



Forum Nachhaltiger Kakao
German Initiative on Sustainable Cocoa



Vortrag

EU-Verordnung zu entwaldungsfreien Produkten: Referenzdokument für Kakaoproduzenten und – importeure

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Proforest



Supported by:



based on a decision of the German Bundestag



EU Regulation on Deforestation Free Products: Operational Guidance for Cocoa Producers and Importers

GERMAN INITIATIVE ON SUSTAINABLE COCOA

2 May 2023



Introduction

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proforest

**Proforest is a global organisation,
locally led, with a shared mission**

**Agricultural and forestry
production and sourcing
that delivers positive
outcomes for people,
nature and climate.**

What we do

We work with companies to implement responsible sourcing and production practices, across a broad range of agricultural commodities and forest products.

We work at a landscape level to bring stakeholders together to collectively address systemic issues at scale.

We build capacity and facilitate multistakeholder platforms and collaborations between companies, NGOs, governments and civil society.

Introduction

Context

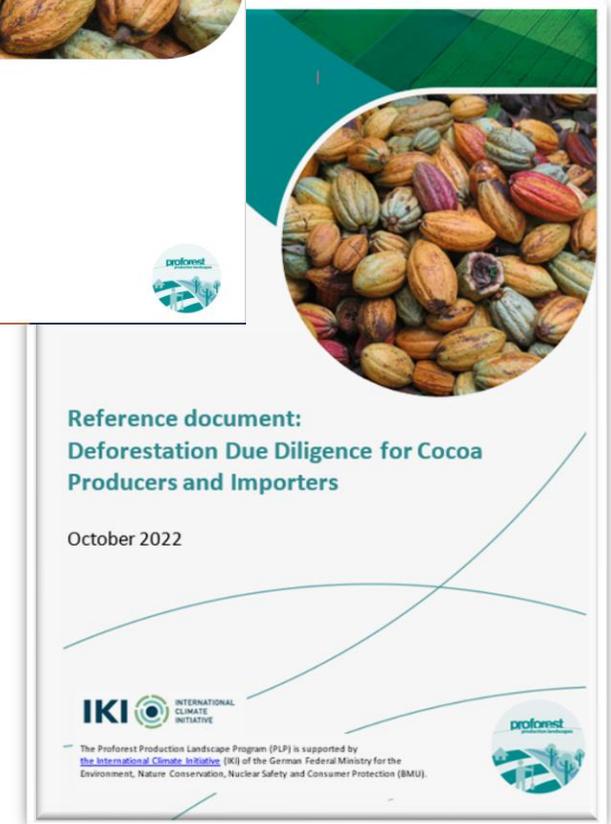
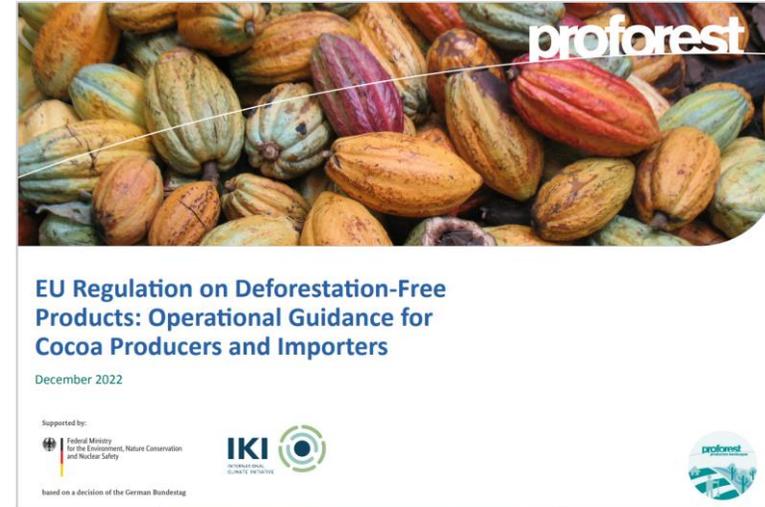
- EUDR to be fully adopted in summer 2023
- Expected entry into force from December 2024

Objective

- Present how the operational guidance can contribute to understanding the practical implementation of compliance measures in the cocoa sector

Note

- There is also an accompanying Reference Document with a wider scope relating to deforestation due diligence



Introduction to the EUDR

- ✓ EU Deforestation Regulation aims to **prevent products associated with deforestation and forest degradation from being placed on the EU market.**
- ✓ (Cocoa) products placed on EU market or exported from the EU:
 - ✓ Are **deforestation-free**;
 - ✓ Comply with relevant **legislation of the country of production**
- ✓ Companies exercise **due diligence procedures** as directed in the EUDR. Products are covered by a **due diligence statement** (prior to placing anything on the market).

Deforestation cut off date:
December 31st, 2020

The scope includes derived products such as furniture, leather, chocolate, apparel and accessories etc.

[Annex 1](#)



European Parliament
2019-2024



TEXTS ADOPTED

P9_TA(2023)0109

Deforestation Regulation

European Parliament legislative resolution of 19 April 2023 on the proposal for a regulation of the European Parliament and of the Council on making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010 (COM(2021)0706 – C9-0430/2021 – 2021/0366(COD))

(Ordinary legislative procedure: first reading)

