



# Implementing the EUDR in a socially just way

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6 June 2024



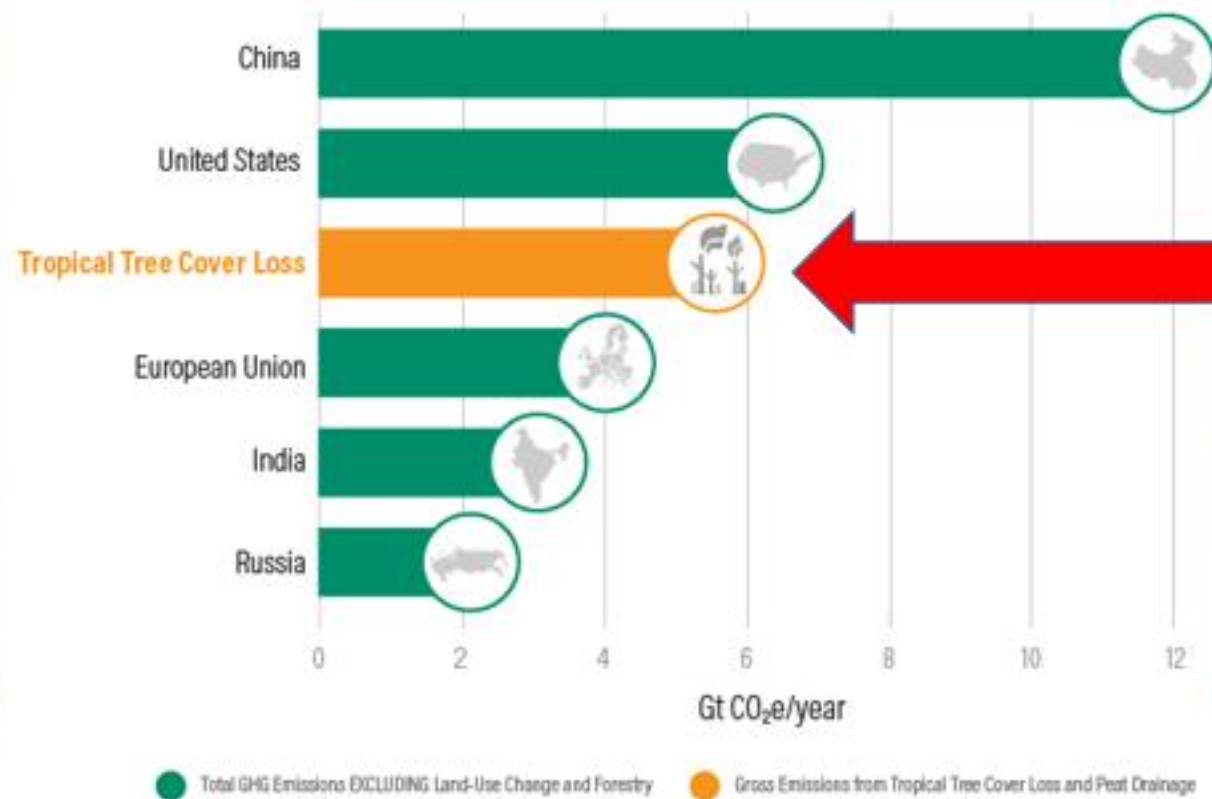
**Why did the  
EU pass this  
regulation?**

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# Agriculture is the biggest cause of forest loss globally, and a major driver of climate change & biodiversity loss

If Tropical Deforestation were a Country, it Would Rank Third in CO<sub>2</sub>e Emissions



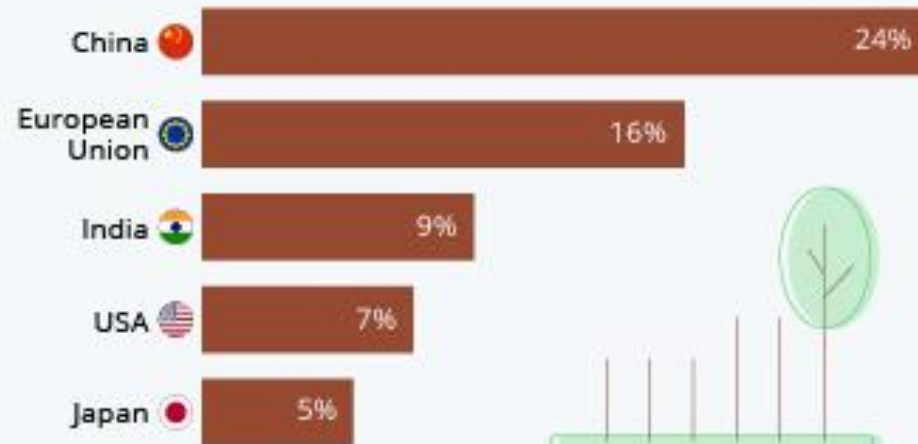
# 90%

of this is from agriculture  
(FAO, 2021)

