



Amsterdam Declarations Partnership

Towards deforestation-free
sustainable commodities

“One Planet to support us all”

Inclusive collaboration on deforestation-free and sustainable commodity production and trade

Key takeaways ADP Multi-Stakeholder Meeting, 20th May 2023

The ADP-MSM held in London was hosted by the United Kingdom, chair of the ADP. The meeting welcomed 220 participants from a large variety of organisations. The meeting aimed to further strengthen our mutual understanding of the challenges ahead and build collaboration. After all, we are all faced with the challenge to adapt to a changing climate and at the same time support 9-10 billion people and conserve biodiversity. There is only one planet for us all.

The UK Environment Act and the EU regulation on deforestation-free products (EUDR) - both demanding legal compliance - were not the focus of the agenda. However, they were clearly the reference point and driving force behind many discussions on these topics during the day. The ADP governments are keen to be supportive frontrunners to address the challenges for an effective implementation and maintaining ambition regarding wider sustainability.

Some key takeaways:

- Urgent action is needed to reconcile our way of life, consumption, our global economy, and our national economies with the natural world upon which we all depend. The importance of the new EU and UK supply chain due diligence regulations was emphasised. However, the coming years it is not only about implementing the EU and UK regulations on deforestation. Our wider sustainability goals should not be overlooked: human rights in general; the (land) rights of Indigenous Peoples in particular; as well as our biodiversity and climate change goals. High Forest Cover Countries - especially those that are not yet major producer countries - need dedicated attention and support for sustainable development and market access. Also the rights of Indigenous Peoples to decide on the development they want for now and future generations needs to be recognised.
- The importance of the new EU and UK regulations for climate change, biodiversity loss, Indigenous Peoples and civic space was emphasised. We should also not lose sight of the economic and social relevance of agricultural commodity production and trade and therefore it is equally important to ensure new due diligence regulations also benefit smallholder farmers, and do not continue a pattern of inequality and unfair prices. The benefits of climate resilient production systems and diversified incomes are understood, but we need to overcome the short-term risks at farmer level and further down the value chain. The common vision is that change leads to sustainable agriculture and security for the millions of smallholders who depend on agricultural production, with an increased trade without causing deforestation. Hopefully, the legal compliance and no deforestation also leads to more positive views amongst consumers.
- Producer countries need to be enabled to enforce their national legislation, also on the ground. Illegality and impunity is no longer acceptable but proving legal compliance is not always easy. There is much unclarity and many questions and concerns across all



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stakeholders regarding the interpretation and implementation timeline of the new regulations. More clarity is urgently needed. Corporate accountability is still very weak on the ground and an appropriate, gender sensitive grievance mechanism is lacking.

- Stakeholder capacity and fit-for-purpose enforcement agencies and technical infrastructure to implement, monitor and enforce the new market regulations is mentioned as a major concern.
- Smallholder farmers should benefit in terms of both market access, inclusion in decision-making, income, and livelihood. Farmer cooperatives, best practices for higher yields, intercropping and diversification are important aspects to enhance resilient livelihoods.
- Commodity supply chains face different and yet also common cross-commodity challenges. In 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. Practical examples how it is doable, but dedicated technical assistance, capacity building and funding are needed.
- Equitable sharing of the cost of transition to sustainable commodity production is a critical enabling condition for greater traceability and transparency. Various other conditions were mentioned as well. Fair pricing and equitable burden sharing for a living income was mentioned often. Supply chain and landscape / jurisdictional Partnerships from landscape to national or international level should be well connected to bring stakeholders together.
- 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.

Update: [On 30 June the Commission published a Frequently Asked Questions document on the EUDR.](#)



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ANNEX 1: Report of the meeting

In-person meeting only.

Organiser: United Kingdom, Chair of the ADP

Moderator: Peter de Koning, Director ADP Support Unit

Opening

The **Rt Hon Lord Goldsmith, Minister of State Overseas Territories, Commonwealth, Energy, Climate and Environment, United Kingdom** opened the multi-stakeholder meeting. Since 2015, the countries in the partnership are working extremely well together to break the link between agricultural production and deforestation and to encourage trade in sustainable agricultural commodities. The ADP is at the cutting edge of this agenda if we want to address commodity-driven deforestation. Much has been done but there is an urgency to do more. The reality is that if we fail to reconcile our way of life, our global economy, and our national economies with the natural world upon we all depend, then all of us are going to pay a truly terrible price. There are positive developments in producer countries such as Indonesia with delinking palm oil production from deforestation. Ghana too has put in place ambitious targets to reduce deforestation associated with the cocoa industry. In Brazil there has been an important shift in the country politically to address deforestation. The destination markets - the USA, EU and UK - are changing as well to strengthen the market for sustainable agricultural products through due diligence regulation. The shifts are the same: companies have to ensure forest-risk commodities they have produced and used are in accordance with the law of the country of origin. We have to work together to bring about positive change on the ground. The most affected are the guardians of the forests, the Indigenous Peoples. It is essential that whatever steps taken their rights are recognised. Our vision is that change leads to sustainable agriculture and security for the millions of smallholders who depend on agricultural production, with an increased trade without causing deforestation. That it leads to the protection and restoration of forests. The Forest Agricultural and Commodity Trade Dialogue (FACT) is promoting vital dialogue and partnership between producer and consumer countries. We all need to work together, being government, private sector, and civil society organisations. Protecting forests, protects economic development.

