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Towards deforestation-free
sustainable commodities

“Towards a holistic sustainable supply chain”

Key takeaways Belgian ADP meeting, 21st November 2023

Organiser: Federal Public Service Health, Food Chain Safety and Environment,
Government of Belgium

Moderators: Salima Kempenaer, FPS Health; Peter de Koning, Director ADP Support Unit

Some key takeaways:

- The meeting highlights the importance of addressing the challenges holistically. We cannot fix our environmental problems without solving our social development challenges (like smallholder livelihoods and living income).
- The most successful projects to raise living income of farmer households were those with an income / production diversification component. This will also reduce the dependency on commodity production. The overwhelming majority of the audience sees fair purchasing prices and diversification of livelihoods as priority interventions to raise living income.
- 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. Proximity to the farmer makes it easier for a company to understand and directly engage on the sustainability topics incl. human rights and fair prices.
- In the current commodity market system companies tend to raise their margins as high as possible and build reserves to mitigate for market volatility and other risks. Company shareholders also expect the companies to perform commercially well. That hampers a fair sharing of revenues throughout the supply chain. The option identified by the audience is to regulate Living Income Reference Price (LIRP)¹ and the distribution of value. This would create a level playing field for companies. Otherwise, it is basic commercial competition whereby agricultural commodities mainly compete on price.
- Even if all commodities are sold under a Living Income Reference Price (LIRP), the reality is that if a farmer does not have 4-5 ha of land, the farmer needs to supplement and diversify his/her income. There is thus limit on what commodity supply chain actors can do, and therefore a broader vision for sound economic and sustainable development (climate change, biodiversity loss, deforestation, etc.) of the landscape with alternative opportunities and across commodities, and with diversification of livelihoods are important. Therefore, a combination of farmer and community interventions is needed (see annex 2. Added afterwards by the Support Unit). These interventions are the shared responsibility of companies, producer country governments and consumer country governments.
- The landscape level (production, protection and other functions and needs) is perceived as the most important entry point to enhance enabling conditions. All levels need to be considered, included, and interact to make interventions effective. Farmers and Indigenous Peoples can be supported concretely at a larger scale with inclusive landscape

¹ Many countries have minimum wages including for agricultural workers, but not for prices at-the-gate.



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governance and good grievance mechanisms. The landscape level enables pre-competitive supply chain actions related to sourcing areas and wider deforestation impacts. That necessitates that also other economic actors and interests are included. The capacity of government (number and capability of staff versus the size of land they have to administer) can be a serious constraint to implement all ambitions.

- The levels of risk to Indigenous Peoples rights are not necessarily linked to deforestation risks but the European legislation provides an opportunity to enhance respect of fundamental Indigenous Peoples' human and territorial rights.
- The European legislation sets a floor and creates an equal playing field. But to reach our ambitions to have an impact at scale on deforestation and human rights, we also need to go beyond legal compliance based upon: (1) multi-stakeholder initiatives for pre-competitive collaboration, enhancing civic space, stimulate innovation and enhance accountability; (2) a rules-based approach to set the floor and create a level playing field; (3) policy coherence and government-2-government collaboration to create an enabling environment.
- The ADP has a high value in driving the agenda and going beyond regulation. The ADP helps to develop and maintain ambition and drive joint progress. New challenges will arise, and the ADP can respond to and enhance collaboration between countries and stakeholder to address these new challenges.



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ANNEX 1: Report of the meeting

Introduction

The last decade much progress has been made in understanding our biodiversity and climate planetary boundaries and the footprint of our consumption and import activities (for Belgium²). Our commodity imports have to become sustainable, involving no deforestation and with respect for Indigenous Peoples and human rights in general. The European Regulation on deforestation (EUDR) and the Directive on corporate sustainability due diligence (CSDDD) are corporate supply chain and emerging market requirements towards sustainability of commodity production and consumption that will assist in shaping this agenda. There is also a wider challenge to address the challenges of rural poverty, biodiversity, and climate change.

The event aimed to enhance awareness amongst stakeholders along the Belgian commodity supply chains from production to import, and facilitate a discussion on how to implement international ambitions on biodiversity, climate change and human rights linked to supply chains and trade. The meeting will present and discuss the role of government and private sector in living up to commitments and meeting market requirements by smallholder farmers to attain a living income and reward sustainability.

High-level opening

Ms. Zakia Khattabi, Minister of Climate, the Environment, Sustainable Development, and Green Deal, highlights that supply chain sustainability is a cornerstone a Just Transition. The video “Beyond Food” shows the urgent need to halt forest degradation and forest degradation. Our planet's forests are not only the lungs of the Earth, providing oxygen and regulating climate, but they are also crucial for biodiversity protection and the overall health of our ecosystems. International ambitions and decisions on environmental issues remain the reference framework and must guide the actions and cooperation of all parties involved.

The *Amsterdam Declarations Partnership* mark a significant step forward in our collective commitment to combat deforestation and promote sustainable practices. A key component of the Belgian strategy is the promotion of holistic sustainable supply chains. Sustainability can only be achieved by addressing environmental and socio-economic issues jointly. This is why Belgium has made smallholders and living income a priority of its ADP chairing period. Dialogue and efforts to ensure the sustainability of value chains and food systems in general are not limited to compliance with the EUDR. To ensure policy coherence, a close link should be maintained with the *corporate sustainability due diligence Directive*.

