



# ASSESSMENT ON THE POTENTIAL UNINTENDED CONSEQUENCES OF THE EU DEFORESTATION REGULATION FOR COCOA PRODUCING COUNTRIES IN WEST AFRICA

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## Executive Summary

The European Union (EU) recently passed a deforestation-free supply chain regulation (EUDR) to address the significant global deforestation footprint associated with its imports. Whilst the EUDR represents an important acceptance of responsibility for deforestation from the EU, tighter regulations pose both opportunities and threats for commodity-producing countries whose economies rely largely on EU exports. The European cocoa market is dominated by Ghana and Cote D'Ivoire, and the impact of EUDR will likely differ between them and countries with a lesser market share. For West African countries such as Cameroon, who are looking to expand their cocoa production, it is important to understand now how EUDR might impact their industries. As such, this report combines literature reviews and interviews to examine the potential unintended consequences of the recent EUDR on cocoa-producing countries in West Africa, with a narrower focus on countries with a lesser market share where appropriate. It was found that:

- Omissions in relation to international standards of human rights could threaten the land security of smallholders.
- The lack of adaptation support for producer countries and smallholders could exacerbate income division between cocoa producers and result in EU market exclusion for less dominant producer countries.
- The EUDR's deforestation risk benchmarking system gives less dominant cocoa-producing countries a competitive advantage, but could threaten their forest protection.
- The positive impact the EUDR could have on forest cover and biodiversity is limited without incentives for sustainable agricultural practices.

The report concludes with policy recommendations and a strategic framework for the EUDR to mitigate negative outcomes. These include:

- Improving consultation and feedback mechanisms.
- Adhering to international laws on human rights.
- Providing financial support and capacity building for producer countries and smallholders.
- Incentivising sustainable agricultural cocoa growth.

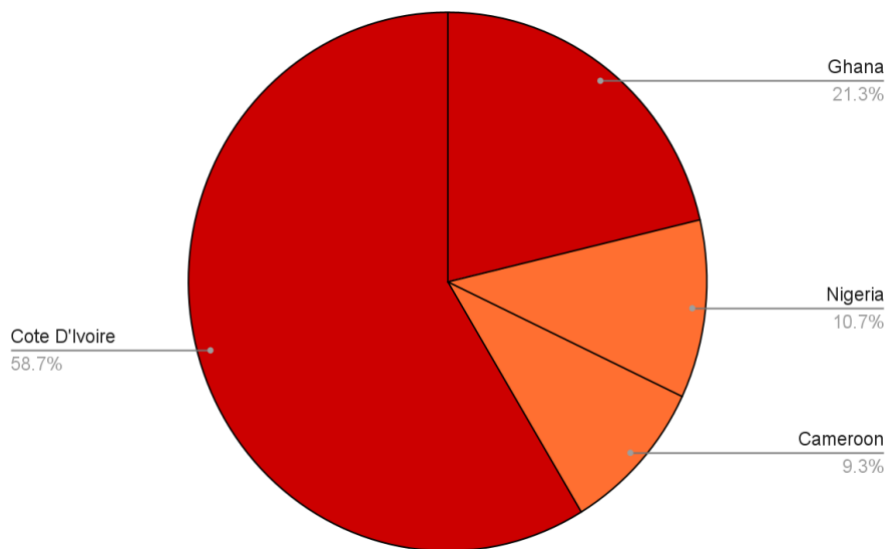
Finally, it concludes with a reflection of how traceability systems within cocoa value chains can best benefit cocoa producers and producing countries, suggesting that traceability systems need to focus on indirect supply-chains, be designed for co-operative use, and implemented alongside incentives for smallholders.

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## 1 Introduction

In the 2021 Glasgow Leader’s Declaration on Forests and Land Use, 137 countries committed to explore trade regulation as a means to end deforestation by 2030.<sup>1,2</sup> 80% of global deforestation is driven by agriculture expansion, including cocoa production.<sup>3</sup> Cocoa-driven deforestation is most pronounced in West Africa, which supplies 70% of the world’s cocoa, mostly produced by smallholders\*.<sup>4,5</sup> Figure 1 shows the market share of four West African cocoa-producing countries.<sup>6</sup> For these four countries, the cocoa sector forms a major part of their economy.<sup>7</sup> However, there is increasing pressure from civil society and consumer nations to limit environmental and social damage caused by cocoa production, with deforestation, child labour and substandard smallholder livelihoods identified as key problem areas.<sup>6</sup> Various national initiatives, such as the Cocoa & Forests Initiative (CFI) in Ghana and Côte d’Ivoire,<sup>8</sup> and international certification programmes, such as UTZ, provide voluntary sustainability commitments for cocoa companies.<sup>34</sup>



**Figure 1: European Union cocoa/chocolate market share of West African cocoa-producers.** Percentages pertain to the market share of each country relative to total West African cocoa imports to the EU (75% of EU’s total cocoa imports). Colours pertain to their deforestation-risk level as assessed by Eurostat: red = high-risk, orange = standard-risk. Figure adapted from EU-IA.<sup>16</sup>

Given the global nature of supply chains, international initiatives are increasingly recognised as imperative in ending trade-driven deforestation. In 2017, the European Union (EU) was responsible for 16% of trade-driven deforestation.<sup>9</sup> In particular, cocoa consumption, which is culturally significant to the EU, accounts for ~10% of the EU’s global deforestation footprint.<sup>2</sup> The EU is the biggest buyer from the West African cocoa market, accounting for 65% of Cameroonian cocoa exports.<sup>10</sup> As a result, a proposal for an EU Regulation on Deforestation-Free Supply Chains (EUDR) was agreed in 2022,<sup>11</sup> which takes a cross-commodity approach to tackling EU consumption-led deforestation. This follows other policies, such as the Forest Law Enforcement Governance and Trade (FLEGT) Action Plan and EU Timber Regulation (EUTR),<sup>12</sup> which work together to prohibit illegally-harvested timber on the EU market.<sup>2,11</sup> Under the EUDR, suppliers can only place cocoa, palm oil, soy, coffee, timber and/or rubber commodities (including some derived products like

\* Small-scale farms are defined by the FAO as covering 5 ha or less.<sup>15</sup>

chocolate) onto the EU market if they are *not* produced on farmland deforested after 31<sup>st</sup> December 2020. In addition, products need to comply with relevant legislation in the country of origin. A three-tiered benchmarking system will assess producer countries' deforestation risk level (see [Appendix 1](#) for benchmarking criteria), with more stringent due diligence requirements placed on EU Member States importing products from high-risk countries.<sup>1,11 Article 27</sup>

To comply with the EUDR, EU Member States are required to collect information proving products are legal and deforestation-free, including specific geographic coordinates corresponding to the product's farm of origin.<sup>1,11</sup> Thus, traceability systems are needed across the supply chain, which are currently being developed at both national and commercial levels.<sup>13</sup> Failure to comply with due diligence requirements could result in fines proportional to environmental damage and confiscation of commodities and/or revenue.<sup>11</sup> Once the regulation is formally adopted by the European Parliament and Council, an 18-month period is allocated to allow adaptation to new rules, with smaller traders allowed longer.<sup>14</sup>

While, in theory, the EUDR will provide positive incentives for the cocoa sector to address its associated negative environmental impacts and illegality, it does so by preventing market entrance for non-compliant products. Given that the cocoa industry forms a large part of the economies of producing countries in West Africa,<sup>4</sup> it has the potential for wider unintended social, economic and environmental impacts. This is particularly true for countries with a lesser market share (LMS), such as Cameroon and Nigeria, who are looking to grow their export trade in the face of this new Regulation. Furthermore, LMS countries generally have reduced ability to meet compliance requirements. The EU carried out an Impact Assessment (hereafter EU-IA)<sup>16</sup> to identify potential unintended consequences of the EUDR for producer countries. However, the cross-commodity nature of the Regulation means it was too broad to sufficiently evaluate consequences related to the West African cocoa sector.