# Of this, the EU is the world's second-biggest contributor

## The Biggest Contributors to Tropical Deforestation

Share of tropical deforestation associated with international trade attributable to selected countries/areas 2005-2017\*



\* Based on data and findings from satellite imagery and trade flow analysis.  
Source: WWF

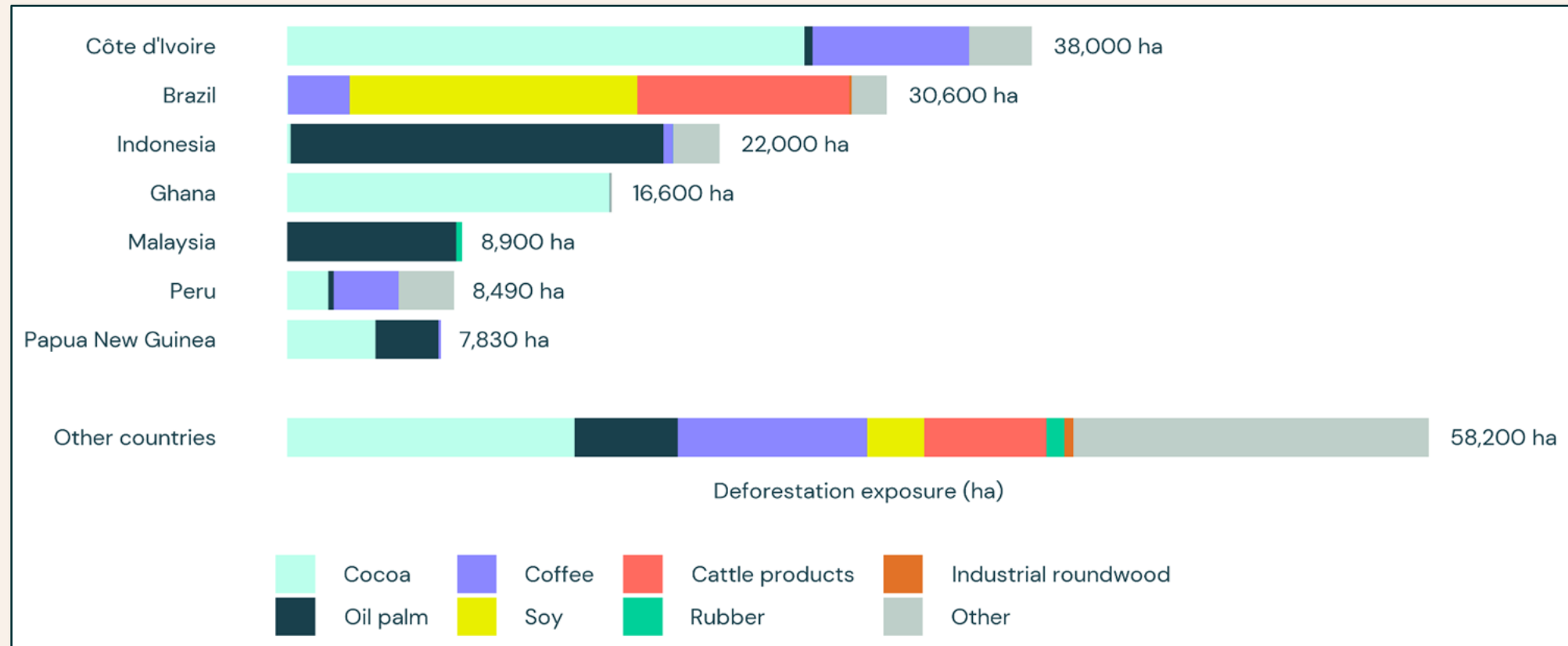


statista



# Which are the main countries & commodities where EU-driven deforestation is happening?

EU total: 190,500 ha per year (2019-2021)





# Criticism of Regulation

- **Re: smallholders**
  - Geolocation is too difficult for smallholders
  - Smallholders will lose market access
  - Smallholders will bear the costs of compliance
- **Member States:**
  - The regulation should be delayed
  - The regulation should be re-opened to introduce a minimum threshold of 0.5 hectares– DD is too much work for European farmers
  - The benchmarking isn't ready; all EU Member States should be low risk
- **Companies:**
  - The information system isn't ready
  - The benchmarking isn't ready



