

TFA EU DEEP DIVES

COUNTRY BENCHMARKING AND LANDSCAPES

OCTOBER 2022

KEY TAKEAWAYS:

Below, are some of the key takeaways from the panellist presentations and subsequent discussions:

Implications and opportunities relating to the Country Benchmarking System:

The discussion highlighted concerns that the Country Benchmarking results will lead to the **exclusion of high-risk areas from EU markets**, resulting in negative impacts on livelihoods for smallholders and local communities. Though it was also recognised that the evaluation of the level of risk for deforestation for each country has the **potential to help producing countries understand their risk levels** and highlight areas where actions and partnerships may be needed to **support their transition from high to low risk**. In general we could say that the Country Benchmarking approach might be welcome, **as long as it was done with the intention of identifying areas of support in producer countries**, rather than as a mechanism to exclude certain countries from the European supply chains.

At the operator level, while the Country Benchmarking system is **unlikely to be granular** in nature, the data used to assess the country risk levels could be used by operators to **inform their own risk assessments**, as well as inform where resources and focus should be prioritized. Additionally, the benchmarking system offers an **opportunity for operators to further explore how certification can help to address certain requirements in the regulation** while identifying **gaps** and consequently what complementary approaches are needed to comply beyond what certification can already cover, always noting that the burden of compliance lies with companies placing product on the EU market.

One key conclusion from the panel discussion is that the country **benchmarking currently only recognizes the role played by producing countries** but should also reflect the **role of consumer countries in terms of driving deforestation** in these producing countries. It is also critical to acknowledge that **deforestation might not just be rooted in agricultural practices** but that other sectors might also be key drivers, for example the energy and mining sectors.

Additionally, panellists have identified the lack of financial resources as being one of the key barriers for producing countries to address any of the challenges relevant for the factors in the risk classification used for the EU's Country Benchmarking. The hope is that these risk categorisations will instead **provide an opportunity to identify where the focus is needed in terms of supporting countries** and/or jurisdictions to **progress from high risk to low risk for deforestation**.

The final key conclusion highlighted during the panel discussion is **that the Country Benchmarking results might not be available for months or even years after the regulation comes into effect**. However, operators should not wait until these are available to start identifying risks within their own supply chains and countries they are sourcing from, as they will need to comply with the regulation in all likelihood well before any EU Country Benchmarking results are available.

Need for partnerships to support the transition from high to low risks for deforestation and consequent opportunities for landscape/jurisdictional-level partnerships:

The panel discussions highlighted the **strong need for partnerships between EU members states, producing countries' governments and private sector actors**. Based on the Country Benchmarking results, these partnerships **focus on identifying what actions and initiatives are already in place in producing countries and identify gaps** that will need resources and capacity to get them to a level that meets the regulation.

It was noted that such partnerships **should not be limited to issues directly linked to commodity-driven deforestation**, as there is a clear need to consider other sectors and socio-economic contexts that might also be driving deforestation (e.g. impact of the energy sector).

It is also important for the EU to recognise the **potential for continuous improvement and progress within different partnerships**, in order to utilize them as **tools to avoid exclusion of high-risk areas** in the case where these areas are progressing and have a credible pathway to transition to low risk.

For private sector actors, **operators should be aware of what initiatives are in place and how to support them** to address risks in the jurisdictions they source from. However, this would require such initiatives to be mapped and access to publicly available information on what issues they are tackling and their intended outcomes. To conclude, there was **a strong call also to support what a country is already doing**, e.g. helping countries to achieve their REDD+ target or financial and technical-capacity resources for NDC completion in agriculture and forestry.

The role of Landscape and Jurisdictional initiatives

Panellists highlighted the **potential for landscape initiatives as an opportunity for the inclusion of all stakeholders to tackle issues such as deforestation and climate mitigation at scale**. However, there is still a **need to better understand how companies can** support collaborative initiatives and where best to concentrate resources.

Landscape initiatives should include certain **key elements** to be **adequate tools to help address the requirements of the regulation**. The key elements identified during the session were:

- » Multi-stakeholder effort which also includes IP/LCs
- » Clear vision and commitments at the landscape level are agreed
- » Transparent M&E system to assess progress
- » Instrument to pool resources to achieve impact
- » Designed in a self-replicating manner (i.e. focus on long term impact and viability over time)

Producer country partnerships should recognise that some countries might be further behind where landscape or jurisdictional initiatives are concerned and it was emphasised that **a first assessment needed to be done holistically** where on this journey the different countries are.