In light of this research gap, this report is commissioned by COOKO GmbH, an agri-tech start-up who have designed a national traceability system for Cameroon's cocoa sector and are part of the ongoing development of the EUDR. This report examines the potential *unintended* consequences, both positive and negative, of the EUDR on West African cocoa-producing countries, with a narrower focus on LMS countries where appropriate<sup>†</sup>. Firstly, EU, African and International sustainability definitions are compared to examine whether there are contradictions between them that will complicate adherence to EUDR for producers. Secondly, to provide context for the potential unintended consequences EUDR may have on such countries, the extent to which producer countries (at national and individual levels) were consulted during the development of the EUDR is examined. Thereafter, the potential unintended consequences themselves are discussed. The report concludes with recommendations for how the EU could adapt the EUDR to mitigate negative impacts outlined. Finally, a reflective summary outlines some of the implications of this report for trade digitization within the cocoa sector, due to its relevance in meeting EU due diligence requirements<sup>11</sup> and the current development of national traceability systems (e.g., as COOKO are aiding in Cameroon).

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<sup>†</sup> It should be noted that other EU measures, including the EU Corporate Sustainability Due Diligence Directive (EUCSDD)<sup>36,B</sup> are simultaneously being developed and have the potential to mitigate against some of the negative impacts highlighted in this report. However, this research focuses exclusively on the potential impacts of the EUDR.

## 2 Methods

### 2.1 Assessing unintended consequences

A combination of desk research and interviews was used for the analysis; this triangulation approach has been recognised as an effective way to deepen insights and cross-validate results.<sup>17</sup> To compare sustainability standards/definitions, a content analysis of the International Organisation for Standardisation (ISO),<sup>18</sup> the African Organisation for Standardisation (ARS),<sup>19</sup> CFI<sup>8,20,21</sup> and EUDR<sup>11</sup> was completed. To analyse EUDR's consultation process, an analysis of the EUDR proposal and its supporting documents was combined with interviews from stakeholders (see 2.2) to account for bias within the EU's own documentation.

While the EU-IA<sup>16</sup> includes a list of potential unintended consequences (positive and negative) for exporting countries, the Assessment recognises its limitations, as impacts will likely be commodity- and country-specific. Additionally, as highlighted in the findings, limited consultation with producer countries means it is likely that some potential unintended consequences for these countries were overlooked. Therefore, measuring the potential unintended consequences required a large review from a range of sources. This was achieved through reviewing academic literature on the social, political and economic landscape of cocoa trade within West Africa. Also, COOKO were instrumental in providing relevant background information, particularly regarding Cameroon. Secondly, a literature review of unintended outcomes of similar regulation was conducted, particularly consequences of the EUTR on timber-producing countries (both within and outside of West Africa). This was coupled with a grey literature review of position statements and news articles regarding the EUDR from key commentators, along with interviews from key stakeholders to gain first-hand perspectives (see 2.2). The findings were analysed through a thematic-content analysis to identify key themes. These themes were then mapped against the EU-IA to refine and expand upon the potential consequences the EUDR may have in the specific context of LMS cocoa-producing countries in West Africa.

### 2.2 Interviews

Interviews were conducted with experts with a range of knowledge regarding EUDR and the cocoa sector in West Africa, including from NGOs who worked directly with the EU during EUDR development, and those who work closely with cocoa-producer governments and smallholders<sup>‡</sup> (see table 1). Because interviewees' areas of expertise centred around socioeconomic knowledge of the cocoa sector, and thus may have had a bias towards the unintended negative impacts of EUDR on these areas, interviewees were specifically asked about potential positive impacts, and wider research was conducted to provide multiple lines of evidence for each identified consequence. Despite efforts to do so, no interviewees were secured with cocoa producers themselves and/or professionals working for West African in-country organisations. Similarly, no interviews were secured with EU representatives, despite attempts to contact appropriate experts. Interviews followed a semi-structured format, often considered the best approach to interviewing experts.<sup>22</sup> Questions were adapted for each interview in order to best utilise their areas of expertise. An example of the general interview questions is given in appendix 2. Interviewees were initially identified and introduced through COOKO, with snowball sampling used to secure additional interviews.

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<sup>‡</sup> Hereafter, interviewee contributions will be referenced by the letter assigned in table 1, either in text or in superscript.

**Table 1: role, organisation and areas of expertise of individuals interviewed**

Interviewee	Role/ Organisation	Area(s) of expertise
A	Campaigner at NGO for EU forest governance	<ul style="list-style-type: none"><li>- EUDR</li><li>- Cocoa trade</li></ul>
B	Managing Director at Network organisation for advocacy and research in cocoa industry	<ul style="list-style-type: none"><li>- Cocoa industry: human rights, living income</li></ul>
C	Researcher at sustainable development Think Tank	<ul style="list-style-type: none"><li>- Cocoa industry: campaigns and advocacy</li></ul>
D	Senior lecturer at university	<ul style="list-style-type: none"><li>- Commodity value chains</li><li>- Forest governance</li></ul>
E	Managing director at impact consultancy	<ul style="list-style-type: none"><li>- Cocoa industry: human rights, child labour</li><li>- Traceability: cocoa</li></ul>
F	Director at impact consultancy	<ul style="list-style-type: none"><li>- Cocoa industry: sustainability</li><li>- Traceability: cocoa</li></ul>

### 3 Comparing EU, African and International definitions of sustainability and deforestation

There are various definitions of forests and associated deforestation/sustainability, as can be seen in [figure 2](#). How the EUDR differs to international and African standards is important, as it could involve contradictions that complicate farmers' understanding of what constitutes EUDR compliance<sup>§</sup>.

One of the major discontinuities is the sustainability definitions. In particular, the EU definition focuses on the concept of sustainable harvesting, with only an environmental focus,<sup>11</sup> while International and African standards focus on the concept of sustainable development, and hence incorporate social and economic dimensions as well as environmental ones.<sup>18,19</sup> As such, incorporating adherence to the EUDR into national regulatory systems could subsequently decrease the focus on meeting social needs.

While ISO and EUDR adopt the same highly technical definition of a forest, it differs to ARSO's and CFI's more context-dependent definitions.<sup>19,20,21</sup> This may complicate farmers' understanding of the status of their land, which may be classified as forest under one definition but not another. Furthermore, the technical definitions can be difficult for farmers to implement, as they may have limited access to sufficient measurement tools, putting less-commercialised smallholders at risk of non-compliance.

Regarding deforestation, EUDR differs in scope and cut-off date. EUDR includes both human- and non-human induced loss of forest land, while ISO, CFI and ARSO definitions only specify only direct human-induced land conversion for agriculture.<sup>11,18</sup> EUDR'S definition is likely to avoid loopholes, such as falsely claiming forest fires as natural, and can be commended as a comprehensive definition. Cut-off dates for 'allowed' deforestation and forest degradation are a larger cause of uncertainty. ARSO and EUDR both have post-2020 cut-off dates, but for ARSO this only applies to primary forest, while deforestation/degradation can continue in secondary forest under certain circumstances. CFI requirements are even more complex, with an earlier 2019 cut-off date for so-called 'less-degraded forests', an allowance for products from 'more-degraded forests' until the end of the cocoa tree's lifecycle, and no restriction for 'highly-degraded forests'.<sup>8,20,21</sup> Whilst a variety of overlapping and contradicting cut-offs provides complexity for implementation, the fact that EUDR has a simplified, all-encompassing definition is a positive to avoid more complexity than necessary.

