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DUE DILIGENCE IN SUPPLY CHAINS: THE CASE OF THE EUDR

October 2025

Shane Sela, Melvin Spreij and Iryna Sikora

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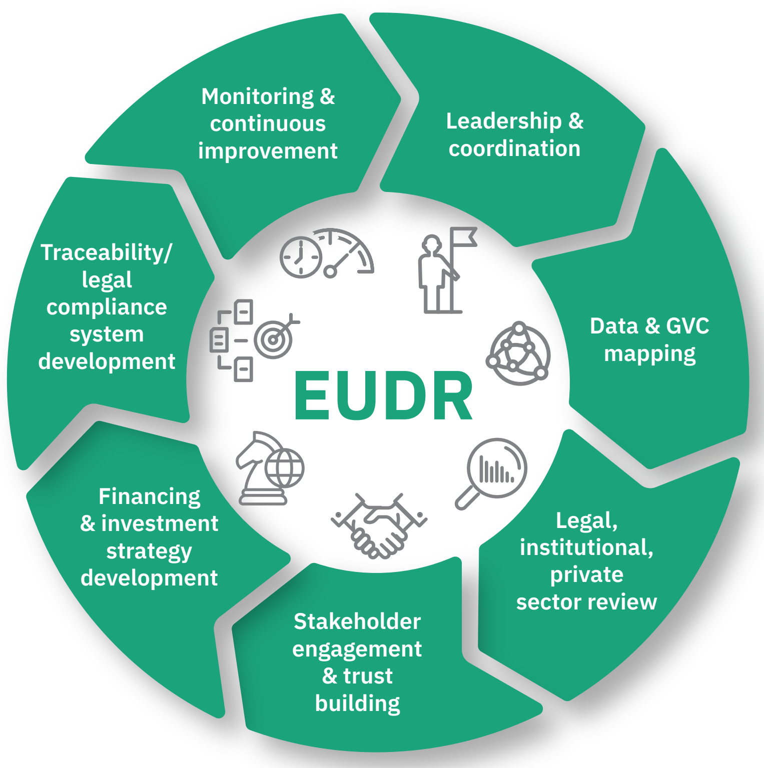
EXECUTIVE SUMMARY

The European Union Deforestation Regulation (EUDR) introduces a transformative shift in global trade governance by mandating due diligence for commodities linked to deforestation. While the regulation aims to reduce the EU's environmental footprint, it places significant burdens on developing economies to comply, especially those reliant on agricultural exports, many of which are characterized by fragmented value chains and limited digital infrastructure. The key steps in achieving compliance with EUDR can be summarized as follows:



To ensure that no country is left behind in the transition to sustainable trade, this policy note outlines a dual-track strategy: one for national governments whose firms are exporting regulated commodities to the EU and another for development partners to support the efforts of national governments. These strategies are grounded in diagnostics, case studies, and a proposed policy framework.

Key recommendations for national governments

1. **Establish national leadership and coordination —** designate a lead agency, typically the Ministry of Trade, to coordinate EUDR compliance across relevant ministries. Since key data is held by both public and private actors, and SMEs often lack capacity, establish multi-stakeholder platforms to align efforts and share information effectively.

2. **Map data and value chains —** conduct diagnostics to identify existing data sources, including the existence of geolocation data of production sites, data on forest cover, land tenure, legal compliance. Map the global value chain (GVC) actors, including cooperatives, off-takers, middlemen processors and traders.

3. **Conduct a legal and institutional review —** regulated commodities must have been produced in accordance with local laws (“legality requirement”). Identify and review all legislation and related institutions in the country that fall within the EUDR’s scope, for example environmental, land use and labor laws. A comprehensive and transparent list of all relevant legislation will be a useful source of information for the private sector when conducting its due diligence.

4. **Support the development or upgrading of traceability systems —** support the private sector in building or adapting digital systems to capture polygon-level geolocation data and link it to forest and legal compliance. Ensure interoperability between public registries and private-sector platforms using Application Programming Interfaces (APIs), Geographic Information System (GIS), and blockchain tools.

5. **Build trust and strengthen data governance —** establish secure, transparent data-sharing protocols to address producer concerns about misuse. Review the applicability of third-party assurance models and how public data could be used to create a more robust coordinated response to the EUDR data requirements.

6. **Support smallholders —** provide technical assistance and digital tools to smallholders to ensure their inclusion in traceability systems. Promote aggregation models (e.g., cooperatives) to reduce compliance costs.

7. **Engage with EU operators and authorities —** facilitate a structured dialogue with EU importers and regulators to clarify expectations and build trust. Leverage trade associations and free trade agreements for technical alignment.

8. **Promote regional learning —** organize peer-learning workshops to share the best practices and foster regional collaboration.

Key recommendations for development partners

Development partners are critical to advancing sustainability and compliance. First, they can come together to support national governments in addressing the key recommendations above including undertaking diagnostics to understand and address value chain gaps and support infrastructure improvements and capacity building. Second, they can leverage their convening power to foster public-private partnerships and cooperation as well as promote international harmonization of regulatory initiatives to reduce compliance costs while improving the uptake of sustainability globally.

A dual approach, national leadership paired with international support, can help developing economies transform agricultural systems for sustainable trade, inclusive growth, and environmental stewardship.

