



## Amsterdam Declarations Partnership

Towards deforestation-free  
sustainable commodities

### “We are all Atlas 2”

#### strengthening collaboration towards a deforestation-free, sustainable commodity production and trade

#### Key takeaways ADP Multi-Stakeholder Meeting, 23<sup>rd</sup> June 2022

All opening speeches provided a reality check and conveyed a strong message of urgency and the need to maintain a high ambition. Regulations in consumer markets (EU, UK) hold the promise of being game changers and support the transition needed towards climate neutrality and respect of human rights. In the annex, a report of the meeting is presented.

#### Some key takeaways:

- The *urgency of action* for climate change, biodiversity loss and Indigenous Peoples was emphasised and well received, thus highlighting the need for both stringent and ambitious regulation as well as for more and better voluntary initiatives. More inclusive and faster implementation is urgently needed (target date 2030). The ADP governments are keen to be supportive frontrunners to address the challenges for an effective implementation and maintaining ambition.
- *Respecting Indigenous Peoples’ rights* and recognizing their impact in protecting the forests was stressed by many speakers and participants during the day, as well as the need for better inclusion of *smallholders*. Smallholder farmers should benefit in terms of both market access, income, and livelihood. *Smallholder farmers* in cocoa and palm oil see the EU regulation as an opportunity for improving their livelihoods and raise their living income but are also raising concerns related to the need to enable inclusion of smallholders, amongst other by enhancing capacity building via cooperatives. An open letter by 50 civil society organisations urges to assess the needs of smallholder farmers to respond to the emerging market requirements ([link](#)).
- The *role of central banks and supervisors in the finance sector* was also underlined at the ADP-MSM, with perspectives provided by a large variety of stakeholders from the finance sector. Nature-related risks and deforestation should be added into fixed costs. The financial sector needs clear rules and regulations. Any unclarity or loophole for banks and companies should be identified and closed. For the transition towards no deforestation and sustainability long-term finance and commitment is needed.
- *Commodity supply chains* face different and yet also related challenges. In the four commodity-specific break-out sessions, challenges and opportunities were discussed intensively within the cattle, cocoa, palm oil and soya supply chains. A common ask was recognition of and engagement with existing - sustainability and traceability - initiatives in producer countries.
- *Enhancing collaboration* with and between multi-stakeholder commodity initiatives, roundtables and traceability initiatives is key to facilitate a positive impact on deforestation, biodiversity, and human rights.

*Update: the EU Council of Environment Ministers accepted the proposal for the EU regulation on Deforestation on 28<sup>th</sup> of June 2022 ([press release](#), [pdf](#)). The proposal now includes several references to the international rights standard for Indigenous Peoples ([UNDRIP](#)).*



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## ANNEX 1: Report of the meeting

In-person meeting only. The MSM was attended by app. 200 persons.

**Host:** Confederation of Danish Industries, Copenhagen, Denmark

**Organiser:** Denmark, Chair of the ADP

**Moderator:** Peter de Koning, Director ADP Support Unit

**Mr. Leif Nielsen**, Industry Director at Danish Industry Foods, Denmark opened the meeting.

### Keeping a high ambition

All opening speeches provided a reality check and conveyed a strong message of urgency and the need to maintain a high ambition.

**Ms. Lea Wermelin**, Minister of Environment, Denmark noted that the challenge of our lifetime is climate change and biodiversity loss, in which halting deforestation and respecting human rights are important elements. Commodity import forms an important part of our climate neutrality ambitions. Collaboration is essential.

**Mr. Tomas Anker Christensen**, Climate Ambassador of Denmark, noted that we will not reach our climate emissions ambitions with current developments and there is a very strong need for concrete action.

Indonesia showed a clear decreasing trend in deforestation the last five years. **Ms. Mushdalifah Machmud**, Deputy for Food and Agribusiness, Coordinating Ministry of Economic Affairs, Indonesia thanked ADP for its support for sustainable palm oil. In the wake of climate change, economic instability, and price volatility, transforming the palm oil sector to full sustainability is essential. The new ISPO and national action plan are key. A better image of palm oil in consumer markets is needed.

The proposed EU regulation on deforestation and human rights is clearly a driving force behind many discussions on these topics but not an end point. **Ms. Astrid Ladefoged**, Head of Unit of DG Environment, European Commission, explained the EU ambitions. The EU regulation will raise the floor regarding deforestation and human rights for commodity supply chains to Europe.

**Mr. Michael Rice** from Client Earth provided a reality check that while we recognise the urgency of climate change, at the same time forests are disappearing. Indigenous Peoples and local communities are proven to be the world's best forest managers and they are often the last line of defence against deforestation. For that reason, they also bear the brunt of the violence that accompanies the expanding industrial frontier. Europe has to take responsibility in proposing solutions because these are matters of the highest global importance. He challenged the leadership of the private sector and whether this will lead to the fair, just, and equitable outcomes we want. Because laws matter, the EU and UK regulations must address the injustice inherent in global commodity trade or risk ignoring the structural inequalities that really drive deforestation.