We understand that a truly sustainable approach goes beyond mere conservation efforts: it involves creating value chains that consider the entire lifecycle of products, from production to consumption, ensuring that every step is environmentally responsible and socially equitable. Smallholders, often the backbone of local communities, play a very important role in our collective efforts. It is imperative that we ensure they receive a living income; recognizing the value they bring to sustainable practices. This inclusivity is the cornerstone of a sustainable future that leaves no one behind. The holistic nature of sustainability also underlines the importance of cooperation in reaching our goals. Governments, businesses,

² <https://commodityfootprints.earth/belgium/fr>



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NGOs, and local communities must join hands to implement and enforce policies that promote sustainable practices. Together, we can create a future where sustainable practices are not just a goal but a way of life.

1. Addressing, nature, Indigenous Peoples, and human rights issues as governments

Not all economic growth is good growth as the climate crises and poverty worldwide show. Addressing the nexus of climate, biodiversity, water, human rights will be important the coming years. Trickle-down economics through the supply chain and oversimplified liberalisation of the market do not work and do not benefit us all. Alternative approaches starting from the bottom-up and from the middle out are needed. These require investment in the sustainable and the new, smallholder farmers and their communities, a strong middle class, enhanced security and democracy, and diversified and resilient global supply chains with high standards for climate, biodiversity, and human rights.

Introductory presentations were provided by Chris West, Stockholm Environment Institute; Bojan Grlaš, European Commission; Matthew Sielski, The Nature Conservancy; and Tomislav Ivančić, Food and Agriculture Organization of the United Nations together with Sophia Gnych, Organisation for Economic Co-operation and Development (OECD) on the OECD-FAO Business Handbook on Deforestation and Due Diligence in Agricultural Supply Chains. Their presentations can be found on <https://ad-partnership.org/newsevents/events/>.

Mentimeter question and results:



The audience suggest a focus on both sides of the supply chain, from a fair sharing of wealth throughout the supply chain (to be discussed in session 2 and 3) and a change in consumption to a more plant-based diet. We indeed need to look at the full life cycle of products from production to consumption and a fair sharing of benefits and burdens. Reducing consumption is an important topic that needs further follow-up.



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2. Living up to commitments and meeting market requirements

Voluntary company commitments on sustainability, climate, deforestation, and poverty reduction have not reached the scale nor have the impact desired. The climate crises puts an enormous time pressure on our ambitions. Even with new market requirements coming in (but especially with the current climate crises and economic uncertainty) we need to be clear about the business and social case for companies and country governments for no deforestation, no poverty and smallholder inclusion, to enhance security for all.

Introductory presentations were provided. **Karen Janssens, Colruyt company**³ explained that 95% of their footprint in environmental and social terms comes from their value chain. A consumer facing company like Colruyt has 10,000 products to consider and basically has three options/steps to solve the issue: (1) full certification; (2) engage in multi-stakeholder initiatives; (3) more integrated sustainable sourcing along the value chain collaborating with all stakeholders on common goals such as living income. Colruyt committed to contribute by 2030 to no deforestation and realising living income in their top 5 risk value chains (i.e. pay a Living Income Reference Price). Commercial success - i.e. consumer demand - of a development is an important enabling condition for a company to fully integrate that development. **Emese van Maanen from ProTerra** points out the legal developments are broader than the EUDR and have three elements in common: (1) legality; (2) biodiversity; and (3) traceability. Providing proof of legal compliance is one of the main obstacles. She stresses the urgency of more EUDR guidance as the soy contracts are currently being negotiated for the 2025 crop season. ProTerra started a new programme in 2020 to provide assurance of legal compliance and no conversion for producers that are not verified or certified. They developed an independent, third-party Monitoring, Reporting and Verification system, that has recently been updated and aligned with the EU regulations. The system provides sourcing companies the necessary insight and assurance in where their products come from. The role of certification systems goes beyond mere legal compliance. It is a robust system and includes many sustainability aspects and a clear reference for suppliers. A general challenge is a lack of traceability, transparency and long-term financing (for smallholder producers). **Roland Baroan, smallholder rubber farmer** from Côte d'Ivoire, chairperson of a rubber cooperative, and member of the board of the Global Platform on Sustainable Natural Rubber. The GSPRN represents the main stakeholders ranging from the smallholder farmers to car makers and tyre companies. The realities of these stakeholders vary tremendously. Financial support, capacity building and enhanced understanding on sustainability are important for smallholders. GSPRN has two traceability projects (Thailand, Indonesia), each with very different contexts (e.g. on geolocation). For the EUDR to be successful, compliance and traceability have to go hand-in-hand with fair pricing. **Fanny Gauttier, Rainforest Alliance**, explains RA launched a new standard in 2020. The standard introduced new environmental, social, and human rights elements with legality as the baseline. Deforestation is prohibited since January 2014. Geolocation is required and enables risk assessments for deforestation and encroachment of protected areas. Lessons learned regarding smallholder inclusion and living income: RA works with cocoa and coffee cooperatives - not directly with smallholders - that obtain and hold the certificate. For many smallholders getting organised in a cooperative with good management is often the first obstacle. Given their limited capacity, RA demands mandatory improvements over time. RA noticed implementation of the new requirements is not easy for certified entities and launched a 5 million dollar Africa Cocoa Fund in Cameroon,

³ <https://ad-partnership.org/wp-content/uploads/2023/12/Karen-Janssens-Colruyt-Group.pdf>

