



# FORESTS OF THE WORLD.ORG

**European Deforestation Regulation and the possible  
impact on smallholders**

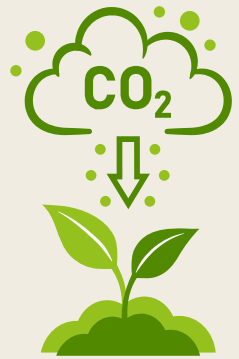
# Who are Forests of the World?

- Our vision is "a world with rich forest nature"
- Founded in 1983
- We work in East Africa, South and Central America and Denmark
- We have our head office in Aarhus and offices in Copenhagen, Addis Ababa (Et), Santa Cruz (Bo) and La Ceiba (Ho)
- We have 25 global employees (of which 18 in DK), active volunteers in 4 thematic and 3 local groups, as well as an exclusively volunteer board
- +6000 members (more than tripled since 2014)

# Why should we care for forests?



**More than 80% of all land-living species depend on the forests**



**Forests store carbon**

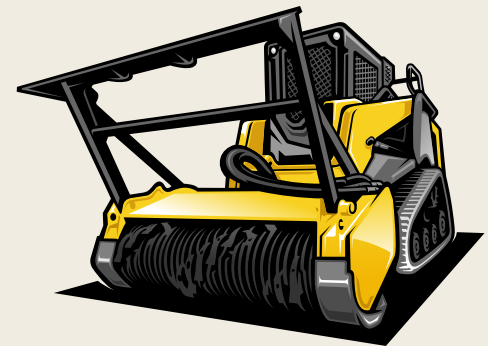


**1.6 billion people live in and of the forests**

# But forests are in decline - and we are not saving them



We have lost 420 million hectares of forests between 1990 and 2022



Between 80-90% is due to agricultural expansion



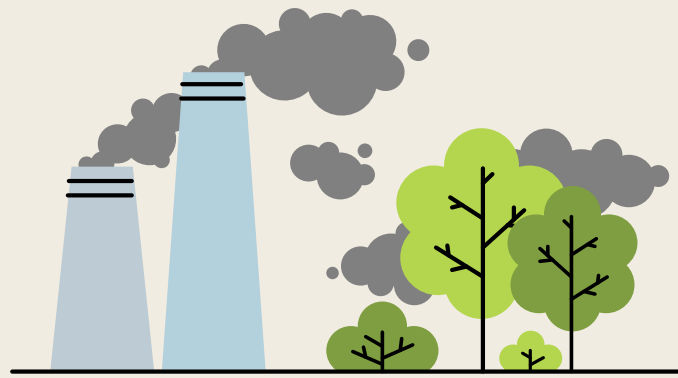
EU is the second biggest importer of deforestation

**Voluntary agreements have not worked!**

# Why is this important for the EU?



EUDR IS a green jewel in the EU green deal



Deforestation equates to 12% of all emissions - halting deforestation is key to reach climate targets



Can also have a positive impact on European forests

# Why EUDR is the greatest thing in the world?

The European deforestation regulation (EUDR) outlines specific requirements to companies importing/exporting to the EU with the aim to ..”avoid that the listed products Europeans buy, use and consume contribute to deforestation and forest degradation in the EU and globally”

- The EUDR is a groundbreaking, first of its kind regulation
- Can change the way we work with supply chains
- This is the EU taking responsibility
- Has the potential to benefit forests and the people living in and of them

# Quick comment on recent events

The Commission proposed a 1-year delay

EPP proposed additional changes incl. adding a “no risk” level to the benchmarking system