**Helen Belfield**, Global Canopy Programme, presented the results of a recent study regarding ADP countries' tropical deforestation footprint. The study highlights three perspectives: (a)

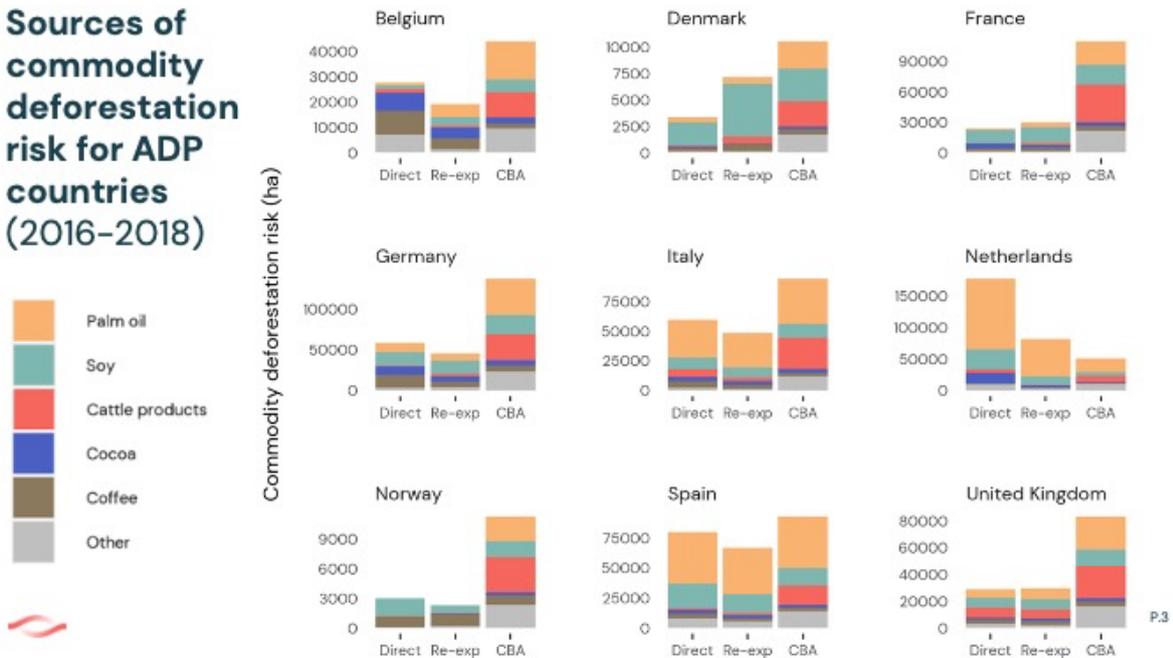


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direct trade; (b) re-export adjusted; and (c) consumption-based. She clearly showed the relevance of the EU and ADP countries in commodity trade and the responsibility to act now. That being said, in all three perspectives China has surpassed the EU-27 (and ADP countries).

## Sources of commodity deforestation risk for ADP countries (2016–2018)



The ADP governments are keen to be supportive frontrunners to address the challenges for an effective implementation and maintaining ambition. EU regulation plus the UK Environment Act will be game changers even though many challenges remain for an effective implementation. Frontrunner companies may have even more ambitious policies and cut-off dates that should be maintained and nurtured. It is clear to all participants that the regulation will not solve all problems regarding deforestation and human rights, and additional measures are needed. Key to achieve the intended impact is to establish dialogue and collaboration with stakeholders in producer countries, especially with government and (smallholder) farmers.

## Indigenous Peoples, local communities, and smallholder farmers

### Indigenous peoples and local communities

**Peter de Koning** highlighted some sobering facts. Indigenous Peoples and traditional communities are often the first ones confronted with illegal logging and mining, violence, and conversion of their lands to agricultural use by others. They are not safe in their homelands. In 2021, 385 environmental human rights defenders were killed, of which 252 in Latin America. Last week Bruno Pereira and Dom Philips were killed. The annual dead toll seems to become even higher this year. That is an average of one person per day.

The trailer of the documentary “The Territory” and a powerful speech by **Txai Suruí** (representative of the Uru-Eu-Wau-Wau) left everyone lost for words. She highlighted that her people and their way of life were under threat. **Rodion Sulyandziga** (Chair of the Permanent Indigenous Peoples Committee under the FSC) discussed the role the international



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community could play. Activities on indigenous lands are mostly illegal and law enforcement is absent. Indigenous Peoples need law enforcement now and the speakers called upon the international community and European Union to support Indigenous Peoples' rights, ensure full accountability, and support law enforcement. Consumers should stop buying products if governments do not respect IPLC rights. There was a strong ask towards the EU to recognise international Indigenous Peoples' and human rights in the EU regulation. The biggest risk is that 'illegal deforestation is made legal' in national laws and the EU regulation accepts this.

