



DUE DILIGENCE ALONG AGRICULTURAL SUPPLY CHAINS

Friday 19 June 2015, 11.30am-1pm, Room CC1, OECD Conference Centre, Paris

PANEL DESCRIPTION

Background

Agricultural supply chains encompass enterprises, resources and activities ranging from the supply of agricultural inputs to the production, processing, transportation, marketing and distribution of agri-food products. As such, they comprise a wide range of enterprises, including smallholders and co-operatives but also multinational or state-owned enterprises and private financial actors. Some of these enterprises, such as farmers or listed companies investing in land and directly managing farms, are on-farm enterprises involved in agricultural production and near-farm basic processing. Others are downstream enterprises involved in the aggregation, processing, distribution or marketing of agri-food products.

These enterprises operate along supply chains through diverse relationships and arrangements. Downstream enterprises secure access to agricultural products through various types of contracts with on-farm enterprises. While some impose standards and specifications on producers with little involvement beyond a buying contract, others are more actively involved, particularly through contract farming, to co-ordinate production and ensure quality. Institutional investors may be involved in a more indirect way by providing capital to on-farm and downstream enterprises.

Undertaking due diligence can help these enterprises comply with domestic law and observe international standards. Due diligence refers to the process through which they can identify, assess, mitigate, prevent and account for how they address actual and potential adverse impacts. It concerns adverse impacts they cause or contribute to as well as adverse impacts that are directly linked to their operations, products and services through a business relationship.

While all enterprises should take reasonable steps and make good faith efforts to conduct due diligence, the nature and extent of due diligence will be affected by factors such as their size, the context and location of their operations, the nature of their products or services, and the severity of adverse impacts. For instance, on-farm enterprises face higher risks of causing adverse impacts on land tenure rights. While considering competition and data privacy issues, enterprises can collaborate with each other and with various stakeholders to ensure that the due diligence process is mutually reinforcing and to reduce costs.

Objectives of the panel

The panel will explore the roles and responsibilities of various types of enterprises operating along agricultural supply chains and the ways they can collaborate to carry out due diligence. The discussion will support the implementation of the FAO-OECD guidance for responsible agricultural supply chains.

Issues for discussion

- What are the various relationships and contractual arrangements linking enterprises that operate along agricultural supply chains?
- What are the respective responsibilities of on-farm, downstream or indirect enterprises operating along agricultural supply chains when carrying out due diligence?
- How can they collaborate with each other as well as with governments and civil society to enhance the effectiveness of due diligence?

Speakers

Chair: Mella Frewen, Director General, FoodDrinkEurope

Panellists:

- Furio Suggi Liverani, Corporate Director Research and Development, Illy
- David Imbert, Sustainability Analyst and Controller, Barry Callebaut
- Bernd Schanzenbaecher, Managing Partner, EBG Capital
- Olaf Brugman, President, Round Table on Responsible Soy
- Claudia Carbonell, Director, Office of Agricultural Policy Studies, Ministry of Agriculture, Chile
- Irit Tamir, Policy Lead, 'Behind the Brands' Campaign, Oxfam