Risk: EUDR is only the beginning





**What does the EUDR mean for smallholders?**



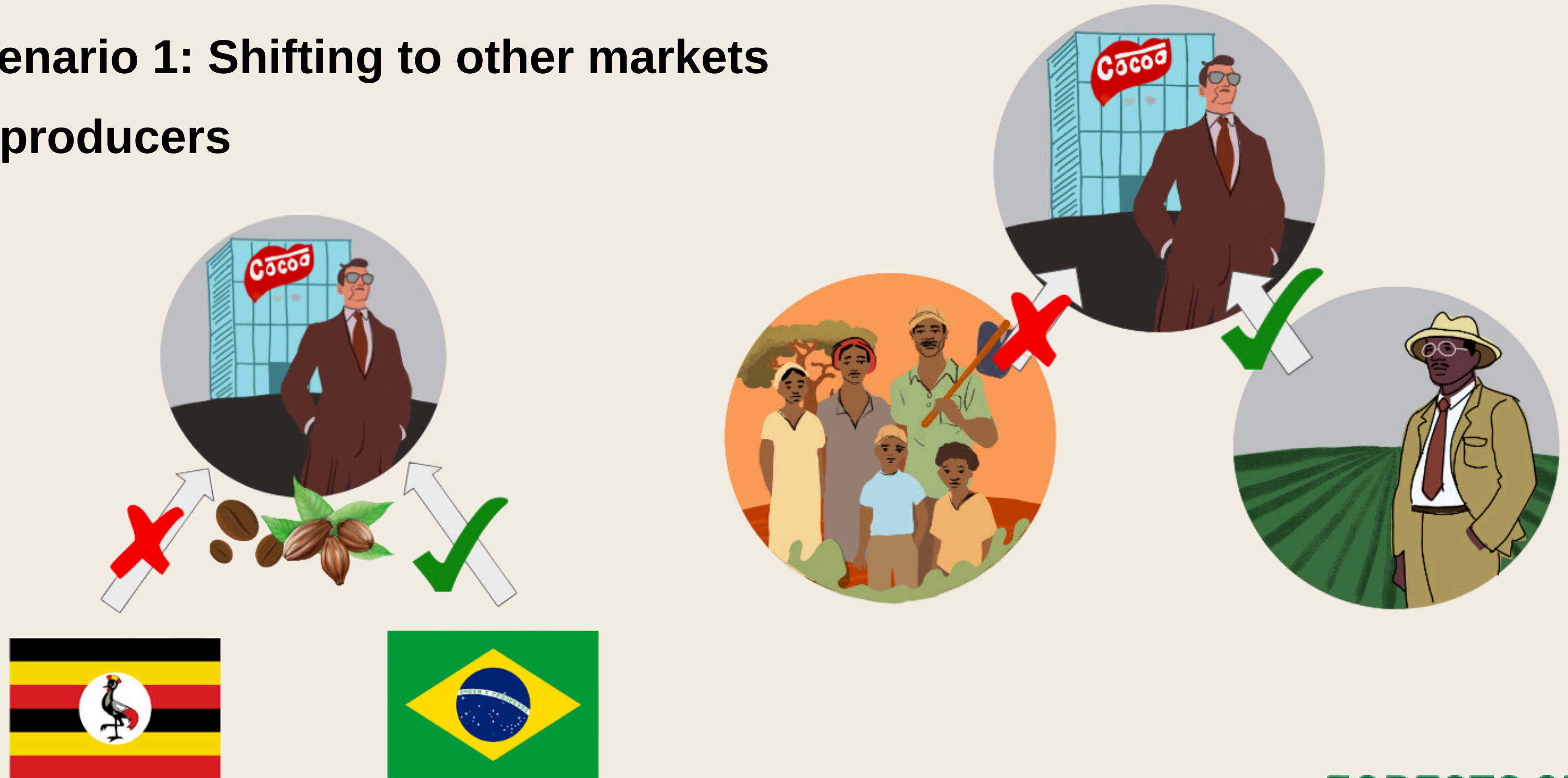
**There are many traceability systems and opportunities**  
**Not many systems take into consideration forest-adjacent smallholders**

