind of development risks? Child labour

Globally, more than 70% child labour takes place in agricultural sector

Consumers and businesses in downstream trade and retail increasingly concerned with how sourcing impacts vulnerable groups - including children

REGIONAL PREVALENCE OF CHILD LABOUR

Africa	19.6%
Americas	5.3%
Arab States	2.9%
Asia and the Pacific	7.4%
Europe and Central Asia	4.1%



OF THE 152 MILLION CHILDREN IN CHILD LABOUR

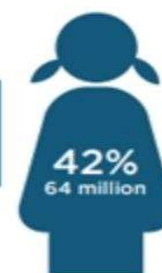
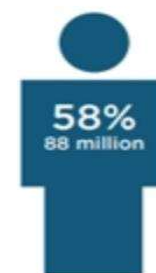
AGE PROFILE

48%
5-11 years-olds

28%
12-14 years-olds

24%
15-17 years-olds

GENDER



ECONOMIC ACTIVITY

 70.9%
Agriculture

 11.9%
Industry

 17.2%
Services

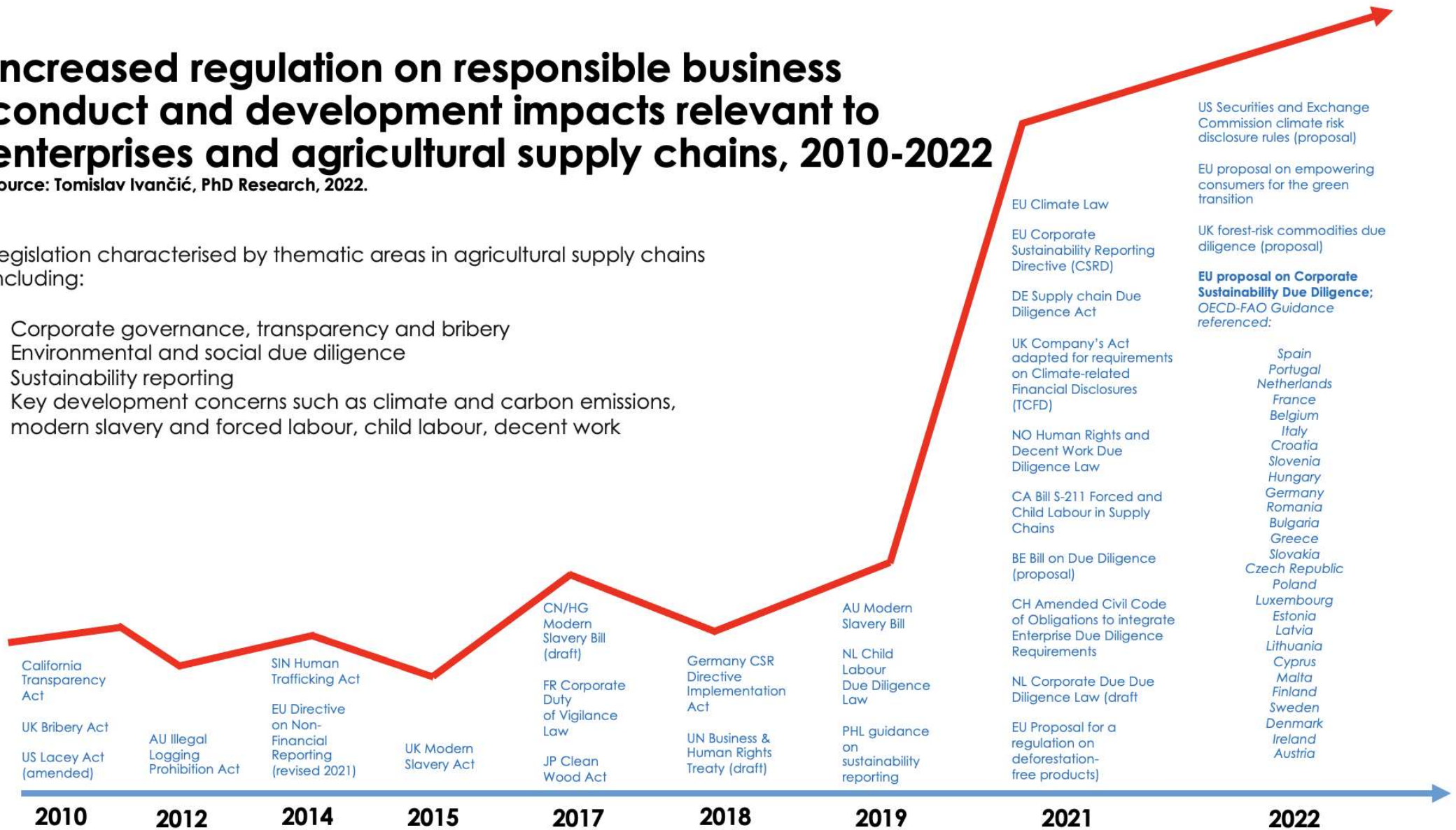
Source: ILO (2017)

Increased regulation on responsible business conduct and development impacts relevant to enterprises and agricultural supply chains, 2010-2022

Source: Tomislav Ivančić, PhD Research, 2022.