Most relevant to cocoa is EUDR's vague definition of forest degradation which *includes* agroforestry<sup>\*\*</sup>,<sup>A</sup> contradicting CFI's promotion of "agroforestry as a driver for forest restoration and protection" in the cocoa sector.<sup>20</sup> page 4 This is of particular relevance to LMS countries like Cameroon, where traditional agroforestry techniques, including cocoa produced under shade trees, are widely used.<sup>A,D;5</sup> Whilst EUDR does not prohibit shade-grown cocoa established prior to 31/12/20 or growth on existing farms, it prohibits newly-establishing cocoa-growing activities in forest areas,<sup>A</sup> contradicting CFI's commitment to prioritise shade-grown production in expanding cocoa sectors.<sup>20</sup> Broadly classifying agroforestry as forest degradation may be an example of where the EUDR's cross-commodity approach results in oversimplifications, and does not account for commodity-specific nuances.

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<sup>§</sup> The semantic difference between the English 'sustainability' and the French 'durabilité' could affect how sustainability standards are communicated to and interpreted by farmers, though this was not explored in this research.

<sup>\*\*</sup> Agroforestry is "the integration of trees on farms and in the agricultural landscape.... [which] diversifies and sustains production for increased social, economic and environmental benefits".<sup>23</sup> There is evidence that 'medium-shade'-grown cocoa increases productivity and profits for smallholders,<sup>24</sup> and in some circumstances may be comparable to untouched forestry productivity and profits for smallholders,<sup>24</sup> and in some circumstances may be comparable to untouched forestry in its support of biodiversity.<sup>5,24</sup>





**Figure 2: Sustainability definitions from International Organisation for Standardisation (ISO),<sup>18</sup> African Organisation for Standardisation (ARSO),<sup>19</sup> Cocoa & Forests Initiative<sup>20,21</sup> and the European Union,<sup>11</sup> respectively. Figure is authors' own work.**

## 4 Evaluating the EUDR Consultation Process

During EUDR's development, the EU held an open public consultation, with 1,150 independently-submitted responses gathered, 90% from EU/UK individuals/organisations.<sup>25</sup> Participation from West African cocoa-producing countries was limited, with 5 (0.4%) Cameroonian respondents and 1 Ghanaian respondent.<sup>25</sup> Furthermore, only 46 (4%) of respondents identified as farmers or associations representing farmers (including for commodities other than cocoa). The EU also held interviews and focus groups for targeted consultations, though the cocoa focus group consisted of international cocoa organisations and businesses, suggesting a priority for their concerns over those of smallholders. Similarly, stakeholder consultation meetings were conducted to bring together representatives from the EU, Member States, third-countries, and international organisations, but none of the third-country interviewees were from West Africa.<sup>25</sup>

It was largely regarded by interviewees that there was little engagement with producer countries during the development of the proposal. However, a major limitation of this study was not obtaining views of those working within producer countries. At a national level, interviewee F noted Ghana and Côte d'Ivoire were present at all of the EU cocoa talks, but LMS countries like Liberia were not involved at all; he shared an anecdote about how he was the first to inform the Liberian Minister for Agriculture of the EUDR's development. Interviewee D observed "very limited real engagement" of producer countries or smallholders. Interviewee A commented that the EU made "no proactive efforts" to include producers, and believes that even the cocoa talks held by the EU, in which producer countries were able to raise concerns, were unlikely to have impacted the drafting of the regulation in any significant way. However, interviewees A and B both acknowledged the complexity of the consultation processes, in particular the vested interests of producer countries in maintaining market share.

Weighing this evidence, it seems unlikely that the concerns of West African cocoa-producing countries were sufficiently heard and responded to. Interviewee D noted that the current EU attempts at dialogue with producer countries are more like an EU monologue; she shared that stakeholders in Cameroon feel resentful about the lack of negotiating power they are offered, especially considering the boundaries of the regulation have already been set.

Furthermore, there is reason to believe the lobbying power of industry and western governments overshadowed concerns of smallholders and producer countries. For example, the Guardian reported that Canada was instrumental in fighting against the inclusion of human rights protections within the EUDR,<sup>26</sup> and industry lobbying favoured dominance in the cocoa sector over improving smallholder livelihoods.<sup>27</sup> Feedback in the consultation stage repeatedly stressed the inclusion of human rights as of utmost importance, including issues surrounding land ownership for Indigenous and local communities.<sup>25</sup> The lack of a human rights element in the EUDR demonstrates the unequal negotiating power and prioritisations that were made in the consultation stage. Similarly, a higher proportion of non-EU respondents identified development and cooperation aid for producing countries as of central importance (>70% compared to ~50%, respectively), and third-country respondents identified this as having the biggest potential for reducing deforestation in their countries.<sup>25</sup> Despite this, the EUDR fails to provide concrete obligations for funding and technical assistance.

## 5 Potential unintended consequences for cocoa producer countries

The section explores the potential consequences of the EUDR outside of the regulations aims (i.e., to decrease deforestation associated with EU imports). It expands upon those listed within the EU-IA (see [table 2](#)). Impacts are broken down into three broad categories: social (5.1), economic (5.2) and environmental (5.3).

**Table 2: Summary of unintended consequences for producer countries as found by the EU Deforestation-Free Supply Chains Regulation impact assessment.**<sup>16</sup>

	Positive	Negative
Social	<ul style="list-style-type: none"> <li>● Increased rights of indigenous people and vulnerable communities.</li> <li>● Secure land tenure for smallholders.</li> <li>● Governance and capacity building in administration.</li> <li>● Participation of local communities and civic society.</li> <li>● Preservation of cultural heritage of indigenous peoples.</li> <li>● Better income distribution and social protection.</li> </ul>	<ul style="list-style-type: none"> <li>● Loss of livelihoods for smallholders due to shortening/simplifying supply chains.</li> </ul>
Economic	<ul style="list-style-type: none"> <li>● Increased market access for ‘low risk’ countries.</li> <li>● Job creation from compliance procedures.</li> </ul>	<ul style="list-style-type: none"> <li>● Additional costs for operators in producer countries, including smallholders.</li> </ul>
Environmental	<ul style="list-style-type: none"> <li>● Improved environmental protection &amp; enforcement.</li> <li>● Positive impact on biodiversity.</li> </ul>	<ul style="list-style-type: none"> <li>● No net deforestation loss due to: <ul style="list-style-type: none"> <li>- leakage to non-EU markets</li> <li>- indirect land use change</li> <li>- shift in commodities.</li> </ul> </li> <li>● Degradation of non-forest ecosystems.</li> </ul>

## 5.1 Social Impacts

### 5.1.1 *Rights of Indigenous and forest-dependent communities*

Human rights are central to agriculture-driven deforestation, which is often associated with land-grabbing, and displacement of local communities and Indigenous groups.<sup>28</sup> The EU-IA suggests EUDR could increase rights for Indigenous and vulnerable communities, but how is unclear. In fact, it has been widely criticised by NGOs for its omission of international human rights standards.<sup>29,30,31</sup> Human rights within supply chains are only necessary for EUDR-compliance if laws in producer countries recognise these rights *and* require producers to respect them.<sup>11</sup> However, such legal protection is often lacking; child labour, for example, has been identified as an issue in the cocoa sector.<sup>6</sup>

Originally, EUDR was intended to combine environmental and human rights regulation.<sup>2,28</sup> However, the EU adopted a narrower definition of sustainability limited to environmental impacts, as opposed to International and African standards which incorporate socioeconomic elements (see [section 3](#)). There are many possible reasons for this omission. For example, unequal negotiating power held by transnational businesses and western governments overshadowing smallholder concerns (see [section 4](#)), which previously contributed to unsuccessful attempts to create international human rights trade regulations.<sup>28</sup> Additionally, national regulatory environments, such as reduced enforcement capacity, corruption and/or tight government-business relationships introduce complexity.<sup>28</sup> Similarly, data regarding human rights violations (e.g., loss of access to local forests,) is scarce and difficult to gather.<sup>28</sup> As a result, if EUDR incorporates multiple due diligence elements, companies may focus more on meeting deforestation-free requirements; with EUTR, less emphasis was placed on reducing land-grabbing associated with timber production.<sup>28</sup> As such, the EU may have prioritised implementability over ambition.