Setting the scene

The opening speeches not only conveyed a strong message of urgency for Indigenous Peoples, biodiversity and the climate, and the need to maintain a high ambition, but also to not lose sight of the economic and social relevance of agricultural commodity production and trade.

Ms. Robie Halip of the Indigenous Peoples Major Group pointed out we can no longer ignore the impact of climate change and how it affects people and nature. Infringement of Indigenous Peoples land by monoculture plantations and cattle ranching is still high. She stresses that measures to address climate change without the recognition and respect of Indigenous Peoples collective land rights can worsen the already dire situation of many Indigenous Peoples. We should not overlook that the transition to renewable energy sources also means a rapid expansion of the mining of rare earth minerals needed for this transition. Many projects are being implemented without Free, Prior, and Informed Consent (FPIC) resulting in displacement and loss of livelihood of many indigenous communities. The EU should also consider this extractive sector in relation to the ambitions to become climate neutral. Robie calls for the recognition and respect of IPs collective rights: land rights; right to



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decision-making; right to decide on the development they want for now and future generations. IPs strongly encourage the adoption and enforcement of environmental and social safeguards by companies and governments. Reality on the ground is different though. Infringement of rights and deforestation are happening every day and continue unabated. The victims are those people that depend on the forests for their livelihood. More insecurity and poverty are the result. Indigenous Peoples defending their resources and lands are being threatened, criminalised, or even killed. Corporate accountability is very weak on the ground. An appropriate, gender sensitive grievance mechanism is lacking. IP feel encouraged by the mandatory legislation being developed in the European Union. The rights of Indigenous Peoples as recognised by international agreements (i.e UNDRIP) needs to be included and ensured. A grievance mechanism and sanctions for violations committed are needed. Investments and activities in areas of conflict and without consent of Indigenous Peoples need to be stopped. Robie calls for support for national policies that recognise the rights of Indigenous Peoples as internationally agreed and the UN Guidelines on Business and Human Rights. She hopes the meeting comes out with an action statement that urge EU member states and the United Kingdom to respect Indigenous and Human rights and strengthen corporate accountability.

Mr. Michael Rice, Client Earth: One planet to support us all is the overall theme of today's event. Human existence on our planet has depended on fragile conditions and great expanses of forests covering its surface for thousands of years. Over a third of those forests are already gone (2 billion ha). Last week Europe passed its Earth overshoot day. Every ADP member will pass this day in the next ten days. Meaning that for the rest of the year Earth will support us at the expense of others. In contrast, Indonesia, Ecuador, Jamaica will have their overshoot days in December. In a time when global cooperation is needed to solve global problems, we are not all in this together equally. Some are more responsible for the problems than others. Although the new European laws are essential, the concern of countries in the Global South that these new supply chain laws will continue this pattern of inequality and burden them to benefit us, are equally valid. These new laws offer enormous potential to change our habits but simply having new laws is not enough. Rigorous, robust, and relentless enforcement in Europe is needed. This requires commitment and action at the national level, especially over the coming 18 months. Policy officers in ADP member governments are in a unique position to influence the impact of these laws through the national implementing rules and enforcement frameworks they develop, making these laws as good in practice as they are on paper. Proper enforcement requires adequate resources, and fit-for-purpose enforcement agencies and infrastructure. Do not be distracted by complaints from industry spokesmen that change is too hard or too expensive, and do not accept business-as-usual with weak penalties or sanctions. The European laws are a once in a lifetime opportunity to break with the reckless exploitation of the natural world for evermore consumption, for evermore enrichment of the few at the expense of the many. There is only one planet for us all. We have nowhere else to go. It can support us all, if we can have the humility to change our habits and share its abundance fairly.

