

A photograph of a man with a beard and mustache, wearing a large, wide-brimmed straw hat and a blue and white striped t-shirt. He is standing in a lush green forest, with sunlight filtering through the trees in the background. A tree trunk is visible on the left side of the frame.

# UNLOCKING OPPORTUNITIES FOR SMALLHOLDERS THROUGH THE EU DEFORESTATION REGULATION (EUDR)

OCTOBER 2025



WWF

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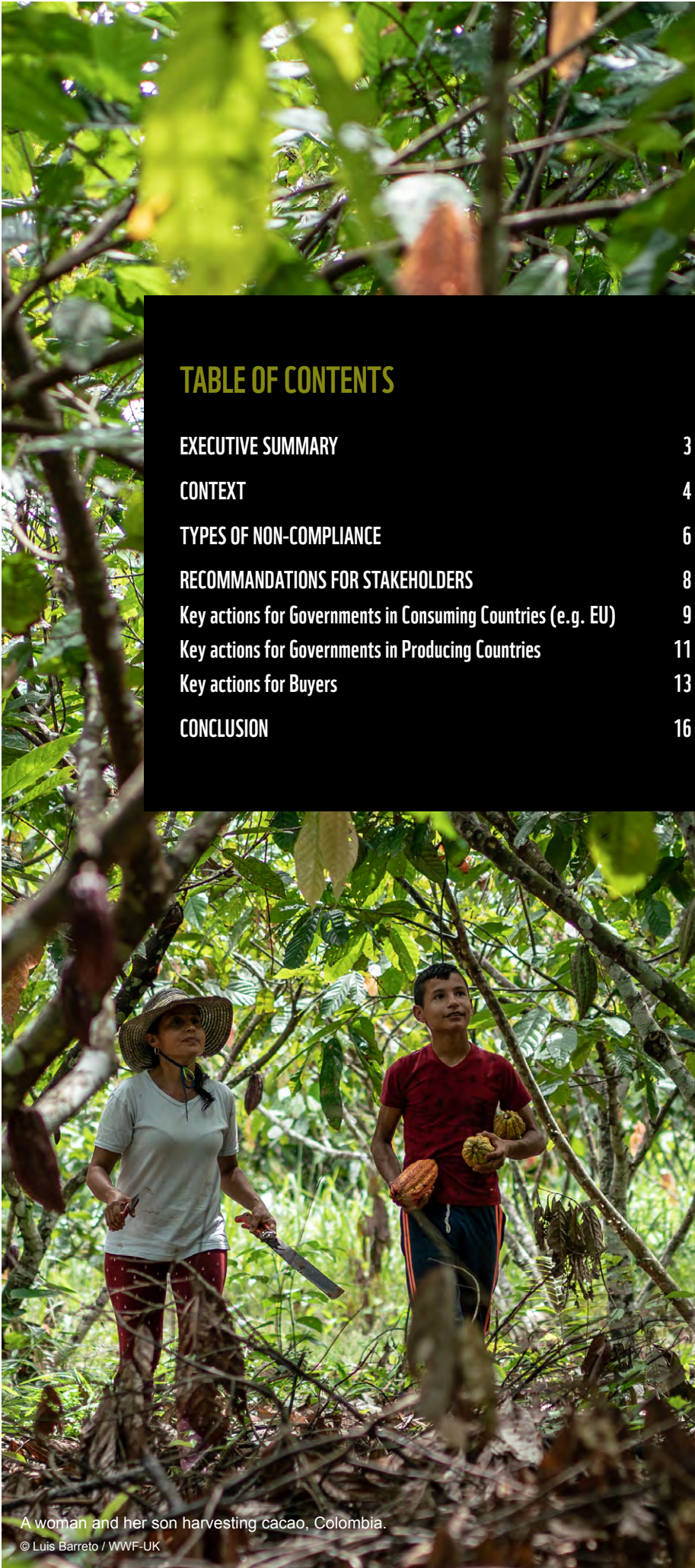


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A woman and her son harvesting cacao, Colombia.  
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# EXECUTIVE SUMMARY

The EU Deforestation Regulation (EUDR) is a groundbreaking opportunity to align global trade with forest protection, climate action, and respect for human rights. By requiring that products entering the EU are legal, deforestation-free, and fully traceable, the regulation sets a new gold standard for sustainable and resilient supply chains worldwide.

For millions of smallholders, the EUDR presents both a challenge and a unique opportunity. With the right support, it will unlock new investments in traceability, land rights, and sustainable farming—helping farmers secure stronger market positions, higher incomes, and a voice in shaping the future of global trade. The EUDR could offer smallholders the chance to demonstrate their critical role in protecting forests and delivering climate solutions.

Recognizing the diversity of farmers' situations is key:

- **Progressing toward compliance** – Many farmers already produce legally and without deforestation. With modest investments in tools such as GPS mapping, training, or documentation, they can rapidly meet EUDR standards and gain preferential access to premium markets.
- **Legal irregularities** – Farmers facing land tenure disputes or administrative barriers can, with long-term investment in governance and legal frameworks, progressively integrate into compliant supply chains—strengthening both livelihoods and institutions.
- **Outside of Eligibility** – Farmers who cleared forest after 31 December 2020 or operate in prohibited areas cannot access EU markets but can still benefit from restoration programmes and sustainable livelihood opportunities supported by the regulation's broader ecosystem of change.