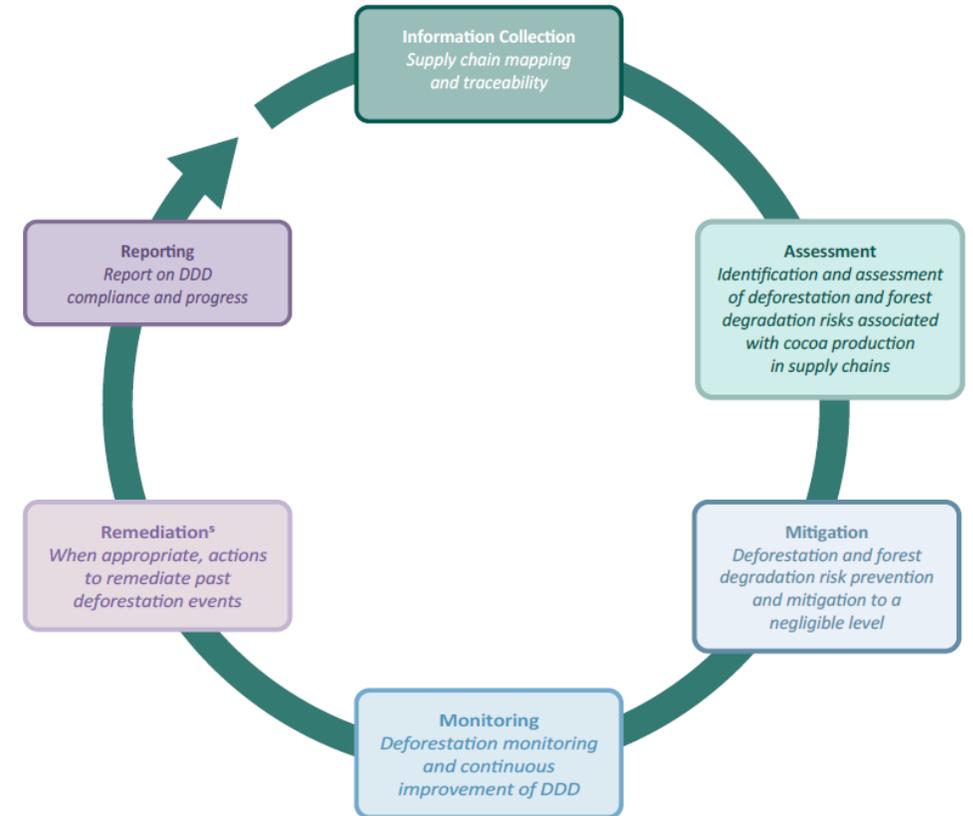
The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2021)0706),

Operational guidance objectives

THE GUIDANCE IS A TOOL TO HELP EUDR IMPLEMENTATION

1. Explain for each step of the DD process:
 - the **main requirements** from the upcoming EU regulation,
 - the **capacity of existing tools and approaches** to support compliance,
 - the **implementation challenges and opportunities**.
2. Propose **practical and actionable steps** to assess and demonstrate compliance with the EU proposed regulation, and that can be **integrated in company Deforestation Free (DF) reporting**.
3. Demonstrate how a **smart mix of existing tools and approaches** can be used to assess and demonstrate compliance with the EU proposed regulation.



Producer country sustainability programmes and systems
International and regional certification schemes
Collaborative approaches and landscape initiatives
Company systems and sustainability programmes

⁵ Even though the EU proposed deforestation-free regulation does not currently mention remediation, including remediation in the due diligence process should be considered as industry best practices.

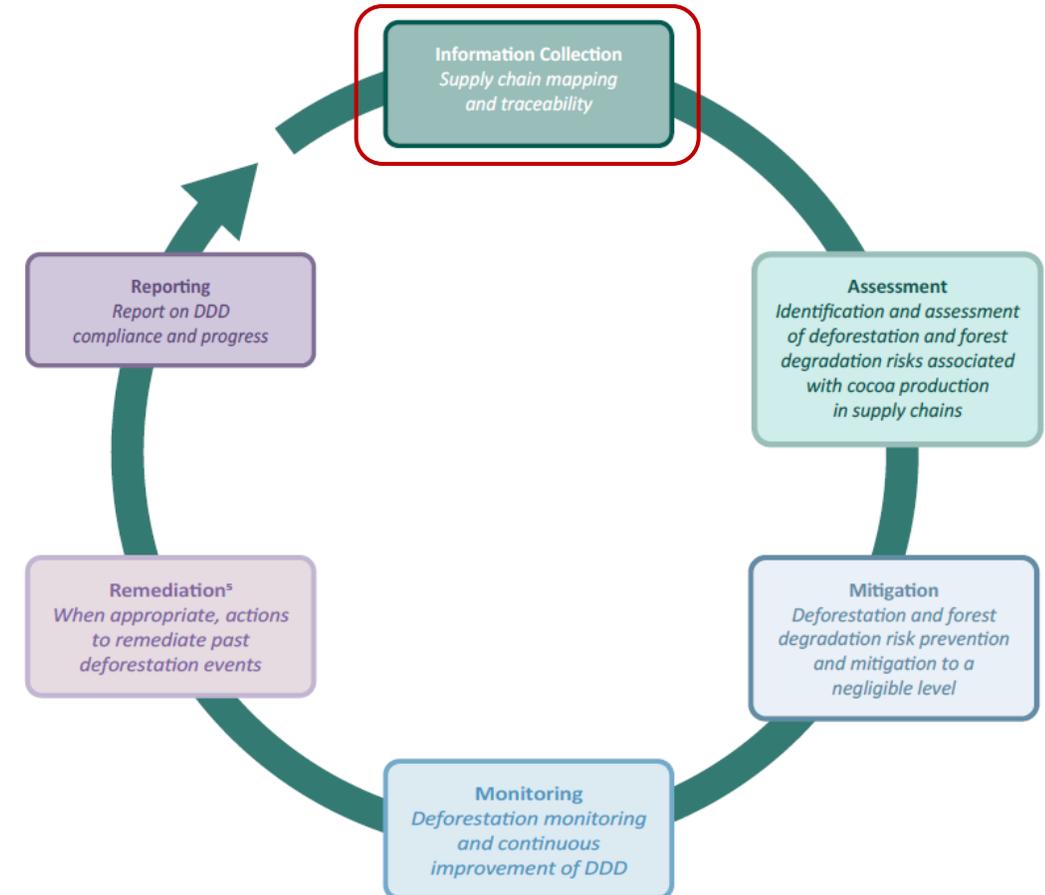
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Using the operational guidance for EU DR regulation implementation