Expansion into natural areas and onto Indigenous Peoples' lands often happens years before a market supply chain connection is established - therefore additional measures are needed:

1. Recognise collective tenure of land and resources, which means legal recognition as territorial entities.
2. Recognise the autonomy to use and manage the resources based on traditional knowledge and traditions.
3. Support to maintain the rights and resources.

We need supportive actions that enhance jurisdictional governance and support law enforcement. For that to happen, we also need governments to do better. In addition to a supply chain approach and a jurisdictional approach, a territorial approach should be an integrated part. Actions mentioned include:

- Support to the recognition of Indigenous Peoples, local community, and smallholder farmers' land rights. For example, include a reference to international human rights law in the EU regulation.
- Avoid recognition of back-rolling legislation on forests and indigenous territorial rights.
- Inclusive consultation processes based on Free Prior and Informed Consent.
- Access to justice and legal enforcement.

### Smallholder farmers

The main development for smallholder farmers is the EU regulation. Many organisations - including cocoa and palm oil smallholder organisations - highlight the opportunities and challenges for inclusion, empowerment, and livelihoods. Recently 50 civil society organisations urged to assess the needs of smallholder farmers to respond to the emerging market requirements ([link](#)).

**Mansuetus Alsy Hanu** (National Coordinator, SPKS Oil Palm Farmers Union) provided the perspective of independent smallholder palm oil producers in Indonesia. Palm oil smallholders have an area less than 10 hectares. SPKS sees the EU regulation as an opportunity although capacity challenges remain. No-deforestation and traceability are the key in the sustainability vision of SPKS to make palm oil products sellable in the market. SPKS is committed to ensuring smallholders are capable and are proven able to demonstrate traceability and can contribute to achieving no deforestation. SPKS asks the EU regulation to include a requirement for companies that are importing palm oil into the EU to guarantee a direct supply chain from at least 30% of independent smallholders. **Indra van Ginsbergen** (FERN) highlighted that ending deforestation equals protecting land rights. Working in partnership with stakeholders in forested countries is an essential component to realise the goals of the EU deforestation regulation and fight deforestation worldwide. Article 28 of the proposed regulation is not clear. She emphasised the need for an EU strategic plan for working with countries to achieve



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deforestation-free production. The NGO plan circulated before the MSM highlights 8 components of such a strategic plan (final version in the autumn). We need strong incentives to bring and keep the right stakeholders from the right countries at the right table. **Lisa Kirfel-Rühle** (Federal Ministry of Economic Cooperation and Development) stated the German government - and ADP - has been asking for an ambitious regulation on deforestation and is very supportive on this agenda. Capacity building and a fair income of smallholders to meet emerging market requirements are very important topics. All speakers emphasize the importance for these stakeholders to be involved in the decision-making processes, which is not always easy given the distance between those on the ground and the policy makers in the capitals.

### Finance sector

Moderated by **Anna Horta**, The Nature Conservancy. The plenary session was a conversation with several financial experts: **Kristjan Jespersen**, (Associate Professor, Copenhagen Business School); **Graham Stock** (Partner, BlueBay Asset Management); **Martha de Sá** (Founding Partner, VERT Capital); **Nabil Kadri** (Brazilian Development Bank BNDES); **Elena Almeida** (NGFS-INSPIRE Study Group on Biodiversity and Financial Stability).

Supply chain actors - from farmers to consumer-oriented companies - will have to meet emerging market requirements (EU, UK). The financial sector and investment decision-making will be instrumental to meet those requirements. Not only financial institutions are responsible for deforestation-free finance, but also central banks and financial supervisors have a key role to play. In March 2022, the NGFS (see box below) INSPIRE Study Group on Biodiversity and Financial Stability, presented a [statement](#) acknowledging that nature-related risks, including those associated with biodiversity loss, could have significant macroeconomic implications, and that failure to account for, mitigate, and adapt to these implications is a source of risks relevant for financial stability. Therefore, nature-related risks should be considered by central banks and financial supervisors.

The **Network for Greening the Financial System (NGFS)**, launched at the Paris One Planet Summit on 12 December 2017, is a group of central banks and financial supervisors, which on a voluntary basis are willing to share best practices and contribute to the development of environment and climate risk management in the financial sector, and to mobilise mainstream finance to support the transition towards a sustainable economy. The NGFS brings together 95 central banks and financial supervisors and 15 observers. Together, they represent five continents and countries, which produce around 85 per cent of global greenhouse gas emissions and are responsible for the supervision of all the global systemically important banks and two thirds of global systemically important insurers. **The International Network for Sustainable Financial Policy Insights, Research, and Exchange (INSPIRE)** is an independent research network built to support the central banks and supervisors of the NGFS in its work to manage climate and environmental risks and mobilise finance to support the transition to a sustainable economy.

As an example: In Brazil, there are now 6 million rural properties registered in the rural cadastre (CAR). Most of the deforestation is illegal and many farmers are in a side-business of land speculation. Part of the challenge is to support restoration by smallholder farmers according to the law because many have a forest deficit (need to preserve a percentage of the forest according to the Forest Code). Many look at BNDES for financial innovation but commercial banks have actually more opportunity to innovate. As a national bank, BNDES is



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bound by the law and the Brazilian Federation of Banks (FEBRABAN) sets the rules (and also cannot go beyond national legislation).