Ms. Mushdalifah Machmud, Deputy Minister for Food and Agriculture, Indonesia: Indonesia is a strategic partner for the importance of sustainable practices within the palm oil sector. Stakeholder participation at the ADP-MSM has been growing since 2016. It is good to discuss with all stakeholders involved and enhance our mutual understanding to enhance inclusive collaboration on deforestation-free and sustainable commodity production and trade. The



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global palm oil industry, an integral part of the global economy, is affected by a decreased palm oil consumption and a weakening of purchasing power due to economic recession and high inflation. This reduces the global palm oil price. Secondly, the industry is facing rising input prices (esp. fertiliser). Within Indonesia, the government seeks to maintain affordable prices through SIMIRAH and direct cash assistance. The government facilitates smallholders to plant corn, soybean and sorghum as intercropping during three years of the palm oil replanting programme to support smallholder income. Indonesia is managing a very strict forest conservation policy to maintain its forest as the biggest portion of its land. With total forest area of 120,6 Million Ha, Palm Oil Plantation only shares 7% of total land, way less than production forest (36%), Protection Forest (15,7%) and Conservation Forest (11,7%). Responding to the challenge, Indonesia issued Indonesian Sustainable Oil Palm Plantation Certification System in Presidential Instruction #44 in 2020, known as the new mandatory ISPO, with a more independent ISPO Certification Institution and a multi-stakeholder Commission. The Government also committed to resolving the illegality of palm oil in forest areas. In 2020, Indonesia issued Undang-undang Cipta Kerja or known as Omnibus Law. Other solutions are being explored through agrarian reform and social forestry with Jangka Benah Strategy, an initiative to resolve palm oil in forest areas. We also want to see changes on the consumer side. The substantial changes we made in palm oil production in Indonesia remain facing widespread negative public campaigns in consumer countries. This discriminatory attitude toward our production process and commodities will not result in the smooth transition we wanted in the palm oil supply chain. The ADP is designed to bring knowledge and partnership in implementing possible solutions to address sustainability issues and increase the circularity of palm oil production in Indonesia. From the Indonesian Government side, the ADP could contribute to sustainable oil palm production in Indonesia and benefits the stakeholders, not only smallholders and company but also countries.

1A. Traceability and Transparency

Peter de Koning (moderator) states that in 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. 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 session of today is part of such a dialogue.

Tina Schneider of the World Resources Institute presented the findings of a recent review on success factors and enabling conditions to improve resource use and reduce forest loss (report "Traceability and Transparency in supply chains for agricultural and forest commodities"). The review looked at cattle, palm oil, soya, cocoa, rubber, coffee and wood, and initiatives categorised by region. The functions of tools and initiatives were broken into four categories:

- Generating new information.
- Collating and/or processing existing information.
- Providing a disclosure mechanism for stakeholders with information.
- Sharing information.



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There are many tools available with a high diversity in coverage, objectives, focus and funding sources. With external funding the transparency levels increased. There is overlap and also contradictory approaches towards traceability and transparency. Sharing of data and information throughout the supply chain was the most common function, and therefore usability and credibility are imperative. Much of the data is available in the public domain, provided by the public and private sector, and is available at sufficient resolution to identify geographies of greatest concern, to monitor progress and enable all stakeholders to act to avoid forest loss. Traceability to origin is achievable but can be time and resource (human, financial) intensive. Ensuring credibility of data and information gathered and shared is essential when meeting commitments and market regulatory requirements. Company self-reporting on progress against commitments, but comparability is difficult, and credibility is sometimes drawn into question. Governments can play important enabling roles for example through mandatory national level application of standards and mechanisms of assurance for commodity sectors in countries of origin. Not one tool provides the full picture and there is a need for collaboration. Collaboration essential for broad impact (definition, timelines, means of reporting and credible evidence). Equitable sharing of the cost of transition to sustainable commodity production is a critical enabling condition for greater traceability and transparency. Other Important enabling conditions include:

- Ownership structure, data architecture and funding model enable access
- Supportive regulatory environment
- Coordination and collective action based on shared goals and trust
- Equitable sharing of cost of transition
- Clear frameworks and rules for consistent data collection and reporting
- Datasets that are user friendly and interoperable, enabling target audiences to act upon information

Identified priority actions related to enhancing: Traceability and transparency systems and tools; Data and information; Policy response; Setting standards and commitments; and Smallholder inclusion

Kathya Ortiz, PROAmazonia Ecuador provided an interesting practical example. [ProAmazonia](#) is a coordinated programme between the Ministry of Environment and Water and the Ministry of Agriculture and Livestock with other institutions such as Decentralized Autonomous Governments. PROAmazonía strengthens territorial planning and life plans with a focus on halting deforestation, conservation, sustainable production, climate change, gender and interculturality. It also supports traceability and certified deforestation-free, sustainable agricultural production, for example with APECAP coffee smallholder farmers. The initiative shows it is doable in practice, but dedicated capacity building and funding are needed. Some lessons learned include: () the importance of working with organisations with strong associative systems; () relevance of working with organisations with experience in implementing regulations and certifications; the need of specialization (at least one person works exclusively on monitoring and traceability). Ecuador is now working on expanding the initiative; the establishment of purchase-sale agreements in the national and international market; and developing a National Strategy for Sustainable and Deforestation-free Production.