1.

INTRODUCTION

The European Union Deforestation Regulation (EUDR)[1] mandates strict due diligence to ensure that commodities linked to deforestation do not originate from deforested lands and are produced in compliance with the relevant laws of producer countries. This regulation presents significant challenges for developing economies that rely heavily on agricultural exports, particularly those associated with forest loss. However, it also offers an opportunity to promote sustainable practices and reduce the negative environmental and social impacts stemming from deforestation. Effective implementation requires public-private coordination, investment in digital traceability infrastructure, and stronger cooperation between global value chain (GVC) participants and EU operators and authorities. This report draws on examples from World Bank efforts in supporting several client countries. Case studies are provided in Annex 1.

1 http://data.europa.eu/eli/reg/2023/1115/oj

Agriculture accounts for approximately 73% of forest loss in tropical and subtropical regions.[2] Large-scale commercial agriculture—especially for commodities such as cattle, palm oil, and soybeans—has been the leading cause of deforestation since the 1950s. The World Bank's *Recipe for a Livable Planet* highlights agriculture's contribution to climate change, noting that it accounts for one-third of global greenhouse-gas emissions.[3] In response to its role as a major consumer of deforestation-linked goods, the EU introduced the EUDR in 2021 to curb its impact on global forest loss. Addressing deforestation is essential for climate-change mitigation, biodiversity conservation, and food security. Forests sequester carbon and support over 80% of species, yet the global forest area declined by 2.4% between 2000 and 2020, affecting millions who depend on forests for their livelihoods.[4] Meanwhile, agriculture is an important employer of up to 70% of the workforce in some developing economies.[5]

Large corporations have adopted Voluntary Sustainability Standards (VSS) for their value chains. These are private metrics regarding climate, water conservation, waste management, biodiversity protection, ethical sourcing, and labor conditions. For example. Starbucks' Coffee and Farmer Equity (CAFE) Practices sets standards for coffee farms, with compliance verified by third parties. The Rainforest Alliance certifies farms against its Sustainable Agriculture Standard and - together with the Forest Stewardship Council (FSC) - has gained significant traction in responding to consumer demand and improving public-private partnerships for managing environmental risks. However, VSS have also been criticized as being unduly influenced by corporate imperatives, while companies often only partially commit to fully implement the requirements. VSS also result in high compliance and certification costs for small producers in developing economies.[6]

In response to perceived shortcomings of VSS, governments are increasingly turning these requirements into mandatory regulations. From 2015 to 2024, 22 countries have proposed or adopted due diligence regulatory controls. This trend is driven by growing recognition that challenges related to climate change, biodiversity loss, human rights, and other social issues demand stronger action. International trade, and particularly GVCs, is a powerful way to drive sustainability.

2 https://doi.org/10.4060/ca8642en
3 https://openknowledge.worldbank.org/entities/publication/406c71a3-c13f-49cd-8f3f-a071715858fb
4 https://doi.org/10.4060/ca8753en and author's own calculations
5 https://doi.org/10.4060/cc6907en and FAO. 2022. Employment indicators 2000–2021. FAOSTAT Analytical Brief No. 53. Rome.
6 https://doi.org/10.1016/j.worlddev.2018.08.001 and https://doi.org/10.1146/annurev-environ-102017-025931

2 THE EUDR

The EUDR requires EU-based operators importing certain products into the EU (or exporting them from the EU) to confirm that they do not originate from areas subject to deforestation or forest degradation and meet laws applicable in the country of production. The EUDR covers cattle, cocoa, coffee, palm oil, rubber, soya, and wood as well as derived products such as chocolate, leather, and furniture.[7] It requires companies with a presence in the EU ("operators" in EU terminology) that place these products on the EU market to submit a due-diligence statement confirming that the products are not associated with deforestation since 2020, or breach national laws on environmental protection, land use and ownership, and labor and human rights ("legality"). To ensure compliance, companies must collect information on their products, including geolocation data on their origin, and assess and mitigate risks in their supply chains, which can span multiple countries. The

7 Future revisions of the EUDR may lead to inclusion of other products, for example maize or biodiesel.

EUDR, which takes effect on December 30, 2025, also sets requirements for "traders" in the EU who distribute these products down the supply chain.[8]

Due diligence regulation transfers responsibility for monitoring compliance from governments to companies. Due diligence regulation differs from traditional regulatory strategies, which focus on compliance with a set of product requirements. The fixed costs of compliance are greater with due diligence systems, because GVC participants often bear at least the initial costs of establishing a compliant system though some or all of the costs may be transferred through the value chain to customers. Each GVC participant plays a role in collecting and transferring data demonstrating compliance. This involves setting up traceability systems, training GVC participants, and auditing the system. Due diligence regulation is becoming increasingly common in the EU for a number of sustainability initiatives as well as in other high-income economies. Until now, there have been limited efforts to map out the commonalities, differences, or interoperability among these regulations and their implications for developing economies, though this is changing.[9]

Assessing the implications

Access to the EU market is vital for jobs, economic stability, and growth in many developing economies that depend on agriculture-related exports. Compliance is complex and costly, especially for small-holder farmers and firms that have limited resources and are less organized. Although suppliers have no direct obligations under the EUDR, their ability to collect and pass on necessary information, including on geolocation and legality, along the supply chain will be essential in gaining or maintaining EU market access. For practicality, most of the information must be passed on in digital format. Many low-income economies are constrained by: (i) limited access to internet and technology tools, particularly for producers in remote villages; (ii) legislative gaps, including lack of clarity on labor and environmental protection; (iii) coordination challenges between GVC actors and government entities that may possess some required data; (iv) unclear land titling and disputes over land rights, particularly in relation to indigenous people; and (v) unwillingness of producers to supply information to government systems for fear they may be subject to increased taxation or rent seeking.

