COMMITTEE ON COMMODITY PROBLEMS

Seventy-sixth Session

Rome, 11-13 September 2024

SUMMARY REPORT OF THE INTERSESSIONAL EVENT “TOWARDS MORE SUSTAINABLE AND RESILIENT AGRIFOOD SYSTEMS: THE IMPORTANCE OF RESPONSIBLE GLOBAL VALUE CHAINS”

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I. Background

1. At its 75th Session held from 13 to 15 July 2022 and under the agenda item on Multi-year Programme of Work (MYPOW), the Committee “encouraged the Bureau, with the support of the Secretariat, to organize topical intersessional events between the CCP sessions”.

2. Following the first CCP intersessional event, a second event was organized on 30 October 2023 on the theme “Towards more sustainable and resilient agrifood systems: The importance of responsible global value chains”. The event was conducted in a hybrid mode, featuring a technical presentation by FAO’s Markets and Trade Division followed by a panel discussion with four experts nominated by the CCP Members. The event was opened by the CCP Chairperson, H.E. Yaya Adisa Olaitan Olaniran, Ambassador, Permanent Representative of the Federal Republic of Nigeria to FAO.

II. Objectives

3. 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. An increasing 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 due diligence systems that cover their entire supply chains. Some of these regulations already include support measures, to ensure proper implementation, adaptation and support, with a specific focus on smallholders in developing countries.

4. However, there are significant trade-offs to consider when implementing such policies and regulations. In particular, understanding and adapting to them may be challenging for suppliers in the upstream part of agrifood supply chains, especially smallholder farmers and small and medium enterprises in developing countries. Possible challenges may arise also for importers. Thus, it is essential that policies for responsible global value chains consider such challenges and that they are complemented with adequate support measures aimed at helping farmers and other supply chain actors to implement responsible business conduct as well as due diligence systems.

III. Conduct of the event

5. The event started with a technical presentation by Mr Pascal Liu (Senior Economist, FAO Markets and Trade Division) on the current trends in policy developments for responsible agrifood value chains and the available practical guidance tools generated by international organizations to help governments and producers. Mr Liu highlighted the factors that have caused the rise of environmental and social due diligence requirements in agrifood supply chains and presented a brief overview of policies and legislation on environmental and social due diligence across the world. He explained how FAO supports its Members in adapting to these new requirements and promoting RBC in their agrifood supply chains, and gave examples of practical tools and resources including the OECD-FAO Guidance for Responsible Agricultural Supply Chains.

6. Following this presentation, a discussion panel was moderated by Ms Shivani Kannabhiran, Director of the CEO office, European Climate Foundation, with the participation of experts from Indonesia, Mexico, Mexico, the African Union, and the European Union.

7. The panellists shared their experiences regarding the impacts of policies for responsible business conduct on agricultural producers and supply chain operators, highlighting key issues and constraints, benefits, lessons learned and possible solutions. The discussion revolved around the following main thematic areas: i) contribution of RBC to sustainable economic and social development; ii) trade-offs between reducing risks of adverse environmental and social impacts in agrifood supply chains and placing an disproportionate economic burden on farmers and businesses, especially small farmers and SMEs; iii) 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; iv) specific challenges for smallholder farmers to adapt to the new policies and requirements, and type of support needed; v) approaches that countries can adopt to help their farmers and agri-businesses to overcome these challenges, and vi) support that
developed countries and international organizations, such as FAO, can provide to assist developing countries in adapting to their policies and regulations for responsible value chains.

IV. Key takeaways

8. The main substantive takeaway messages that emerged from the event are as follows:

- Many farmers and enterprises in developing countries are aware of the need to change their way of doing business but they are not fully prepared to meet the new policies and regulations for RBC adopted by large import markets. There are many reasons for this, including, in some cases, the feeling that they were not consulted in the development of these policies, being at different stages of economic development, having lower levels of resources and technical know-how to operationalize recommendations, and lacking financial and governmental support and proper instruments to adapt to the new regulations. Thus, these policies might take time to reach their stated objectives.

- Smallholder farmers and small and medium enterprises (SMEs) face particular challenges in adapting to RBC requirements because they lack capital and technological know-how. This often constrains their capacity to make rapid changes. Thus, RBC policies may inadvertently have negative impacts on smallholder farmers and SMEs. Public-private partnerships can potentially help smallholder farmers increase their capacity for investment and knowledge of what responsible business practices are and how these could be integrated into operations.

- Developing country government need support to design adequate incentives for their businesses to adopt RBC practices. These incentives must be designed based on clearly defined objectives aligned with country priorities, and considering the specific context of producers, exporters and their countries.

- Adopting RBC practices in the agricultural sector is a gradual process that requires time and resources. It also requires long-term commitment of all stakeholders along the value chain, including consumers. Support activities must be planned in the short, medium and long terms.

- The value chain approach is useful in the design and implementation of RBC policies. It should be fully incorporated into strategies for the transformation of agrifood systems, in coordination with the many stakeholders active in the system.

- Open dialogue and collaboration of all stakeholders along the supply chain from production to consumption is needed to achieve responsible agrifood value chains. This collaboration should already start at the policy design stage.

- Harmonizing RBC policies and standards to international standards could help developing-country producers and exporters comply with them and thus meet import market expectations.

- FAO could be an appropriate neutral convener of the global dialogue and collaboration necessary to promote RBC in agrifood value chains. Together with the OECD, it already operates an ad-hoc multi-stakeholder Advisory Group on Responsible Agricultural Supply Chains. All Members are welcome to join this group.
# Agenda of the intersessional event

**30 October 2023**

<table>
<thead>
<tr>
<th>Time</th>
<th>Event</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>12:30 - 12:35</td>
<td>Opening of the event</td>
<td>CCP Chairperson: Ambassador Yaya Adisa Olaitan Olaniran of Nigeria</td>
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<tr>
<td>12:35 - 12:50</td>
<td>Technical presentations</td>
<td>• Mr Pascal Liu, Senior Economist, Markets and Trade Division, FAO</td>
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| 12:50 - 13:30 | Panel discussion                           | Moderator: Ms Shivani Kannabhiran, Director of the CEO office, European Climate Foundation  
• H.E. Miguel Jorge García Winder, Ambassador, Permanent Representative of Mexico to FAO  
• Ms Ellen Huan-Niemi, Senior Scientist, Natural Resources Institute of Finland  
• Dr Laila Lokosang, Senior Advisor for Food and Nutrition Security in the Comprehensive Africa Agriculture Development Programme (CAADP), African Union  
• Dr Rizal Affandi Lukman, Secretary General of the Council of Palm Oil Producing Countries, Indonesia |
| 13:30 - 13:55 | Open interactive discussion                | Q&A session                                                             |
| 13:55 - 14:00 | Conclusions and wrap-up                    | CCP Chairperson: Ambassador Yaya Adisa Olaitan Olaniran of Nigeria     |