### 5.1.2 *Land tenure*

In many cocoa-producing countries, smallholders do not possess legal land titles. In Cameroon, 90% of land is 'unregistered' and governed through customary law,<sup>32</sup> and many smallholders hold informal land agreements with village chiefs.<sup>13</sup> Obtaining land tenure is expensive and complex, partly because governments are incentivised to keep land within the national domain.<sup>A</sup> Although EUDR's due diligence requirements do not explicitly require companies to prove farmers' land tenure, they will need to provide precise geolocation plots, requiring assigning commodities (and thus the farmers who produced them) to land.<sup>A</sup> Therefore, EUDR geolocation requirements could have a positive impact by acting as an impetus for relevant authorities to improve ease of obtaining legal land registry for smallholders.<sup>A,C</sup>

However, as discussed in [5.1.1](#), EUDR's requirement for companies to only adhere to national laws in producer-countries weakens the rights of vulnerable groups, as often national land laws, which are inextricably tied to historical and socio-political contexts,<sup>5</sup> do not recognise customary land rights, thus putting many smallholders at risk of dispossession.<sup>31</sup> Not strengthening customary land tenure could also mean less commercialised smallholders face EU market exclusion due to their inability to meet geolocation requirements for their cocoa. As such, without respect for international standards of customary tenure rights, the effect of EUDR on smallholder land rights is likely to depend on how individual national governments and private companies respond to EUDR.

### 5.1.3 Income distribution

According to the EU-IA, EUDR-compliant products could receive a higher price on the EU market,<sup>16</sup> which, if distributed equally across the value chain, would increase smallholder income. However, cocoa farmers typically only receive 3-7% of a chocolate bar's retail price.<sup>33</sup> Additionally, price premiums offered by voluntary cocoa certification schemes, such as Fairtrade and UTZ, typically offer minimal economic benefit to cocoa farmers, partly because of additional compliance costs.<sup>5,34</sup> Therefore, there is little evidence to show deforestation-free price premiums alone would entail significant increases in smallholder income.

However, traceability systems developed to meet EUDR compliance requirements may facilitate fairer payments. Several interviewees discussed the commonality of cocoa farmers being underpaid through corruptive practices like under-weighting cocoa bags,<sup>A,D,F</sup> most commonly in Ghana and Côte d'Ivoire due to their national minimum farm-gate cocoa prices. As such, a traceability system which traces payment transactions could provide financial transparency, possibly reducing underpayment. However, in LMS countries where cocoa prices are driven by market-forces, traceability systems alone are unlikely to facilitate better farmer income without regulation to increase farm-gate prices.<sup>B</sup> Therefore, the impact EUDR has on income in LMS countries will likely be determined by complementary measures to address living income standards, such as the forthcoming EU Corporate Sustainability Due Diligence Directive.<sup>††,35,36</sup>

### 5.1.4 Loss of livelihoods and market access

The EU-IA recognises that smallholders risk market exclusion due to EU operators shortening/simplifying supply chains to reduce due diligence burdens.<sup>16</sup> However, this is a bigger risk for other EUDR-commodities (e.g., soy), where large-scale farming is more common,<sup>37</sup> and less likely in the cocoa sector, which has high reliance on smallholders.<sup>38</sup> Therefore, it is unlikely the EU (the largest cocoa importer),<sup>16,33</sup> could fulfil demand solely from large-scale producers. Interviewee A attests that EU operators are currently tracing existing supply chains, rather than switching suppliers; in this way, EUDR may facilitate more direct access to the EU market for cocoa farmers, possibly increasing their bargaining power and incomes. However, less-commercialised smallholders may risk being outcompeted by smallholders better equipped to meet due diligence requirements, e.g., who already own their geo-location data. This was observed in Côte d'Ivoire, where cocoa regulatory barriers resulted in more-commercialised farms expanding and displacing less-commercialised farmers.<sup>39</sup>

This risk is exacerbated by the lack of requirements for EU operators to support smallholders with compliance.<sup>31</sup> A study of EUTR impacts found that some Ghanaian timber-producers went out of business, largely because of inability to deal with compliance costs.<sup>40</sup> Additionally, barriers could exist regarding farmers' technical abilities, e.g., in identifying land classified as 'forest' by EUDR, or more simply in awareness of new rules.<sup>D;41</sup> The late-2020 cut-off date decreases the number of smallholders currently working on non-EU-compliant land, ensuring most smallholders currently producing cocoa can access the EU market in the future.<sup>42</sup> However, if EUDR restrictions are not communicated sufficiently, there is risk that smallholders will plant cocoa trees now, and face market exclusion when cocoa is sent to market in three-to-five years.<sup>5</sup>

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<sup>††</sup> The proposal for a Directive on corporate sustainability due diligence was passed in February 2022, and will require companies to address negative impacts of their actions within their value chains in and outside of Europe<sup>36</sup>.

## 5.2 Economic Impacts

### 5.2.1 *Competitive advantage*

The EU expects countries classified as low-risk under EUDR benchmarking to gain a competitive advantage, given their reduced due diligence requirements. Whilst classifications are yet to be assigned, the EU-IA suggests Ghana and Côte d'Ivoire could be assigned 'high-risk' status, with Cameroon and Nigeria 'standard-risk' (see [appendix 1](#)). As such, LMS countries could benefit from increased EU demand,<sup>16</sup> and even increased global demand,<sup>A</sup> given that EU market regulation often has global influences<sup>43</sup> and similar legislation is being drafted in the USA.<sup>44</sup> However, in this case the cut-off date may dampen this relative advantage, because it effectively rewards countries that have historically deforested large areas of their land to expand their cocoa production, such as Ghana and Côte d'Ivoire.<sup>21</sup> Alternatively, LMS countries with comparatively more intact forest cannot expand their cocoa production to the same extent *and* access the EU market, as either deforesting this land or establishing shade-grown cocoa within untouched forest would result in market exclusion.<sup>D</sup>

Competitive advantages may additionally be achieved where countries have an enhanced ability to provide EU operators with appropriate compliance data. Currently, Ghana's and Côte d'Ivoire's developing national traceability systems (NTS) are leading the way, and Corporate traceability systems have mostly focused on these countries too, perhaps because CFI prioritises traceability.<sup>8</sup> LMS countries like Cameroon are at earlier design stages,<sup>13</sup> so appropriate support to aid NTS development may help LMS countries gain similar competitiveness.