Information collection

Main requirements	
Operators and non-SME traders	<p>Provide adequate and verifiable information that:</p> <ul style="list-style-type: none"> the relevant commodities and products are <u>deforestation-free</u>. the production has been conducted <u>in accordance with relevant legislation of the country of production</u>, including any arrangement conferring the right to use the respective area for the purposes of the production of the relevant commodity. <p>Provide <u>geo-localisation coordinates, latitude and longitude of all plots of land</u> where the relevant commodities and products were produced.</p>
SME traders	Collect and keep information, <u>excluding geolocation information</u> , relating to operators and traders who have supplied relevant commodities and products to them, or to who they have supplied.

Producer country sustainability programmes and systems	Potentially capable of delivering
International and regional certification schemes	Capable of delivering
Collaborative approaches	Potentially capable of delivering
Company systems and sustainability programmes	Potentially capable of delivering



IMPLEMENTATION CHALLENGES

- Smallholders may not have technical or financial capacity to meet information collection requirements. Farmers should have the ownership of their farm data and incentives should be promoted to engage them in traceability data collection. Data quality and interoperability.
- The complexity of the cocoa supply chain makes information collection and data flow along supply chains difficult, especially for geolocation data. Mass Balance supply where a proportion of volumes is 'non-compliant' is not permissible. Cocoa laundering can occur at almost every level in the supply chain.

IMPLEMENTATION OPPORTUNITIES

- Segregated and identity preserved supply chains for both certification schemes and company sustainability programmes exist and can be expanded.
- Systems led by producer counties can potentially lead the way in information collection with the development of national traceability and supply chain mapping systems.
- Collaborative approaches, can drive a collaborative process of information collection. L/J approaches can provide a more operational scale to implement producer country systems.

Asunafo Asutifi, Ghana, 2021. Credits: Chikis studios



Risk assessment



giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

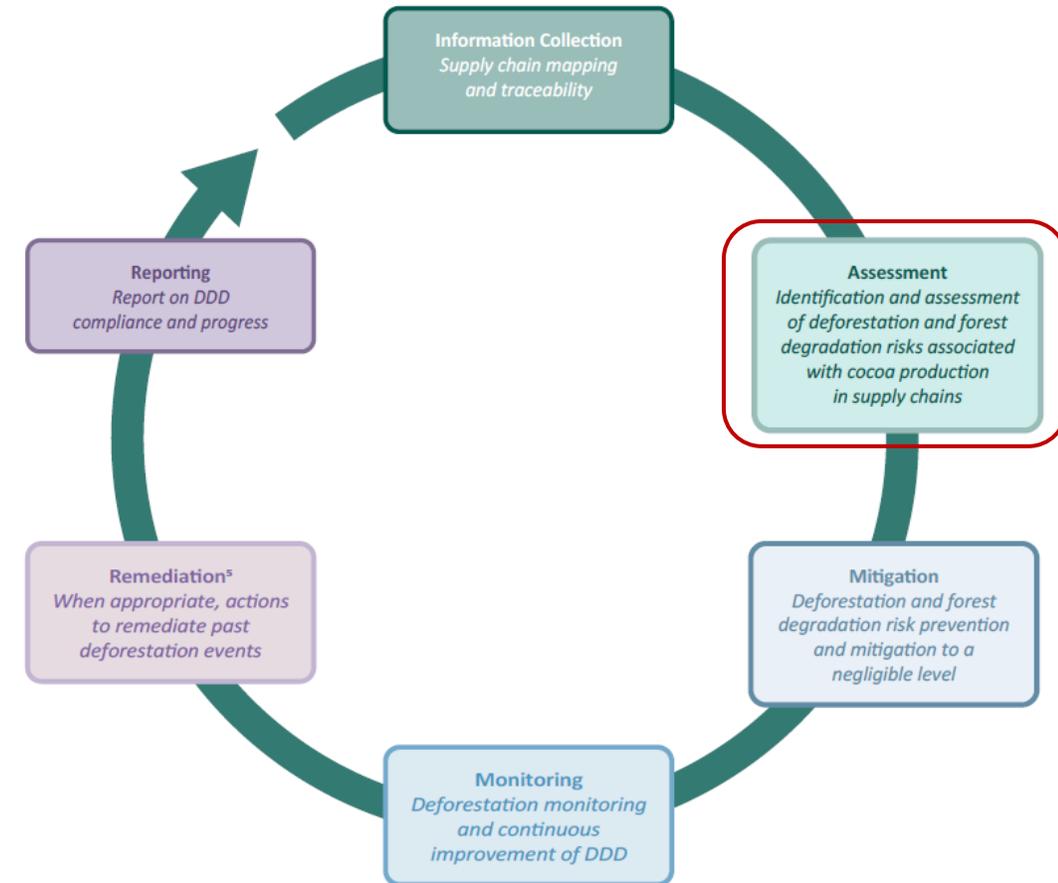


Main requirements

Operators and non-SME traders

- Carry out a risk assessment to establish whether there is a risk that the relevant commodities and products intended to be placed on or exported from the Union market are non-compliant with the requirements of this Regulation.
- Document and review the risk assessment at least on an annual basis and make available to the competent authorities upon request.
- If the operators cannot demonstrate that the risk of noncompliance is negligible, they shall not place the relevant commodity or product on the Union market nor export it.
- Companies are dispensed from carrying out risk assessment and risk mitigation on cocoa volumes originating from countries classified as low risk by the country benchmarking system.

