

RISK MANAGEMENT IN AGRICULTURAL PROJECTS BASED ON FAO NORMATIVE FUNCTIONS

Mark Davis & Daniela Morra

Climate and Environment Division, Food and Agriculture Organization of the United Nations

Abstract

The role of the UN Specialized Agencies such as the FAO is to develop norms, standards and guidance to support countries in addressing technical and political challenges. The Conventions, Codes of Practice, scientific standards and technical guidelines produced by FAO cover every area of agricultural production, fisheries, forestry and food systems. In its field activities, FAO field offices and technical specialists from regional and global centres design and implement projects to support development in food and agriculture with the global objectives of eliminating hunger, reducing rural poverty and ensuring sustainability in food and agriculture systems.

Environmental and Social Safeguards in FAO have been built around a self-assessment system that guides project formulators to identify potential environmental and social risks that might be caused by the project and guides users to the Organization's own normative tools for their management. In this way, FAO ensures that acknowledged best practices are applied in its own field activities, even where technical experts are unfamiliar with the standards set in another technical area.

Adoption of risk management in a culture that believes it is only doing good is challenging, unless that culture is used to believe that it can do even better by broadening its perspective. Environmental and social risk management in FAO is designed to do precisely this.

Introduction

The United Nations family consists of programmes, funds and specialized agencies governed by their member countries. One of these is the Food and Agriculture Organization (FAO) that leads international efforts to fight hunger and malnutrition. In doing so, FAO has developed a vast catalogue of international agreements, codes of practice, standards, technical guidelines, tools, approaches and examples of best practice that guide the world on how to implement agricultural production and trade. Agriculture, for FAO, includes crops, livestock, fisheries, aquaculture and forestry.

FAO implements around 600 new projects each year to support countries in developing their agricultural production and trade. Until 2015, FAO had no integrated Environmental and Social Safeguards (ESS) system in place, but used mainstreaming initiatives for key social issues, including gender, indigenous people and decent work, and a non-obligatory environmental impact assessment procedure that also included some social aspectsⁱ. In 2015, new Environmental and Social Management Guidelinesⁱⁱ were published and an organizational directive was issued that made it mandatory to apply them to all FAO projects with a budget exceeding USD100,000. Simultaneously, a Grievance Handling Mechanismⁱⁱⁱ was established to facilitate the appropriate management of complaints from directly affected stakeholders regarding environmental and social aspects of FAO's work in the field.

An Environmental and Social Management Unit (ESMU) was established to implement the safeguards system across the 153 regional, sub-regional and country offices of the organization, six technical departments with 18 thematically specialized divisions, over 13,000 staff and nearly 2,000 active field projects. This paper explains the positive, collaborative and constructive approach taken in developing and deploying environmental and social safeguards across FAO.

Methodology

FAO deals with every aspect of agriculture and agricultural development, from specifying seed quality and protecting genetic resources of traditional livestock breeds, to water accounting and land tenure legislation, and from sustainable management of marine fish stocks to sustainable forest management. There are libraries full of technical guidelines, computers loaded with sophisticated models. FAO hosts the International Plant Protection Convention, the International Treaty for Plant Genetic Resources for Food and Agriculture and half the Rotterdam Convention on Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade. Several international commissions are hosted by FAO including those for Locust Control, that helps affected countries to monitor, prevent and control locust swarms; Genetic Resources for Food and Agriculture, to support the conservation and appropriate use of agricultural biodiversity and genetic resources; and Rice, that promotes international co-operation in the production, conservation, distribution, and consumption of rice. FAO also co-hosts the Codex Alimentarius Commission with WHO to develop standards, codes of practice, guidelines, and other recommendations relating to foods, food production, and food safety. The International Code of Conduct on Pesticide Management^{iv} and the Code of Conduct for Sustainable Fisheries^v are hosted by FAO, as is the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the context of national food security^{vi}.

The list is long and incomplete here, and the intention is to highlight that FAO provides extensive guidance, and in some cases sets rules and standards for the world to adhere to, yet it was not clear in 2015 whether FAO's own field activities complied with all these standards and rules. This was not due to negligence or malice, but rather because people simply weren't aware that many of these frameworks existed or applied to their projects.

For example, the formulator of an emergency project to support livelihoods for refugee farmers fleeing a conflict might provide seeds, tools and fertilizers without being aware that importing seeds from another country might contravene FAO guidance on good practice regarding seed supply as well as the International Treaty on Plant Genetic Resources for Food and Agriculture. The formulator is an expert in agricultural rehabilitation in emergency situations, and has no specific expertise in seeds and genetic resource management.

The safeguards system in FAO was therefore built around two FAO-specific factors: The first is that the Organization only works on agricultural activities, and therefore has no need to address many safeguards issues that other big development organizations deal with, such as civil infrastructure and important social functions such as health and education. The second is that the appropriate responses to all the risks that might be generated by FAO projects, exist within the Organization itself.