### 5.2.2 *Compliance costs*

Whilst due diligence is EU operators' responsibility, producer countries will face additional costs to gain a competitive advantage, and there is no obligation for EU operators to provide financial aid for this.<sup>42</sup> Without careful regulation, smallholders themselves could bear these costs,<sup>31</sup> despite having limited financial capital to invest.<sup>41</sup> This was an issue with EUTR implementation in Ghana, where the costly, "cumbersome and bureaucratic"<sup>40, p.4</sup> compliance process, including obtaining various certificates, permits and contracts relating to business registration, taxes and environmental data, made EU export "financially unattractive".<sup>40, p.4</sup>

That being said, while producer-countries are bearing such costs for their NTS, so far EU companies have mostly absorbed additional costs for their own supply chains traceability, without burdening smallholders.<sup>A</sup> Although this is positive, it may have a knock-on effect on cocoa farm-gate prices (in Indonesia, private regulation of the coffee market may have reduced farm-gate prices for beans).<sup>46,45</sup> Furthermore, if EU companies finance traceability systems, they will likely claim data ownership, as suggested by current trends.<sup>13</sup> Interviewee A noted that without access to their data, farmers will have limited ability to switch to buyers offering more favourable rates, and could therefore be locked into economic dependency with the cocoa company who owns their all-important traceability data.

## 5.3 Environmental Impacts

### 5.3.1 Environmental protection and enforcement

EUDR benchmarking is designed to incentivise producer countries to improve forest protections.<sup>16</sup> Besides obvious global benefits, maintaining/increasing forest cover is regionally important, as decreased forestry can alter regional microclimates,<sup>C</sup> increase vulnerability to climate change and decrease agricultural yields.<sup>C:34</sup> However, there are contrasting views on how countries' risk level should be classified.

Whereas some agree past deforestation rates can predict future rates, (Côte d'Ivoire and Ghana had the highest deforestation rates in West Africa over the past two-years, despite having the least tree cover),<sup>48-50</sup> others argue that it is countries with more forest cover (i.e., LMS countries) that have greater risk of future deforestation.<sup>D</sup> Additionally, benchmarking should consider *drivers* of forest preservation.<sup>C</sup> For example, in Cameroon, efforts to decrease illegal logging has been hindered by poor forest protection enforcement.<sup>51</sup> Therefore, the reason for Cameroon's lower historic deforestation rates (compared to Ghana/Côte d'Ivoire) may be due to low market demand rather than strong forest governance. As such, the increased market demand associated with a lower risk status (see 5.2.1) could ultimately drive deforestation. This risk increases with the context that Cameroon plans to double their cocoa production.<sup>6</sup> Furthermore, because EUDR treats post-2020 deforestation and forest degradation (including establishing new agroforestry) equally, there is no incentive for LMS countries to expand cocoa production through increasing agroforestry, which is ultimately the more sustainable option<sup>‡‡</sup>. That being said, if the EU regularly re-assess risk-levels as outlined within Article 27 of EUDR,<sup>11</sup> low-risk countries may be incentivised to maintain/strengthen forest governance to maintain this status.

### 5.3.2 Poverty and deforestation

In instances where smallholder incomes are severely reduced through EU market-exclusion, EUDR restrictions could increase deforestation, due to inextricable links between poverty and deforestation<sup>D</sup>; a systematic study of developing countries' deforestation rates demonstrated rising poverty as a driver in increased logging and subsistence farming.<sup>53</sup>

### 5.3.3 Leakage potential and implications for no net deforestation

The major unintended consequence raised by the EU-IA is the potential for leakage, whereby EUDR would not cause a net decrease in deforestation, but rather re-route deforestation elsewhere.<sup>16</sup> Whilst leakage is mostly relevant to EUDR's efficacy, reducing deforestation is beneficial to producer countries' climate and agricultural resilience (5.3.1), so leakage would negatively impact them too, and thus the risks pertaining to cocoa-producers are explored in [figure 3](#).

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<sup>‡‡</sup> Although establishing new agroforestry in primary forest will be associated with some biodiversity/carbon-storage loss,<sup>A</sup> it is nevertheless preferable to complete deforestation.

## Leakage to non-EU markets

EUDR may result in a split market, where deforestation-free products end up on the EU market, while deforested products escape EUDR requirements by diverting to non-EU markets with less stringent requirements.



### Example:

- EUTR implementation resulted in diversion of forestry products from the EU to Asia and domestic markets.
- After EUTR, timber exports from the Democratic Republic of Congo to the EU decreased by 50%, while (mostly non-EUTR compliant) exports to China increased by >1000%.
- However, this is harder for countries with larger market shares; in Indonesia, for example, EU forestry exports only decreased by 17% following EUTR adoption.

### Cocoa-specific context:

High levels of cocoa consumption are culturally unique to Europe, so there is unlikely to be a significant increase in demand from other regions.

## Leakage to other commodities

EUDR may result in no net deforestation reductions through indirect land-use change, whereby existing agricultural land is increasingly used for cocoa production and other commodities covered by EUDR, while commodities not covered by EUDR are increasingly pushed into forested areas, which otherwise would have been used for expansion of e.g., cocoa production.



### Example:

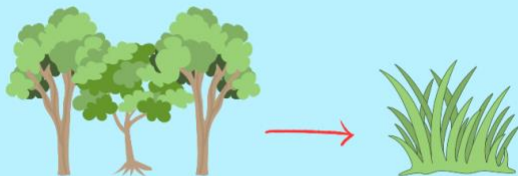
This occurred with the Cocoa & Forests Initiative in Ghana and Côte d'Ivoire, which resulted in the encroachment of rubber production into protected forest areas.

### EUDR-specific context:

However, a benefit of EUDR is its cross-commodity approach, and its mechanism to include more commodities where the need arises.

## Leakage to other habitats

While EUDR may prevent expansion of cocoa into forests, it could cause cocoa expansion to shift to other ecologically-important habitats not covered by the regulation.



### EUDR-specific context:

- However, EUDR does require a review to be conducted within 2 years of enforcement to determine whether the regulation should be extended to other habitats/ecosystems.
- If this were to happen, newly included habitat destruction could conceivably have a similar cut-off date to the original deforestation date (31/12/20), and therefore encroachment into other ecosystems would be a risk.

## Leakage through laundering

There is potential for cocoa from high-/standard-risk regions (which could include non-complaint cocoa from deforested land) to be laundered through countries classified as low-risk, in order to take advantage of lesser due diligence obligations.



### Example:

Similar cocoa laundering schemes already exist. For example, there is evidence of cocoa from Liberia being smuggled into Côte d'Ivoire if it is of good enough quality to fetch a higher price there, or vice versa if the opposite is true.

### Cocoa-specific context:

Such laundering of non-compliant commodities is a particular risk when operators are not buying directly from farmers, as is the case in the cocoa sector, where a complex network of intermediary traders are often involved.

**Figure 3: Potential leakage mechanisms which could reduce the efficacy of the EU's Deforestation-Free Supply Chain Regulation.** Figure is authors' own work, information is taken from references: A,E,F; 1,16,31,34,41,42,54-56



## 6 Implications and Recommendations

### 6.1 Policy Recommendations

Section 5 explores social, economic and environmental challenges posed by EUDR for West African cocoa-producers. Thus, policy recommendations the EU could take to mitigate these effects are made below.