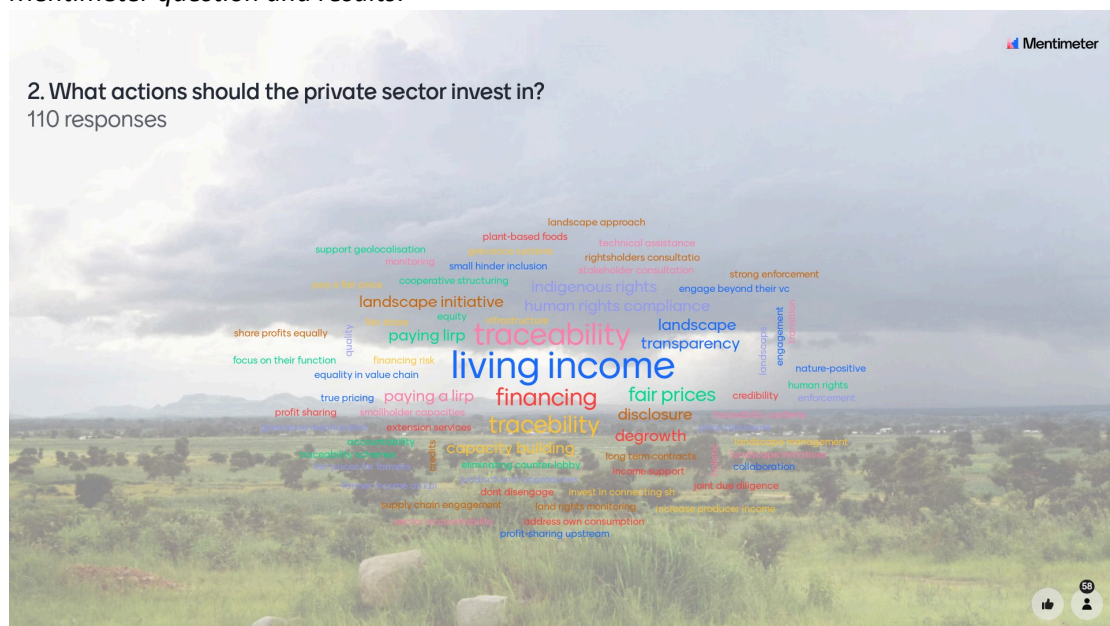


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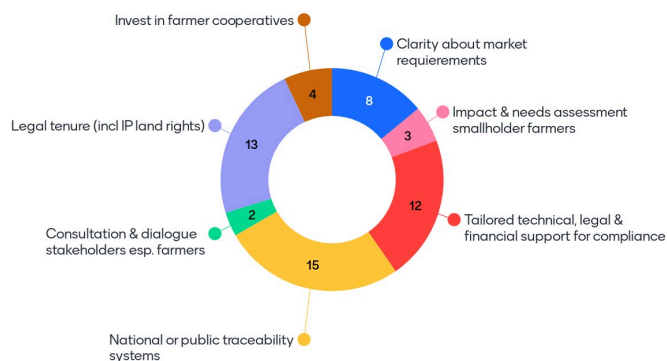
Côte d'Ivoire, Ghana, and Nigeria to help smallholder farmers and cooperatives. The most successful projects were those with an income diversification component. Certification alone is a limited instrument to improve living income. Higher value products and access to a higher-value markets are not sufficient. Non-certified farmers are even more difficult to reach and require mobilisation of all supply chain actors incl. governments (EU + producer countries). Living income should be part of the EU-CSDDD. The absence of a living income is a supply chain risk. Certification systems are good, well-developed instruments but not sufficient for all those smallholder farmers (often not certified). Other interventions are needed, such as landscape initiatives, private sector investments, and national traceability systems.

Mentimeter question and results:



Mentimeter question and results:

3. Which actions are needed on the short term?





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Land tenure can be () illegal; () legal (with proof); or () customary tenure whereby the tenure is considered legal but there are not yet legal documents to proof the legality. There is an important role for local government to make the situation clear. The observation is being made we did not yet mention or discuss human rights elements even though it is an important element in the EUDR. People agree a holistic approach is needed but one of the practical implementation challenges for the private sector is traceability. We need to know where the produce comes from to enable an assessment of the status. Further guidance on the EUDR is considered needed on its human rights requirements for companies to comply with. The Commission is willing to collaborate with stakeholder on further explanation.

The private sector is also expected to invest (see slide), especially paying a Living Income Reference Price (LIRP). We also need to discuss the implications of the new requirements, such as traceability, on prices. We need landscape approaches, especially in the high-risk producer regions. Cross-sectoral learning is considered a low hanging fruit for sectors to learn, understand and improve. Another topic not yet mentioned is new technologies -like biochar- to increase production efficiency, which will also increase the income of farmers. Farmers can also become bio-energy suppliers. An important aspects not to overlook is the need to sustain consumer demand for sustainable products.

The question is raised whether we all have the same understanding what due diligence is and requires. (Pre-competitive) stakeholder collaboration is key and guidance is needed. Companies need to undertake mitigation measures and a call is being made to share learning and facilitate exchanges between companies and in multi-stakeholder dialogues. Joint learning including piloting is quite an effort in time and funding and should not be underestimated. There are various challenges companies cannot address alone and pre-competitive collaboration would be beneficial. Industry alliances like FEDIOL already facilitate exchange amongst their members of their understanding (which is not always the same), talk to other sectors, and discuss the evidence that needs to be provided (not clear from the EUDR). Risk mitigation is not yet an important ask from members. Colruyt participates in a pre-competitive exchange on living income in bananas and cocoa.