## Fern's take:

# Traceability & geolocation are key & can benefit smallholders in the long run

- **Traceability & geolocation are core to the regulation.** They are challenging to implement, but they are also what will permit the regulation to have impact.
- **Including impacts that benefit smallholders.**
  - Ivorian farmer cooperatives in 2022: they hope that the EUDR's traceability requirements will help tackle *"the non-payment of promised sustainability premiums and of the official cocoa price set by our government, the existence of illegal cooperatives that purchase cocoa produced in protected forests, the failure to control the number of farmers, the government's lack of knowledge of the number of cocoa plots, but above all the existence of numerous intermediaries along the supply chain."* In particular, they hope the EUDR will push their government to finalise the national Ivorian cocoa traceability system, which they want to tackle all the above problems.
  - Could drive higher farmer prices in places where agriculture is already established/forest is already cleared (e.g. Cote d'Ivoire, Ghana).



## HOWEVER:

# Implementing EUDR will need much more support than there is currently

- **Many of the concerns raised re: smallholders are real.**
  - Geolocation isn't difficult to do, BUT it requires a smartphone and internet connection
  - Then, cooperatives must manage this data – and ensure physical separation of batches - and this can be expensive (see recent IDEF/Commerce Equitable study)
  - Compliance with EUDR legality criteria may be more difficult
  - Smallholders being excluded? Different depending on sector (cocoa vs. palm oil vs. coffee)
- **The answer isn't to not do the regulation/traceability/geolocation, but to provide much more support.**
- **Unfortunately, although the situation is improving, the EU has been very late and inadequate in providing support to smallholders & producer countries.**



# What does support look like?

## Process

**1.**

**Partnerships with major producer countries with a lot of exposure to EUDR, and a lot of smallholders (e.g. Cote d'Ivoire, Ghana, Indonesia, Malaysia, PNG, Peru, Ethiopia, Colombia, Cameroon)**

**2.**

**Comprehensive EUDR readiness “needs assessment” for each of those producer countries, conducted together with producer country actors**

**3.**

**Targeted & funded plan to respond to the needs flagged in each country assessment, again developed together with producer country actors**