#### **P1. Make consultation with producer countries more participatory, with binding commitments to incorporate outcomes into policy adaptations.**

The EUDR's consultation stage was insufficient in its inclusion of producers, at both national and smallholder levels (see [section 4](#)). The EU should prioritise participatory and inclusive dialogue in ongoing EUDR development and implementation, especially important given the colonial power dynamics that exist when the Global North imposes rules of operation that could stunt economic growth of countries in the Global South.<sup>41</sup> Such dialogue should be co-creative, for example including producers in agenda-setting to ensure that discussion boundaries are not predefined. Producer-country-led co-production of EUDR will likely increase its efficacy, for example by incorporating local knowledge, and identifying community-specific barriers to access.<sup>41</sup> Crucially, the EU should include binding mechanisms to feed the outcomes of such dialogue back to EU policy-makers, and ensure they are incorporated into policy adaptations and implementation to ensure the regulation is context-sensitive and includes support to mitigate barriers and negative impacts.<sup>28,41</sup>

#### **P2. Integrate international human rights standards and promotion of land tenure security within EUDR.**

A major criticism of EUDR is its failure to capitalise on the potential to ensure products on the EU market are free of deforestation *and* human rights violations (see [5.1.1](#)). This is especially important considering the intertwined history of European consumption driving both deforestation and human rights abuses in the Global South.<sup>2</sup> Crucially, this element should stipulate adherence to *international* human rights standards. This would ensure that any EUDR-driven focus on increasing legal land tenure for smallholders (see [5.1.2](#)) would respect customary land tenure (in line with the Voluntary Guidelines for the Governance of Tenure).<sup>2,31</sup> Calls for the EU to expand EUDR in this way were laid out in an open letter from forest-dependent and Indigenous communities.<sup>57</sup>

The inclusion of international human rights standards will undoubtedly complicate EUDR implementation (see [5.1.1](#), [5.1.2](#)). For example, land tenure is highly politicised in many areas; in Côte d'Ivoire, land tenure has historically been denied to migrants, fuelling past conflict,<sup>5</sup> and as such needs to be approached sensitively. However, human rights inclusion is arguably both worthwhile and necessary, given the potential for negative impacts on smallholders, which incidentally could also decrease the regulation's efficacy (see [5.3.2](#)).

#### **P3. Provide concrete commitments regarding the financial and technical support that should be given to producer countries and smallholders to aid EUDR compliance.**

Article 28 of the EUDR sets out requirements for Member States' cooperation with producer countries, which only commits to "develop a comprehensive EU strategic framework for such engagement and ... consider mobilising relevant EU instruments".<sup>11 Article 28</sup> While trends suggest some downstream operators are already engaging with smallholders to meet regulatory requirements, the EUDR itself does obligate operators to provide this support.<sup>42</sup> Additionally, it has so far failed to provide a framework for how the EU will engage with producer countries.

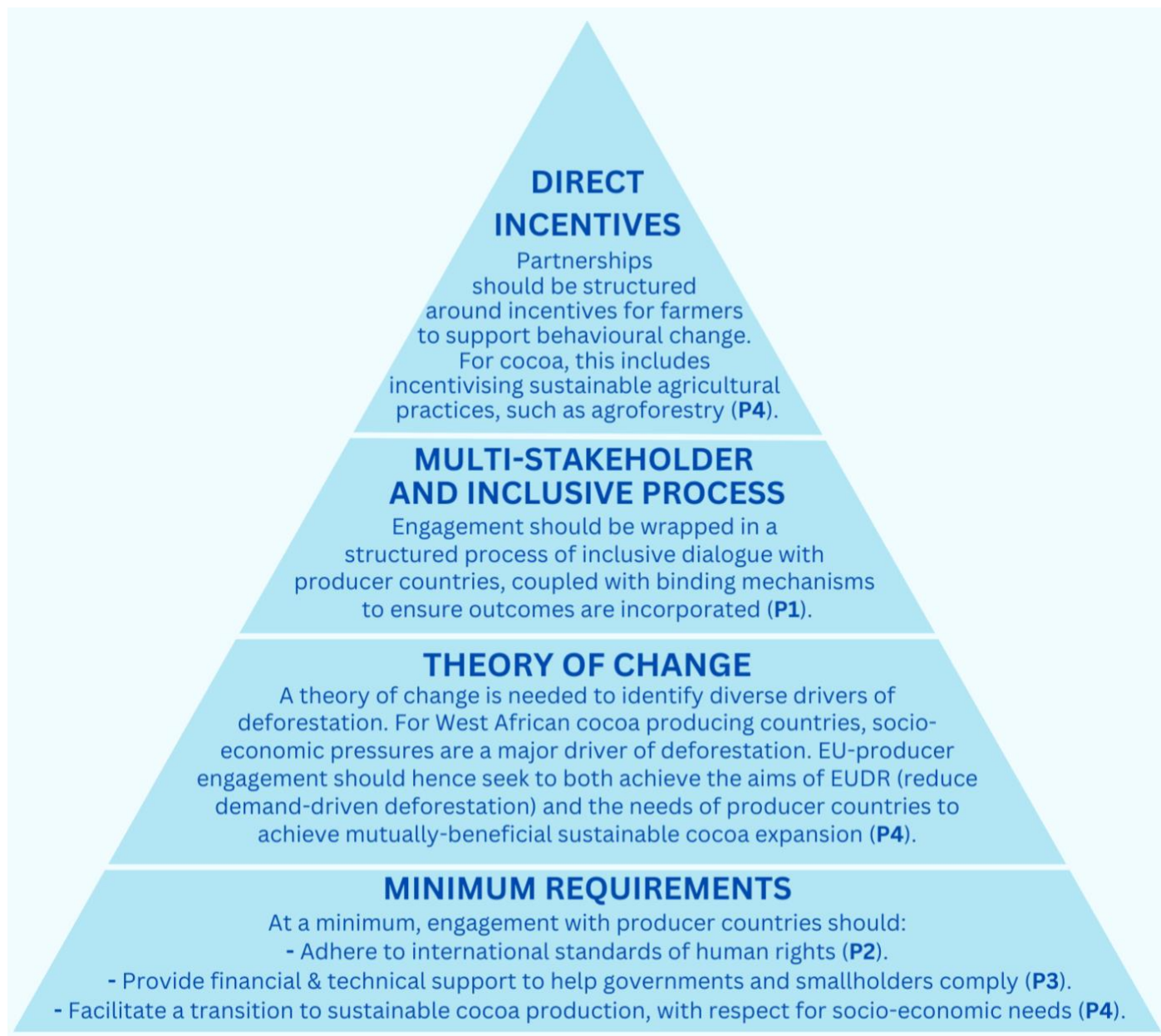
Providing technical and financial support at national and individual scales is essential to help producers meet due diligence requirements. For example, aid for NTS development is especially important for LMS countries, as Ghana and Côte d'Ivoire are further along in NTS development.<sup>13</sup> Capacity building support for smallholders is necessary to prevent their exclusion from the EU market.<sup>41</sup> This is also necessary to ensure the efficacy of EUDR as, for example, limited knowledge, resources and financial capacity often drive smallholders to deforest new land rather than rehabilitate unproductive cocoa land.<sup>5</sup> Similarly, barriers to compliance may exist in smallholders' understanding of EUDR restrictions, making effective dissemination of new restrictions and commodity- and region-specific training vital.<sup>5</sup> Therefore, prior to EUDR implementation, the EU should develop a strategic framework for producer country engagement (a recent report by Fern details what this framework should look like, see reference 35) and lay out concrete obligations for EU operators to provide producers with financial and technical support, by stipulating minimum requirements.