## UNLOCKING OPPORTUNITIES FOR ACTION

- EU & consuming-country governments can champion farmer inclusion by scaling up funding, promoting innovative low-cost traceability, and ensuring finance flows directly to smallholders.
- Producing-country governments can use the EUDR as a lever to accelerate land tenure reform, modernize traceability systems, and embed farmer support into rural development strategies that prioritize women, Indigenous Peoples, and vulnerable groups.
- Companies have a unique opportunity to lead by building inclusive sourcing models that combine compliance with resil-

ience, investing in smallholder capacity, and demonstrating that sustainability and profitability go hand in hand.

The EUDR is more than a regulation — it is an opportunity to accelerate the transition to sustainable, inclusive supply chains that benefit forests, farmers, and markets alike. Targeted investments, supportive policies, and good practices can enable smallholders to maintain EUDR compliance and secure higher incomes and stronger market opportunities.

**With proactive collaboration, the EUDR can become a catalyst for environmental justice, resilient supply chains, and rural prosperity — ensuring forests are protected and smallholders thrive.**



Women harvesting cocoa, Peru.

© WWF-US / Yawar Films

# CONTEXT

Under the EU Deforestation Regulation (EUDR), which is expected to enter into application at the end of 2026 for large companies, and mid-2027 for smaller operators, only products that are both legally produced in their country of origin and free from deforestation and forest degradation after 31 December 2020 may be placed on the EU market.

Smallholders producing commodities such as cattle, cocoa, coffee, palm oil, rubber, soy, and wood for the EU market must ensure that their production takes place on land free from deforestation — and, in the case of timber, also free from forest degradation — while fully complying with relevant national laws.

Smallholders who do not directly place these products on the EU market are not subject to legal obligations under the EUDR. However, their business partners — such as traders or buyers — may still request information about their production practices, particularly regarding the land where production occurred. This is because business partners need to gather this information to meet their own legal obligations under the regulation. Indeed, under the EUDR, operators and traders placing these commodities on the EU market must demonstrate that they:

- Are deforestation- and degradation-free (no deforestation or forest degradation after 31 Dec 2020);
- Are legal according to the country of production's laws;
- Have full traceability to the plot of land where they were produced.

Since the earliest stages of negotiations, the EU Deforestation Regulation (EUDR) has attracted attention from a wide range of

stakeholders — including CSOs, smallholder cooperatives, and producer countries. Concerns have been raised about the potential impacts on smallholders, particularly the risk of exclusion from EU supply chains due to the complexity of tracing commodities back to farm level and the capacity needed to comply<sup>1</sup>. Some companies are now using these concerns to challenge the EUDR and push for delays, despite having shown little genuine commitment to supporting smallholders in the past. At the same time, the EUDR has helped shine a light on these issues, bringing much-needed transparency to the debate.

**Yet, while these challenges are real, they can be effectively addressed.** With adequate support, smallholders can not only remain part of EUDR-compliant supply chains but also strengthen their market position and improve their livelihoods through deforestation- and degradation-free production — bringing benefits to people, forests, and climate.

Smallholders will need tailored support to meet some of the regulation's requirements. Many lack formal land tenure documentation, which complicates the verification of ownership and use rights. Collecting and sharing accurate geolocation data — central to the EUDR — can also be difficult without access to GPS devices, smartphones, or digital mapping tools.

**A particular emphasis should be placed on groups who face heightened risks of exclusion, notably Indigenous Peoples and women farmers.** Indigenous communities often hold customary land rights that are not formally recognized, making them especially vulnerable to land tenure disputes and loss of market access. Women, meanwhile, play critical roles in production and household resilience but frequently lack access to land titles, finance, and decision-making structures. Tailored support — including land tenure recognition, gender-responsive financing, and inclusive cooperative structures — is essential to ensure that both women and Indigenous Peoples can participate equitably in EUDR-compliant supply chains. Integrating their voices into design and monitoring processes will not only safeguard rights but also strengthen the sustainability and legitimacy of compliance efforts.

Traceability in smallholder-dominated supply chains remains another area for improvement. Commodities often pass through



Woman collecting rubber, Indonesia.

© Ola Jennersten / WWF-Sweden



informal networks of intermediaries with limited record-keeping, making it hard to connect products back to specific plots. Awareness of the regulation is still low among many farmers, who also face limited technical, administrative, and financial resources. In some cases, compliance may also be challenged by local law violations or by historic deforestation after the cut-off date of 31 December 2020.

These are not insurmountable barriers. On the contrary, the **EUDR provides an opportunity to accelerate investments in solutions that will make smallholder supply chains more transparent, resilient, and sustainable.** Supporting smallholders to access and own their geolocation data can empower them within the value chain. Strengthening direct and transparent trade channels can help ensure fairer prices and more reliable market access. Clear traceability systems can showcase the contribution of smallholders to sustainable production, opening new market opportunities.

Moreover, **promoting sustainable, deforestation-free practices improves both compliance and productivity.** With targeted capacity building, technical support, and strong partnerships with buyers, smallholders can adopt practices that protect forests, enhance resilience, and secure long-term livelihoods.

Financing mechanisms will also be decisive to ensure that smallholders can participate in EUDR-compliant supply chains. Beyond public development aid, inclusive financing models should include blended finance schemes that combine public and private capital to de-risk investments in farmer support; credit facilities and guarantee funds that help cooperatives and producer organizations access

affordable loans; and ecosystem service payments that reward reforestation and climate-smart practices. Companies can co-finance compliance efforts through long-term sourcing agreements, pre-financing, or premium payments tied to sustainability. Donors and multilateral development banks should also create dedicated windows for smallholder inclusion. Ultimately, aligning finance with EUDR objectives will require stronger collaboration between governments, private sector actors, and financial institutions to mobilize the scale of resources needed.