The EUDR is changing the structure of GVCs as importers begin selecting GVCs with reliable data over fragmented or complex and lengthy ones. For example, a French dairy company, Danone, indicated it will stop sourcing soy from Brazil in response to EUDR.[10] Similar reports have arisen regarding coffee imports from Ethiopia, where importers are moving towards more reliable GVCs[11], affecting the incomes and livelihoods[12] of some 5 million farming families that rely on coffee production. The EU is Ethiopia's top coffee export market, accounting for over 30% of exports in 2022/2023, but the country risks losing access without a strategy for EUDR compliance.[13] Most smallholder coffee production cannot be traced to its plot of origin, as required, due to informal trade practices. In response, the government is working with smallholders to geolocate production and meet legality requirements, supported by international and private-sector partners providing technology and technical assistance.[14] While EUDR compliance requirements could provide additional incentives to implement land rights regularization and supply chain traceability—reforms which typically lead to productivity gains and increased investment in the medium to long term (Tomescu-Olariu et al. 2025)—the immediate compliance costs are expected to be substantial.

8 Originally, the EUDR was to take effect on 30 December 2024. This was postponed to 30 December 2025. At the time of publication of this Note, the EU is considering a further 1-year extension to 30 December 2026. http://data.europa.eu/eli/reg/2023/1115/oj

9 https://www.iisd.org/system/files/2024-10/due-diligence-regulations.pdf

10 https://www.reuters.com/business/retail-consumer/frances-danone-cuts-out-brazilian-soy-ahead-tough-new-eu-rules-2024-10-25

11 https://www.firstpost.com/world/coffee-firms-turning-away-from-africa-as-eu-deforestation-law-looms-13520102.html and https://www.lemonde.fr/en/environment/article/2024/05/25/ethiopian-coffee-is-threatened-by-european-deforestation-regulations_6672600_114.html

12 https://hdl.handle.net/10986/42403

13 https://efi.int/sites/default/files/files/flegtredd/TF/Documents/Ethiopia%20preparedness%20check%20coffee%20EFI_10022025.pdf

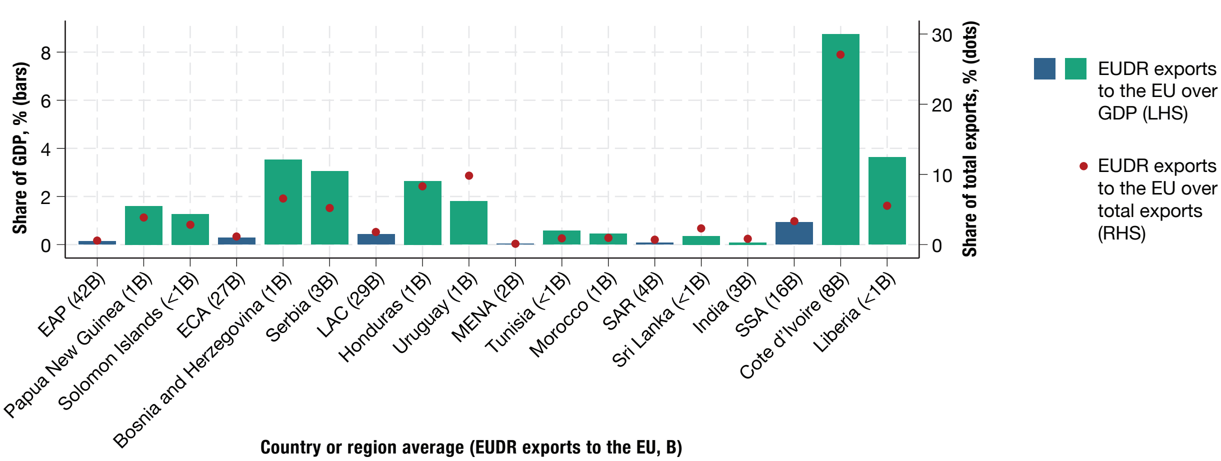
14 https://documents1.worldbank.org/curated/en/099101524090542222/pdf/P179405-f286606a-01ab-4c99-88aa-e6b97a6e6a75.pdf

While major producing countries serving the EU market are better prepared and often supported by development partners, smaller ones that are heavily reliant on the EU may face challenges. Côte d'Ivoire and Ghana, for example, produce nearly 70% of the world's cocoa, while 60% of the world's coffee comes from Brazil and Vietnam. Indonesia and Malaysia grow almost 90% of palm oil. Companies involved in large-scale production have invested in traceability, and many are expected to be ready when the EUDR takes effect on December 30, 2025. Major producing countries that are important to the EU market are benefiting from financial and technical assistance provided by the EU and other development partners, often with a focus on smallholders and the supporting role of governments. Smaller producing countries, some with very large reliance on the EU market but with relatively small import volumes into the EU, tend to be overlooked (see Figures 3 and 4).