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1B. Market access and inclusion of smallholder farmers

The session was moderated by **Thijs Pasmans (ADP Support Unit)** and **Marieke Leegwater (Solidaridad)**. The market access and inclusion session focussed on the actions needed to ensure inclusion and access for smallholders in sustainable supply chains. The breakout was cross-commodity oriented and focussed on examples from the cocoa sector by **Cedric van Cutsem of Mondelez**, natural rubber by **Chee Wei Chen of the Global Platform for Sustainable Natural Rubber** and palm oil by **Manuel Davila of Daabon Colombia** and **Mansuatas Darto of SPKS, Indonesia**. The topics were further discussed in subgroups that focussed on actions to be taken. A key suggestion by the groups was the need for dialogue between producer country governments and stakeholders – including smallholders - and the ADP members on the EUDR implementation and alignment with other initiatives. And through this dialogue to improve transparency and enhance civic space. An important aspect is to reward sustainability through higher prices for smallholders.

For industry to deliver upon changing market requirements

What is a quick win?	What isn't done yet, but needed?
<ul style="list-style-type: none"> • “Is there a quick win?” understanding and acceptance are needed • More capacity building and awareness raising among producers – in context of risk mitigation measures • Increase access to finance to smallholders • Partnership government to government to set up realistic scheme, starts quickly and improves. This will motivate at origin sustainable consumption. • Build trust between parties 	<ul style="list-style-type: none"> • Learn from experiences • Production limitations / supply chain management policies in producer countries • Price is key: sector agreements on different contributions to price • Better knowledge on distribution of costs of traceability along the supply chains and potential to enable higher prices for producers. • Supply chain margin analysis to track the distribution of costs • Purchasing due diligence • Public procurement policies: how sustainable are government policies? • Commodity specific guidelines
What needs further support?	Any other comments?
<ul style="list-style-type: none"> • Forest protection by smallholder farmers: how to reward, look beyond HSCA. • Value the reward of data collection by farmers – related to smallholder data ownership • Funding of national or private traceability systems • Discussing price • Funding of smallholders to participate in traceability systems • EUCSDD include living wage analysis to offer a fair premium for a decent life. 	<ul style="list-style-type: none"> • Incentives for EU companies to include smallholders with law enforcement in the EU • Problem of market leakage to e.g. India or China. • How to link regional schemes with EU legislation • Structural incentives, e.g. tariffs, for smallholders, target of smallholder inclusion



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1C. Landscape governance

The session was moderated by **Adriana Mejía Cuartas**, **Herencia** focusing on a multi-stakeholder dialogue on complementary support actions on landscape / jurisdictional scale to ensure good governance, support Indigenous Peoples, (smallholder) farmers and local communities, conserve biodiversity and enhance landscape sustainability. Introductions were provided by **Timer Manurung**, **Auriga Indonesia**, **Ernest Dwamena**, **Touton** and **Matthew Spencer**, **IDH Sustainable Trade Initiative**. After an interesting exchange the following general observations, questions and remarks were concluded. The EU regulation on deforestation has been approved and we now need to focus more towards ensuring benefits. Because proofing legal compliance is the basis of the EU and UK regulations, it is key that (1) producer countries are enabled to enforce their national legislation. The focus should be on local participation and engagements, while including and respecting cultural characteristics and diversity such as from indigenous peoples. ADP can play an important facilitating role here and support (2) more horizontal cooperation, enable cross sectoral exchange and learning. Much attention is needed for (3) local empowerment and capacity building for local governance via financial support and knowledge transfer. On landscape level (4) capacity needs to increase to work in a multi-stakeholder approach and develop the ability for convening, work together, monitor and control local progress. Also (5) more visibility and recognition is needed for sustainable producers, and good performing initiatives, landscapes and regions. Last but not least, (6) diversification of income is key and new finance schemes such as carbon credits can be an effective approach. The local private sector should be encouraged to adopt all good practices.