Producer country sustainability programmes and systems	Potentially capable of delivering
International and regional certification schemes	Potentially capable of delivering
Collaborative approaches	Potentially capable of delivering
Company systems and sustainability programmes	Capable of delivering



IMPLEMENTATION CHALLENGES

- Country benchmarking system will provide the baseline. Supplementary risk assessment must be carried out by the operator. Additional guidance is expected.
- No definition or threshold set for non-negligibility. Technological challenges in distinguishing forest from cocoa agroforestry systems.

IMPLEMENTATION OPPORTUNITIES

- Producer country systems providing risk assessment would have the same benefits, in terms of alignment and avoidance of effort duplication, as for information collection.
- Landscape and jurisdictional initiatives can potentially produce joint supplier risk assessments to reduce the burden on operators, and through management plans to tackle deforestation and help to “de-risk” landscapes (via risk mitigation).

ACOPAGRO cooperative, Peru, 2022. Credits: Proforest

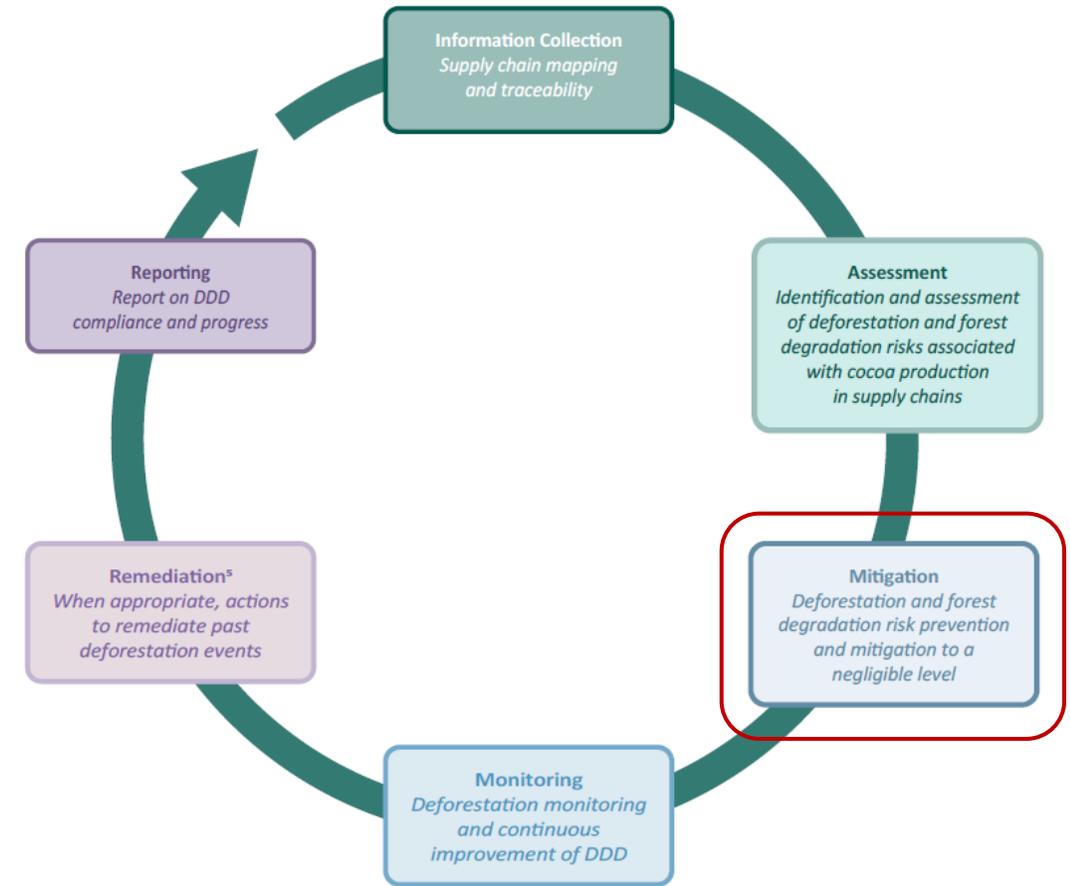


Mitigation



Main requirements	
Operators and non-SME traders	<p>If the conclusion of the risk assessment is that the risk is <u>non-negligible</u>, the operator needs to <u>take risk mitigation measures</u> that are adequate to lower the risk <u>to a negligible level</u> of non-compliant products entering the EU market.</p> <p>If the risk cannot be mitigated to a negligible level, the operator shall not place product on the EU market.</p>

Producer country sustainability programmes and systems	Potentially capable of delivering
International and regional certification schemes	Capable of delivering
Collaborative approaches	Potentially capable of delivering
Company systems and sustainability programmes	Capable of delivering



IMPLEMENTATION CHALLENGES

- No framework for recognition of certification schemes; such schemes do not substitute the operator's responsibility for due diligence.
- Supplier engagement is central to mitigation – systematic engagement approaches will provide a key component of overall due diligence.

IMPLEMENTATION OPPORTUNITIES

- Certification schemes and company sustainability programmes are likely to have a strong basis for demonstrating adequate safeguards to mitigate deforestation risk.
- Opportunities for mitigating future deforestation risk (≠ mitigating non-compliant cocoa entering the EU market) through proactive and often collaborative approaches.
- Opportunity for regional certification schemes to set deforestation cut-off dates which align with the EU requirements, and to set requirements for deforestation and forest degradation mitigation.