Segregation between compliant products for the EU and non-compliant products for other non-regulated markets is an option but adds costs. Segregating complex GVCs is often difficult. For example, in palm oil and coffee, smallholders supply aggregators, which in turn mix product and supply processors and other middlemen further along the chain. Identifying and segregating these supply chains is complicated, particularly because the supply process is dynamic (aggregators are opportunistic, collecting any available supply at the lowest cost, for example). Shorter, less complex GVCs may segregate compliant sources and are likely to continue to supply the EU market, though smallholders in those GVCs who face difficulties in meeting information requirements may be forced to sell their products at a discount in unregulated markets.

Latin America and the Caribbean, Europe and Central Asia, and Sub-Saharan Africa have substantial exposure to EUDR,[15] measured by the share of regulated commodities in total exports and GDP (Figure 1.) Breaking down the EUDR exposure by commodities reveals patterns across countries. Côte d'Ivoire's exposure is driven by cocoa, Bosnia and Herzegovina's almost entirely by wood. Some countries' exposure stems from multiple commodities - Honduras through coffee and palm oil, for example, and Liberia through rubber and cocoa (see Figure 1 below).

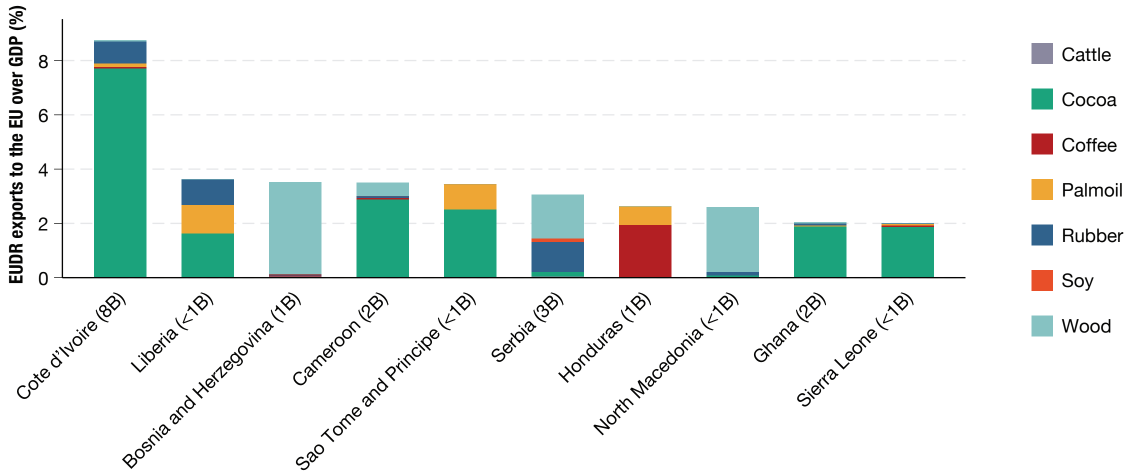
Figure 1: Trade exposure to EUDR by region (blue); two most exposed economies (green)



Note: EAP (East Asia and Pacific), ECA (Europe and Central Asia), LAC (Latin America and Caribbean), MENA (Middle East and North Africa), SAR (South Asia), SSA (Sub-Saharan Africa).
Source: UN COMTRADE and IMF, data for 2024

15 Sector exposure is the share of EUDR exports in total merchandise exports to the world; economic exposure is the share of EUDR exports to the EU relative to national GDP. (Aldaz-Carroll, E.; Jung, E.; Maliszewska, M.; Sikora, I. 2024. "Global Ripple Effects: Knock-on Effects of EU, US, and China Climate Policies on Developing Countries' Trade." Policy Research Working Paper 10988. Washington DC: World Bank. https://doi.org/10.1596/1813-9450-10988)