Proximity to the farmer makes it easier for a company to understand and directly engage on the sustainability topics incl. human rights. If a company buys on the spot-market this is very difficult.

3. Attaining living income and rewarding sustainability (investment, fair pricing, financial support)

There are many hard and soft constraints, but a basic challenge is how to get more money in the pocket of farmers so that they have a living income. Introductory presentations were provided: **Obed Owusu Addai, EcoCare Ghana** - representing cocoa farmers - shared perspectives on why it so difficult to attain a living income. First, poverty is a critical issue and we have to recognise these are individual farmer, each with their own context and livelihood. Living income is difficult due to several factors: The farm size is very small (1-2 ha) and getting a living income only from that farm is very challenging. The average cocoa farmer is also old



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(in Ghana average 55 years) and illiterate. The farm (cocoa trees) is often more than 15 years old and became less productive. Purchasing practices by the traders are not helping, for example currently the price is high but buyers are refusing to sign the 2024 contracts (example Côte d'Ivoire). How could farmers benefit from the EUDR? Even though operators are obliged to provide the data, they will ask the farmers for that information. This comes at a cost. We have to understand that on average a cocoa farmer produces 500 kg per ha. Two ha of land will produce 1,000 kg cocoa. The production costs are 2/3 of revenue (53% of the cocoa price goes to the farmer). The average family (5 members) has to live of 1/3 of revenue. This is why many live below the poverty line (9 out of 10 in Ghana). The private sector needs to provide support to the cooperatives and farmers (geolocation, data management). Ultimately, farmers need to earn more from their production. Poverty will drive them to unsustainable, maybe illegal practices or other commodities (rubber). The farmers need to survive now and does not have the luxury to think about the future. Lastly, we have to be aware that gold mining is becoming a threat to cocoa-producing communities.

Chipo Mbawu, representing The Shift, the Belgian sustainability community with over 580 members that facilitates exchange on sustainability issues and change. They started working together on addressing the living income of coffee farmers in Congo basin. Partners are Enabel, Fair Trade, Rikolto, and Oxfam. Through hackaton workshops "Bring back values in the coffee value chain" in February-March this year, the 'Coffix', a coffee subscription model, was developed. The process was very important to build trust and the skills to define joint solutions. The model is based on three strategies: () the concept of fair trade: producers get a fair price for their coffee; () company commitment; () unconditional cash transfer. The model pays cooperatives and farmers in advance and companies pay a little bit more for sustainability. This enables cooperatives to buy the necessary input and becoming more sustainable. Payments are made directly to the farmers. Since April, the model has been tested, the risks assessed for quantity and quality. Now attracting companies. The main problem is demand for more expensive, sustainable coffee. The model helps to meet the regulatory requirements of Europe and the ability of cooperatives to adapt to climate change. A big plus is that the model helps farmer households to meet basic needs and gives the farmer the mental space for better agricultural practices.

Pison Kukundakwe, Ankole Coffee Producers Cooperative Union Limited from Uganda representing 32 primary cooperatives with 17,000 coffee producers. Uganda is growing in coffee production exporting 3 million 60 kg bags. 85% comes from smallholders with an average of 0.5 acre. It is great to be included in the dialogue. ACPCU started in 2006 and started exporting in 2008 and is Fair Trade, Organic and Rainforest Alliance certified. The coffee goes mainly to the high-end market in Europe, USA and Japan. It is important to talk about the price for coffee. A kg of roasted coffee costs here 24 euros. A farmer gets approximately 3 dollars for 1 kg of coffee that he takes care of for a whole year. Many farmers depend on their coffee for 100%. Uganda earns 900 million US\$ annually from coffee. Anything that hampers that income has a very large impact on the grassroot farmer. Also the cost of living goes up in Uganda. Climate change comes with negative effects, such as diseases, changes in rainfall, droughts require irrigation systems, etc. This requires capacity building. The EU should consider paying fairer prices - the Living Income Reference Price - to farmers. But how do we match that with the global market price set in New York. Producers need consumers but also consumers need producers to get their coffee and they need to pay a fair



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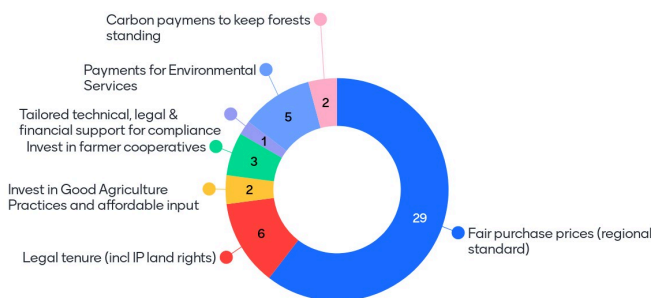
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price. Access to finance is difficult and loans are expensive. This reduces the benefits going to the farmers. Support for digitalisation would reduce the costs for the farmer.

Antonie Fountain, VOICE Network: We need the regulations, but we do need address the power (im)balance that currently exist in the supply chain, otherwise the costs for compliance will be transferred through the supply chain towards smallholders. This is particularly true for commodities, because a commodity - with similar attributes - is interchangeable from one farmer to another and therefore farmers compete on price. If smallholders have to bear the costs this will affect their ability for a living income negatively. We learned that to enhance living income we actually do not support income solutions but rather agronomic solutions (more diversity, higher productivity). This requires more labour and more input and thus more costs, which also comes with higher risk. Many smallholders are risk averse and this does not alleviate their poverty. To alleviate poverty, we should not push farmers to work harder and take more risk, but rather change the commodity market system that competes on price. We should also realise that living income is a minimum income alleviating them from poverty, not more. To avoid this: if we require more information, transparency, and compliance from smallholders, we should also require supply chain companies to pay for this compliance through fair purchasing practices and paying more for a living income.