2A. Cocoa

The cocoa session was moderated by **Jonas Mva-Mva** and **Renske Aarnoudse** of IDH Sustainable Trade Initiative. Proforest shared cocoa operational guidance for companies on implementing the EUDR and suggested opportunities for companies and donors to support Ghana and Cote d'Ivoire government led initiatives e.g. traceability and monitoring systems or landscape initiatives. An introduction was provided by Andrew Brooks from Olam International (OFI):

- In Côte d'Ivoire, Ghana and Cameroon serious investments are ongoing at the level of national institutions and towards farmers to prepare the cocoa sector for compliance with the EUDR. More attention should be paid to other producing countries and their farming communities to avoid their exclusion from the EU market.
- Time is ticking and the task at hand is enormous. More time may be needed to ensure full compliance to the EUDR and other due diligence policies. Getting a common understanding a clarity on what is possible and feasible within the 18 months towards entry into force of the EUDR is needed.
- Practical guidance and a confirmation of the required data and information for compliance are demanded by industry operators to be able to prepare for compliance all the way down the to farmer level.

The session was subdivided in three groups. Key takeaways from the discussions are:

(1) Partnerships:

- Donor coordination is needed to avoid duplication and create a common understanding. The dialogue between and among ministries of both producing and consuming countries needs to be improved as well.



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- Key principles include inclusiveness, transparency, concrete targets and clarity on the incentive from partners, why to participate and contribute to a partnership.
- Partnerships from landscape to national or international level should be well connected. Embedding partnerships in sectoral agreements would strengthen them.
- Challenges around partnerships that need to be acknowledged and if possible addressed are the existence of competition among partnerships and among partners.

(2) Transparency and civic space:

At producer country level the following opportunities were identified:

- National traceability systems need to be monitored to ascertain their credibility with a validation at national level and ground-truthing at local level.
- Monitoring: contribute to the indicator development of benchmarking systems and support the development of baselines for impact monitoring. Assess and document the EUDR's impact on smallholders.
- Civic space for advocacy is needed to enhance governance. Multistakeholder platforms are important instruments and collaboration needs to be based upon trust and confidence in each other.

At consumer country level the following opportunities were identified:

- Work with private sector to enhance awareness on the regulations, set up necessary traceability systems, support smallholders in producer countries, enforcement of supply chain requirements.
- Work with policy makers and parliaments to monitor the capacity and resources of competent authorities, access EU trade data for transparency, support the planned reviews to reflect the needs of smallholders.
- The importance of multi-stakeholder platforms was emphasized and the urgency to operationalize Article 28 of the EUDR was stressed.

(3) Economic benefits to farmers:

Productivity improvements are needed as a prerequisite to go towards a living income. While the EUDR is set out to have a direct positive impact by regularizing the *whole* value chain and is understood to promote shorter supply chains and more direct sourcing, the market is not paying for deforestation-free cocoa. Economic incentives are missing. Carbon credits could play a role. Transparency and direct engagement with farmers and empowerment of farmers and their communities are important. Public policies on tree tenure and restoration are key for success. National traceability systems could improve efficiency of transparency and compliance. On the long term, the benefits of climate resilient production systems and diversified incomes are understood, but current actions do not overcome the short-term risks at farmer level and further down the value chain. The risk of exclusion from the EU market and the development of a two-tier market could result in discounts for EUDR non-compliant cocoa rather than premiums for compliant cocoa.

2B. Palm oil

The session was moderated by **Ruben Brunsveld, RSPO** together with **Thijs Pasmans, ADP Support Unit**. The palm oil session focussed on the actions needed to make palm oil ready to deliver upon the changing market requirements in an inclusive manner that creates positive impact. The discussions focussed on three topics introduced by three different stakeholders:

- **Eddy Esselink, MVO - The Netherlands Oils and Fats Industry:** On actions taken by industry to deliver upon changing market requirements. Elaborated on how his industry group is preparing for the upcoming EUDR by discussing the text and



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developing their own guidance. Need for more information on due diligence throughout the supply chain and producer/consumer country dialogue was stressed to be urgently needed.

- **Mansuatas Darto, SPKS:** Explained the risks and opportunities of these requirements for smallholders. Actions discussed are the need for a smallholder impact assessment; access to finance; and work with and recognize national initiatives that are already out there.
- **Abraham Baffoe, Proforest African Sustainable Commodities Initiative:** On the impact of these requirements for High Forest Cover Countries (HFCC). Said we need to show more interest in HFCC and modify or create mechanisms to allow controlled development and market access for HFCC.