In short, while challenges exist, the EUDR can serve as a catalyst for positive change<sup>1</sup>. By directing resources and partnerships toward the right solutions, smallholders can thrive in deforestation-free supply chains, helping deliver the regulation's goals for people, nature, and climate. If implementation challenges are addressed, the EUDR has potential to bring important benefits to smallholders.

This document outlines recommendations for key stakeholders on enabling smallholders outside of the EU to comply with the EUDR, underscoring the need for inclusive approaches that avoid blanket exclusions and foster equitable market access.

## DISCLAIMER

**The European Commission will conduct a simplification review by 30 April 2026, in addition to the general review planned for 2030. While the EUDR may eventually be simplified, this report remains highly relevant: it can guide efforts to support smallholders on their path toward sustainability and help reduce the risk of blanket exclusion.**



Flooded forest, Amazonas, Brazil.

© Michel Roggo / WWF

<sup>1</sup> European Commission: Directorate-General for Environment, EU Deforestation Regulation – An opportunity for smallholders, Publications Office of the European Union, 2023, <https://data.europa.eu/doi/10.2779/9252>

# TYPES OF NON-COMPLIANCE

To better understand the situation of smallholders in relation to the EU Deforestation Regulation (EUDR), it is useful to group the types of non-compliances smallholders into three categories. These categories reflect both the nature of their non-compliance and the potential pathways to address it.



## CATEGORY 1: PROGRESSING TOWARD COMPLIANCE

This type of smallholder production is not currently compliant, but could meet the EUDR requirements with targeted, relatively straightforward support. Typically, they:

- Have not cleared forest after 31 December 2020;
- Are producing legally under national and local laws;
- But lack one or more enabling conditions, such as farm mapping, geolocation data, formal land documentation, or awareness of the regulation.

With practical interventions — including training, provision of GPS or mapping tools, supply chain integration, and support for legal documentation — these smallholders could transition to compliant production in the short to medium term.



## CATEGORY 2: REQUIRING LONG-TERM SUPPORT

This type of smallholder production complies with the cut-off date (forest clearance occurred before December 30, 2020), but it does not comply fully with local laws; for example, smallholders may face:

- Informal or disputed land tenure;
- Unregistered farms;
- Labor or social compliance issues;
- Other administrative irregularities.

For these smallholders, compliance is not impossible, but it requires more substantial, long-term support. This could include land tenure regularization, legal assistance, facilitation of farm registration, or resolution of labor issues. Progress will depend heavily on local governance, institutional capacity, and land administration systems, meaning not all cases can realistically achieve compliance.



## CATEGORY 3: OUTSIDE OF ELIGIBILITY

This type of smallholder production is ineligible for EUDR compliance because:

- The forest was cleared after the cut-off date; or
- Farms are in areas where agriculture is legally prohibited (e.g. inside protected areas)

This production cannot be sold into EU markets under the EUDR. For these farmers, alternative strategies must be prioritized — such as participating in land restoration programmes or being supported to transition toward alternative, sustainable livelihoods.



Rubber tapping, Borneo.  
© WWF / Simon Rawles

## THESE CATEGORIES ARE SUMMARIZED BELOW



### CATEGORY 1

#### PROGRESSING TOWARD COMPLIANCE

Deforestation-free & legal but lack tools / documentations...

**Pathway:** training, mapping, legal support...



### CATEGORY 2

#### REQUIRING LONG-TERM SUPPORT

No deforestation after Dec. 2020 but legal irregularities

**Pathway:** land tenure, legal aid, long-term support



### CATEGORY 3

#### OUTSIDE OF ELIGIBILITY

Cleared forest after Dec. 2020 or production in protected areas

**Pathway:** alternative livelihoods, restoration...

There is also a **4<sup>th</sup> category**: smallholders who are already compliant. While they require continued support to maintain compliance and should be rewarded through market access and fair purchasing practices, this report focuses exclusively on the first three categories.



