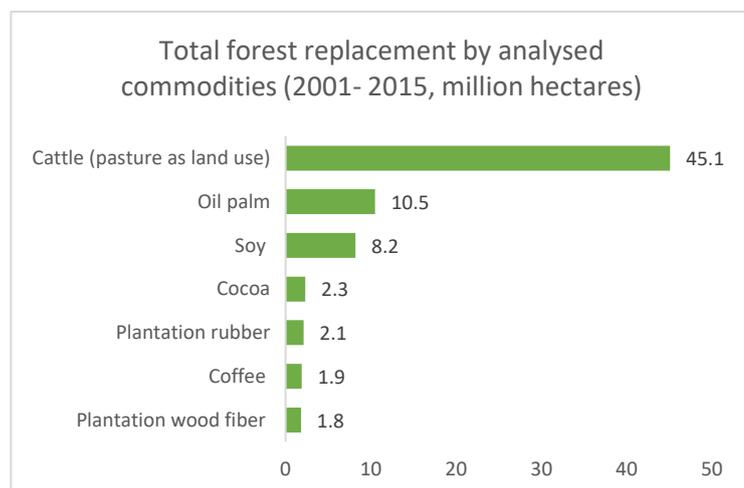




OECD-FAO Practical Business Tool on Deforestation, Forest Degradation and Due Diligence in Agricultural Supply Chains

The challenge

Agricultural expansion is the most significant driver of global deforestation. While numbers vary according to methodologies, multiple publications confirm that commercial agriculture is by far the largest driver of deforestation, with a significant and growing share of the commodities produced on recently deforested lands feeding international trade.¹ As the demand for agricultural products grows, agriculture often expands into forests and other valuable ecosystems. These dynamics can have dangerous consequences for climate, biodiversity, agriculture, livelihoods and socio-economic development.



Source: Global Forest Review, World Resources Institute, 2021

Companies increasingly recognise that business decisions have a significant impact on people and the environment. The important role of company decision-making is being recognised through regulation for mandatory supply chain due diligence by business in key sectors. While many companies in the agricultural sector have committed to eradicating deforestation from their supply chains, in practice, businesses struggle to understand how specific risks such as deforestation and forest degradation can manifest through their supply chains and how to address these impacts. This is reflected in insufficient public disclosures of corporate policies related to deforestation. There is a knowledge gap in **how to embed deforestation and forest degradation considerations into global supply chains.**

A tool to reduce deforestation and degradation in agricultural supply chains

To guide companies from commitment to action, the Organisation for Economic Co-operation and Development (OECD) and the Food and Agriculture Organization of the United Nation (FAO) plan to develop an **OECD-FAO Practical Business Tool on Deforestation, Forest Degradation and Due Diligence in Agricultural Supply Chains**. The tool will build on the due diligence recommendations of the *OECD-FAO Guidance for Responsible Agricultural Supply Chains* (*OECD-FAO Guidance*) and focus on the risks of deforestation and forest degradation. The tool will:

- **Explain how business can implement the five-step framework** on due diligence to address the specificities of deforestation and forest degradation in agricultural supply chains.
- **Recommend actions businesses can take** when implementing the OECD-FAO Guidance and draw on best practice including tools and data available to support business.

¹ Pendrill, F., Persson, U.M., Godar, J., Kastner, T., Moran, D., Schmidt, S. & Wood, R. 2019. Agricultural and forestry trade drives large share of tropical deforestation emissions. *Global Environmental Change*, 56: 1–10