Deforestation is a long-term risk and logic would suggest there is a strong self-interest to support change. There is a strong need for the public sector to protect high-value areas in the interest of society and climate change. To trigger changes in the financial sector, the costs of deforestation should be added into fixed costs. The financial sector needs clear rules and regulations. Any unclarity or loophole for banks and companies should be identified and closed. Farmers need to receive the right economic and financial incentives to support transition towards no deforestation and no conversion because it currently is financially attractive to convert natural land. To support the needed transition, they need access to long-term finance.

### Traceability in general

In the preparation of the commodity sessions with stakeholders, traceability was the single most important topic for all sessions. Traceability was already key to allow for proper monitoring and assessing the level of sustainability of companies and supply chains. There appears to be different interpretations of the (implications of the) geolocation requirement in the EU regulatory proposal. The EU proposal demands geolocation of all plots of lands to determine the origin of the volume and assess compliance (no deforestation and legality). Compliant volumes from different producers and plots of land may be mixed and the overall deforestation-risk should be negligible. The requirement of compliance and negligible risk implies compliant and non-compliant volumes have to be kept segregated. The regulation does not prohibit a shipment with a list of compliant origins (farms, not farmers), even though the exact volumes of each origin in that particular shipment are not known.

In all commodity-specific discussions, stakeholders voiced the need for dialogue with producer countries and sub-national jurisdictions to discuss if and how national systems ensuring legal compliance or enhanced traceability can play a role in meeting market requirements. According to some stakeholders, the role certification standards could play also needs further discussion, whereas other stakeholders stress the need to avoid any green lane systems for certification schemes.

The actions were focused, but not limited to, the role and responsibility of the ADP governments: (a) Enhance **Governance**: policies, regulations, and enforcement; (b) Strengthen and scale **Partnerships**: jurisdictions and supply chains (support SDGs on community and regional level); (c) Foster **diplomacy & dialogue** between consumer and producer country governments; (d) improve **monitoring, transparency** and **civic space**.

### Cattle (beef, leather)

Moderated by **Marina Guyot**, Imaflora Brasil. The break-out session included a variety of stakeholders. Below, the main points made are presented, which do not represent a consensus view (no time to discuss that). Because participants in the session mainly came from Brazil and Europe, the focus was on this relationship. According to the 2013 EC report on imported deforestation, cattle ranching was the single most important driver of deforestation. The main products are beef, dairy, and leather. The expansion of cattle ranching associated with permanent deforestation mainly occurs in South America. Low input costs, limited labour requirements and increasing market demand make cattle ranching an attractive economic activity. **Bianca Nakamoto**, WWF Brazil presented major consequences



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for indigenous lands and biodiversity. However, the main driver of deforestation (99% illegal) in the Amazon is actually land speculation, whereby the cow is mainly used to claim the land. In 2018, the main exporters of beef and veal to the EU were Brazil (41%), Argentina (20%), Uruguay (15%) and USA (6%). Brazil, Argentina, Paraguay, and Uruguay also export hides and leather ([Mekon Ecology, 2020](#)). The majority of beef is consumed domestically.

The Background note of the meeting highlights several important cattle initiatives to build on, some of which were presented and discussed: Beef-on-Track (**Marina Guyot**, Imaflora); Forest Positive Coalition Beef Sector Roadmap (**Veronique Bovee**, Proforest); Selo Verde in the State of Pará (**Raoni Rajão**, UFMG; **Raul Protázio Romão**, Government of Pará), and the EU-Mercosur Cattle Dialogue. ADP may play an important convening role in Brazil by bringing the various relevant cattle supply chain and jurisdictional initiatives together. Main action points summarized by all participants:

- Recognise that traceability of deforestation and human rights requires traceability to the farm, not the farmer.
- Support the use and expansion of public universal traceability systems that integrates deforestation and social data, such as Selo Verde system.
- Push for Indigenous Peoples and local communities' assessments at legal and voluntary frameworks, such as Amazon and Cerrado Protocols, and on sectorial platforms, such as CGF, including criteria and indicators that allow assessment and reporting.
- Support multi-stakeholder/sectorial initiatives that seek alignment on MRV tools, such as Beef on Track and CGF.
- Enforce the law, sticking consequences for both industry and finance sectors.
- Align economic incentives and environmental action.
- Enforce global commitments on deforestation and Human Rights (such as the Human Rights Declaration and related documents, NY Declaration, etc.) to make it clear that making the law weaker will not deliver on the EU regulation (even if the regulation refer to law compliance, it goes beyond).