# RECOMMENDATIONS FOR STAKEHOLDERS

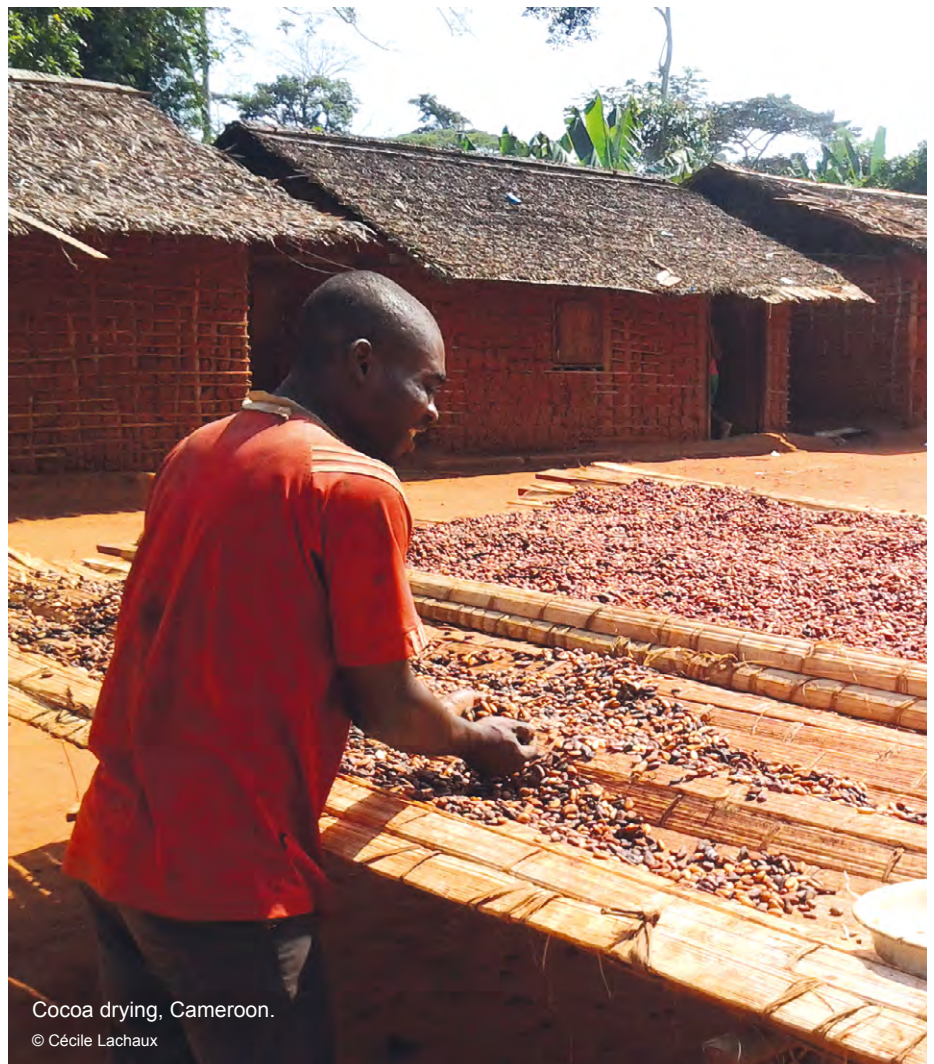
The EUDR has the potential to be a powerful driver of both environmental justice and rural prosperity. Its ultimate impact will depend not only on the way the regulation is implemented and enforced, but also on the collective commitment of all stakeholders to make sustainability truly inclusive — ensuring that smallholders are supported, empowered, and never left behind.

The chapter below outlines the key actions that different stakeholders must take to help achieve this.

“

*In addition to traceability based on geolocation, ensuring the sustainability of agricultural supply chains is essential for achieving social equity. It offers an opportunity to establish mechanisms that enable smallholder farmers — the primary actors in these supply chains — to earn a decent living from their work. (...) The EUDR represents a unique opportunity for our members to access a robust traceability system. (...) Such a system would simplify the supply chain and enhance farmers' incomes and livelihoods.”*

Plateforme ivoirienne pour le cacao durable (PICD)  
Ghana civil society cocoa platform (GCCP)



Cocoa drying, Cameroon.

© Cécile Lachaux






## KEY ACTIONS FOR GOVERNMENTS IN CONSUMING COUNTRIES (E.G. EU)

Governments in consuming regions, particularly the EU, have a critical role to play in ensuring that the EUDR delivers not only environmental sustainability but also social inclusion. **To fully realize this potential, funding must be significantly scaled up and successful models replicated at speed.**

The EU can help shift non-EUDR compliant farmers from being at risk of exclusion to becoming active agents of forest conservation

by coupling regulatory compliance with financial and technical support. This means providing smallholders with access to transition finance, capacity building, and practical tools such as farm mapping and agroforestry training. At the same time, promoting inclusive market incentives, fostering partnerships with producer governments and civil society, and requiring companies to demonstrate how mitigation measures support farmer inclusion will be key. In doing so, the EU can turn the EUDR into a catalyst for both forest protection and rural development, ensuring that smallholders are partners in conservation rather than victims of exclusion.

 <b>CATEGORY 1</b>	 <b>CATEGORY 2</b>	 <b>CATEGORY 3</b>
<b>PROGRESSING TOWARD COMPLIANCE</b>	<b>REQUIRING LONG-TERM SUPPORT</b>	<b>OUTSIDE OF ELIGIBILITY</b>
<ul style="list-style-type: none"> <li>• <b>Provide financial and technical assistance for traceability tools and farm mapping.</b></li> <li>• <b>Support capacity-building via development aid</b>, offering training on geodata collection, record-keeping, and regulatory understanding.</li> <li>• <b>Partner with supply chain actors</b> to integrate smallholders, helping them access fairer prices and stabilize market inclusion.</li> <li>• <b>Foster bilateral cooperation</b>, aligning EU compliance requirements with local conditions and ensuring feasible implementation.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Fund land tenure regularisation programmes</b> and provide <b>legal</b> advisory services, helping smallholders formalize their rights and align with national laws.</li> <li>• <b>Strengthen bilateral governance partnerships</b>, enhance land administration systems, and create clear pathways for long-term compliance.</li> <li>• <b>Promote alignment between EUDR expectations and local legal realities</b>, ensuring farmers are not unfairly penalized due to systemic governance gaps</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Fund landscape restoration initiatives</b> to rehabilitate ecosystems and create sustainable land management opportunities.</li> <li>• <b>Invest in alternative livelihood programmes</b>, such as agroforestry, ecotourism, or non-timber forest product enterprises, to offer viable economic paths for smallholders excluded from EUDR-compliant supply chains.</li> <li>• <b>Ensure no blanket exclusions occur without social risk assessments</b>, safeguarding communities from unintended harm.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Establish multi-stakeholder platforms</b> to foster inclusive implementation of the EUDR, ensuring that smallholder voices guide strategy and safeguards;</li> <li>• Align EUDR with the EU's Corporate Sustainability Due Diligence Directive (CSDDD) and Corporate Sustainability Reporting Directive (CSRD) to ensure that human rights are fully embedded in compliance pathways.</li> <li>• <b>Scale and replicate successful models</b>, such as mapping initiatives;</li> <li>• Design EUDR-related funding windows with explicit gender criteria (e.g., access to credit, training for women farmers).</li> <li>• <b>Mobilize substantially more funding for EUDR implementation</b> through increased allocations within existing instruments (e.g., InvestEU, LIFE, NDICI) and via new dedicated budget lines for inclusive smallholder support.</li> <li>• <b>Finance applied research</b> that develops low-cost, smallholder-adapted solutions for mapping, traceability, and land tenure formalization, while also studying the socio-economic impacts of EUDR and designing inclusive compliance pathways. Priority should be given to research on financing models, livelihood diversification, and governance mechanisms that ensure smallholders—especially women and Indigenous Peoples—are supported rather than excluded from EU markets.</li> </ul>		