Mentimeter question and results:

3. What are priority interventions to enhance living income?



The question is raised regarding the coffee example of Pison, whereby a farmer gets approximately 3-4 dollars for 1 kg of coffee and the European retail price is 24 euros: where is the profit going and is the value fairly distributed? There is a lack of transparency on this topic, especially on the role of middle-men. The overwhelming majority of the audience sees fair purchasing prices as a priority intervention. In the current commodity market system companies tend to raise their margins as high as possible and build reserves to mitigate for market volatility and other risks. That hampers a fair sharing of revenues. Company shareholders also expect the companies to perform commercially well. The only option is to create a level playing field and regulate the distribution of value. Otherwise, it is basic



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commercial competition and farmers will bear most risks and receive the least return. Farmer cooperatives are important to enable farmers to negotiate better prices and give them better access to markets.

What is fair and a living income is also context dependent as each context determines what the farmers' costs are for labour and other inputs, the cost of living and basic services (inflation), etc. Paying fair prices based on the Living Income Reference Price is part of the solution. An example was mentioned by Colruyt whereby paying the LIRP raised the income of farmer by 40%. However, this was still 50% of what would be considered a living income. A basic constraint remains the limited size of the land and its productivity. The average cocoa farmer has 2.2 ha whereby 4-5 ha is needed to reach a living income. Secondly, not all cocoa is sold under LIRP conditions. Even if all commodities are sold under LIRP, the reality is that if a farmer does not have 4-5 ha of land the farmer needs to supplement and diversify his/her income. Therefore, to raise the living income is a combination of farmer and community interventions is needed (see for example annex 2. Added afterwards by the Support Unit). These holistic interventions are the shared responsibility of companies, producer country governments and consumer country governments. The Sustainable Cocoa Dialogue between the Eu and Ghana is mentioned as an example. Companies need to pay higher prices, but this will not be enough. Producer countries are responsible for contextual factors such as basic services, land rights, infrastructure, taxation, inflation, etc that cannot be solved by companies. Programmes and partnerships that invest - also by companies - in community services and quality of life such as drinking water, health and education are also very important (i.e. rural development programmes). ADP countries can support the transformation needed by using tools that stimulate sustainability and living income beyond mere legal compliance. The role of the European regulation to include a reference for fair remuneration was mentioned.

4. The role of government in facilitating enabling conditions

Every market contains frontrunners on innovation and sustainability, average performers (the mainstream) and laggards (those who do not even comply with the law):

1. *Market pull* is created through commercial competition, innovation, and adoption of new sustainable practices (green). In addition, government can provide market stimuli through political financial and market signals.
2. Voluntary commitments and collaboration in *pre-competitive partnerships* (government, companies, and CSOs) to learn and lead by example.
3. *Market push* is created by government through law enforcement (punishing illegal practices) and new legislation and standards to push laggards forward and create an equal playing field.

Dinamam Tuxá, Coordinator of the Articulation of the Indigenous Peoples of Brazil⁴ welcomes the opportunity to participate in the dialogue and provide the view from Indigenous Peoples (IPs) and express the need for alliances. Indigenous Peoples suffer from encroachment and deforestation. Within Brazil legislation was considered that threatened IP territories but was vetoed by President Lula⁵. There are no low-risk regions in Brazil. Especially in the Cerrado indigenous territories are in conflict with agricultural expansion. Therefore, agriculture production for domestic use and export needs to become sustainable and a

⁴ <https://apiboficial.org/?lang=en>

⁵ <https://apnews.com/article/brazil-indigenous-environment-a8ce7c4915d4dea4c6d9d78cc3fef980>



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national system is needed. The European regulations are an opportunity and IPs can benefit from new regulations, if they:

- Respect of fundamental rights everywhere, levels of risk to IP rights are not necessarily linked to low deforestation risk
- Need to protect all ecosystems, including also Cerrado and Pantanal
- Hold accountable international companies and apply sanctions
- Make it possible for IP and civil society to exercise social and territorial control on traceability and monitoring systems
- Provide support to implement public traceability and monitoring systems and provide support for IP groups to play their role in control.

Macmillan Prentice, Ghana Standard Authority⁶ on the African Regional Standard for Sustainable Cocoa ARS1000. The ARS is based on the ISO 34101 standard for sustainable cocoa⁷ and sets a management system and sustainable production practices. The economic aspect is very important to achieve the environmental and social requirements. Ghana developed a national implementation guide spelling out what regulators, certification bodies and supply chain stakeholders have to do, meeting international standards. There are already other sustainability schemes being implemented such as Rainforest Alliance and Fairtrade certification in which farmers are participating. These systems are the low hanging fruit that comply with ARS1000. In Ghana, legislation dictates that the Ghana Cocoa Board is the regulator and the only institute selling or distributing cocoa beans. They will implement the ARS1000 as a national system and ensure all cocoa farmers are included. There are many challenges to reach this goal. To make this happen programmes will be implemented such as the Cocoa farmer management plan (already started) to register and map all cocoa farmers. The EUDR deforestation requirements aligns with the ongoing mapping and registration (geolocation) and the ARS1000 requirement of environmental protection (incl. deforestation). The ARS1000 will help to demonstrate compliance with the EUDR and other country's market regulations. Capacity building will be provided to raise the ability of farmers and cooperatives to the level needed to meet the ARS1000 requirements. Implementation will be gradually through three stages with increasing requirements. This will enable them to also supply the European market. Joint agreement is needed on a price that rewards sustainable produced cocoa. This does not exist yet and is now left to the market. In the future, the experiences can be used for and applied to all other commodities Ghana is producing and traded with Europe. The GSA welcomes the ongoing dialogue and collaboration to strengthen synergy between our systems. Together we can make this happen and a success.