<p><b>1. Enhancing governance</b></p> <ul style="list-style-type: none"> <li>• Stop political messaging of expansion and speculation + Low enforcement</li> <li>• Accountability of existing policies</li> <li>• Enforcement via international pressure</li> <li>• EU regulation – bears promise to hold Brazil coherently accountable</li> <li>• Enabling communities with traceability systems</li> <li>• Cancel CARs that are illegal</li> <li>• Formal link CAR + GTA</li> <li>• EU: stronger regulation, better coherence between different initiatives (recognise HR), more transparency</li> <li>• Firms: more transparency, compliance with EU (implement regulations – minimum legality)</li> <li>• National legislation: strengthen rather than water down, smallholders – support to</li> </ul>	<p><b>2. Strengthen partnerships</b></p> <ul style="list-style-type: none"> <li>• More partnerships between suppliers to focus on mitigation of risks</li> <li>• Multi-stakeholder partnerships including Indigenous Peoples</li> <li>• Improve links between consumers, NGOs, and local communities in order to have someone on the ground to inform about rights violations</li> <li>• G2G – EU/ADP with State of Pará/Selo Verde</li> <li>• The financial sector should not invest in and support companies that contribute to deforestation</li> <li>• Align financial and environmental incentives</li> </ul>
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<ul style="list-style-type: none"> <li>land expropriation, not only monitor but also implement laws</li> <li>• NGOs: robust policies, better connections</li> </ul>	
<p><b>3. Diplomacy &amp; dialogue</b></p> <ul style="list-style-type: none"> <li>• ADP itself is an important partnership to facilitate dialogue. ADP could engage with Brazilian states. Embassies can play an important role.</li> <li>• Local understanding for EU policy makers</li> <li>• Link to incentives/carbon for farms to net zero</li> <li>• We need a common understanding of violating/protecting human rights</li> <li>• ADP embassies – listen!</li> <li>• EU Cattle Supply Chain Dialogue, also multi-stakeholder initiatives in-country</li> <li>• Engage with China</li> </ul>	<p><b>4. Monitoring, transparency, and civic space</b></p> <ul style="list-style-type: none"> <li>• CAR formally linked to GTA: needs more resources for it to be useful</li> <li>• Transparency to avoid cattle laundering</li> <li>• Incentives/requirements for supply chain traceability</li> <li>• Import to demand for traceability, transparency from firms. It should be a requirement in procurement decisions</li> <li>• Important to include derived components in assessments also – including feed</li> <li>• Important to have traceability systems catching illegal activities</li> </ul>

## Cocoa

Moderated by **Jonas Mwa-Mwa** and **Renske Aarnoudse** of IDH Sustainable Trade Initiative. The break-out session includes a variety of stakeholders. Below, the main points made are presented, which do not represent a consensus view (no time to discuss that). **Désiré Adon**, COOPASA Côte d’Ivoire presented the view of cocoa farmers from Cote d’Ivoire: “Nobody likes to cut down trees: cocoa tree planting was encouraged by the state and seen as economically attractive”. There is a negative sentiment as cocoa revenues and current income is not enough. As a result, farmers are not motivated. Income should (at least) partially be decoupled from the level of productivity of a farm as a decent income is a human right. **Obed Owusu-Addai**, Ecocare Ghana presented the view from Ghana’s cocoa farmers and civil society (a.o. based on governance experiences with FLEGT-VPAs).

Contributions to the discussions were made by **Adeline Dontenville**, European Forest Institute on the EU Sustainable Cocoa Initiative, **Amourlaye Touré (by live video)**, Mighty Earth West Africa, **Lisa Kirfel-Rühle**, German Federal Ministry for Economic Cooperation and Development, **Marine Reboul**, French Ministry of Ecological Transition and Solidarity, and **Stéphanie Baclin**, Belgian Federal Ministry of Public Health, **Alex Assanvo**, Côte d’Ivoire-Ghana Cocoa Income Initiative. Input was slp provided by **Anna Laven**, KIT and **Sebastiaan van der Hoek**, Cargill) by video link from the CHOCOA conference in Amsterdam. Participants presented and discussed the challenges and opportunities of the requirement of traceability to ‘plot of land’. They all recognise full traceability is a key prerequisite for sustainable cocoa and addressing livelihood issues. The discussion with participants focused on the barriers for implementation, what is already possible and how to ensure inclusion of all stakeholders:

<p><b>1. Enhancing governance</b></p> <ul style="list-style-type: none"> <li>• Review interpretation and communication of anti-trust laws: Current law probably <b>allows more space</b> to discuss higher farm gate prices for farmers. However, any</li> </ul>	<p><b>2. Strengthen partnerships</b></p> <ul style="list-style-type: none"> <li>• Make Article 28 from the Regulation more concrete.</li> <li>• It is important to bring in landscape approaches as well as payment for</li> </ul>
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<p>review of actual legal text would have to be done with utmost care, as there is a real need for antitrust legislation.</p> <ul style="list-style-type: none"> <li>• <b>Living income and living wage should be more</b> explicit in the due diligence and anti-deforestation regulations. These regulations could include time-bound action plans for companies, where they should not only look at agricultural practices, but also at <b>purchasing practices</b> of companies.</li> <li>• <b>Regulation brings responsibility</b> (of both governments and companies) to invest in farmers. Farmers need a practical translation of the EU Regulation: what must they do in practice?</li> </ul>	<p>environmental services as part of the poverty approach.</p> <ul style="list-style-type: none"> <li>• There are significantly different roles for public vs. private finance, and this should be acknowledged and further developed.</li> <li>• <b>Getting farmers a seat at the table:</b> Important to formalize this - make this a prerequisite as EU when talking about partnerships.</li> <li>• Build on experiences and existing dialogue/ partnership structures from REDD+ and FLEGT &amp; avoid having a northern dialogue: it should be a collaborative dialogue</li> <li>• Farmers need to have an incentive to participate –e.g. information about what regulations entail.</li> </ul>
<p><b>3. Diplomacy &amp; dialogue</b></p> <ul style="list-style-type: none"> <li>• <b>Define complementarity</b> between EU regulation, the African Regional Standard and national traceability systems. Focus on <b>aligning implementation guidelines</b> and those improvements / support measures that benefit farmers most.</li> </ul>	<p><b>4. Monitoring, transparency, and civic space</b></p> <ul style="list-style-type: none"> <li>• Farmers struggle to get all necessary information – “How many farmers are aware of upcoming requirements?” - on cocoa and need a “body to talk to and get information from”.</li> <li>• <b>Capacitating/ Organize the farmers (bottom up):</b> Farmers need to be able to speak for themselves. There are cooperatives in Ghana, but they are not organized/ strengthened enough.</li> <li>• The need for a neutral grievance mechanism; neutral place to go to when there are concerns/ complaints.</li> <li>• Have organized <b>representation on national/ government level</b> and capacity building to "hold stand" in the power game of government / company discussions.</li> <li>• CSOs (and the Ghana CSP) can play a facilitating/ supporting role to support the farmers (e.g. linking pin government – farmers).</li> </ul>

Important suggestions to the ADP included: build on existing national traceability schemes; support farmer cooperation for inclusion and capacity-building; build on and strengthen existing government to government (G2G) dialogue and the Cocoa Talks; living income and wages should be more prominent in the discussions of the sustainability of cocoa production.

## Palm oil

The session was moderated by **Ruben Brunsveld**, RSPO and **Neil Scotland**, FCDO United Kingdom. The National Palm Oil Initiatives in Europe have been key to our success of 90% uptake of sustainable palm oil in Europe (according to IDH and EPOA). However, it is crucial to keep up our frontrunner position and our level and standards, to help roll out the upcoming EU regulation and to work with producer countries to jointly build further impact addressing



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deforestation, biodiversity and social issues at the pace and scale that is so urgently required. We agreed on the need to strengthen our collaboration within Europe and with producer countries. Not about creating something new, but about building and expanding on what we have.

**Mansuetus Alsy Hanu**, SPKS Oil Palm Farmers Union, stresses that full traceability is an opportunity for smallholder farmers. It is important to strengthen independent smallholder organizations, build traceability to deforestation-free sources, and be involved in the policy-making process. **Juan Fernando Lezaca-Mendoza**, Fedepalma, recognises traceability and geolocation are important tools but shares concerns regarding implementation. Palm oil is different from the other commodities because it disappears halfway through the production chain into products. Who is going to pay the costs of implementation? This is a shared responsibility, especially for smallholders. To have real sustainable sourcing, efforts should focus on better practices, sustainability, and closing the gaps producers may have. National initiatives can be stepping stones to raise the bar so that many producers, specially smallholders, become compliant. These initiatives should be considered as part of the solution and should be supported, even if the EU defines what gaps may be present or what is missing. **Marieke Leegwater**, Solidaridad, shared her experiences of the NISCOPS programme on how to improve and enhance donor coordination in projects, the need for funding smallholder capacity and supporting compliance with upcoming requirements. **Timer Manurung**, Auriga Indonesia, provided a critical reflection on the discussions. Results of the discussion are:

<p><b>1. Strengths</b></p> <ul style="list-style-type: none"> <li>• Ensure at least legal compliance.</li> <li>• Full traceability is feasible.</li> <li>• Supply base is understood.</li> <li>• Reliable data of sourcing.</li> <li>• ISPO supports traceability.</li> <li>• Farmers and Unions can be motivated for zero deforestation.</li> </ul>	<p><b>2. Weaknesses</b></p> <ul style="list-style-type: none"> <li>• To reach all smallholders takes time.</li> <li>• Capacity building needed, local training and technology (expensive for SH?)</li> <li>• Untransparent and inconsistent data.</li> <li>• Lack of tenure rights.</li> <li>• Too many pilots that work in silos.</li> <li>• Need to include all stakeholders.</li> </ul>
<p><b>3. Opportunities</b></p> <ul style="list-style-type: none"> <li>• EU regulation will raise the floor.</li> <li>• Access to market.</li> <li>• Experience, lessons learnt (SPKS).</li> <li>• Good data can help secure land rights.</li> <li>• Better access to finance.</li> <li>• Ability to communicate on origin in detail (assurance, improve image).</li> <li>• ISPO assures legal compliance.</li> </ul>	<p><b>4. Threats</b></p> <ul style="list-style-type: none"> <li>• Visibility can show illegality and lead to exclusion of smallholders.</li> <li>• Markets do not take ISPO/MSPO under consideration.</li> <li>• Traceability SH treated the same as for big company (is not!).</li> <li>• Fragmentation market.</li> <li>• Markets do not recognise the work already conducted.</li> </ul>

Important suggestions to the ADP included: build on existing national schemes such ISPO, MSPO and APOI; support strategic national action plans for smallholder inclusion and capacity building; bridge G2G dialogue (role FACT dialogue?) and support coordination across ministries at national level and across countries; (voice) support market access for deforestation-free, sustainable palm oil.