## → EXAMPLES OF GOOD PRACTICE:



### EU funded sector-specific initiatives

Several successful models illustrate how EU funded initiatives can help smallholders comply with sustainability standards and access global markets. For instance, the **EU Sustainable Cocoa Initiative** in Côte d'Ivoire, Ghana, and Cameroon brings together actors from across the cocoa supply chain through Cocoa Talks, fostering traceability and actively engaging smallholders in the transition to sustainable, deforestation-free production. In Cameroon, **FAO's COCAFORI initiative**,

together with the EU-funded [Sustainable Cocoa Programme](#) (SCP), provides stakeholders with advanced land cover, forest maps and detailed cocoa maps. These tools enable smallholders to verify compliance with EUDR requirements, strengthen resilience, and access EU markets, while supporting better-informed decision-making and landscape management. Another example of an EU and member state co-funded project is the **Sustainable Agriculture for Forest Ecosys-**

**tem (SAFE) in Vietnam.** Implemented with the Ministry of Agriculture and Environment, SAFE helps coffee value chain actors meet EUDR and market requirements by fostering deforestation-free, legal, and sustainable supply chains. It promotes multi-stakeholder dialogue, strategic action plans, and fair business partnerships, while strengthening smallholder capacity and integrating gender and marginalized groups to ensure a just, inclusive transition.



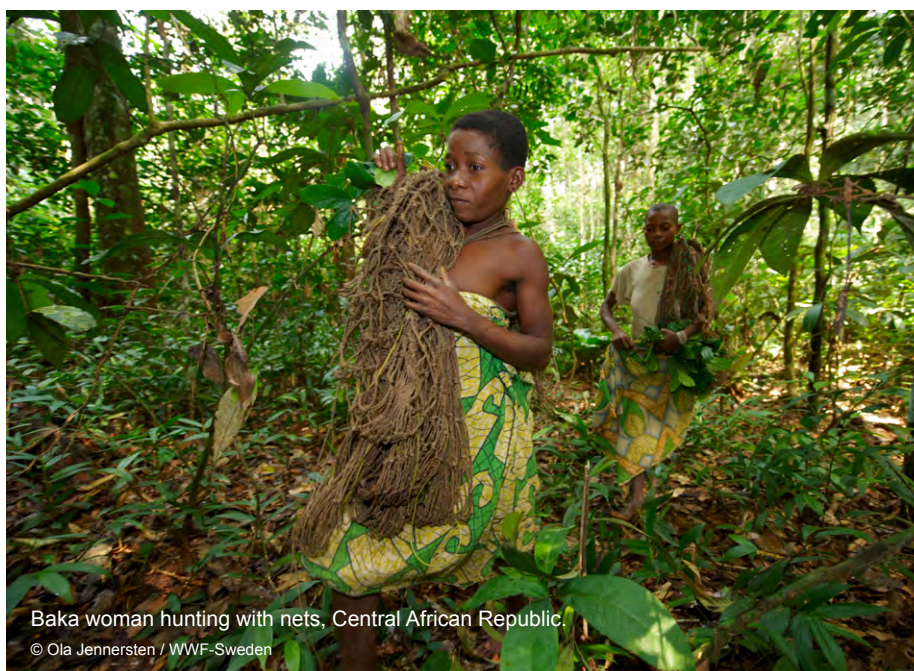
### Indigenous Peoples and Local Communities Forest Tenure Pledge

[The Forest Tenure Funders Group](#) (FTFG) is another strong example. The FTFG brings together 25 government and philanthropic donors that endorsed the COP26 Pledge. Collectively, they aim to provide USD 1.7 billion between 2021 and 2025 to advance the land tenure rights of Indigenous Peoples and Local Communities (IPLCs) and to strengthen their role in sustainable forest manage-

ment and conservation across ODA-eligible tropical forest countries. Key learnings from the initiative emphasize that **dedicated funding and transparent reporting are critical to effectively support women, youth, and environmental defenders.** Indigenous- and locally led financing mechanisms — particularly territorial funds — are emerging as key drivers of inclusive

and impactful action. The initiative also underscores the importance of **supporting national land and forest tenure reform processes that formally recognize and secure community rights.**

It is hoped that the FTFG will take the opportunity at COP30 to reaffirm and expand its commitment through increased funding support.



