



WWF

RSPO-RT12

2014

# FFB's traceability system and legality aspects in Indonesia

Kuala Lumpur, November 18, 2014

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WWF Indonesia

# Content

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- What is traceability system?
- The risk in FFB supply chain
- Legality requirements
- How FFB traceability system works?
- Challenges and recommendation



# Background

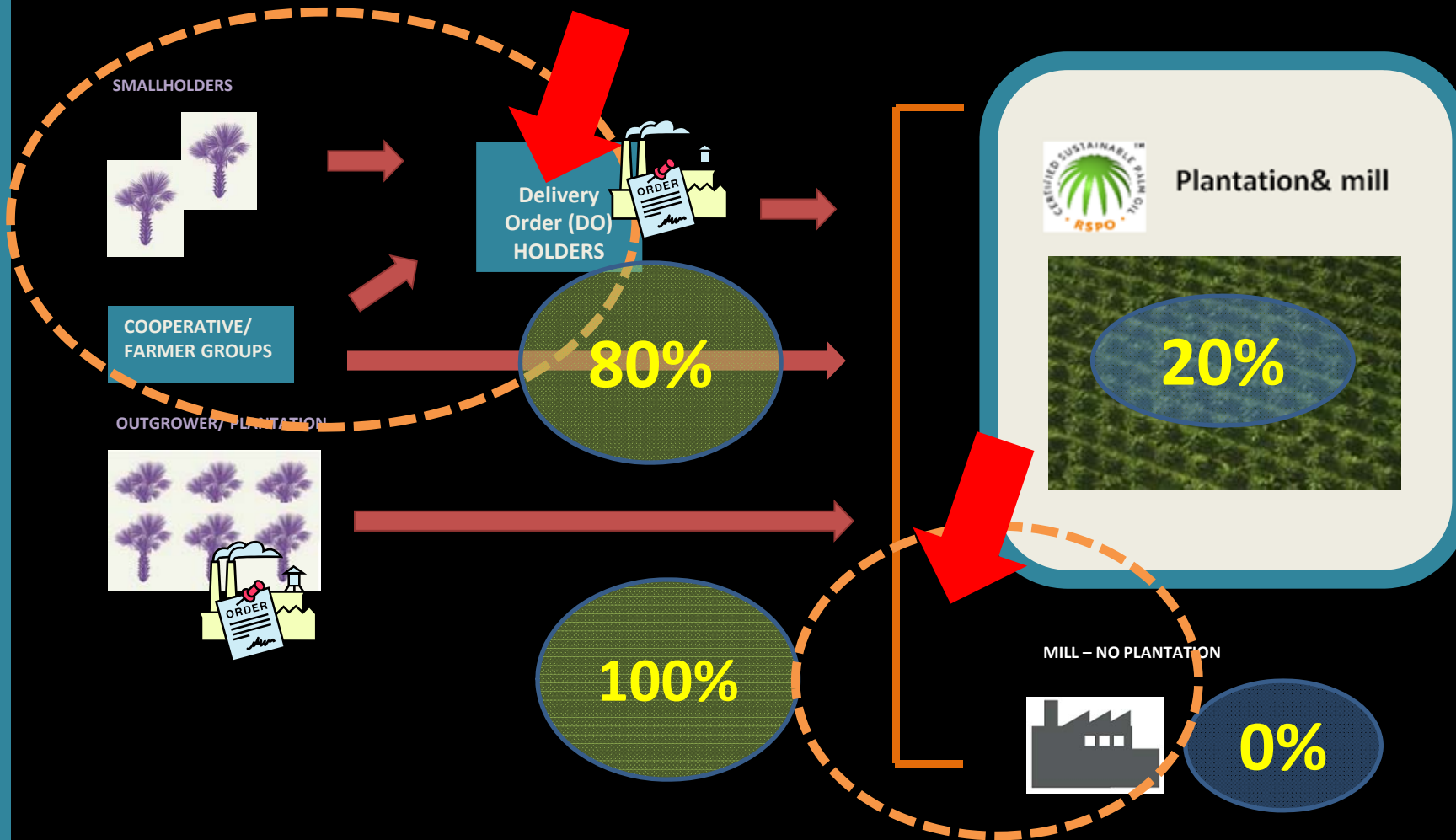
## What and why?

