Responsible agricultural supply chains to improve farmers’ incomes

By Coralie David, OECD
GISCO Annual General Meeting - 19 April 2016
1. RESPONSIBLE BUSINESS CONDUCT:

The OECD Guidelines for Multinational Enterprises
What is Responsible Business Conduct?

• Enterprises should:
  – Avoid and address their adverse impacts
  – Make a positive contribution to economic, environmental and social progress to achieve sustainable development

• This applies to all enterprises
  - An efficient way to manage risks and reputation and to obtain and retain the social license to operate
  - Supported in the G7 Leaders’ Declaration in June 2015
OECD Guidelines for Multinational Enterprises

• Most comprehensive and only government-backed international instrument for responsible business conduct

• Addressed to multinational enterprises operating in or from the 46 adhering countries

• Adopted in 1976 and regularly updated with the last update in 2011
The National Contact Points

- All governments adhering to the OECD Guidelines must set up a National Contact Point responsible for:

1. **Disseminating** the Guidelines and responding to enquiries

2. **Helping resolve cases** related to the implementation of the OECD Guidelines

3. Identify areas where **additional guidance** for enterprises is needed
Over 360 complaints brought since 2000

By sector

- Manufacturing: 35%
- Mining & quarrying: 17%
- Financial & insurance activities: 10%
- Wholesale and retail trade: 7%
- Agriculture, forestry and fishing: 6%
- Electricity, gas and steam: 5%
- Transportation and storage: 4%
- Other service activities: 4%
- Information and communication: 4%
- Construction: 4%
- Accommodation & food service: 4%
- Other: 3%

By chapter

- Employment & industrial relations: 57%
- General policies: 43%
- Human rights: 21%
- Environment: 21%
- Disclosure: 14%
- Combating bribery: 8%
- Consumer interests: 6%
- General concepts and principles: 6%
- Competition: 6%
- Taxation: 2%
- Science and technology: 1%
2. RESPONSIBLE AGRICULTURAL SUPPLY CHAINS:
The OECD-FAO Guidance
The OECD-FAO Guidance

- Help enterprises observe the OECD Guidelines and other major standards
- Through a multi-stakeholder advisory group
- Two main sections:
  1. *What* - A model enterprise policy
  2. *How* - A five-step framework for risk-based due diligence
1. What: Model Enterprise Policy

Risk areas covered by the Guidance

- Human rights
- Labour rights
- Health & safety
- Food security & nutrition
- Tenure rights
- Animal welfare
- Governance
- Natural resources
- Technology & Innovation
2. How: Framework for Due Diligence

- Identify, assess, mitigate, prevent and address actual and potential adverse impacts

Step 1: Establish strong company management systems

Step 2: Identify, assess and prioritise risks in the supply chain

Step 3: Design and implement a strategy to respond to identified risks

Step 4: Verify supply chain due diligence

Step 5: Report on supply chain due diligence
A Supply Chain Approach

STAGES

Production → Aggregation → Processing → Distribution

ENTERPRISES

On-farm enterprises
Agricultural production and near-farm basic processing

Downstream enterprises
Aggregation, processing, distribution and marketing of agri-food products

Cross-cutting enterprises

Financial enterprises
Corporate and institutional investors less directly involved than enterprises above but that provide them with capital
3. IMPACT ON FARMERS’ INCOMES
Standards of the OECD-FAO Guidance

• Ensure that operations contribute to sustainable and inclusive rural development, including through fair and equitable benefit sharing

• Strive to ensure that operations contribute to food security and nutrition

• Respect legitimate tenure rights and give preference to investments that do not lead to the displacement of communities
Example of a complaint

- **National Contact Point**: US – complaint received in June 2013

- **Company**: SG Sustainable Oils Cameroon, affiliate of a US company operating in Ghana and Cameroon

- **Complainant**: Local NGOs

- **Main issues**: Bribery of community leaders, government officials, and local citizens to gain land
Conclusions of the complaint

- The company agreed to investigate credible past cases of alleged corruption and give a written response back to the complainants.

- The company and complainants agreed to meet after the first report of investigation.
Next steps

• Road-test the OECD-FAO Guidance with interested enterprises

• Develop case studies and due diligence tools

• Build capacity: peer-learning webinars and due diligence trainings

➢ Cooperation with FAO, commodity roundtables and industry initiatives
THANK YOU!

mneguidelines.oecd.org

For more information:

Coralie.David@oecd.org