The three topics were further discussed in subgroups that focussed on actions to be taken:

For industry to deliver upon changing market requirements

What is a quick win?	What isn't done yet, but needed?
<ul style="list-style-type: none"> • "Is the due diligence going to be a tick - the-box exercise?" How do we ensure we motivate the high-risk suppliers 	<ul style="list-style-type: none"> • Awareness raising on market requirements (SME, smallholders) • Work with middlemen on collection of polygon data to formalize their role. • Dialogue ADP countries with producer and other consuming countries could be stronger. • Engagement with producer countries, especially on land use rights to meet due diligence.
What needs further support?	What could we do tomorrow?
<ul style="list-style-type: none"> • Support for smallholder mapping. • More information on the barriers to achieve the objectives for each player and share it: to help understand the challenges for all players. 	<ul style="list-style-type: none"> • Disclose volume information of mills. • Identify discrepancies on volume vs smallholder areas. • Set up automated systems. • Have a shared/public database on contacts, initiatives, programs and materials following up on the ADP meetings.

To reduce risks and create opportunities for smallholder farmers:

What is a quick win?	What isn't done yet, but needed?
<ul style="list-style-type: none"> • Impact assessment for smallholders on environmental and social and economic criteria. • Assure all smallholders are ISPO certified. • Support infrastructure (technical input). • Capacity building. • Regional actions plans. 	<ul style="list-style-type: none"> • Support, coordination and check on credibility of traceability data and documentation. • Include soft and green financing. • Support or endorsement of government or national initiatives. • Include palm oil as priority commodity for funding.
What needs further support?	What could we do tomorrow?



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<ul style="list-style-type: none"> • Roadmap for implementation of a national action plan. • Scale up national initiatives and projects. 	<ul style="list-style-type: none"> • Acknowledge what has been done already. • Field visit ADP. • Enforce the due diligence on all the supply chain (not only producing countries). • Increase industry and trader accountability.
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To have a positive impact in High Forest Cover Countries:

What is a quick win?	What isn't done yet, but needed?
<ul style="list-style-type: none"> • Reduced tariff on sustainable products from HFCC. • Differentiated tax on sustainable vs conventional products. 	<ul style="list-style-type: none"> • The High Carbon Stock Approach needs to be modified in HFCC to allow controlled development and allow for access to markets. • Mechanisms such as nature finance to forest guardians.
What has started but needs further support?	What could we do tomorrow?
<ul style="list-style-type: none"> • Data to improve transparency. • Pilots to show how to include smallholders in HFCC. 	<ul style="list-style-type: none"> • Show more interest in HFCC. • Speak representations from initiatives to keep forest standing.

2C. Soya

The soya session was moderated by **Jonathan Gorman (EFECA)** and **Jane Lino (Proforest)**, introducing the topic and facilitating the discussion. Further introductions were provided by **Thomas Hollick** Group Sustainability Manager- Forests, Tesco Stores Ltd, **Ruth Thomas** Director, Food and Agriculture & Member of the WBCSD Extended Leadership Group, WBCSD, Ana Yaluff Director Sustainability EMEA at ADM, and **Gustavo Idígoras**, Chairman of the Board of Edible Oil Industry (CIARA) and Grand Traders (CEC) of Argentina.

The general questions addressed in the session are presented below and were discussed in break-out groups:

1. What actions can ADP take to support the soy 'consuming side' to get better organized to meet market requirements (regulatory but also beyond minimum regulatory requirements)?
2. What actions can ADP take to support the soy 'producing side' in the transition towards DCF and sustainable soy production?

Reflections and insights converged to two main recommendations:

- **Clear guidance for consuming side should be provided as soon as possible.** Capacity is considered a major constraint and buying companies demand guidance to support implementation of requirements. Specific topics for guidance: (1) benchmarking system; (2) traceability and chain of custody; (3) how the EUDR links and aligns with other legislation (and for example the new Directive on Corporate Sustainability Due diligence); (4) what systems will be used to allow an aligned enforcement across member states; (5) principles and requirements to accept/recognise national systems



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and certifications; (6) penalties. For development of the guidance, it was recommended: (1) all stakeholders need to be engaged for proper and supported implementation, including producer country stakeholders and (2) the Accountability Framework Initiative can be used to speak the same language across civil society and companies; (3) cross-supply chain actions are more effective in some cases, like for traceability, which is an issue for all commodities and for data sharing opportunities. For example, in relation to embedded soya; (4) Existing national initiatives (e.g. on soya) could be exploited to help engage and gather industry feedback.