Asunafo-Asutifi, Ghana, 2021. Credits: Chikis studios

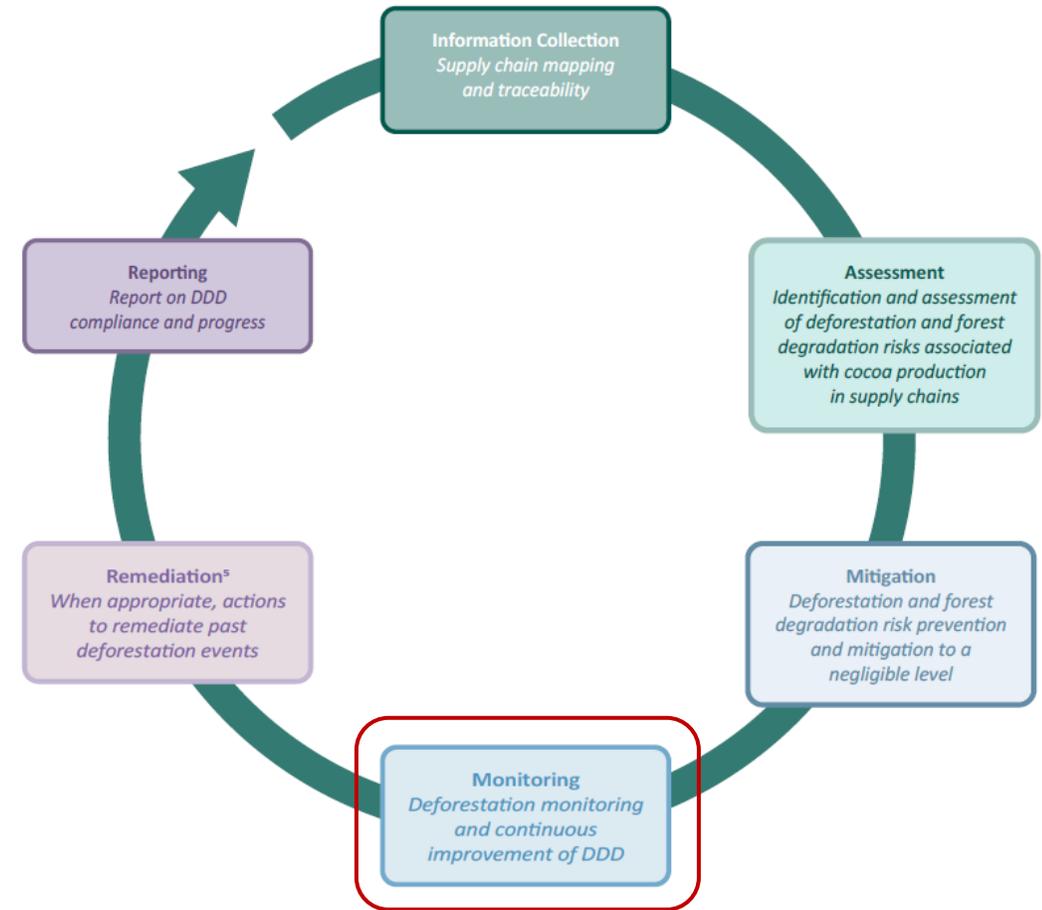


Monitoring

Main requirements	
Operators and traders	Currently the EUDR regulation <u>does not include requirements</u> for companies related to monitoring. However, both <u>progress monitoring</u> of their DR systems, and <u>monitoring of deforestation</u> in the cocoa production areas should be considered as best practices.
Member states	Member states are responsible for monitoring of the regulation compliance.

Tools capability regarding deforestation monitoring (not DR system monitoring)

Producer country sustainability programmes and systems	Potentially capable of delivering
International and regional certification schemes	Potentially capable of delivering
Collaborative approaches	Potentially capable of delivering
Company systems and sustainability programmes	Capable of delivering



IMPLEMENTATION CHALLENGES

- Key questions around national monitoring platforms to be resolved: platforms' mandates and accessibility to data by companies, long term financing, responsibilities and capacities.
- Lack of alignment at sector level on optimal remote monitoring methodology/platforms. Effective monitoring systems require the establishment of clear “response protocol”. The monitoring of cocoa farms faces technological challenges.

IMPLEMENTATION OPPORTUNITIES

- Remote deforestation monitoring is a key process to demonstrate ongoing compliance, linked to mitigation measures. Establishment of platforms allowing for efficient monitoring of forest dynamics and deforestation leakage at scale.

ACOPAGRO cooperative, Peru, 2022. Credits: Proforest



Remediation

Currently the proposed regulation does not mention remediation, however it should be considered as best practices.