Charles Snoeck, IDH Sustainable Trade Initiative on Beyond Chocolate Belgium⁸. The Beyond Chocolate initiative is the Belgian national cocoa initiative since 2018. We can do things better and differently and the pillars needed are: (1) multi-stakeholder initiatives for pre-competitive collaboration, enhancing civic space, stimulate innovation and enhance accountability; (2) a rules-based approach to set the floor and create a level playing field; (3) policy coherence and government-2-government collaboration to create enabling environment. This demands strong political will and leadership like shown by the Belgian minister. According to Charles, the ADP brings important energy, hope, and dynamics in the multi-stakeholder dialogues that

⁶ <https://www.gsa.gov.gh/>

⁷ <https://www.iso.org/standard/64765.html>

⁸ <https://www.idhsustainabletrade.com/initiative/beyondchocolate/>



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are needed. It is important that ADP Chair Belgium has put living income on the ADP agenda. If farmers do not earn a living income, the EUDR will not stop deforestation globally. We do need rules and regulation on this topic. But we also need to realise the limitation of regulation. We need impact at scale. Often when things go wrong, we blame others (l'enfer, c'est les autres). But the change at scale resides with the large group of companies and other stakeholders that have good intentions but struggle to implement. Legislation will set the floor. We also need to go beyond legal compliance to reach scale and have systemic change. We need space for dialogue to bridge the divide and change the dynamics because you cannot whistle a symphony.

Neil Scotland, Foreign, Commonwealth and Development Office (FCDO) United Kingdom.

On 20 November, the UK published its white paper on global development⁹. The goals of the UK international cooperation include to end extreme poverty as well as tackling climate change and biodiversity loss. These goals are of equal importance and inter-related. These topics are especially relevant for effectively working on agricultural commodity supply chains and markets. Much of the UK work draws on experiences with Forest Law Enforcement and Trade (FLEGT) that provided evidence how to influence markets globally and support positive change in developing countries. The UK works on (1) the demand side to shape the market; (2) the enabling conditions; and (3) the supply side to change practices on the ground. So, what can governments do to help?: On the demand side, the UK works to align their market and other markets to halt deforestation. The UK supports the UK Sustainable Commodities Initiative (palm oil, soya) working towards 100% sustainable sourcing commitment. Similar policies exist for timber procurement. The UK is in the process of implementing due diligence for agricultural commodities (the UK Environment Act¹⁰). The ADP is critically important in this development, enabling sharing and learning between governments, and jointly raise our ambitions and strengthen collaboration around that ambition. Demand-side measures are important to create the right incentives for sustainable practices on the ground. Ultimately that is where change needs to happen. The conditions to enable that impact include support for policies, regulations. and standards to enhance sustainable production and trade, funding tools for transparency and monitoring, and especially pre-competitive partnerships and platforms for collective action. For the government-to-government space the ADP has been very important. Dialogue between producer and consumer country governments - through the [FACT Dialogue](https://www.factdialogue.org/)¹¹ - is important because countries have different views and we need to enhance our mutual understanding to make progress. Together with other governments, the UK supports public-private partnerships such as the Tropical Forest Alliance and sector specific initiatives such as the African Sustainable Commodities Initiative, the Global Coffee Platform, the Cocoa & Forest Initiative, and the Global Platform for Sustainable Natural Rubber. These are essential to build collaboration, mutual understanding, and trust. On the supply side support for inclusive and sustainable production is critical. Given the nature of commodity production and the scale of the market this is mainly through public-private partnerships to mobilise private sector action and investment and enhance landscape governance. Most support is provided through the UK programme Partnerships for Forests (P4F)¹² (GBP 120 million from 2015-2024). Through P4F and the public-private partnerships which the

⁹ <https://www.gov.uk/government/news/uk-unveils-white-paper-to-set-approach-to-global-development>

¹⁰ <https://www.legislation.gov.uk/ukpga/2021/30/schedule/17/enacted>

¹¹ <https://www.factdialogue.org/>

¹² <https://partnershipsforforests.com/>



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programme has supported, GBP 1.25 billion has been mobilised into a sustainable forest economy, reaching around 300,000 farmers and communities, and positively affecting 8 million hectares of land. This is an important model that reaches people and supports interventions that work, even though still small considering the context and challenges. The UK is committed to scale this work up in the future. In all this work we need to ensure the voice and inclusion for smallholders. Traceability is key and often framed as a burden or cost, something being imposed. But traceability is already the basis for market access for high quality products to tell the story of the product, and it empowers farmers. The landscape partnership with Touton as private sector partners shows development needs to be smallholder focused, deforestation-free with livelihood diversification, while addressing the systemic changes needed. If you combine the effects of all interventions, you bring farmers above the poverty line.