Baka woman hunting with nets, Central African Republic.

© Ola Jennersten / WWF-Sweden



## KEY ACTIONS FOR GOVERNMENTS IN PRODUCING COUNTRIES

Producing-country governments are central to enabling smallholders' inclusion in EUDR-compliant supply chains. By aligning national frameworks, strengthening governance, and investing in farmer support, they can ensure the regulation becomes a catalyst for both rural prosperity and forest protection. In parallel, governments should place particular emphasis on

protecting the rights of vulnerable groups, including women, children, and indigenous communities, who often face heightened risks of exclusion and exploitation. This requires enforcing labor rights, addressing child labor, ensuring fair wages and safe working conditions, and strengthening land tenure security to prevent displacement and land grabbing. **By embedding social safeguards into EUDR compliance measures, producing countries can build more equitable, resilient, and inclusive supply chains.**

 <b>CATEGORY 1</b>	 <b>CATEGORY 2</b>	 <b>CATEGORY 3</b>
<b>PROGRESSING TOWARD COMPLIANCE</b>	<b>REQUIRING LONG-TERM SUPPORT</b>	<b>OUTSIDE OF ELIGIBILITY</b>
<ul style="list-style-type: none"> <li>• <b>Develop national traceability systems</b> that are accessible to smallholders and interoperable with EU requirements.</li> <li>• <b>Facilitate affordable farm documentation and geolocation services</b>, e.g., subsidized GPS tools, mobile mapping apps, or farmer registries.</li> <li>• <b>Promote inclusive cooperative structures</b>, so that smallholders can collectively access compliance tools and markets.</li> <li>• <b>Leverage public–private partnerships</b> with companies to co-fund training, mapping, and farmer outreach.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Strengthen land tenure legislation and its implementation</b>, clarifying and securing smallholders' rights.</li> <li>• <b>Launch programmes for land tenure formalisation and farm registration</b>, reducing the administrative burden for farmers.</li> <li>• <b>Provide legal aid and mediation services</b> to resolve land disputes, inheritance claims, or boundary conflicts.</li> <li>• <b>Improve labor law enforcement and farmer awareness</b>, ensuring compliance with social safeguards.</li> <li>• <b>Mobilize donor support</b> for long-term governance reforms that address systemic challenges in land and forest administration.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Identify and support transition pathways</b> toward alternative livelihoods (e.g., climate-smart crops, agroforestry, or non-timber forest products).</li> <li>• <b>Establish incentive schemes for restoration</b>, such as payment for ecosystem services or community reforestation programmes.</li> <li>• <b>Monitor excluded areas and enforce forest protection</b>, while ensuring social safeguards to avoid penalizing vulnerable groups.</li> <li>• <b>Avoid blanket exclusion without social risk assessments</b>, ensuring that vulnerable households are supported through transition.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Promote multi-stakeholder platforms</b> at national and regional level to align government, civil society, and private sector efforts on EUDR readiness.</li> <li>• <b>Integrate EUDR into national commodity strategies and rural development plans</b>, ensuring coherence between forest protection and farmer support.</li> <li>• <b>Scale up and formally integrate jurisdictional or landscape-level deforestation-free initiatives</b> into national sustainability strategies, ensuring that smallholders receive targeted technical, legal, and financial support within these frameworks.</li> <li>• <b>Strengthen extension services</b> to deliver capacity building on sustainable, deforestation-free production practices.</li> <li>• Recognize and secure customary land rights of <b>Indigenous communities</b> in national land registries.</li> <li>• Require that EUDR-related funding and programs include human rights risk assessments.</li> <li>• <b>Coordinate with consuming countries</b> to harmonize compliance systems, reduce duplication, and ensure that farmers benefit from consistent standards.</li> <li>• <b>Conduct awareness campaigns</b> on EUDR requirements, using farmer cooperatives, radio, and local NGOs.</li> <li>• Proactively seek <b>co-financing partnerships</b> with the EU, bilateral donors, multilateral development banks, and private sector partners to mobilize the scale of resources required.</li> <li>• Strengthen <b>land-use monitoring and forest protection</b> by coupling effective enforcement of sanctions for violations with targeted support that enables producers to transition toward deforestation-free production models.</li> </ul>		

## → EXAMPLES OF GOOD PRACTICE:

### Cocoa & Peace Initiative

The [Cocoa & Peace Initiative](#) in Colombia seeks to transform cocoa production into a driver of stability, resilience, and sustainable development in conflict-affected landscapes. By providing smallholders with viable and profitable alternatives to illicit or environmentally destructive crops, the initiative

supports livelihoods that promote peace and social cohesion. At the same time, it strengthens forest protection through sustainable land-use planning, agroforestry, and restoration practices, ensuring that cocoa production aligns with environmental and human rights standards. Through partnerships with

local communities, authorities, and the private sector, the Cocoa & Peace Initiative contributes to long-term rural stability, improved governance of natural resources, and compliance with international sustainability and deforestation-free requirements.

### MSPO

In the palm oil sector, Malaysia's MSPO (Malaysian Sustainable Palm Oil) scheme offer a useful model for supporting smallholders in meeting sustainability requirements. While it does not represent the highest international standard, this national initiative have nonetheless established [traceability](#) systems and farmers support programs that combine technical assistance, training, and mapping tools to help producers adopt more sustainable practices and improve market access.