Capability of tools regarding remediation, not delivering on the regulation

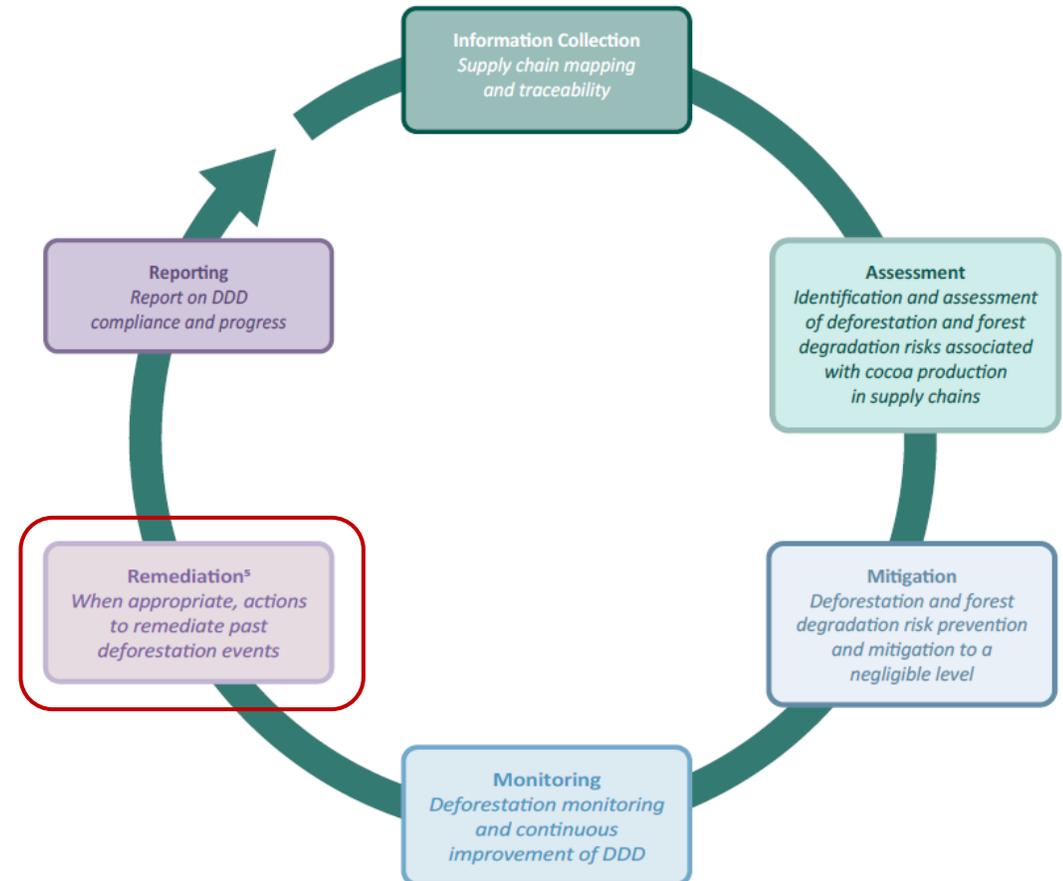
Producer country sustainability programmes and systems	Capable of delivering
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CHALLENGES

Remediation should be managed with the right safeguards and used in the right circumstances

OPPORTUNITIES

Opportunity for moving towards deforestation-free production and for maximizing forest protection outcomes on the ground, whilst not causing undue negative livelihood impacts for farmers.



⁵ Even though the EU proposed deforestation-free regulation does not currently mention remediation, including remediation in the due diligence process should be considered as industry best practices.

Reporting



MAIN REQUIREMENT

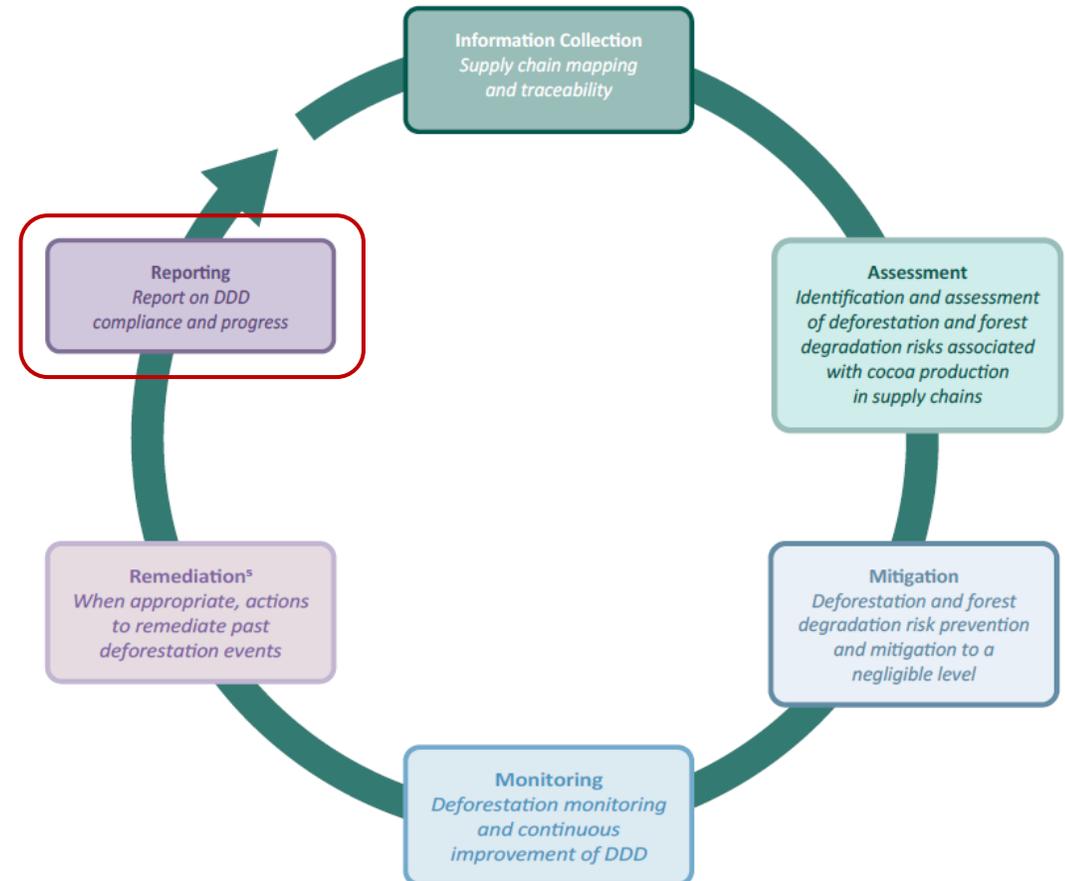
Operators & non-SME traders

- Conduct DD process and submit a DD statement to the information system confirming that DD was carried out and that no or only negligible risk was found.
- Keep records of DD statements for five years.
- Inform the Member States' competent authorities if new information and concerns regarding non-conformity of cocoa placed on the market are found.