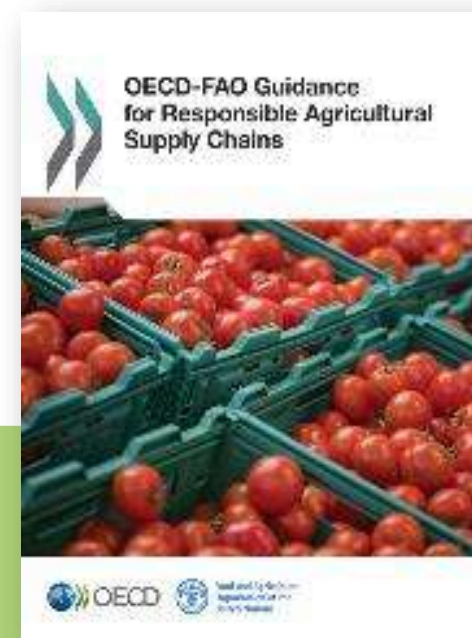
Legislation characterised by thematic areas in agricultural supply chains including:

- Corporate governance, transparency and bribery
- Environmental and social due diligence
- Sustainability reporting
- Key development concerns such as climate and carbon emissions, modern slavery and forced labour, child labour, decent work

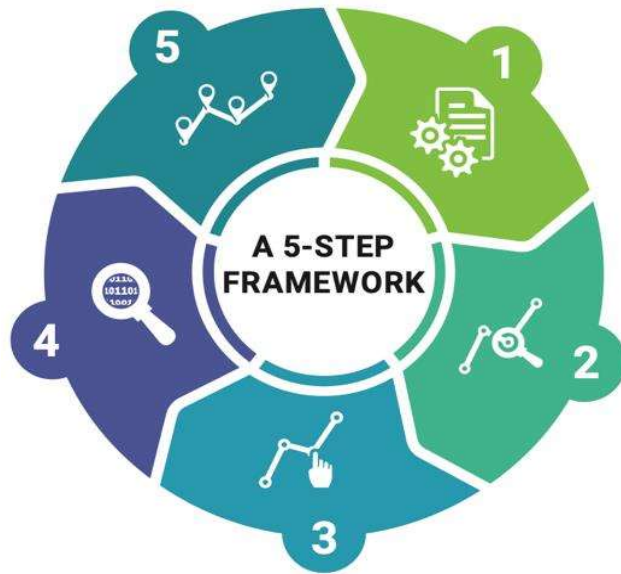


OECD-FAO Guidance for Responsible Agricultural Supply Chains

- Launched in 2016 following 2-year multistakeholder consultation process
- Leading global framework for agri-businesses and investors, incorporates existing RBC standards (UNGPs, ILO MNE Declaration, OECD Guidelines, etc.)
- Introduces how companies can manage social and environmental risks and development outcomes in supply chains by establishing due diligence systems and multi-stakeholder cooperation
- Illustrates how certain risks can be pronounced in developing economies and interlink with structural development challenges (food security, land rights, natural resource depletion including carbon emissions—and deforestation).



5-Step Framework for Risk-Based Due Diligence

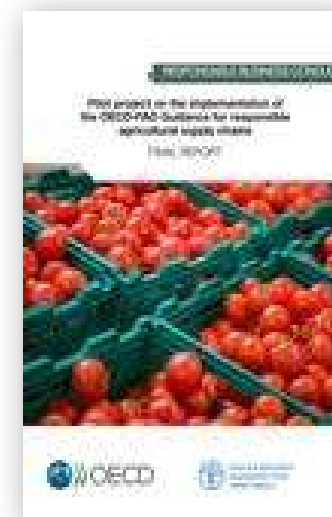


1. **Establish strong company management systems**
2. **Identify, assess and prioritise risk in the supply chain**
3. **Design and implement a strategy to respond to identified risks**
4. **Verify supply chain due diligence**
5. **Report on supply chain due diligence**

- Rooted in adapting business models to **identify, assess, mitigate and prevent impacts in supply chain**;
- Prioritizes by **severity and likelihood** of the impact
- Considers **leverage** and impacts caused, contributed or linked to business activities
- **Flexible, tailored** to companies of different sizes, contexts, etc.;
- **Dynamic** – ongoing, responsive and informed by **stakeholder engagement**;
- Views **disengagement** as a last resort
- **Traceability** and **certification** feature as part of steps 3 and 4

Agriculture, due diligence and the OECD-FAO Guidance

- OECD-FAO Guidance available **in 11 languages**; integrated in public policies, strategies and initiatives on responsible business conduct, agriculture and sustainability by **over 60 countries**, the European Commission, G7 and G20
- **2021** OECD-FAO Guidance introduced in EU **Code of Conduct for Responsible Business and Marketing Practices** as resource in setting expectations of agricultural enterprises to address social and environmental risk + due diligence
- **2021** OECD-FAO Guidance referenced as tool for agricultural enterprises in the **EU's Draft Regulation on Corporate Accountability and Corporate Due Diligence**
- **2021** UN Secretariat **assigned** the OECD-FAO Pilot Project on Implementing the OECD-FAO Guidance (30+ companies) as an **SDG Good Practice**





Thank You
Спасибо
Gracias
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Merci
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