### The Global Platform for Sustainable Natural Rubber (GPSNR)

[GPSNR](#) has launched a capacity-building initiative to support smallholders in progressing toward deforestation-free compliance in Sumatra, Indonesia. This initiative works with local implementing partners to coach 2,700 rubber farmers in Good Agricultural Practices (GAP), regenerative agriculture, agroforestry, and forest-protection measures. So far, more than 1,600 farmers have received tailored coaching on tapping, pest and

disease management, soil fertility, and post-harvest practices. The project places a strong emphasis on forest conservation awareness and fire-prevention measures to reduce deforestation risks around Kerinci Seblat National Park. A digital tool developed by GPSNR, called RubberWiki, is also being introduced to farmers to broaden their access to learning materials. The app offers a range of training modules, including content related to EUDR requirements,

to help rubber farmers understand deforestation-free compliance and adopt the practices needed to meet emerging market expectations. With a strong focus on inclusion, this initiative also aims for 40% of participating farmers to be women and 20% to be youth. Demonstration agroforestry plots and agricultural calendars are also used to support practical learning and adoption of sustainable practices.



## KEY ACTIONS FOR BUYERS

Companies play a pivotal role in ensuring that smallholders can participate in deforestation-free supply chains while safeguarding their livelihoods. By adopting inclusive strategies and investing in traceability and capacity building, they can transform EUDR compliance from a challenge into an opportunity for sustainable supply security and rural development. **Supporting smallholders with compliance is not only a question of fairness but also a strategic business decision:** it secures long-term supply, mitigates reputational risks, and demonstrates leadership on human rights and sustainability. Such approaches strengthen trust and traceability while positioning companies as proactive drivers of a resilient and responsible commodity

sector, rather than contributors to farmer exclusion and supply disruption<sup>2</sup>. **Inclusion is therefore the most cost-effective and risk-resilient pathway for business.**

In most cases, downstream companies will not be in a position to directly support all smallholder producers in their supply chains. Instead, support can be channeled through upstream actors such as mills and traders, or delivered in collaboration with certification schemes, sector-wide or jurisdictional initiatives, and government or NGO programs that provide technical or material assistance to smallholders seeking to enter or remain in responsible supply chains. However, upstream companies have the capacity to assess producers' needs directly and to target support more effectively.



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*We hope that the EU regulation can help ensure the long-term resilience of independent smallholder livelihoods by providing incentives and benefits for complying with the requirements of the EU. The EUDR is a stimulus for improving plantation governance that respects the human rights of small-scale oil palm farmers.”*

Sabarudin, Chairman of the Oil Palm Farmers Union

Palm oil smallholder, Malaysia.

© James Morgan / WWF-International

<sup>2</sup> Further recommendations are outlined in the AFi Operational Guidance on Smallholder Inclusion in Ethical Supply Chains (2019), which details how companies can engage smallholders in ways that are mutually beneficial—providing incentives and tangible benefits to farmers while enabling companies to meet their supply chain commitments and secure reliable volumes of responsibly produced commodities. [OG\\_Smallholder\\_Inclusion-2020-5.pdf](#)



## CATEGORY 1

### PROGRESSING TOWARD COMPLIANCE

- Invest in **supply chain mapping, farmer training, and digital traceability tools**, ensuring systems are transparent, accessible, and adapted to smallholder realities (offline data collection, low-tech options, participatory verification).
- Prioritize sourcing from **cooperatives and farmers actively progressing toward compliance**.
- Enter into **long-term purchase contracts** that assure future revenue, thus facilitating smallholders' investment in improved practices.



## CATEGORY 2

### REQUIRING LONG-TERM SUPPORT

- Provide **long-term accompaniment programmes**, including legal advisory support, training on regulatory compliance, and administrative assistance.
- Provide capacity-building and support for identifying violations of workers' rights and improving labour practices.
- Facilitate pathways to **formalize farms or address labor/legal compliance gaps**, in partnership with governments, NGOs, or cooperatives.



## CATEGORY 3

### OUTSIDE OF ELIGIBILITY

- **Develop exclusion protocols with mitigation plans** to minimize negative social impacts.
- **Support land restoration programmes** and alternative livelihood initiatives to reduce farmers' economic vulnerability and pressure on forests.
- Collaborate with governments and other market actors to identify **legal alternative market options** for affected farmers.
- Mobilize financial support for **community-led conservation initiatives** to protect forests and bolster climate resilience.

- **Foster multi-stakeholder collaboration** with governments, cooperatives, NGOs, and other buyers to align incentives, share best practices, and mobilize technical and financial support.
- **Conduct comprehensive farm mapping and risk assessments** to classify smallholders into relevant compliance categories, and design tailored inclusion strategies to support their progressive alignment with EUDR requirements
- Under Article 10 of the EUDR, companies are required to apply mitigation measures when risks of non-compliance are identified. Rather than treating this obligation as a narrow risk-management exercise, buyers should view **mitigation as a strategic opportunity to support smallholders'** progressive alignment with EUDR requirements. This means investing in tailored action plans that address root causes of non-compliance.
- Use EUDR risk assessments to simultaneously **identify and address human rights risks** in the supply chains.
- **Adopt a plot-level compliance approach:** for farmers with both compliant and non-compliant plots, only commodities from compliant, deforestation-free plots should enter EU-bound supply chains. This approach:
  - Avoids unintended exclusion and income loss.
  - Incentivizes farmers to transition non-compliant plots to sustainable production.
  - Strengthens long-term supply security and supplier loyalty.
- Facilitate access to **financial services and credit** for groups to improve management, infrastructure (e.g., for product storage and transportation), and monitoring capabilities.
- **Promote sustainable livelihood options for non-compliant farmers:** and help them transition to deforestation-free practices or alternative livelihoods, including service-based activities (e.g., seedling production, pruning) and employment opportunities within cooperatives or value chains.
- Develop sourcing policies that prioritize inclusion of **Indigenous producers and women farmers** in supply chains and ensure grievance mechanisms are accessible and culturally appropriate for them.
- **Prioritize inclusion alongside compliance** and recognize that smallholders are central to sustainable supply chains. Investing in their progressive compliance strengthens long-term supply security, supplier loyalty, and market resilience.
- Facilitate participation in **payment for ecosystem services (PES) programmes** that allow smallholders to gain material benefit from the environmental values that they enable.
- **Report publicly and transparently** on smallholder inclusion targets, progress in mapping and monitoring, and mitigation actions taken for non-compliant farmers.