Figure 2: Trade exposure to EUDR by commodity, 10 most exposed economies

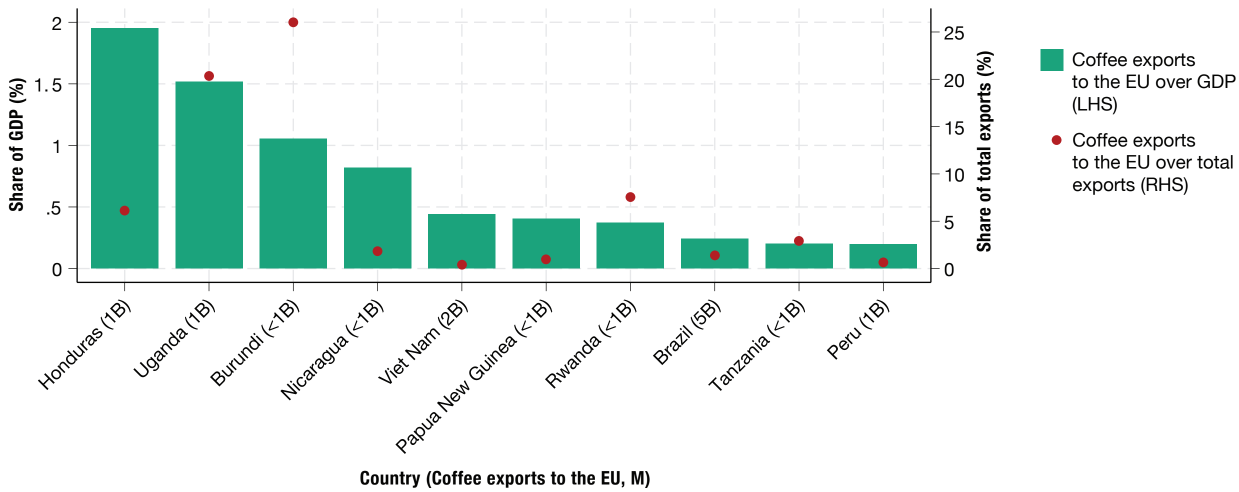


Note: High-income, and countries with less than USD 1 million EUDR exports to the EU have been excluded
Source: UN COMTRADE and IMF, data for 2024

Understanding the distribution and capacities of GVC participants is critical to assessing and targeting sectoral support. Countries with a high proportion of small-scale producers and fragmented government and private sector data are least likely to adapt well. Complex, longer GVCs with many smallholders and SMEs are more likely to be affected than shorter, more concentrated GVCs involving multinationals with capacity to support producer groups. In some instances, data on producers or GVC participants is held by governments (e.g., business registration, property title and location information), while other data is held by the private sector or may not be available at all. Lack of digital tools in the hands of producers, lack of access to data (e.g. forest cover maps), trust in data quality, mistrust regarding the sharing of proprietary information, and the inability to share data across systems adds to the complexity. An additional consideration is the distribution of producers in relation to the forest-agricultural interface. If SME production is closer to forested lands, demonstrating compliance is likely to be more difficult. Fully understanding the factors influencing a GVC and its ability to gather compliance information and present it to operators is a key first step to developing responses. A deep diagnostic of the data being collected by the private sector, related stakeholders, and governments is needed.

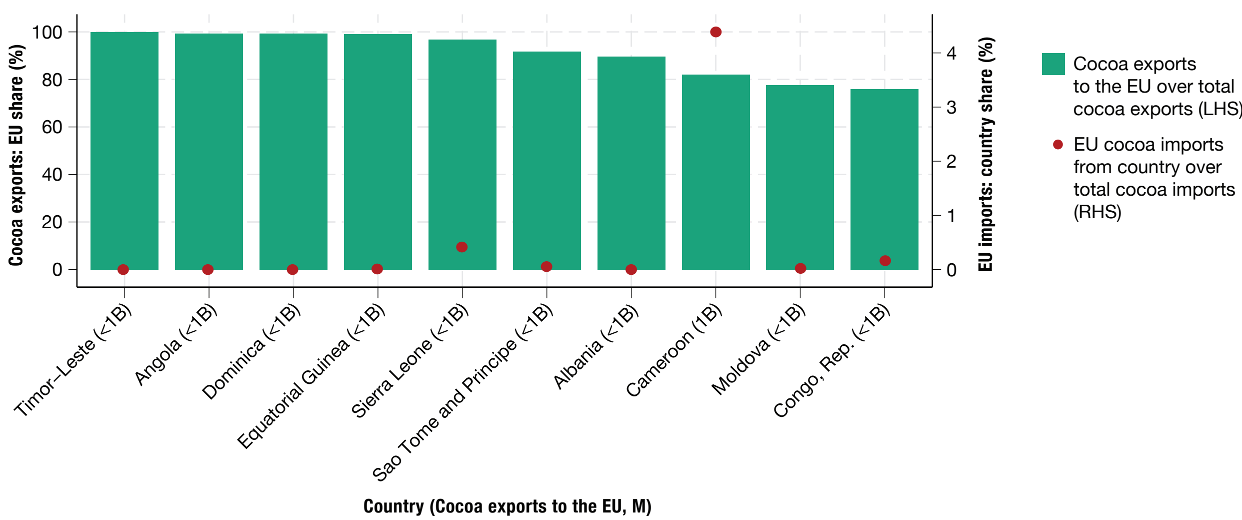
Fragmented supply chains, limited digital capacity, and lack of trust and coordination hinder effective traceability efforts, even in countries with strong EU trade ties. Fragmented supply chains and uncoordinated digital initiatives are further complications. While digital tools like farm-level identification systems can help, they are hard to implement without significant financial and capacity development support. Even countries with strong EU trade ties face difficulties. Although the Ghana Cocoa Board has developed a national traceability system and registered over 790,000 cocoa farmers, issues with trust in systems to collect the required information, data access, and interoperability remain, underscoring the need for better public-private collaboration. Important transit countries (e.g. tire suppliers or coffee roasters) also need support.