#### **P4. Align incentives to promote sustainable growth within the cocoa sector.**

Regardless of EUDR restrictions, the West African cocoa sector is likely to expand.<sup>6</sup> However, currently EUDR does not incentivise growth to happen in the most sustainable way, as newly-establishing shade-grown cocoa farms within forests will be punished equally to completely deforesting and establishing new full-sun cocoa farms, despite the former being associated with increased tree cover, biodiversity and sometimes profit.<sup>5,24</sup> EUDR could be amended to define what constitutes sustainable agriculture for each commodity (i.e., allowing new cocoa agroforestry), to allow socioeconomically-necessary cocoa sector growth to continue in a way that maintains as much tree cover and biodiversity as possible. One possible incentive to further promote this is to give countries with a certain threshold of agroforestry a low-risk status in the benchmarking system. Adopting this recommendation would require enhanced financial and technical support (see P3), e.g., providing smallholders with high-yield agroforestry cocoa tree varieties, funding to aid with increased labour associated with agroforestry, and training to correct misunderstandings regarding agroforestry.<sup>5,24</sup>

## 6.2 Framework for EU engagement with producer countries

From these recommendations, [figure 4](#) below shows a strategic framework<sup>§§</sup> for how the EU can engage effectively with cocoa producing countries during the implementation of the EUDR to mitigate potential negative impacts and maximise socio-economic and environmental benefits for all involved. It has been adapted from the minimum requirements and core elements required by for an EU strategic framework for producer country engagement, developed by Fern<sup>\*\*\*35</sup> (see [appendix 3](#)).



**Figure 4: Strategic framework for EU engagement with cocoa- producing West African countries during the implantation of the EUDR.** Figure is authors’ own work. The framework builds upon suggestions by Fern (see reference 35).

§§

\*\*\* This was developed through analysis of 8 different existing partnership approaches

## 6.3 Implications for traceability within cocoa supply chains

As discussed in [section 5](#), digitised traceability systems<sup>+++</sup> are key to help EU companies meet EUDR’s due diligence requirements by providing data on commodities’ origins. Systems can be owned by producer country governments, independent standard bodies (like Fairtrade), or commercial operators, (as is most common in the cocoa sector).<sup>13</sup> [Section 5](#) also highlighted the challenges and opportunities traceability systems present beyond meeting compliance, such as enabling a more transparent and fair cocoa industry across the value chain. Following the findings of this report, this section reflects on how cocoa traceability systems can be approached, designed and implemented to best benefit cocoa-producing countries and smallholders.

### 6.3.1 Approach: Focus on first mile traceability

To accurately record the conditions of cocoa farmers, the gap of ‘first-mile’ traceability first needs to be solved. For cocoa, the majority of smallholders are within companies’ indirect supply chains,<sup>58</sup> yet company-led traceability systems focus almost exclusively on their direct supply chains,<sup>C;59</sup> therefore not recording the conditions of most of their suppliers. Whilst traceability systems could enable more direct sourcing in the long-term,<sup>A,B</sup> in the short-to-mid-term, producer-country governments play a vital role in tracing indirect supply chains.<sup>13</sup> This could come from developing a single, public NTS (as in Ghana and Côte d’Ivoire), or through co-ordinating and regulating company-led systems.<sup>6</sup> In either case, it is crucial that data within an NTS is publicly available and can be externally verified.<sup>60</sup>

### 6.3.2 Design: for cooperation

For traceability systems to best benefit smallholders, farmers need to have access to their data. For example, farmers with access to geo-location data can negotiate a better price for their beans, given that commodities with a known source can generate two-to-three times more revenue.<sup>61</sup> Additional benefits for farmers can be garnered through:

- Access to crop data, to support production yields.<sup>F</sup>
- Access to credit history, to reduce financial risk (e.g., underpayment) and increase financing options.<sup>13</sup>
- Facilitating information transfer between farmers and operators, to communicate useful information, e.g., training options.<sup>D</sup>

Fundamentally, traceability systems need to be designed to empower farmers through effective data management. This requires going beyond viewing traceability only as a means of regulatory compliance, and adopting a co-operative function which seeks to equip farmers with information and tools to help them achieve shared sustainability goals.<sup>62</sup>

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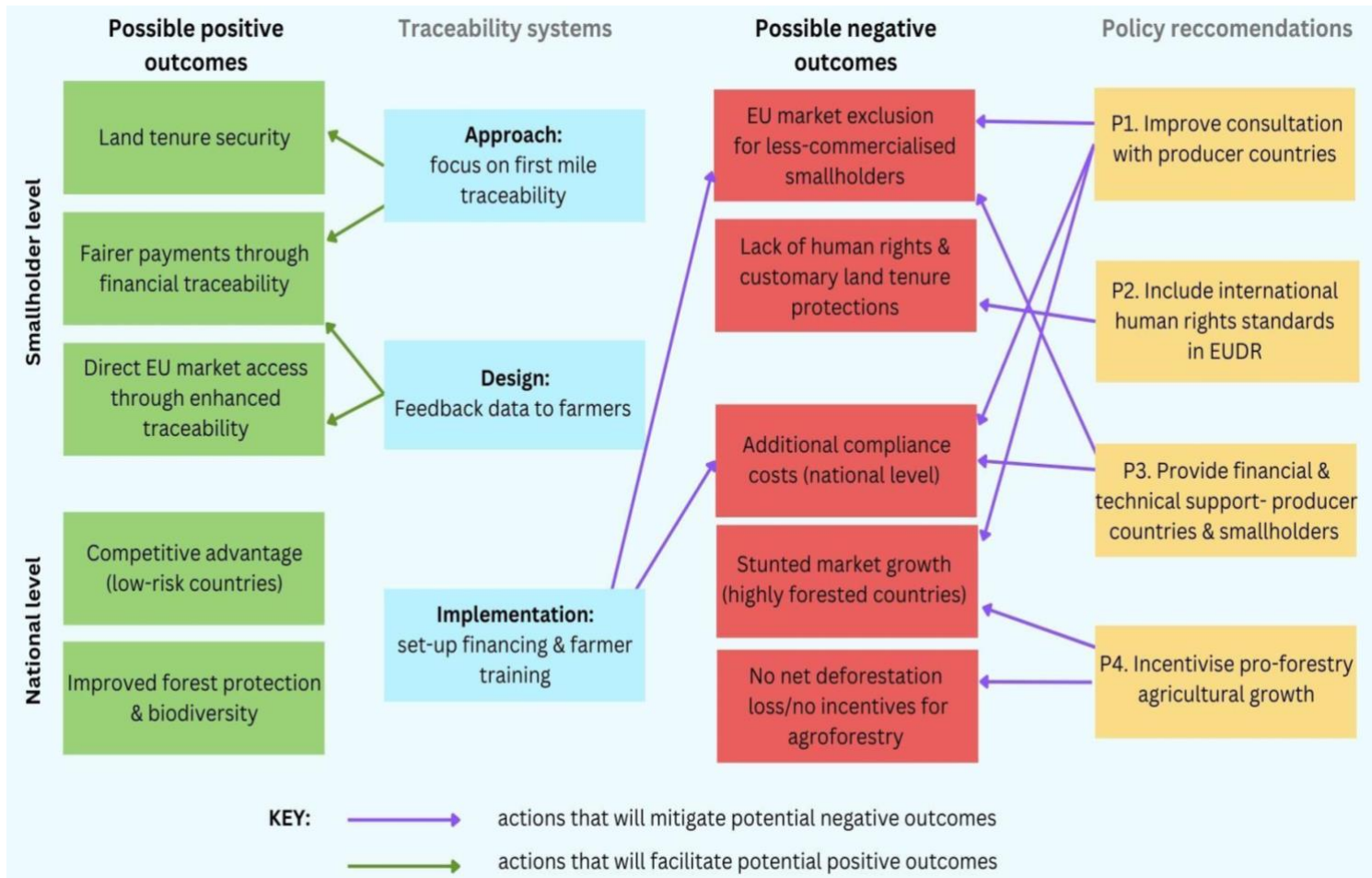
<sup>+++</sup> A traceability system is “a totality of data and operations that is capable of maintaining desired information about sustainably produced cocoa and its components through all or part of its production and/or cocoa supply chain”<sup>63</sup>