There are three main components to the safeguards system:

- Nine Environmental and Social Standards with a number of subcategories in each;
- Stakeholder engagement and disclosure requirements;
- Grievance Review Mechanism.

The nine safeguards and their sub-categories are shown in Table 1 with some examples of the normative tools that are referenced to guide risk management. Many of the themes addressed are highly specialized, and the approach taken by FAO in managing them aims for uncompromising compliance with the highest international standards.

In some areas, this will exceed the requirements of other development organizations. For example, FAO will not permit the introduction of new livestock genetic varieties if the resulting productivity is improved by less than 30 per-cent. This measure is designed to protect traditional and indigenous livestock varieties and avoid their replacement by newly introduced varieties that might be less well adapted to the local environment, without significantly increasing productivity.

Elsewhere, FAO standards are based on internationally recognized frameworks that are also used in other organizations' safeguards. Examples include the International Code of Conduct on Pesticide Management and the Voluntary Guidelines on the Responsible Governance of Tenure. These are among the areas where FAO has set the standards that are adopted worldwide, and also hosts the expertise in their implementation in the widest range of situations.

Four areas are considered to be no-go, and will block any FAO project until action is taken to remove these risks altogether. These are:

1. Construction or financing of dams over 15 meters high
2. Involuntary resettlement or removal from means of livelihood
3. Child Labour in project supported activities
4. Introducing new livestock varieties that do not increase productivity by over 30 per-cent

No projects have so far been blocked, and a number of cases where high risks that required complex and potentially costly management or mitigation measures were identified, steps were taken to design the risks out of the project at very early stages. For example, a project proposing to improve the sustainability of production for farmers who did not have secure tenancy on their land, was redesigned to ensure that all farmers had secure documented tenure before project inception. Thus the risk of their tenure being undermined as the project increased the value of their land was removed.

Table 1. FAO Environmental and Social Safeguards and key tools available for their management

ESS 1: Natural Resource Management	A. Management of soil and land resources	Demonstrate how the project applies and adheres to the principles of the World Soil Charter
	B. Management of Water Resources and Small Dams	The ICID-checklist will be included, as well as appropriate action within the project to mitigate identified potential negative impacts. Projects aiming at improving water efficiency will carry out thorough water accounting in order to avoid possible negative impacts such as waterlogging, salinity or reduction of water availability downstream.
	C. Tenure	Demonstrate how the project applies and adheres to the principles/framework of the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT)
	D. Climate	
ESS 2: Biodiversity, Ecosystems and Natural Habitats	A. Protected Areas, buffer zones or natural habitats	
	B. Biodiversity Conservation	
	C. Use of Alien Species or non-native species	
	D. Access and benefit-sharing for genetic resources	For plant genetic resources for food and agriculture (PGRFA) falling under the Multilateral System of Access and Benefit-sharing (MLS) of the International Treaty on Plant Genetic Resources for Food and Agriculture (Treaty), ensure that Standard Material Transfer Agreement (SMTA) has been signed and comply with SMTA provisions.
	E. Living Natural Resources	
ESS 3: Plant Genetic Resources for Food and Agriculture	A. Introduction of new crops and varieties	Follow appropriate phytosanitary protocols in accordance with IPPC ☐ Take measures to ensure that displaced varieties and/or crops, if any, are included in the national or international ex situ conservation programmes
	B. Provision of seeds and planting materials	
	C. Modern biotechnologies and the deployment of their products in crop production	
	D. Planted Forests	The observance of principles 9, 10, 11 and 12 of the Voluntary Guidelines on Planted Forests suffice for indigenous forests but must be read in full compliance with ESS 9- Indigenous People and Cultural Heritage.
ESS 4: Animal - Livestock and Aquatic - Genetic Resources for Food and Agriculture	A. Introduction of breeds into new production environments	
	B. Change in the production system of locally adapted breeds	
	C. Introduction of new species	genetic impact assessment should be conducted prior to granting permission to import (cover the animal identification, performance recording and capacity development that allow monitoring of the introduced species/ breeds' productivity, health and economic sustainability over several production cycles)
	D. Collection of wild genetic resources for farming systems	
	E. Modification of habitat	
ESS 5: Pest and Pesticide Management	A. Pest management Plan	
	B. Selection of Pesticides	
	C. Supply of Pesticides by FAO	If large volumes (above 1,000 litres of kg) of pesticides will be supplied or used throughout the duration of the project, a Pest Management Plan must be prepared to demonstrate how IPM will be promoted to reduce reliance on pesticides, and what measures will be taken to minimize risks of pesticide use.
	D. Disposal	
	E. Responsibility	
ESS 6: Involuntary Resettlement and Displacement	A. Prohibit Forced Evictions	
	B. Avoid and Mitigation Physical and Economic Displacement	
	C. Develop plans for physical and economic displacement	
ESS 7: Decent Work	A. Creation of more and better employment opportunities, especially for youth and women	Take action to anticipate the likely risk of perpetuating poverty and inequality in socially unsustainable agriculture and food systems.
	B. Non-discrimination and equal opportunity	A specific social value chain analysis or livelihoods/employment assessment is needed for large-scale projects. Facilitation should be provided for women of all ages to access productive resources. Anticipate and prevent increased workloads for women.
	C. Occupational Safety and Health (OSH)	Take action to anticipate likely OSH risks by introducing complementary provisions on OSH within the project. Anticipate and prevent health related risks for pregnant and breastfeeding women.
	D. Child labour prevention and reduction	Projects in value chains or sectors where child labour is used are subject to full ESIA. Anticipate potential negative effects on child labour. Child labour in project activities is prohibited. Age appropriate activities combined with education/training for 14-17 year olds.
	E. Forced labour	Projects in value chains or sectors where forced labour is used are subject to full ESIA
	F. Workers' and producers' organizations	
ESS 8: Gender Equality	A. Combating discriminatory practices	Act to avoid perpetuating or reinforcing discrimination and to promote empowerment of women and girls
	B. Equal opportunities for men and women to participate in and benefit	Identify constraints and ensure opportunities for equitable empowerment and access to resources, services and markets.
ESS 9: Indigenous Peoples and Cultural Heritage	A. Identification of Indigenous peoples	
	B. Rights over land, territories and natural resources	
	C. Prior Assessment of the Impact on Indigenous Peoples	
	D. Free, Prior and Informed Consent (FPIC)	FPIC required in all projects that operate within the territories of or influence Indigenous peoples.
	E. Indigenous Peoples' Plan	IPP required for projects that directly benefit Indigenous peoples
	H. Cultural Heritage	National and traditional governance mechanisms must be observed