**Key point:** We need smallholders in our supply chains and we will NOT save forest without them

**Data ownership:** It is key that smallholders own their data themselves

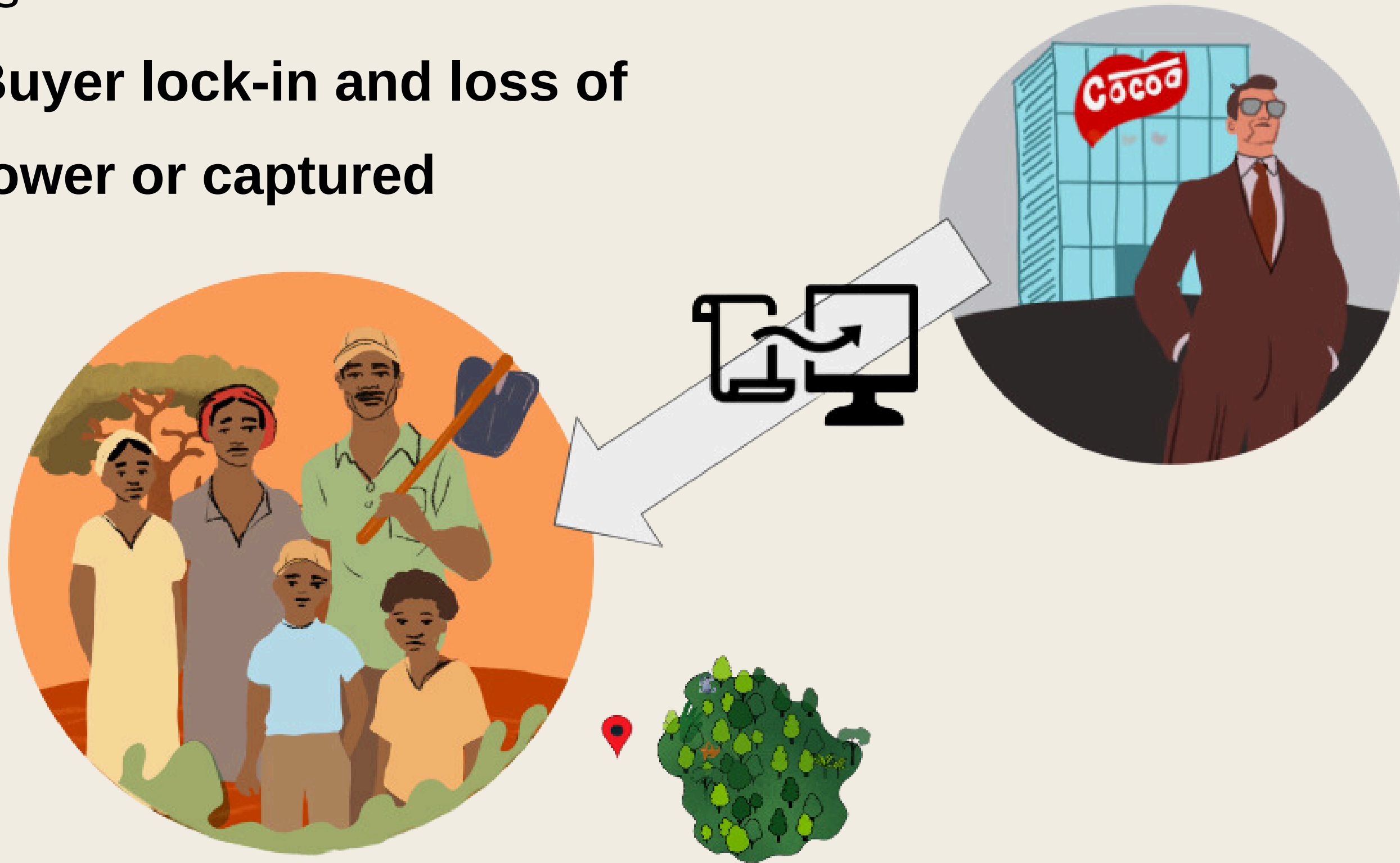
# Four scenarios

## Scenario 1: Shifting to other markets or producers



Four scenarios

**Scenario 2: Buyer lock-in and loss of bargaining power or captured governance**



Four scenarios

**Scenario 3: Unequal  
documentation requirements  
and risk perception**



Four scenarios

**Scenario 4: Additional costs of the EUDR  
being charged at farm level**



# TRACEABILITY



- Most smallholders have less than 4ha (but are often organised in cooperatives)
  - option 1: one geo point per farmer (EUDR requirement)
  - option 2: polygons for ALL plots of land (recommended by Forests of the World)

## 7 recommendations for companies

- 1** *Designing for farmers and cooperatives*
- 2** *Storing data close to source*
- 3** *Interoperability between systems*
- 4** *Simple and intuitive design*
- 5** *Fair business/financing/reliable partners*
- 6** *Data premiums*
- 7** *Documentation needs based on local condition/capacity*



## Opportunities

- Data is the future
- Digitalisation will increase effectiveness of producer organisations
- Digitalisation and transparent value chains can cut out middlemen to the benefit of the producer and end-user
- Data can be a unique selling point - good data can generate high premiums

Key point: **We need smallholders in our supply chains for the forests and for us**





# Thank you

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Contact details:

Anne-Sofie Sadolin Henningsen

[Anh@forestsoftheworld.org](mailto:Anh@forestsoftheworld.org)

+4520248829