Mentimeter question and results:



The landscape level (production, protection and other functions and needs) is perceived as the most important entry point to enhance enabling conditions followed by the national level that determines the conditions for the landscape level. Important observations to make landscape level initiatives work is that all levels need to be considered, included and interact to make interventions effective and the capacity of stakeholders to be represented or participate can be limited (Indigenous Peoples, smallholder farmers). The landscape level is seen as an important entry point to support farmers and Indigenous Peoples concretely at a larger scale with inclusive landscape governance and good grievance mechanisms. This level is also considered important for pre-competitive supply chain actions related to sourcing areas and wider deforestation impacts. There is also a limit on what commodity supply chain actors can do, and therefore a broader vision for sound economic and sustainable development (climate change, biodiversity loss, deforestation, etc.) of the landscape with alternative opportunities and across commodities, and with diversification of livelihoods are important. That necessitates that also other economic actors and interests are included. The



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capacity of government (number and capability of staff versus the size of land they have to administer) can be a serious constraint to implement all ambitions.

In the light of the EUDR the national level is considered important for the development of supportive tools such as a national monitoring and traceability system and a national cadastre. The national level - with their regulatory bodies - is also key for making available tools and systems for all commodity smallholder farmers in that country. In some producer countries, the main entry points could be commodity-oriented development agencies, regulatory bodies, or commodity producer unions.

5. Plenary discussion

The panel included contributions by Salima Kempnaer, FPS Health Belgium (ADP Chair), Neil Scotland, FCDO United Kingdom (previous ADP Chair); Bojan Grlaš, European Commission; Kaja Blumtritt, Client Earth; and Jelmen Haaze, BASP Belgium. An open question on the do's and don'ts for ADP governments was asked to the audience (see annex 1) and brought to the panel.

Kaja Blumtritt highlights the importance of inclusive solutions and the EUDR is just one of pieces of the puzzle. Collaboration with producer countries and other consumer markets is also needed. One general observation is that if we strive for holistic and sustainable supply chains we need to consider and discuss the purpose of the current global commodity market system. Will it benefit all those participating in the supply chain and especially the producers or does the system mainly benefit several large companies? The inequality that we see in global supply chains has a very long history and we need to consider how the value is distributed along the value chain, and the outsized consumption footprint of Europe. The civic space needed to address these topics is also enhanced by the EUDR that had huge public support from citizens within Europe in the open consultation and is also supported by farmers and Indigenous Peoples organisations.

Jelmen Haaze addressed the issue of policy coherence between all new policies and regulations. For industry alliances it is important to assess this coherence and organise a harmonised common interpretation. The ad-hoc joint taskforce being developed is mentioned as a tool for meaningful dialogue to enhance coherence between the EU, Indonesia, and Malaysia (approaches, definitions).

Bojan Grlaš stresses that international cooperation is crucial to halt deforestation and only working together can the results be achieved. He pointed to a crucial element of the EUDR, which are the three essential steps of the required due diligence process: (1) information gathering; (2) risk assessment; (3) risk mitigation. Companies have voiced concern and the intend to disengage from risk regions. After step 2 a company may conclude there is no risk, or the risk is negligible. If the risk is not negligible a company mitigate the risk in different ways. Working with smallholders is one way and very important for the topics discussed today (smallholder inclusion, living income). An important question raised and discussed by the audience was that if the producers do not comply yet and the produce is not yet allowed to enter the European market, what the incentive for the company is to stay engaged. In this case, smallholder support is a priority, for the companies further down in the supply chain, but also authorities (national, regional, local and through international cooperation).. With



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the EUDR the voluntary context with continuous improvement however now changed in a mandatory one with a specific date (30 December 2024) of entering into force, given that voluntary approaches were found to be insufficient. If a company is not sure by that date, it needs to take a decision and cannot source from an area that is not compliant. **Salima Kempenaer** stresses that policy makers need to balance between the urgency of the action needed and the response that it is too much, too soon. When talking about the EUDR we also need to be aware that smallholders also see it as an opportunity to empower them and for collaboration. The issues and time pressure are very visible now and therefore we also need to collaborate now.

Concern is voiced that companies are waiting to see how strictly the regulation will be enforced by member states competent authorities. The European Commission is tasked in harmonising interpretation and enforcement of the EUDR across member states and is currently preparing implementation with member states and designated competent authorities. Updated versions of the FAQ and guidance are expected.

Neil Scotland highlights the importance of addressing the challenges holistically. We cannot fix our environmental problems without solving our social development challenges (like smallholder livelihoods and living income). In our practical work in producer countries this already comes together naturally. Another element of coherence mentioned today is the power imbalance in supply chains and markets between producers, traders and retailers as reflected in the differences between farm-gate prices and consumer prices. This is a politically and economically challenging topic and we do not yet really understand what to do and what is politically acceptable. Further multi-stakeholder input and discussion is needed to understand what our levers of change. We also need to recognise the changing market requirements are not completely new but rather part of continuous change and evolution of the markets since the 50s-60s (starting with food safety). Regulation is important to drive the essential and fundamental changes we need but the process from development to implementation of regulation takes a long time. In the meantime, we have to be aware, recognise and address emerging issues, like mining for the energy transition. Finally, we speak much about technical challenges, but we also need to recognise the political challenges and changes that lie ahead. In 2024, there will be elections in many countries around the world that will change the political landscape of today.

