



Drying coffee beans at the Kangunu factory in Kenya (FSS Pilot Audit 2019) | © FSS

# SOCIALLY RESPONSIBLE AGRICULTURAL SUPPLY CHAINS AS A WAY TO END HUNGER

## How to engage the private sector

German businesses imported more than EUR 2bn worth of agricultural and food products from Africa alone, including from many countries where the food insecurity situation is moderate to alarming according to the World Hunger Index.<sup>2</sup> Smallholders and agricultural workers are particularly affected, because in many low-income countries, up to 60% of the population works in agriculture<sup>3</sup> often without access to even basic human and labor rights. Welthungerhilfe is therefore committed to using the leverage of agricultural supply chains to engage the private sector in action against hunger. One of the ways we are doing this is by raising awareness among businesses of their responsibility and advising them of workable solutions. A practical tool that has been developed to support private sector efforts is the Food Security Standard (FSS).

Whether it is flowers, coffee, rubber or other everyday products, consumers are often unaware of the living and working conditions of the people who make them. They work for wages that are not enough to live on, have no access to clean drinking water even while working, or are denied access to land that provides their livelihoods. However, if agricultural commodities were imported in line with the right to adequate food, millions of people in rural areas could be freed from hunger by creating decent jobs and promoting local value creation. In sustainable production, businesses contribute to food security, for example, by paying living wages, providing access to social security systems and offering company health care plans. This clearly shows the enormous potential for overcoming hunger that lies in making agricultural imports socially responsible: this could turn the EUR 2bn also into an investment in eliminating hunger.

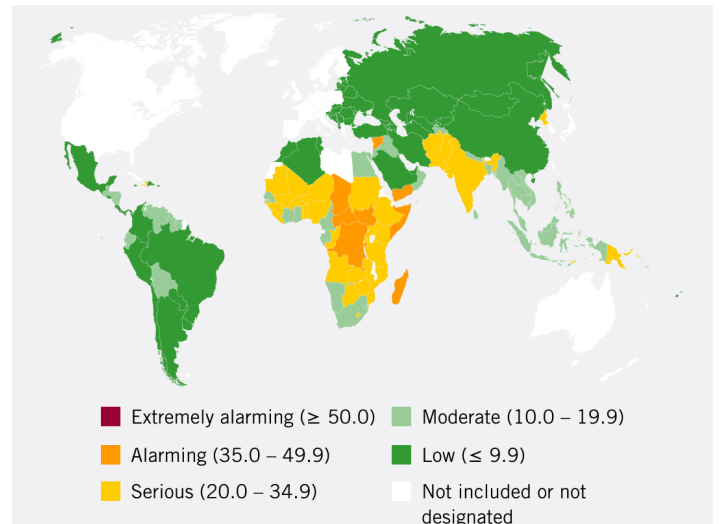


Fig. 1: Severity of countries affected by hunger worldwide (Global Hunger Index 2022)<sup>2</sup>



Fig. 2: Coffee example: main coffee exporting countries within the "coffee belt".<sup>4</sup>





Worker harvesting rubber on a plantation in Mondulkiri region (FSS Pre-Audit Cambodia 2022) | © FSS

## THE SUPPLY CHAIN ACT - A STEP IN THE RIGHT DIRECTION

Especially in countries with fragile governments and weak democracies, people often have no access to effective legal protection and labor law controls are not consistently applied.<sup>5</sup> This puts an even greater responsibility on businesses when they produce or purchase in these countries. They are obliged to ensure the observance of human rights within their sphere of responsibility.

The German government has committed itself in numerous treaties, communiqués and also in the current coalition agreement to building a framework for business and human rights<sup>6</sup>—in Germany, the EU and worldwide. The entry into force of the German Supply Chain Act (LkSG) on 1 January 2023 marked a turning point for German politics, because with a national regulatory framework in place, the German government is in an even better position to advocate for the EU Directive and the proposed United Nations Treaty on Business & Human Rights.