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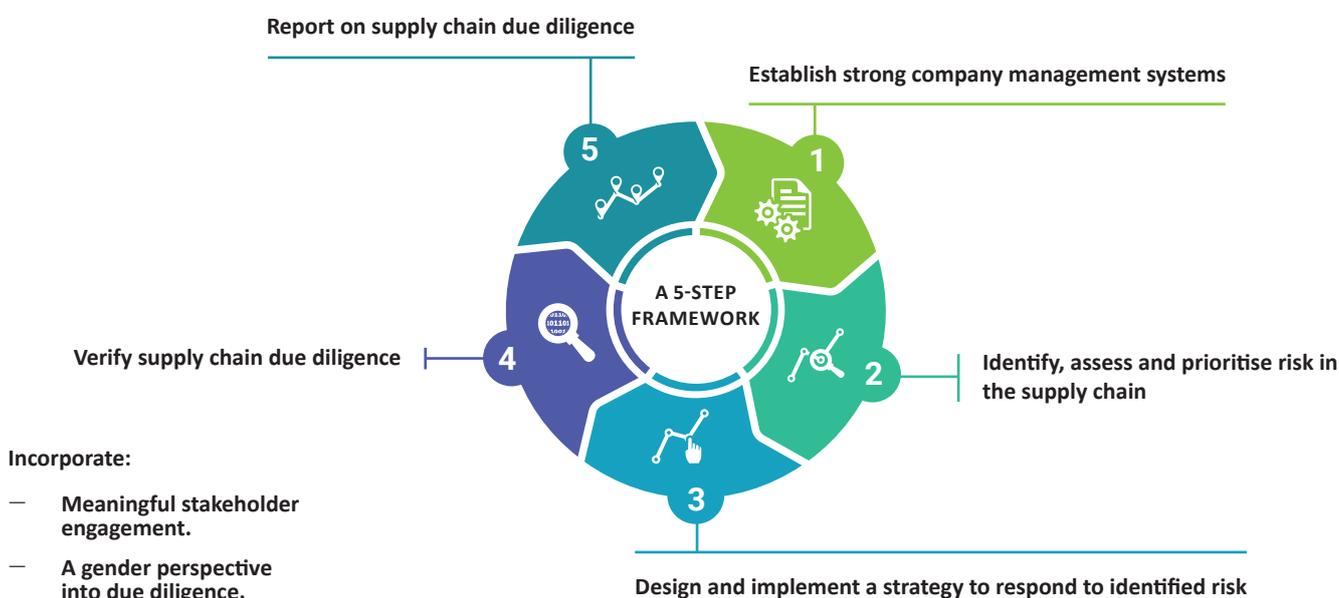


- **Outline practical issues that companies face** in this process, considering development and deforestation challenges, cooperation with stakeholders, other companies and policy makers.
- **Support companies facing legislative developments.** Given the growing trend in mandatory risk-based due diligence and regulation on deforestation and forest degradation, the tool could help support companies in navigating how they might meet legislative requirements, in particular if legislation is aligned to the OECD-FAO definition of due diligence.
- **Include recommendations to support small and medium enterprises** in producer and as well as consumer countries.

Tool Development

The tool will introduce the relationship between production, transformation, trade and deforestation, with a focus on what risk-based due diligence means in practice and how it can address deforestation and forest degradation risks.

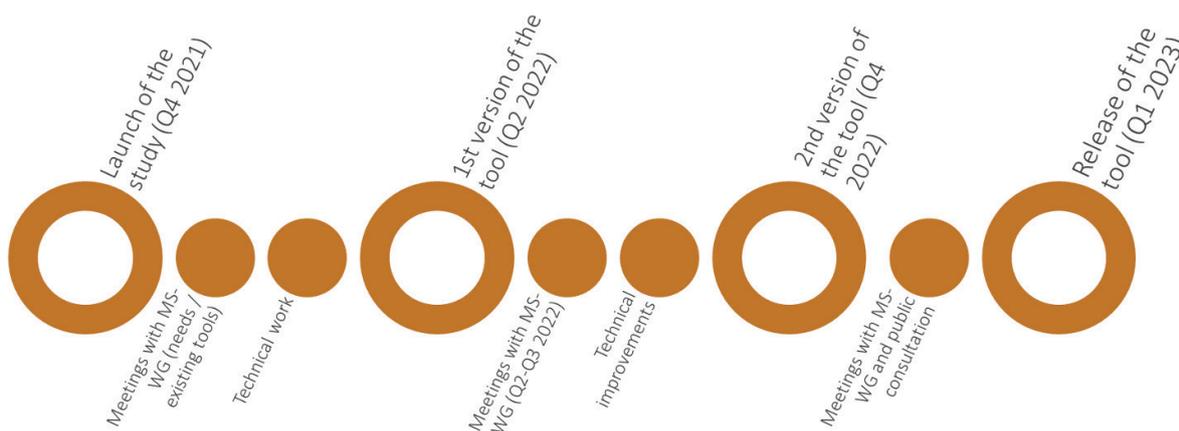
To support a participatory process, the OECD and FAO plan to create a multi-stakeholder working group (MS-WG) of experts to help with the tool development. To build buy-in, a series of meetings with the MS-WG, as well as a public consultation will be organised to collect feedback on the tool.



Source: OECD-FAO Guidance for Responsible Agricultural Supply Chains- Helping achieve the Sustainable Development Goals

Timeline

The development of the tool will begin in late 2021 and the final tool is foreseen to be released in early 2023.





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MORE INFORMATION

<http://mneguidelines.oecd.org/rbc-agriculture-supply-chains.htm>

www.fao.org/responsible-business-conduct-in-agriculture

www.fao.org/economic/est/issues/investment/guidance/oecd-fao



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