## → EXAMPLES OF GOOD PRACTICE:



### HALBA illustrates how a chocolate company can transform EUDR compliance into an opportunity for both inclusion and innovation

As a leading Swiss chocolate producer within the Coop Group, HALBA has adopted a responsible cocoa sourcing policy that actively supports non-compliant farmers, not by excluding them, but by enabling their transition. Each farmer is first assessed to identify the root causes of non-compliance and then supported either to achieve EUDR alignment or to

pursue sustainable alternative livelihoods outside cocoa.

Non-EUDR-compliant farmers are prioritized for participation in non-directly cocoa related project components of the Sankofa initiative, such as Food Agroforestry Systems which apply the principles of dynamic agroforestry to food systems combining crops like corn, legumes,

manioc or yam with shrubs and trees.

In addition, farmers can develop service-based enterprises such as seedling production or pruning. HALBA's approach shows that ambitious forest-protection standards can go hand in hand with inclusive farmer support, setting a model for the sector.



### Digital tools can empower smallholders<sup>3</sup>

Mapping supply chains that involve thousands of small farms worldwide is complex, costly, and time-consuming. To reduce these barriers, some companies now offer prebuilt applications that

leverage AI, blockchain, and satellite imagery to simplify compliance for farmers. By enabling users to easily capture and share geotagged, farm-level sourcing data and by automating compli-

ance checks, these tools lower the costs associated with traditional consultancy services while allowing more effective support for smallholders.



### WWF and IKEA - Responsible Acacia Management in Viet Nam

WWF and IKEA partnered with smallholders, government, and local businesses in Viet Nam to promote [responsible acacia management](#). The initiative supported longer harvest rotations, better soil care, and the elimination of harmful practices such as post-harvest burning — all aligned with **Forest Stewardship Council (FSC)** standards.

Through training, technical support, and the creation of smallholder associations, smallholders overcame initial hesitations and began to see tangible benefits. By adopting longer rotations, they were able to produce higher-value timber and access responsible markets. FSC certification connected them to reliable buyers, resulting in **more stable incomes** — **up to 30% higher** for some smallholders.

The project also strengthened biodiversity by setting aside **10% of commu-**



FSC certified Acacia plantation, Viet Nam.

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**nity forests** as high conservation value areas. Today, it continues to evolve, integrating **native tree species** into acacia plantations to enhance biodiversity and build **climate-resilient landscapes**.

<sup>3</sup> <https://news.mongabay.com/2024/12/companies-banking-on-tech-and-collaboration-to-comply-with-eudr/>

# CONCLUSION

The EU Deforestation Regulation (EUDR) represents a transformative opportunity to align global trade with the urgent need to protect forests, uphold human rights, and foster sustainable livelihoods. For smallholders, however, compliance poses significant challenges — from insecure land tenure and limited access to geolocation tools, to weak traceability systems and gaps in legal recognition. Without deliberate support, there is a real risk that the regulation could unintentionally exclude the very farmers who are most in need of market access and income security.

Yet these challenges are surmountable. With the right mix of policies, investments, and partnerships, the EUDR can become not only a tool for forest protection but also a catalyst for inclusive rural development. Governments in both producing and consuming countries, companies, and civil society all have critical roles to play in ensuring that traceability systems are accessible, land rights are secured, financial and technical support is provided, and farmers are empowered to participate in deforestation-free value chains.

Examples from cocoa, palm oil, rubber, and coffee demonstrate that progress is possible when collaboration, innovation, and shared responsibility guide action. Scaling these good practices, backed by adequate funding and political will, will be essential to ensure that no smallholder is left behind.

The EUDR is not just a regulation, it is a chance to transform supply chains into drivers of forest protection, resilience, and fairer livelihoods. To seize this opportunity, governments, companies, and civil society must work together to ensure that smallholders are supported, not excluded.

**This means investing in farmer inclusion, scaling proven solutions, and putting smallholder voices at the center of implementation. If we act now, the EUDR can protect forests while creating fair opportunities for millions of smallholders.**



Girls on rubber tapper farm, Brazil.  
© James Morgan / WWF

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*When we strengthen local value chains, we don't just conserve forests, we also create decent jobs, empower Indigenous and rural communities, and bring real value to biodiversity. Investing in inclusive and sustainable projects is a commitment to a future where conservation and development go hand in hand.”*

Gastón Vizcarra,  
Candela, Perú



**LET'S MAKE THE EUDR  
A WIN FOR PEOPLE, NATURE  
AND CLIMATE.**



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