The *United Nations Guiding Principles on Business and Human Rights*.<sup>7</sup> are the frame of reference for all initiatives of this kind. However, the German LkSG currently falls short of the Guiding Principles: Instead of covering the entire supply chain, the due diligence obligations only apply to direct suppliers. All upstream companies are only examined if there is "substantiated knowledge" of potential breaches or risks, i.e. usually when the damage is already done and thus known. Instead of including all human rights, only specific risks are to be part of the preventive approach, all other risks are to be included only in the case of "particularly serious and obvious breaches of duty". Instead of involving affected parties in identifying risks and preventive measures, businesses can pass on their obligations to their suppliers through codes of conduct and contractual clauses. The LkSG thus does not promote holistic and preventive due diligence in dealing with human rights but focuses on supply chain actors with comparatively low risk (direct supplier companies) and individual aspects such as fair wages or the prohibition of child labor. This can contribute to the fulfillment of selected human rights

but is not sufficient on its own to guarantee an adequate standard of living for people in fragile contexts such as rural areas in the Global South. And it is precisely there, at the beginning of the supply chain, that the greatest risks of human rights violations lie: Affected people who work as day laborers in agriculture or communities whose water supply is cut off by larger farms often do not know their rights. They do not know how to claim their rights or lack the means to do so.

This is particularly evident in the example of the human right to adequate food. This basic right is not sufficiently taken into account by the LkSG<sup>8</sup>, but without the fulfillment of this right, the other rights will not be fulfilled either: As long as families are not food secure, they also depend on the support of their children for the family income. Hunger keeps child labor a problem in the supply chain. This example illustrates the close linkage between different human rights.

## THE FOOD SECURITY STANDARD (FSS)

There are numerous sustainability standards companies can use to demonstrate that they take environmental and social aspects into account in their supply chains. However, none of these standards have yet sufficiently addressed the question regarding the right to food in agricultural production. For this purpose, the FSS was developed as an add-on standard and designed to be integrated into any existing sustainability standard in the agricultural sector and to be applicable to all agricultural products, farm sizes and farm types.

The FSS is based on the human right to adequate food and builds on the FAO Right to Food Guidelines<sup>9</sup>: it considers the availability, accessibility, and safe use of food in a stable environment. In doing so, the FSS ensures food security for smallholder farmers and workers and protects surrounding communities. It enables companies to respect the right to food, take social responsibility from the beginning of the supply chain, and thereby directly contribute to the achievement of a number of UN Sustainable Development Goals, in particular SDG 2— End Hunger.

## FOOD SECURITY: A BASIC PREREQUISITE FOR SUSTAINABLE SUPPLY CHAINS

The desirable aim is to strike a balance between state regulation and the provision of support, because it should be ensured that small farms in exporting countries in particular are able to meet market requirements. At the same time, the LkSG should be gradually adapted to the requirements of the United Nations, i.e. the right to food as a fundamental right should be specifically mentioned.



## WHAT DOES EFFECTIVE REGULATION OF HUMAN RIGHTS DUE DILIGENCE BY BUSINESSES LOOK LIKE?

- Basic human rights that must be protected, such as the right to adequate food, are explicitly identified.
- The entire value chain is comprised.
- All businesses must implement human rights due diligence according to their size.
- Particularly vulnerable groups and stakeholders are involved in the entire process and have access to effective legal protection.
- Companies are not allowed to just pass on requirements, but must also contribute to the costs of measures.
- It is complemented by extensive offers of support for businesses
  - ⇒ in the North so that they perceive risks realistically and act in a solution-focused approach.
  - ⇒ in the South, which have fewer resources to meet the demands.
- It keeps track of how regulation affects those who should be protected: Smallholders, workers and affected communities in exporting countries.
- It mentions that voluntary sustainability standards such as the FSS can help companies implement their due diligence obligations.

In the context, governments of exporting countries in the Global South should be supported by governments of importing countries in the Global North to develop national standards and export guidelines. First and foremost, it is for states to set the political and legal framework for companies to ensure human and labor rights. At the same time, governments of exporting countries should be supported in implementing incentive measures to promote sustainable business practices, such as re-

forms of harmful subsidies. In any case, people whose rights have been violated by companies must have access to effective remedies.