### **6.3.3 Implementation: Financing and farmer training**

Traceability systems are costly and time-consuming to implement.<sup>E;61</sup> Currently, there lacks financing options to support producer-country governments in developing NTS (which will aid EU operators in meeting EUDR due diligence requirements). For cocoa-producing countries whose economies rely heavily on EU exports, the extra cost burden could be detrimental to their cocoa trade and national economy. Therefore, to promote development of robust and credible NTS, finance mechanisms which alleviate the costs need to be developed.<sup>35</sup>

At the smallholder level, implementation of traceability technology is challenged by farmer scepticism concerning data collection,<sup>61</sup> as well as knowledge of using new systems. For example, one study found the utilisation of e-wallets by cocoa farmers was limited due to their lack of confidence in them.<sup>13</sup> Therefore, to maximise the benefit to smallholders and increase efficiency, implementing traceability systems should be coupled with direct farmer communication, advisory services and technical training.<sup>61</sup>

## 7 Concluding Remarks and Future Work



**Figure 5: summary of potential unintended consequences identified by this report, with suggested policy recommendations and traceability system implications.** Figure is authors' own work.

Figure 5 summarises the potential unintended consequences of EUDR for cocoa-producing countries in West Africa, as discussed in section 5. It highlights where the policy recommendations in section 6.1 can be used to overcome the potential negative impacts, as well as how traceability systems can be approached, designed and implemented to best benefit farmers and producer countries, as outlined in section 6.3.

A major limitation of this research was the inability to speak directly to people from cocoa-producing countries, or to speak to EU representatives actively involved in developing and implementing EUDR, so further research should attempt to gain these perspectives on the findings detailed within. Additionally, because EUDR has not yet been implemented, the consequences highlighted within this research are hypothetical. As such, future research should assess the real-time impact of EUDR on producer countries and smallholders in each of the areas highlighted within section 5.

Ultimately, whilst EUDR marks an important step to limit EU consumption-driven deforestation and forest degradation, the regulation will not be without significant social, economic and environmental impacts for producer countries and smallholders, particularly in LMS countries.

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## Appendix 1: Benchmarking criteria

The identification of low and high risk countries or parts thereof pursuant to paragraph 1 shall take into account information provided by the country concerned and be based on the following assessment criteria:

- (a) rate of deforestation and forest degradation,
- (b) rate of expansion of agriculture land for relevant commodities,
- (c) production trends of relevant commodities and products,
- (d) whether the nationally determined contribution (NDC) to the United Nations Framework Convention on Climate Change covers emissions and removals from agriculture, forestry and land use which ensures that emissions from deforestation and forest degradation are accounted towards the country's commitment to reduce or limit greenhouse gas emissions as specified in the NDC;
- (e) agreements and other instruments concluded between the country concerned and the Union that address deforestation or forest degradation and facilitates compliance of relevant commodities and products with the requirements of this Regulation and their effective implementation;
- (f) whether the country concerned has national or subnational laws in place, including in accordance with Article 5 of the Paris Agreement, and takes effective enforcement measures to avoid and sanction activities leading to deforestation and forest degradation, and in particular whether sanctions of sufficient severity to deprive of the benefits accruing from deforestation or forest degradation are applied.

## Appendix 2: General Interview Questions

1. In what capacity have you been involved in the recent EU regulation on deforestation-free supply chains?
2. What do you see as being the main benefits (if any) of the regulation, from a producer country's perspective, both at the national trade level and at the farmer level?
3. What do you see as being the main concerns (if any) of the regulation, from a producer country's perspective, both at the national trade level and at the farmer level?
4. Do you think the impact of the regulation will be felt equally across African countries, or is it likely to vary depending on existing market size?
5. a. Do you have any understanding of the consultation process for developing the Regulation?  
b. If Yes: in your opinion, how well were producer countries involved in the conversation, and do you think their concerns were sufficiently heard?
6. What opportunities can traceability provide for producer countries, beyond meeting due diligence requirements?
7. What are the challenges (if any) for West African countries looking to implement a traceability system?
8. What kind of policy changes could be made to address these challenges?
9. Time for reflection – any other relevant insights?

### 1. MINIMUM OBJECTIVES

The Strategic Framework should set out the objectives that, at a minimum, all supply-side partnerships should aim to achieve. These could be:

- **tackle underlying drivers** of deforestation and human rights violations, including poor governance and law enforcement, and systemic small farmer and forester poverty in supply chains.
- **assist producers to comply** with the Regulation on deforestation-free products without creating a two-tier production model.
- **support the transition to sustainable agriculture and forestry**, including sustainable and resilient livelihoods for the farmers and foresters involved.

A full set of objectives for a supply-side partnership would, however, need to be decided by the stakeholders in the producer country, according to the process described in the next section. The Regulation applies to seven commodities, each of which is characterised by different value chains, countries of production, and deforestation-risk factors. These differences will mean that national stakeholders will not necessarily have shared priorities. Supply-side partnerships will have to be sensitive to these differences, and may incorporate aims beyond the core objectives outlined above.

Partners will have to agree, at the outset, which FERC sectors will be targeted by the process. This will have implications for the stakeholders involved and the issues to be addressed. In some cases, a single commodity dominates relevant production in that country (i.e. cocoa in Côte d'Ivoire), and focussing on that industry is therefore likely to be a sensible approach. In other cases, countries are key producers of more than one of the target FERCs. Brazil is a major exporter of soy, beef and coffee, for instance (see Table 1). Partners in the process will have to assess the best approach; whether it is incorporating multiple commodities within a single process, or targeting a single FERC value chain. The approach should be guided by the national legislative framework, and whether there is overlap between zones of production of different FERCs, relevant stakeholder groups, and existing initiatives in the country.

### 2. THE CORE REQUIREMENTS

Analysis of eight different kinds of existing partnership approaches<sup>16</sup> revealed four core requirements for effective partnerships. The Strategic Framework should ensure new and existing supply-side partnerships meet the following criteria:

- **A clear Theory of Change.** Describing the aim of the partnership is insufficient. It should be clear who needs to act, and what they need to do in order to achieve change. The Strategic Framework should therefore guide EU engagement, and the in-country processes that emerge from it. An effective Theory of Change needs a robust analysis of the problems and gaps.
- **A multi-stakeholder and inclusive process** in which governments, private sectors (including small farmers and forest producers), local and international NGOs, and communities are all included in decision-making. But not all multi-stakeholder processes are the same. Truly inclusive processes take time and some stakeholders may require additional support to enable them to play a meaningful role. This includes pacing meetings so that representatives have time to consult with their constituencies. Failure here can damage outcomes overall.
- **Clear and direct incentives** to encourage actors to change. This is where financial incentives and disincentives, including market access measures, are important. Parties need to be sure that incentives are there in the medium to long term, and will not be dismantled immediately upon a new administration taking over. The Strategic Framework should contain a menu of different options for incentives, to be chosen according to the context. An exploration of different incentive options is provided on page 12.
- **Independent and robust monitoring and evaluation systems, linked to enforcement mechanisms.** This allows for the impact of the partnership to be tracked, and imposes accountability on the parties involved, both of which are needed to maintain engagement. Independent monitoring will only be possible if there is reasonable transparency and accessible information. Where this is lacking, improving transparency will have to be a key work area. It will also be necessary to agree in advance what happens to recommendations proposed by evaluations.