Figure 3: Trade exposure to EUDR in the coffee sector, 10 most exposed



Note: High-income, and countries with less than USD 1 million EUDR exports to the EU have been excluded
Source: UN COMTRADE and IMF, data for 2024

Figure 4: EU market dependence and import share for cocoa, 10 most dependent on the EU



Note: High-income, and countries with less than USD 1 million EUDR exports to the EU have been excluded
Source: UN COMTRADE, data for 2024

Governments play an essential role in supporting or helping coordinate the development of national information and traceability systems. Numerous private sector solutions have been developed to address elements of the EUDR as identified in Annex 2. Various organizations including Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC), Rainforest Alliance, Roundtable on Sustainable Palm Oil (RSPO), Intertek, and SGS, among many others, have also adjusted their sustainability certification programs to support EUDR compliance. Though these may offer turnkey approaches to addressing compliance in many countries, they are unlikely to encompass and reach all value chain participants. Some countries are therefore developing centralized traceability platforms, which could serve as trusted repositories for EU importers. However, many of these initiatives are nascent, face delays, or are poorly coordinated with the private sector. Stronger government-led collaboration with the private sector is key to bridging capacity gaps and creating an enabling environment for compliance.

With the EUDR, countries positioning themselves as sustainable producers of high-value commodities can improve market share. Some have adopted nationwide schemes to upgrade environmental standards to boost export competitiveness. For example, the Malaysian Sustainable Palm Oil (MSPO) initiative is mandatory for all producers. Work is under way to further align MSPO with EUDR requirements. The MSPO certificate and the associated system (MSPO Trace) can act as potential sources of information for EU importers, notably on legal compliance of smallholders involved in EU trade. In Côte d'Ivoire and Ghana, the mandatory African Regional Standard for Sustainable Cocoa could help companies assess risks and demonstrate EUDR compliance.

3

RESPONDING TO THE EUDR – BUILDING COMPLIANCE

Although development partners support countries to organize responses to EUDR, further work is needed to ensure that highly exposed and vulnerable countries are not left behind. The EU provides direct and indirect financial and technical support through its "Team Europe" initiative, which has mobilized over €80 million in funding.[16] The initiative supports outreach, coordinates assistance, and provides a platform for the exchange of knowledge and good practices. However, most countries benefiting from this support have a high exposure of regulated exports to the EU. Countries that represent a smaller volume of the EU's imports but have sectors highly reliant on EU trade will also need financial and technical assistance. To support these countries, coordinated efforts are needed to help producers, value chain actors, and governments respond to the EUDR. Development partners

16 See: https://zerodeforestationhub.eu/

play a key role in meeting growing demands for sustainability and traceability. Many countries require financial and technical assistance, strengthening traceability systems, and support in facilitating public-private coordination. Their support is essential to analyzing and addressing legal gaps, making available blended finance solutions, and working with international organizations and governments to harmonize regulatory requirements.

Effective responses must be grounded in national strategies that coordinate public and private sectors, ensure data interoperability, and include smallholders. Coordinated, adaptable systems can create lasting market and environmental benefits. Growing worldwide demand for sustainable agri-GVCs requires the private and public sectors cooperate, coordinate, and adopt strategies that allow GVCs to respond to due diligence requirements regardless of the product, complexity, participants, or specific traceability elements. GVCs must be able to collect and distribute supporting data to meet varying national requirements. For example, the EUDR is more stringent and requires more precise data than the US Lacey Act or the China Forest Certification Scheme.

Responding to the EUDR requires coordinated efforts across multiple government agencies, active participation from the private sector, and the use of digital tools for effective data collection and transfer. Strong leadership is needed to map value chain participants and available data for EUDR compliance, with the Ministry of Trade often best positioned to lead. The lead agency should coordinate with relevant ministries (e.g., agriculture, environment, labor) and the private sector, conduct a legal review of applicable EUDR-related laws, and publish a consolidated list to support importer due diligence. It should also engage stakeholders to map cooperatives, off-takers, and processors, and assess their data access and digital readiness, including internet, electricity, and equipment. Lessons from Guatemala and Honduras offer useful benchmarks for this analysis.[17]

Compliance hinges on the ability to collect, verify, and share polygon-level geolocation data. Governments working directly with GVC participants (associations and collectives) should prioritize developing or adapting traceability systems that integrate forest cover and land-tenure data from public registries with private-sector geolocation and sourcing information as well as sustainability data from VSS compliance information or from producer platforms. Technologies that support integration (e.g., Application Programming Interfaces and Geographic Information System) and interoperability are essential to ensure that required data is easily accessible to end suppliers of the product and can move from public institutions to private-sector players in a secure but accessible manner. Technology solutions must align with legal frameworks and ensure strict data security, especially in developing economies where information security is still evolving. Building trust is also key, as many producers fear that sharing data with authorities could lead to taxation, land disputes or other unintended consequences. Governments should address these concerns through transparent protocols. In areas lacking digital infrastructure, manual data collection may be necessary to fill gaps.

In many developing economies, traceability systems are limited or have been established to meet VSS requirements. Adjustments to these systems may be needed to comply fully with the requirements of the EUDR. Ideally, any system must capture geolocation data to verify the place of production against known forest cover and must be able to trace production through the GVC. Annex 2 provides some tools that can support compliance (EU officials should be consulted to ensure they are sufficiently aligned with the EUDR).

17 https://openknowledge.fao.org/items/78967331-1d27-4649-94b0-bdae7c5c17a6

Some governments are developing traceability systems. In Sri Lanka, the Rubber Development Department is developing a tool using information supplied by large commercial buyers such as Michelin. Michelin implemented geolocation traceability for plots supplying rubber and established standards for environmental and social compliance.[18] In highly integrated GVCs where private-sector solutions trace production, there may be little need for involvement of the government. But in most GVCs, which involve smallholders that lack systems and infrastructure, government and private-sector solutions (e.g., Rain Forest Alliance) may offer the best options. Government records may be the only source of information, for example on compliance with national laws. Therefore, integration of government and private-sector data may be critical in developing a solution that fully addresses all EUDR components. Detailed business process mapping is essential to fully understand where data exists, who holds and owns it, how it may be accessed and transferred, etc. This mapping should precede the formulation of solutions.