- **Producing countries need support to improve compliance systems and incentivise compliance on the ground.** Various producer countries still have incomplete or unreliable cadastre systems (geolocation) or limitations to data sharing. National initiatives related to monitoring, traceability and assessing/ensuring legal compliance and certification schemes can play an important role. Compliance with the EUDR should also be rewarded, through strict implementation, market recognition, and positive incentives. Positive sustainability initiatives - more carrots - are needed to go beyond the EUDR because sustainability is not only about no deforestation/no conversion. Positive financial instruments and payment for environmental / ecosystem services schemes (example mentioned: Responsible Commodities Facility) are needed to enhance farmer ownership and wider sustainability, but also to go beyond legal deforestation in some South American countries. The key message should be: we are not banning farmers, we are supporting sustainable farmers! Further discussion is needed on what kind of support they would require, but importantly, coordinated and coherent donor investment in producer countries could facilitate implementation.

ADP could play a role in nurturing dialogues in line with Article 30 EUDR, government-to-government dialogues, especially towards China, India and other major consumer markets, and dialogue between private sector and CSOs (example national initiatives). ADP could also already start promoting to go beyond forests and include Other Wooded Lands. This would make implementation for soya more effective.

2D. Cattle (beef, leather)

Moderated by **Marina Guyot**, Imaflora Brasil. The break-out session included a variety of stakeholders, many of them related to Brazil. Peter de Koning of the ADP Support Unit provided a quick introduction on the traceability system in several Latin American countries supplying the European market ([report](#)). In general, the traceability in Uruguay is very good and they can easily comply with new regulations. Argentina, Brazil, and Paraguay all have elements of a traceability system, but these are either not yet connected to each other, or not fully implemented. The Selo Verde System being developed in Brazil is an interesting system to build upon ([analysis](#)). A very promising stakeholder dialogue is developing in Brazil on traceability. In Argentina and Paraguay there does not seem to be much action yet.

- Cattle individual identification is necessary to address EU regulation, supplying countries are expected to move in this direction to enhance traceability.
- A common protocol is needed for operators and companies on what type of data to be provided and the type of approach to be used when assessing the data. It will bring



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- clarity to implementation of new market regulations (avoid asking proof of compliance that rely only on the farmers).
- It is important to seek alignment between the producer country government and the EU and UK competent authorities regarding such a protocol, whereby both build on / accept what is being developed nationally. Build a space for sharing lessons and harmonizing approaches – having a minimum standard in common.
- EU and producer countries' governments should provide financial support in support of farmers regularization (credit and technical assistance).
- Associations (beef and leather) should exchange more and inform the protocol implementation.
- Beyond defining a protocol to be used by companies, it is crucial that EU recognize and support the development of national traceability and compliance systems.

Closing session

The closing session included some observations and responses on several key takeaways from the different sessions. The new regulations was dominant in all discussions. Many stakeholders expressed concerns regarding the lack of clarity and guidance. There is also major concern whether every stakeholder is ready by end 2024 when the EU regulation comes into force. 18 months is a very short timeframe to get everything in order. *Is there a role for ADP to support guidance, build capacity, and support an enabling environment?*

Ms. Renaka Ramachandra, Sime Darby, speaks on the impact on Sime Darby plantations. Because their palm oil to Europe comes from Papua New Guinea and is segregated and fully certified, the impact will be negligible. The regulations do impact the aggregation of palm oil from other plantations in Indonesia and Malaysia. Currently mass balance is used at the mills because it also includes non-certified (smallholder) suppliers. This could be an issue if Sime Darby would export to Europe from these mills. To do better requires the involvement and buy-in of all stakeholders, including consumers. They are not represented today, which would be quite important. Another very important topic is the legality of land rights, especially if it involves customary land rights and local laws. These should also be respected. The creation of two standards - one for the EU and one for all others - should be avoided. These could to a situation that mills run at lower than full capacity. There are success stories with smallholder livelihoods and certification. But a company cannot do this alone. Regulation should be looked at and implemented holistically. Deforestation is one component but there also many other challenges.

The regulation could be an opportunity and a major risk for exclusion for smallholder farmers.

Mr. Samuel Awaala, WILMAR BOPP Ghana reflects that it is both, and it depends on how the main actors work together to minimise the risks and ensure benefits. Where deforestation has already taken place we should support restoration. Benso Oil Palm Plantation (BOPP) was the first RSPO certified plantation in Ghana, and the second in Africa. Under a partnership with P4F with technical support of Proforest, a model of produce, protect and restore with no-deforestation is being implemented. The community presented their land to BOPP because the foresee the benefits for farmers - capacity building, best practices, higher yield, additional income sources - would lead to higher incomes. Farmers have positive - but conditional - incentives but diversification is also important. For example, intercropping with maize enhance food security. This supports their sense of resilience. They also are expected to plant new tree seedling as part of the restoration. Everything that happens in Indonesia



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and Malaysia in the palm oil market directly affects palm oil production and producers in Africa. Because the big palm oil traders buy or sell palm oil based upon the world market price. Therefore, a risk assessment on the regulations should be comprehensive and inclusive. We have to do this together.