Salima Kempenaer closes the meeting with some observations, focusing on the value of the Amsterdam Declarations Partnership. Chairing the ADP made Belgium realise the partnership is so much more than the EUDR, like the topic of today of living income. The ADP helps to develop and maintain ambition and drive joint progress. New challenges will arise, and the value of the ADP is that it can respond to and enhance collaboration between countries to address these new challenges. The ADP fosters the government-to-government dialogue about gaps, needs and opportunities for action and facilitates multi-stakeholder dialogue and engagement. This multi-stakeholder dialogue is a continuous process or engagement and the next ADP Multi-Stakeholder Meeting will be in May 2024 in Madrid, Spain during the Spanish chairing period.



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Annex 1: Mentimeter answers for session 5

Mentimeter

Do's and don'ts for ADP governments?

Clarity on EUDR requirements.	Information sharing	Clarity on EUDR transition period with legal certainty for markets.	Are we on track with implementation in EU countries?
Work with robust certification schemes to reduce the burden on your administration.	Work with their companies to pay commensurate prices to smallholders	Please interact with all stakeholders on true bottlenecks that are still there for EUDR application - how can we all be pragmatic in finding solutions to make it fit for purpose?	Build capacity in civil service to understand complexity of climate-biodiversity-human rights nexus.

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Mentimeter

Do's and don'ts for ADP governments?

Leverage on existing initiatives to integrate biodiversity risks and nature preservation.	policy coherence	Reconsider certification for meeting requirements	Invest properly in competent authorities
Multistakeholder in person partnership and dialogues in producer countries, providing ample space for participation of smallholders & CSOs	Be open about implementation challenges and support needs that might be met from civil society	Focus on harmonizing what competent authorities' approaches	Coherence between environmental regulation such as EUDR and trade agreements such as with the Mercosur block

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Mentimeter

Do's and don'ts for ADP governments?

Put pressure on the EU to engage in bilateral policy dialogues with producing countries	Be mindful of the limits of current certification schemes in ensuring proper due diligence	Coherence between policies that try to tackle the same problem. Include fiscal policies, development policies, trade policies, etc	Properly invest in effective Competent Authorities to enforce the EUDR.
Acknowledge that heavy penalties are the key driver of potential risk avoidance in sourcing	Incentivise good practices -Try to stimulate consumer demand for sustainable deforestation-free products	Start implementing relevant GBF targets through existing sustainable commodity platforms.	Engage producer countries in bilateral discussion on EUDR implementation

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Mentimeter

Do's and don'ts for ADP governments?

Upscale concrete investments in production landscapes in addition to EUDR and political dialogue	Include living income and purchasing practices in the EU CSDDD (and due diligence policies in general)	use influence for the snowball effect on other markets	Promote respect for the rights of indigenous peoples and local communities to effectively address the root causes of deforestation
Engage with producer countries (inclusive of gov, private sector, NGOs and farmers in those countries) to identify issues and needs.	Well-resourced enforcement agencies.	Action against EU member states which do not enforce EUDR effectively.	Make sure companies have full clarity on what is and isn't mandated by the regulation. Work for lawyers;-)

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Annex 2: Typology of smallholder farms and appropriate strategies and interventions.

Source: Shenggen Fan, Breska J., Keyzer M., Halsema A. (2013). From subsistence to profit: transforming smallholder farms. IFPRI Food Policy Report ([link](#)).

TYPE OF FARM	CHARACTERISTICS	STRATEGIES		
		Agriculture-based	Transforming	Transformed
Subsistence farms	With profit potential	<ul style="list-style-type: none"> • Productive social safety nets • Investment in infrastructure, agricultural research and extension, and smallholder-friendly and climate-smart technologies • Access to innovative financial services 	<ul style="list-style-type: none"> • Flexible arrangements for land transfer • Risk reduction and management tools • Access to market information (e.g., ICTs) • Pro-smallholder, nutrition-sensitive value chains • Social safety nets and improved access to housing, education, and health services for rural migrants • Vertical and horizontal coordination to meet safety, quality, and quantity standards • Enhanced role of farmers' organizations, particularly for women farmers 	<ul style="list-style-type: none"> • High-value production • Reduced trade restrictions and subsidies • Flexible arrangements for land transfer • Efficiency- and quality-enhanced production systems • Vertical and horizontal coordination to meet safety, quality, and quantity standards
	Without profit potential	<ul style="list-style-type: none"> • Social safety nets • Nutrition-focused crop production for own consumption • Education and training for nonfarm employment • Migration to urban centers and other agriculture areas with greater profit potential 	<ul style="list-style-type: none"> • Social safety nets • Improved access to housing, education, and health services for rural migrants • Education and training for nonfarm employment • Flexible arrangements for land transfer 	
Commercial smallholder farms	<ul style="list-style-type: none"> • Soft-constraints • Limited access to capital, insurance, and other risk reduction tools 	<ul style="list-style-type: none"> • Vertical and horizontal market coordination to meet safety, quality, and quantity standards • Smallholder-focused, climate-smart, and nutrition-enhancing technologies • Investment in infrastructure, agricultural R&D, and extension 	<ul style="list-style-type: none"> • High-value and nutrition sensitive food chains • Flexible arrangements for land transfer • Links to urban and global markets • Vertical and horizontal market coordination • Enhanced role of farmers' organizations, particularly for women farmers 	<ul style="list-style-type: none"> • High-value crops • Flexible arrangements for land transfer • Clear regulatory frameworks and intellectual property rights to link private sector with smallholders