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### Soya

**Jonathan Gorman**, EFECA and **Juliana de Lavor-Lopez**, Amaggi Brasil moderated the session. Jonathan introduced the soya break-out session. The emerging regulations in the UK and EU will dominate the scene on soy the coming years. There is greater political will to intervene. Hence the emerging legislative frameworks in UK, EU and US, and the Glasgow Leaders' Declaration on Forests and Land Use. Awareness that a pathway to 1.5 degrees is not possible without tackling deforestation and land use change. Soy production is part of this broader story and an important Scope 3 emission in many cases for livestock sectors and upstream companies. There is a willingness from larger supply chain companies to act but also a question of who should bear the costs of the transition to DCF soy; What are the benefits and how should these be shared. Solutions don't lie at the feet of any one actor but in actions by all stakeholders including government, civil society actors etc – this presents its own challenges as we need to find new ways to collaborate.

The discussions were facilitated by introductory pitches, showcasing the depth and width of the commodity.

**Sigrid Deters**, Greenpeace spoke on soya production at the cost of Indigenous Peoples followed by **Frederico Soares Machado**, WWF Brazil on the consequences for Indigenous Peoples lands and biodiversity in general. **Nathalie Lecoq**, FEDIOL focused on the general due diligence requirements on human rights and the relation with the soya sector. All participants agreed this is an important topic and human rights should be included in the EU regulation. Participants also acknowledged there is a lack of understanding of the scale and aspects of the inter-relations with the soya sector in South America.

**Alejandro O'Donell**, AAPRESID (video message), represents 2,500 farmers and companies with no-tillage soya production. Deforestation is an important topic but not synonymous with sustainability. More needs to be done. In Argentina, conversion of native forests by soya production is not a large issue (15% of the soya production occurs in the Gran Chaco). In Argentina, 90% of the crop production is under no-tillage. The whole world's needs to farm in a sustainable manner to address climate change. **Rosalind Leeck**, U.S. Soy Export Council with 550,000 US soy farmers. The US will probably be a low-risk region but Rosalind thinks compliance with the EU geolocation requirement might be difficult (app. 40% additional cost). The EU represents 30 million tonnes in total, China 100 million tonnes. US soy will probably go to the easiest market. The feed sector is in the middle of the supply chain. According to **Anton van de Brink**, FEFAC, traceability of physical flows is essential to ensure compliance with the regulation. The Soy Sourcing Guidelines provides a more complete package on sustainability. FEFAC decided that non-conversion (criterion 34) moves from desired to essential. **Dawn Emerson**, Cargill, makes clear that the first point of traceability is the most important point of the supply chain. 95% of their direct suppliers have polygon mapping. But the number of indirect suppliers varies every year, depending on harvest. In Brazil, only 58% is direct. Therefore, Dawn suggests focussing on the first point of collection and keeping the data intact throughout the supply chain. Financial incentives for farmers are essential. **Grégoire Jacob**, Earthworm worked on a traceability tool in France with a cut-off date of 1<sup>st</sup> of January 2020. By 2025, all French import has to be conversion-free. French stakeholders are collaborating on a soy manifesto (also in the UK, and maybe in Germany, Spain, Denmark). **Tijmen de Vries** represents the collaboration between European National Soya Initiatives (ENSI). There are eight national initiatives now. They share data and best practices related to



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manifestos, public procurement, certification, landscape approaches, and clean supplier approaches.