Coordination between producing countries and the EU is essential to meet the expectations of EU operators and authorities. GVC actors should fully understand what information is required. To achieve a full understanding of expectations, a dialogue between GVC actors in the producing country and EU operators is essential to respond to EUDR in a coordinated manner. The leading agency coordinating the response should also engage with EU authorities to understand how the EUDR will be enforced. The EU has made several tools available to this end (See Annex 2). Workshops and stakeholder dialogue sessions should be planned to disseminate detailed information on how to comply. Sessions should be coordinated through sector associations and could also include EU actors providing input and clarity on information needs.

A national EUDR strategy must include a financing plan. A plan is required to: (i) mobilize public investment in traceability and other infrastructure (e.g., cadastral upgrades, satellite verification, forest cover mapping, etc.); (ii) identify blended-finance options and climate-smart agriculture tools to support private sector investment benefiting smallholders; and (iii) engage development partners to support funding of investment tools (e.g., WB, IFC, regional banks) for de-risking and technical assistance. Support should be prioritized for smaller countries that lack resources to comply.

Regional workshops bringing together GVC actors and government agencies to foster collaboration and drive forward joint solutions is a way to build on the experiences of others. Workshops should promote dialogue between peers who have developed responses to the EUDR as well as between exporters and EU importers, who are ultimately responsible for EUDR compliance and must have confidence in the data being provided. Private-sector associations should establish effective communication channels, procedures, and protocols with EU authorities. Consultation under free-trade agreements with the EU may also provide opportunities to resolve issues and streamline processes.

18 https://natural-rubber.michelin.com/news-michelin-has-decided-to-apply-the-european-regulation-on-imported-deforestation-eudr-in-2025-as-initially-planned

4

CONCLUSION

Compliance with the EUDR involves a comprehensive, multi-stakeholder strategy led by government or private-sector associations and that includes ministries, producers, and civil society. Trust and coordination between government and the private sector is critical. The strategy begins by establishing strong leadership and coordination, followed by mapping existing data and GVC actors to build a foundation for traceability. It includes assessing and upgrading traceability systems, reviewing legal frameworks, and developing trusted data-sharing protocols. The strategy must emphasize stakeholder engagement, especially for smallholders, and structured dialogue with EU partners. It must integrate financing, regional learning, and risk-based prioritization and culminate in continuous monitoring and adaptive management to ensure alignment with evolving EUDR requirements and complimentary traceability requirements by other trading partners.

While this policy note provides an overview of the EUDR and its likely implications for developing economies, significant analytical and operational gaps remain. Chief among these is the limited granularity in assessing country-specific readiness to comply with the EUDR's complex due-diligence and traceability requirements and the interaction with other private and public-sector requirements relevant to the GVC. Much of the existing analysis is high-level, with insufficient insight into the structural weaknesses at the farm and cooperative levels —particularly where smallholders dominate production and data systems are weak or nonexistent.

The rapid proliferation of due diligence regulations, such as the EUDR, is contributing to an increasingly fragmented landscape of overlapping, sometimes inconsistent standards and regulations. This growing patchwork risks overwhelming exporters and governments in developing economies unless greater attention is paid to harmonization and mutual recognition of sustainability initiatives globally. The interoperability of traceability systems—across regulatory and voluntary schemes—must become a strategic priority for the private sector and public institutions and strongly supported by development partners. Without compatibility across standards, investments in compliance infrastructure may be duplicative or insufficient.

Developing economies must build dynamic and flexible digital traceability systems that respond to evolving regulatory requirements and enable data to flow securely and credibly across GVCs. This requires not only technical innovation, but also governance frameworks and coordination between the private and public sectors that support data sharing while respecting privacy, ownership, and trust. In many countries, coordination and connectivity between agencies and GVC participants is limited. In parallel, countries need practical, context-specific roadmaps to address institutional, technological, and legal gaps. These roadmaps must be informed by robust diagnostics and ongoing monitoring to ensure that sustainability regulations support, rather than sideline, the most vulnerable actors in global trade.