Accessing the relevant expertise is also integral to the FAO Safeguards system. A Technical Network on Environmental and Social Safeguards brings together specialists in each of the technical areas addressed by the Safeguards. These individuals and their operational units, can be called upon to support appropriate management of risks associated with their areas of expertise. The Safeguards system

operates as an on-line automated self-assessment process that is fully integrated into the FAO project cycle. Once a formulator has prepared a concept note in the Field Programme Monitoring and Information System (FPMIS), the Environmental and Social Risk Management Checklist appears. This leads the formulator through nine trigger questions (one for each safeguard). Answering any question positively triggers that safeguard, and takes the formulator to the second (and sometimes third) level questions. These more refined questions help to identify the risks more specifically and links them to the relevant normative tools and the guidance.

Once the checklist is completed, a matrix is generated that identifies the project risks and the actions required to address them. This includes links to key documents and summaries of procedures to follow. The risks and project classification are validated at this point by the project Lead Technical Officer who takes formal responsibility for ensuring that the appropriate measures are applied to the project. The risk matrix forms the basis of Environmental and Social Assessment to be carried out during project formulation, as well as the Risk Management Plan to monitor the adopted mitigation actions.

In this way, FAO has established a risk management system that has been comprehensively adopted in a short time, and is seen as a useful tool to raise the quality of field projects, ensure compliance with FAO's own high standards, and improve awareness of many complex technical normative standards across the Organization and its constituents.

Discussion

Experience has shown that project formulators and implementation managers are often surprised when risks that contravene FAO standards are identified in their projects. The approach of 'making projects better' as opposed to 'thou shalt not do [certain things]' is appreciated and results in positive collaboration in what is effectively a self-assessment process.

At the same time, technical specialists who have responsibility for the issues addressed in the safeguards, are pleased that the system is generating wider recognition and adoption of their standards. It is a constant struggle to raise awareness about these standards both within and beyond the Organization, and the safeguards help.

Mechanisms exist that allow the ESM Unit to review project risk classifications and change them to a higher or lower classification if appropriate. Formulators are also strongly encouraged to discuss questions with the ESM Unit, and to seek guidance on technical issues from Technical Network members. So, while the Safeguards system is set up to largely run itself, the capacity for intervention, support and strengthening is always present.

During the first 12 months implementation of the new system, more than 600 projects underwent risk screening: 84 per cent of projects were classified as low risk, 15 per cent as moderate risk and 1 per cent as high risk. The automated nature of the system allows practitioners and the ESM Unit to focus on the moderate and high risk projects that need more attention.

References

- ⁱ Environmental impact assessment: Guidelines for FAO field projects, FAO, Rome 2011
- ⁱⁱ Environmental and Social management Guidelines, FAO, Rome 2015
- ⁱⁱⁱ Compliance Reviews Following Complaints Related to the Organization's Environmental And Social Standards: Guidelines, FAO, Rome 2015
- ^{iv} The International Code of Conduct on Pesticide Management, FAO/WHO/IOMC, Rome 2014
- ^v Code of Conduct for Sustainable Fisheries, FAO Rome 1995
- ^{vi} Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the context of national food security, FAO, Rome 2012