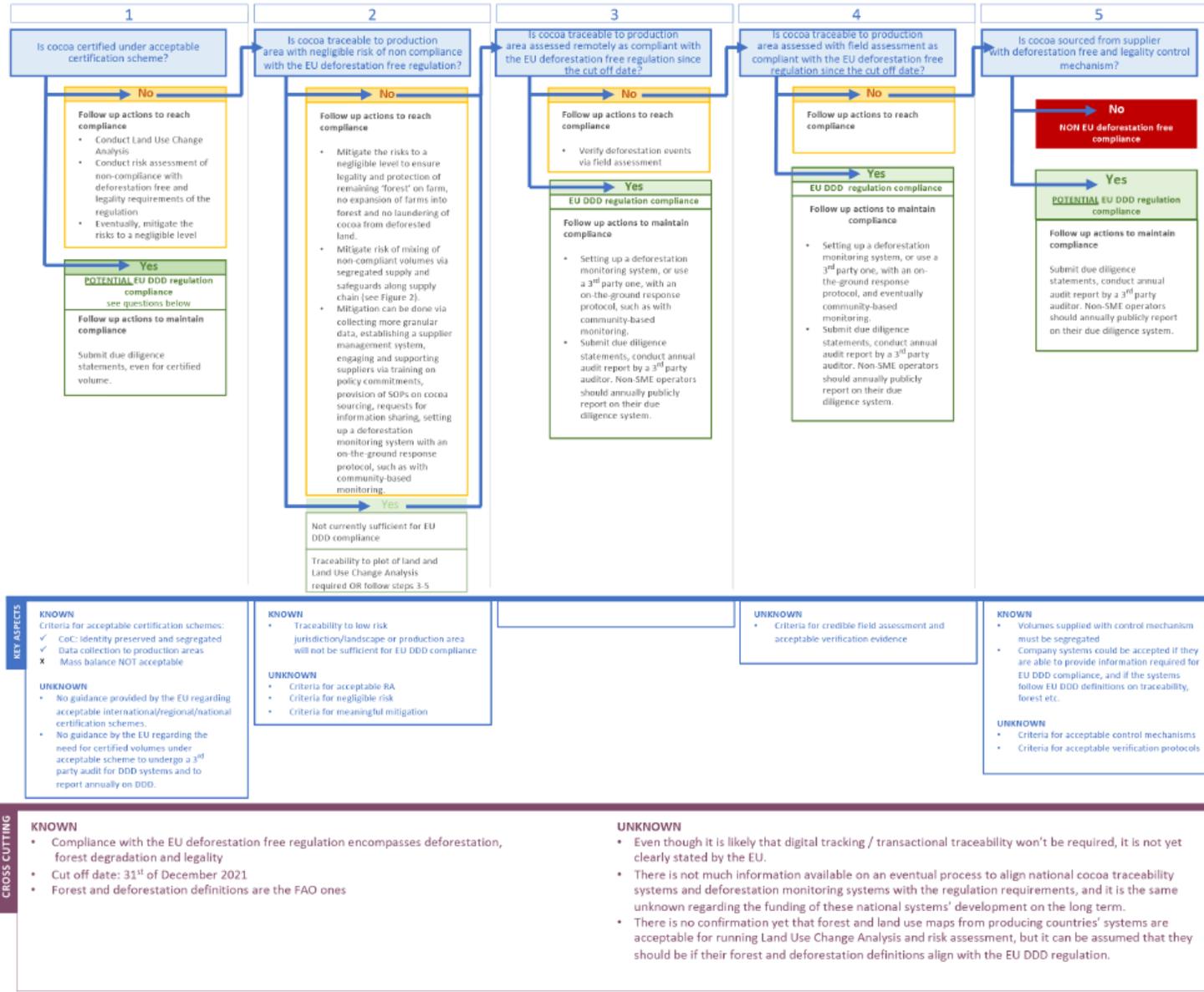
SME traders

- Collect a record of suppliers and customers and keep it for at least five years.
- Make such information available to competent authorities upon request.
- Take action and inform the competent authorities if new information becomes available regarding the non-compliance of cocoa.

Annex II of the EU deforestation-free proposed regulation lists the information to be contained in the DD statement.