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ANNEX 1
Country examples

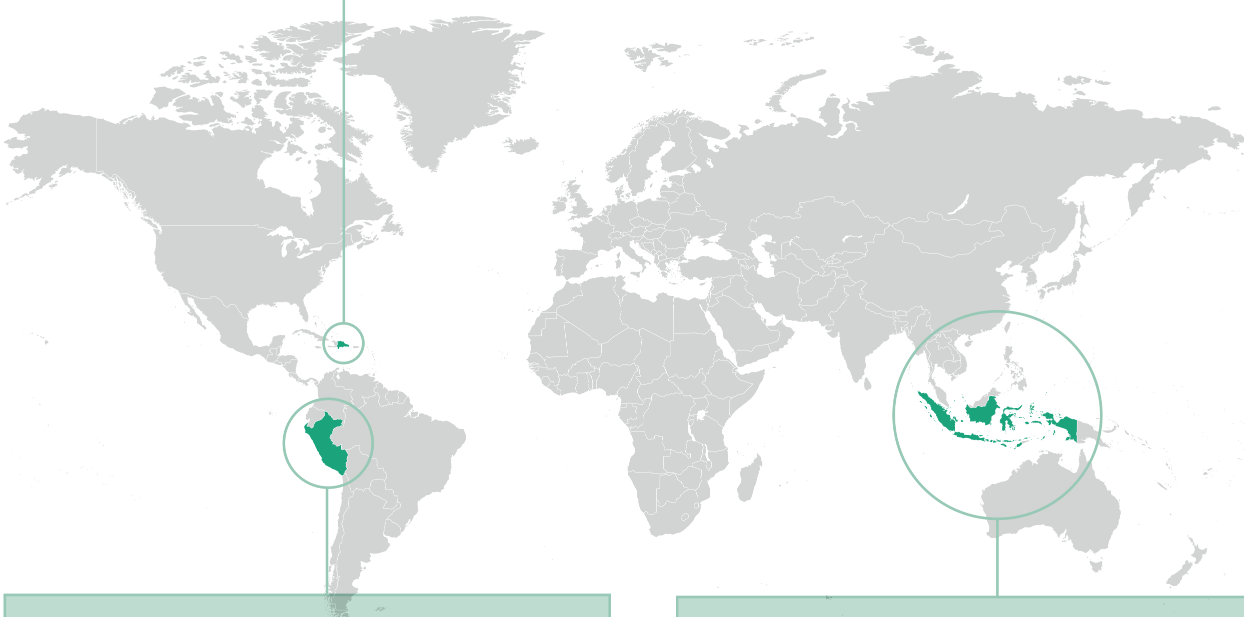
Dominican Republic

The Dominican Republic's cacao sector offers a strong example of how the private sector can turn the EUDR into a competitive advantage. Three major exporter organizations, one cooperative and two companies, based in San Francisco de Macorís, account for 60% of the country's cacao exports, and an even larger share of those going to the EU. Together, they source from over 10,000 small farmers.

Over the past decade, these organizations have proactively worked to certify their cacao as organic to boost value and stand out in global markets. This included identifying each farmer in their supply chains and helping them meet international certification standards. As a result, when the EUDR was introduced, they were already well-prepared to meet its requirements.

In the last three years, these organizations have used digital tools to map supplier locations, ensure traceability of cacao, and verify compliance with local laws. While these efforts were led by the private sector, the government supported them occasionally through international technical assistance.

Although not all cacao producers in the country are equally prepared, these three organizations dominate exports to the EU and allow the vast majority of EU trade to continue uninterrupted.



Peru

Peru's exports of coffee, cocoa, wood, and palm oil account for 12% of exports to the EU. A diagnostic analysis that included evaluation of the availability of data to support compliance, coordination between agencies involved in data collection, and coordination in the private sector was undertaken. Based on the information collected in the diagnostic, coordination workshops were established that included ministries, local governments, and private sector actors. The workshops provided technical assistance to small producers to fully understand the requirements and to bring them together with EU importers to share information on their expectations as well as peer-to-peer learning experiences from other regions. A comprehensive roadmap for EUDR compliance was established that outlined the steps necessary to achieve a coordinated approach for compliance.

Indonesia

Indonesia has established the SIPO (Sustainable Palm Oil Information System) to support EUDR-relevant traceability. Coordinated by the Ministry of Agriculture and integrated with forest monitoring data, SIPO links plantation, cooperative, and smallholder data. The platform aims to reduce duplicative audits while enhancing smallholder participation through mobile entry points and support programs. Lessons from SIPO's design highlight the importance of interoperability and legal backing.

ANNEX 2
Digital solutions supporting compliance

Category	Tool / Platform	Function / Relevance to EUDR
Regulatory Compliance Information	Deforestation regulation Implementation, EU observatory on deforestation and forest degradation	Various information on deforestation, trade and compliance
Geospatial Monitoring	Global Forest Watch (GFW)	Real-time deforestation alerts and forest change monitoring.
	Starling (A partnership between Airbus & Earthworm)	Satellite-based verification of deforestation-free sourcing.
	Satelligence, MapHubs, Planet	High-resolution forest monitoring and risk mapping.
Geolocation Management	Trase	Maps supply chains and links sourcing to deforestation risk.
	Optichain	Collects GPS coordinates and links them to farmer and product data.
	AgUnity	Empowers smallholders to record GPS and supply chain data via mobile apps.
Supply Chain Traceability	Sphera Supply Chain Sustainability (formerly SupplyShift), Sourcemap	Maps supply chains, assesses risk, and improves transparency.
	SAP GreenToken, IBM Food Trust	Blockchain-based traceability from farm to shelf.
	FarmForce	Tracks production data from field to export, ideal for smallholders.
Blockchain & DLT Systems	Bext360, Provenance	Records origin and sustainability data with blockchain for traceability and verification.
Risk Assessment Tools	Sourcing Hub	Provides country/commodity-specific deforestation risk profiles.
Producer Management Systems	Farmforce, CropIn, Tulaa	Manage farmer profiles, plot-level data, and certifications to ensure traceability compliance.

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