For more coherence in policy work and more effective measures for the realization of the right to food, tasks are incumbent on multiple ministries: The German Federal Ministry of Food and Agriculture (BMEL) has been working for many years to anchor the right to food in supply chains and the bioeconomy and promotes concrete measures, such as the FSS, to put this into practice. Currently, the Federal Ministry for Economic Cooperation and Development (BMZ) and the Federal Ministry of Labor and Social Affairs (BMAS) are taking the lead in the supply chain debate, but other ministries lack willingness to cooperate across departments. For the right to food, the BMZ, BMEL and the Federal Ministry for Economic Affairs and Climate Protection (BMWK)<sup>10</sup> in particular should cooperate more closely. They should take greater responsibility for ensuring that laws such as the LkGS and trade agreements are in line with the Sustainable Development Goals (SDGs) and international guidelines such as the *UN Guiding Principles on Business and Human Rights*, the *FAO Guidelines on the Right to Adequate Food*, and the *OECD Guidance for Responsible Agricultural Supply Chains*.<sup>11</sup>

Due to the prominent involvement of the BMZ and the BMAS, the LkSG is currently predominantly perceived as an instrument of development cooperation and the impression is created that companies have to take over government tasks. There is a lack of awareness that food security is a basic prerequisite for sustainable supply chains and that this is also in businesses' own interest because socially responsible supply chains are more resilient, more profitable and more sustainable.

Due diligence obligations enshrined in law are most of all an opportunity because they create consistent and binding requirements all businesses have to meet. Currently, businesses who take their responsibility seriously are at a disadvantage in the economy, e.g. because their prices are higher. Yet many smaller businesses in particular show that it is possible to practice socially responsible business. Even smaller businesses who are not yet required to implement the LkSG due to their size should



Group interview with workers on food security (ISCC/FSS Audit, Gremca, Colombia 2023) | © FSS

get a head start now by building know-how. This would not only prepare them for the forthcoming EU requirements to comply holistically with human rights, but they would also be able to credibly communicate their commitment to consumers.

## OUR DEMANDS IN A NUTSHELL:

**The German government should understand food security as a basic prerequisite for building sustainable supply chains and should accordingly:**

- drive businesses' compliance with human rights due diligence obligations in global value chains at EU and UN level.
- explicitly include basic human rights, such as the right to adequate food, in supply chain laws and policies.
- reconcile economic policy and development cooperation.

**The ministries BMEL, BMZ, BMEL, BMAS and BMWK, should jointly set up a comprehensive advisory and support program that also addresses food security:**

- support governments in the Global South to build structures that protect human rights.
- support businesses, especially smaller agribusinesses in the South, in implementing human rights due diligence and using it as an opportunity.
- promote holistic approaches of businesses in which these collaborate with government agencies, non-governmental organizations, and rights holders to scale viable solutions.
- address food insecurity as one of the most significant risks in agricultural supply chains in export-oriented policies and implement them in line with the OECD Guidelines for Responsible Agricultural Supply Chains.

### Sources:

<sup>1</sup>DeStatis Zusammenfassende Übersichten für den Außenhandel

<sup>2</sup>Global Hunger Index 2022

<sup>3</sup>The Worldbank Data: Employment in agriculture

<sup>4</sup>The Powerful Role of Intangibles in the Coffee Value Chain (World Intellectual Property Organization (WIPO)) Economic Research Working Paper Series No. 39

<sup>5</sup>National Food Security Assessment - Risk Analysis

<sup>6</sup>Koalitionsvertrag 2021 (bundesregierung.de)

<sup>7</sup>UN-Leit-prinzipien für Wirtschaft und Menschenrechte | BMZ

<sup>8</sup>Studie BMZ Lieferkettengesetz.pdf (handelsblatt.com): The FSS in the context of Germany's new supply chain act - Food Security Standard

<sup>9</sup>Guidelines | The Right to Food | Food and Agriculture Organization of the United Nations (fao.org)

<sup>10</sup>Nachhaltige Landwirtschaft | BMZ

<sup>11</sup>BMEL - Agenda 2030 - OECD/FAO-Leitfaden für verantwortungsvolle landwirtschaftliche Lieferketten

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