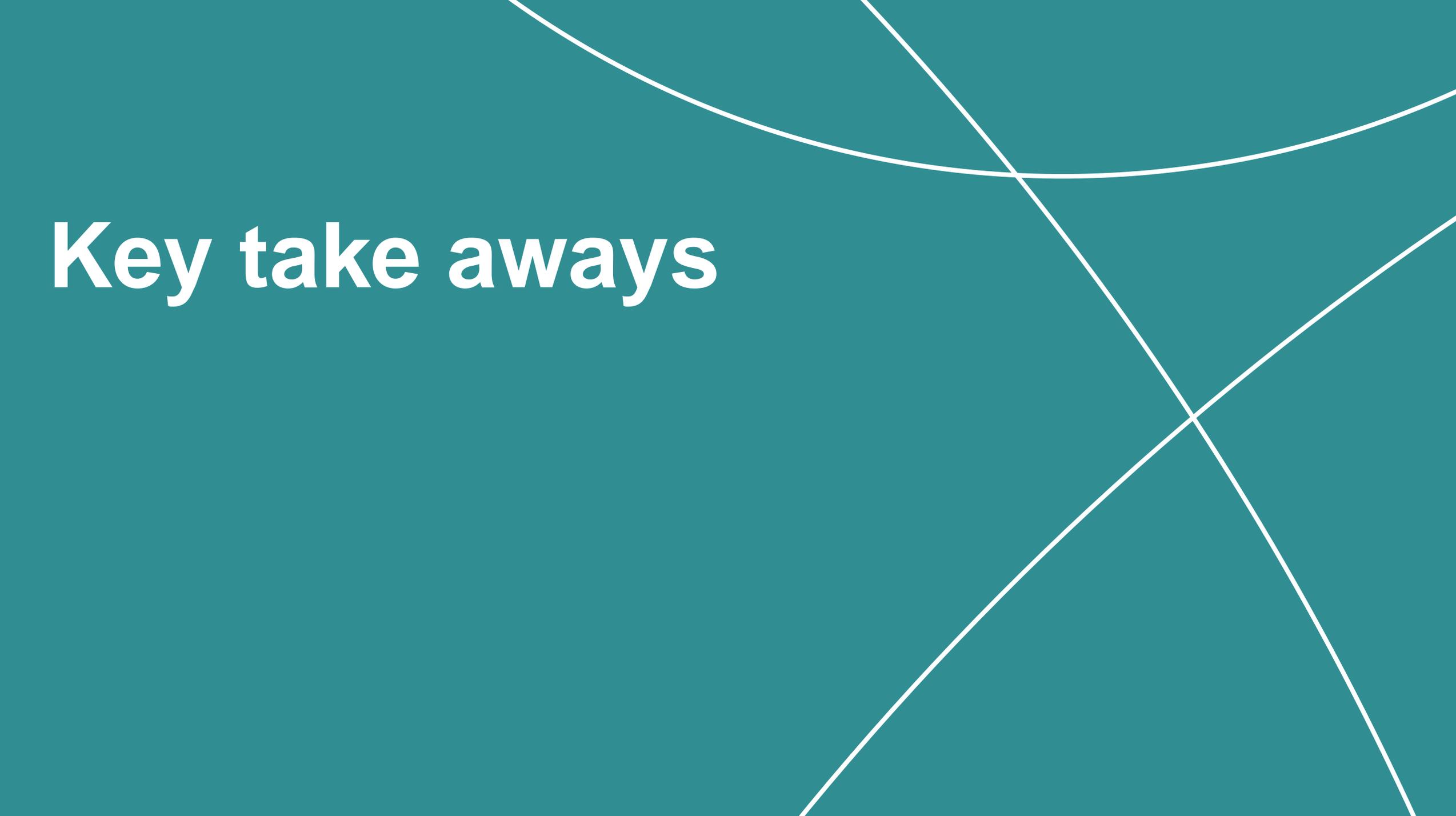


Integrating EUDR compliance in wider Deforestation Free reporting



Note: EUDR compliance sits within a wider context of deforestation and conversion free reporting by companies.

Key take aways

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Key take aways

THERE ARE STILL

- **Many challenges** associated with the implementation of the regulation
- **A lack of implementation guidance**

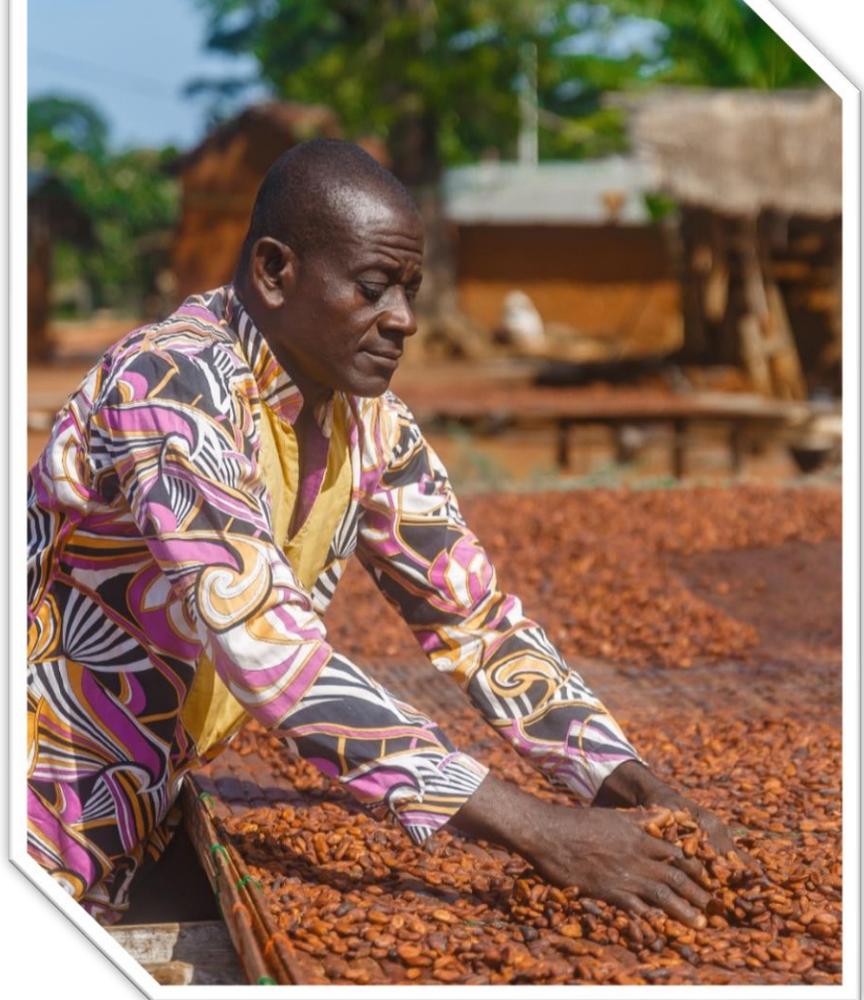
BUT

- These 2 guidance documents highlight **tools that can already be used** for implementation
- There will be a **wider effort** to create **enabling conditions and guidance** for regulation implementation and interpretation

IN REGARD TO IMPLEMENTATION

- It is key to **involve producing countries** in the discussions
- Tools already exist - implementation can be achieved by using **a smart mix of the existing tools.**

Asunafo-Asutifi, Ghana, 2021. Credits: Chikis studios



Thank You!

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 www.proforestacademy.net

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