# What does support look like?

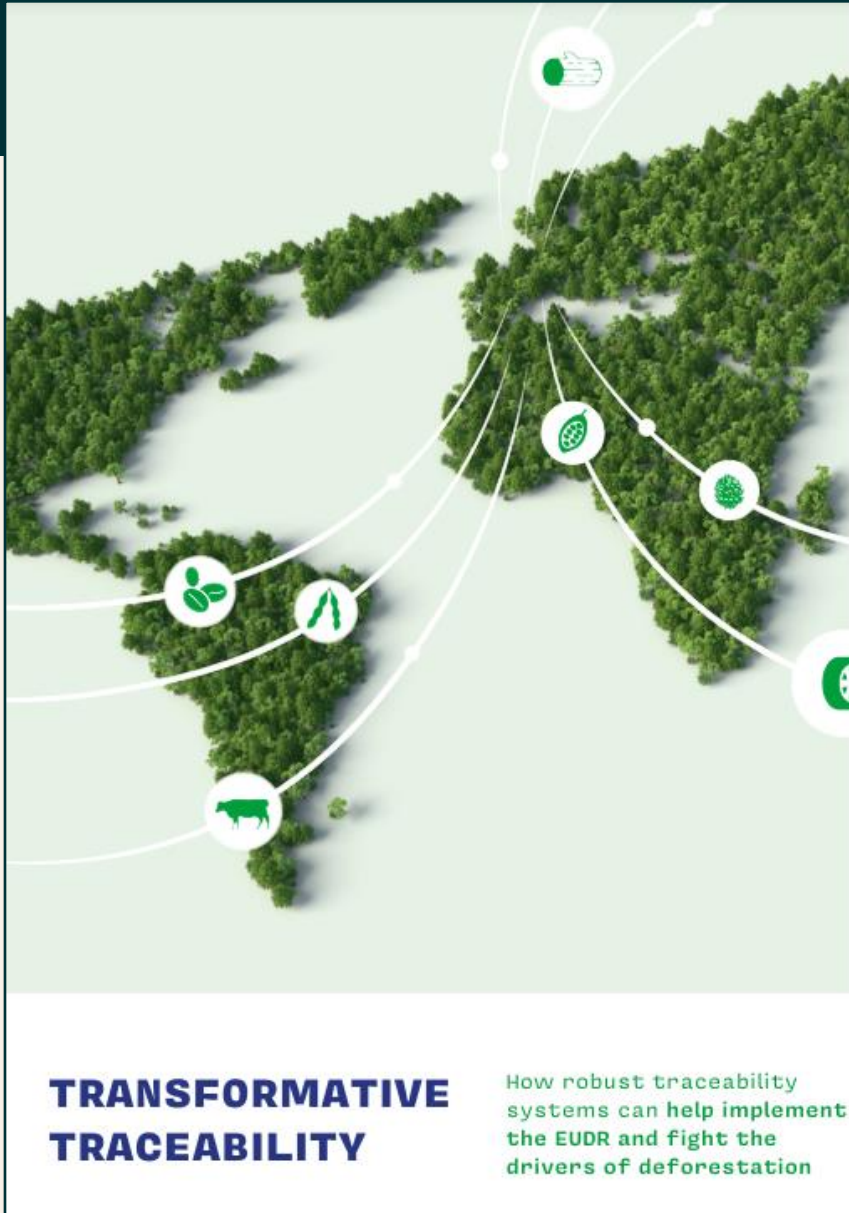
## Content

### Short term

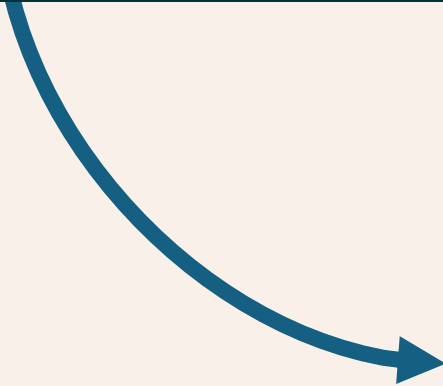
- Create an on-demand fund which smallholders & their cooperatives can access directly to map & manage polygons and traceability information
- Support interoperability of company & government traceability systems

### Longer term

- Support national/state-level traceability systems in producer countries
- Temporary “bonus malus” tax? – either the EU and/or a producer countries can do this. “Unsustainable” production could be taxed more heavily so that tax reductions could be granted to production deemed to be “sustainable”



For more info on what can be done to support traceability systems in producer countries, see May 2024 report by Fern et al.



# A stepwise approach to traceability

## SHORT TERM

All actors should establish elements of interoperability

- Develop consistent data protocols
- Share datasets
- Share costs

**COMPANIES**  
in addition  
to the above:

- Improve own systems to meet 10 criteria



## LONG TERM

All actors should support public traceability systems that are credible & transformative:

1. Based on robust, ground-truthed data
2. Makes data publicly accessible
3. Has a multistakeholder body
4. Has periodic independent audits
5. Has functional grievance mechanism
6. Prevents double-counting of polygons
7. Gives small farmers control over data
8. Tracks characteristics important to producer country stakeholders
9. Linked to remedy & enforcement actions
10. Linked to positive incentives for producers



**PRODUCER GOVERNMENTS SHOULD**

- Develop & run system



**NGOs SHOULD**

- Participate in multi-stakeholder body
- Independent monitoring



**EU COMMISSION SHOULD**

- Technical & financial support
- Give weight in benchmarking to credible systems



**FARMER ORGS SHOULD**

- Participate in multi-stakeholder body
- Input to farm data



**COMPANIES SHOULD**

- Participate in multi-stakeholder body
- Financially contribute





# Why support public traceability systems in particular?

- **Single nation/state-wide system is more efficient than multiple company systems** (esp. for smallholders & their cooperatives)
- **More likely to track information relevant to producer-country stakeholders**
- Because government-run, **can be directly linked to government sanctions/remedy**
- **Much** better (than individual company systems) **at preventing leakage/double-counting of volumes**



# Criteria for a traceability system that is **credible**

(and therefore can help meet EUDR)

## 1. Is based on accurate, ground-truthed data

- Most urgent: generate accurate farm polygon boundaries; clarify what is “legal” production

## 2. Data is publicly accessible and comprehensible

- Allow third-party actors (e.g. NGOs, farmer orgs) to access at least some data from system.

## 3. Has a multi-stakeholder consultation body

- E.g. A steering committee – contribute to design; do regular evaluation

## 4. Is subject to periodic independent audits

## 5. Has a clear and accessible grievance mechanism, including being open to findings from NGO independent monitoring

- Allow non-government stakeholders to highlight issues with data, or chain of custody system. Government should respond to issues raised.

## 6. Capable of excluding double-counting of polygons

- Mandatory and comprehensive national systems are best placed to mitigate the danger.

## 7. Gives smallholder farmers control and access to data

- Farmer orgs must be able to feed back on/interrogate data. Improves data quality + their bargaining position



# Criteria for a traceability system that delivers change on the ground

## 8. Tracks characteristics that are important to all stakeholders (not just companies)

- e.g. prices & payments made along the supply chain (info that is interesting to people in producer countries)

## 9. Is linked to remedy & enforcement actions

- Advantage of a public traceability hosted by the government – when an incident comes up in the traceability system, they can respond in real time with enforcement actions

## 10. Is linked to incentives for producers