<p><b>1. Enhancing governance</b></p> <ul style="list-style-type: none"> <li>• Full supply chain traceability is an effective tool.</li> <li>• Human rights should be included in the EU regulation and there should be clarity on definitions and objectives (in line with the AFI) to ensure compliance and enforcement can be carried out effectively</li> <li>• All ecosystems should be included in the EU legislation (e.g. savannah)</li> <li>• Improve domestic governance on land rights (information and enforcement).</li> <li>• Need national framework for data sharing.</li> <li>• Improve national law enforcement and stronger forest governance e.g. full roll out of CAR and PRA.</li> <li>• EU Commission proposal for a Carbon Border Adjustment Mechanism (CBAM)* could also be helpful.</li> <li>• The issues to address are broader than deforestation. There is a need to work together to ensure legislation e.g. on land use, human rights, environmental protection is aligned and complimentary/reinforcing.</li> <li>• EU Observatory should also include maps of land tenure disputes.</li> </ul>	<p><b>2. Strengthen partnerships</b></p> <ul style="list-style-type: none"> <li>• The Amazon soy moratorium was a success and we need to learn from that.</li> <li>• The building blocks are certification, landscape approaches and rural livelihood projects. Jurisdictional approaches help protect local communities. Need to find shared solutions and not to pull out or avoid geographies where there are risks.</li> <li>• Grievance mechanisms are tricky but key.</li> <li>• Strengthen partnerships with producer countries - critical</li> <li>• Need incentives for farmers if we want real changes on the ground. Strong cooperation with producers is key.</li> <li>• Recognise robust national systems such as ISPO/MSPO (palm oil).</li> <li>• Use also industry-based tools such as SSG.</li> <li>• Partnerships in high-risk areas are important to maintain engagement.</li> <li>• Provide clear instructions for buyers on purchasing responsible soy (ensuring legality) – look to the Accountability Framework.</li> <li>• Decrease biofuel consumption</li> <li>• Partnerships between countries needs to continue but with concrete outcomes/expectations including stronger forest governance and appropriate land tenure registration, and recognising robust national systems e.g. in palm: RSPO/MSPO.ISPO</li> <li>• Equitable sharing of the costs of sustainable production. Commodity prices fluctuate but how to ensure any additional (short term) costs are shared equally. In addition equitable sharing of the benefits of sustainable production, incentivising change. Market access if one ‘benefit’ although Europe doesn’t have the pull (scale) of other markets, we need financial incentives to ensure impact.</li> <li>• Use of FEAC SSG and then strengthen over time linking into producer country engagement.</li> </ul>
<p><b>3. Diplomacy &amp; dialogue</b></p>	<p><b>4. Monitoring, transparency, and civic space</b></p>



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<ul style="list-style-type: none"> <li>• Overall, reduce meat consumption and promote a plant-based diet.</li> <li>• Reduce the use of biofuels and develop alternative proteins</li> <li>• FACT Dialogue</li> <li>• Requirement for guidance on human rights within multistakeholder initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Social impact cannot be assessed through satellite imagery: How to ensure credible information/data on human rights violence for due diligence processes.</li> <li>• Identify human rights indicators.</li> <li>• Transparency: access to information of legal compliance.</li> <li>• Land disputes: GPS good for deforestation, but need also access to land registration.</li> <li>• Lots of data (not the problem) but need to make sense of it (e.g. through EU Observatory) and greater transparency from the market. 100% transparency not required, but sufficient to understand, act and mitigate risks.</li> <li>• Grievance mechanisms should be established and agreed (a uniform procedure) – consider an ISO norm?</li> </ul>
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\*Targets **imports of carbon-intensive products**, in full compliance with international trade rules, to prevent offsetting the EU's greenhouse gas emissions reduction efforts through imports of products manufactured in non-EU countries.

Important suggestions to the ADP included: the need for diplomatic outreach to producer countries; engagement of China; financial support for the transition by farmers.

### Closing session

**Obed Owusu- Addai**, Ecocare Ghana, **Alex Wijeratna**, Mighty Earth, and **Nathalie Lecocq**, FEDIOL reflected on the main outcomes of the sessions which led to some general key recommendations (below). Alex strongly voiced that in his view companies are part of the problem in the light of human rights violations and deforestation, and he does not recognise front-runner companies are needed to move the agenda into a positive direction. The moderator expresses most participants in this MSM however do favour collaboration with front-runners in sustainability initiatives even though it is important there is regulation to raise the bar and keep individual companies accountable.

General recommendations:

- Make an explicit reference to - and respect - international Indigenous Peoples and human rights' international law in the EU regulation and its risk assessment.
- Dialogue needed on how national (traceability, legal compliance) systems can complement and meet EU regulation requirements.
- Farmers should benefit in terms of market access, income, and livelihood.
- Support smallholders through cooperatives, recognise their role, and strengthen their organisation and capacity.
- Review anti-trust laws to see whether a pre-competitive dialogue between companies is allowed on how to support farmers
- Integrate livelihood aspects such as living wages and income in the regulations



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### ADP outgoing and incoming chairs

**Lasse-Juul Olsen**, on behalf of Denmark as chair of the ADP thanks to all participants for contributing to an interesting and participatory event. The ADP has been pushing for an ambitious regulation on deforestation. We do realise we need to develop additional, supportive measures to ensure impact on the ground related to deforestation, smallholder farmers and Indigenous Peoples. The ADP countries want to be front-runners on this agenda. We will have a close look at all your recommendations and take this forward. Incoming chair The Netherlands, represented by **Mirko de Ponti**, will take the recommendations forward. In the spirit of the ADP, we are very much open for further dialogue and hope to facilitate a community of the willing so this MSM will not be a one-off event but step towards a strengthened collaboration between initiatives.

### Closing ADP Multi-Stakeholder Meeting

Mr. **Rasmus Prehn**, Minister of Food, Agriculture and Fisheries, Denmark thanks the organisers and participants for a great day and closes the ADP-MSM by emphasising that the lessons learned, and experiences shared will shape the work of the ADP going forward.