Ms. Nicole Polsterer, FERN reflected on the day. Time was mentioned often. Time for better clarification, time to understand, time for stakeholders to prepare to meet the new legal requirements. Less mentioned was the sense of urgency regarding the ecosystem changes we are facing if we do not act fast. If we acknowledge this we have to act. If we are serious, we have to transform our food systems and consumption patterns. Many here have a seat at the table. We heard the least from Indigenous Peoples. They often are not represented at these international meetings. Their land claims and complaints regarding impunity are often ignored. **Peter de Koning** responded an attempt was made to get more Indigenous Peoples representatives but that proves difficult. It is easier for Indigenous Peoples to participate in multi-stakeholder settings in their own national and jurisdictional context. We have to go to them. This might be an interesting challenge for the FACT Dialogue to address. The challenge remains how to properly organise Indigenous participation and allow the time for the consultation to happen. We can mainly facilitate supportive actions.

Even with the great examples we have the question remains how we reach scale and include the millions of smallholder farmers in the commodity supply chains? This requires commitment and investment. What has worked well in the past to reach scale is the facilitate the evolvement of farmer cooperatives. Positive incentives and grants are needed to enable them to become sustainable and certified. Because there is no one-size-fits-all, we need minimum mandatory principles and standards. Inclusiveness is key.

What kind of incentives for smallholder farmers could we think about so the new market requirements is a positive change for them? This is not only about sustainability but also productivity. Yields and diversification need to increase to levels that build resilient and good livelihoods. There also immediate impacts from climate change on farms and their livelihoods we need to address with climate-smart and resilient practices. It is a package of measures. The climate smart approach for the cocoa sector in Ghana is a good example. Another example mentioned is that Ghana has also established a Tree Crops Management Authority ([TCDA](#)), that supplies farmers with cash crop trees such as palm oil, cocoa, cashew, and mango. Since February this year, they have also established a floor pricing mechanism (minimum price) for buying and selling fresh farm fruits. The mechanism was developed by stakeholders themselves and was not imposed. The whole value chain should be looked at and values should be distributed fairly.

With all these new developments such as the regulations, the CBD-GBF, climate change targets, how can this support Indigenous Peoples? The new developments - and regulations demanding legal compliance - are an opportunity to look a national legal systems, and how international huma rights laws (and UNDRIP) have been transposed. Better monitoring also can support monitoring conflict-free production. Traceability and monitoring can support the dialogue on the land claims by Indigenous Peoples and stop infringement of their territories. The FPIC process needs to be enhanced and enshrined in regulation.



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ADP outgoing and incoming chairs

Mr. Neil Scotland, United Kingdom, ADP Chair that during the UK chairing period supported and continued ADP's national demand-side actions. Market demand is being strengthened and growing. Multi-stakeholder exchanges are deepening, facilitating implementation. The ADP also focused on enhancing the collaboration and exchange on due diligence and move to support implementation. The ADP has been very successful in mobilising political support and evidence for the new regulation. Now we move to the next phase, we need to further evolve as a partnership and start to support implementation. In Brazil and Indonesia, ADP embassies are jointly exploring what we can do. Reflecting on the day, it was quite surprising to hear such a level of negativity about the regulations. This is however a tremendous opportunity for the needed market transformation, which we all have been working towards for many years. We need to work together to ensure it deliver the opportunities and the change we want. There are clearly issues we need to focus to make this happen. The Commission has the lead on the EU legislative process, but we all have our roles to play as partners, as donors, and together with the producer countries. Key topics are for example: inclusion of all those smallholder farmers; political support, engagement and dialogue; respect and recognition for producer country actions and national systems; mobilising and sharing the huge knowledge and expertise available.

Ms. Salima Kempnaer, Belgium, incoming chair ADP on expectations and ADP agenda. Because the challenges are complex and difficult, expectations are also high on solving them. The regulation is important, but the sustainability agenda is wider, including biodiversity, climate change and social-economic development (within the planet boundaries). This cannot be achieved in isolation to have an impact. There is much need for explanation. Here we all need to learn more because the regulations are innovative. This will be a collective learning process. ADP can help such a process and bring experts together and share tools and best practices. We will continue the dialogue and enhance collaboration where we can. An important success factor in the future seems to be positive benefits for smallholder farmers in terms of equity / fair benefit sharing / living income / sustainable livelihoods. Belgium is going to sign the [Declaration on Living Wage and Living Income](#) and will also address this topic the coming months. There is tension, challenges but also much capacity, willingness and expertise.