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- There is risk that CSPO mass balance supply chain system is mixed with potentially illegal oil from unknown source;
- Traceability system is developed to address the issue and to enhance RSPO credibility in the market;

# Background

## The risks



# Legality documents

## Pre production

Pre production	Object	Documents	Actor	Source
Area:	'- other land use or agriculture designated area	Map of area	The mill, the grower	
Land title:	area of <50ha/ 50,000 m2	right of ownership certificate, certificate of land (SKT), Girik, Letter C, rental agreement of right of ownership	Individual, cooperative, company	UUPA, Pp 40/ 1996, Permentan 98/2013, Perkaban 2/2013, Agrarian Land Reg No 5/99
	area of 5 and above 25 ha	Right of Use Certification (HGU)	Individual, cooperative, company	UU 5.1960, UU 18/2014
Business permit and cultivation business permit:	area of <25 ha	plantation registration certificate (STDB)	Individual	Art. 5 MoA Reg 98/13
	area of 25 ha or above	- cultivation business permit (IUP) - investment approval letter - trading letter	cooperative, company	MoA Reg 98/13
environmental license		Capability Statement of Environmental Management and Environmental Monitoring (SPPL)	Individual, cooperative, company	UU 32/2009, Ps. 2 - PermenLH 13/2009, PerBup/PerGub
	- on other land use: above 3000 ha - on convertible production forest: above 3000 ha - borders with protection area	environmental license (Amdal, UKL-UPL )	Individual, cooperative, company	UU 32/2009, PermenLH 13/2009,

# Legality documents

## Legal entity establishment

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- Limited liability (PT) establishment letter from Ministry of Law and Human Rights (Law No 40/2007)
- Notarial deed of cooperative establishment and approval letter (Law No 25/1992)
- Deed of Incorporation (Law No 40/2007)
- Direct investment letter of approval (Law No 25/2007)
- Company registration certificate (Law No 40/2007)

# How it works

## Baseline identification

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- Farmers group to identify farmers involved
- Agent/ supplier to identify baseline data of available farmer/ cooperative
- Mill to facilitate training on production projection process
- Farmers group/ coop to facilitate baselining process

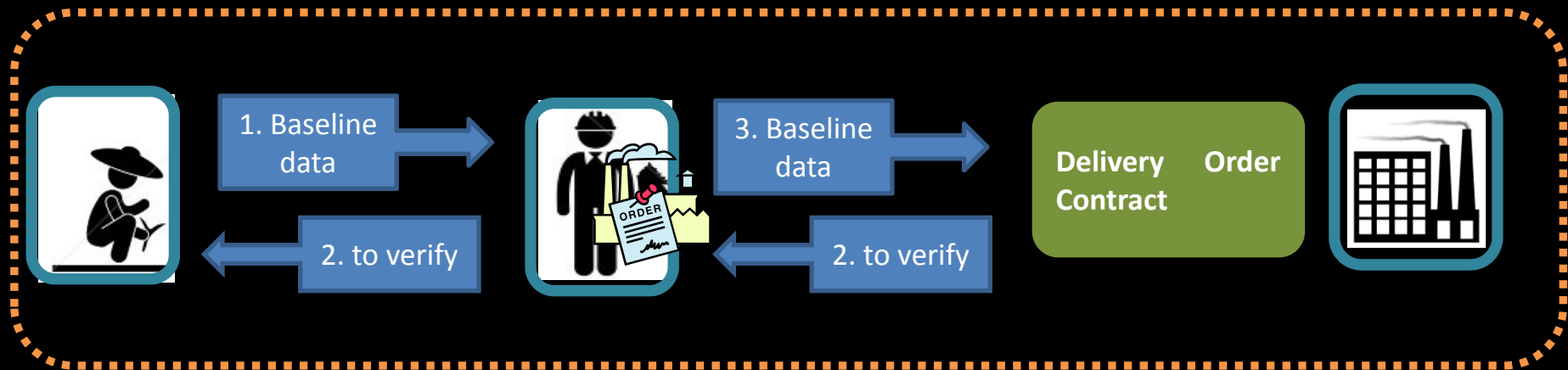
# How it works?

Step 1

Step 2

Step 3

Step 4



The baseline data covers:

- Farmer/ cooperative/ company: farmers name, land title, production target (6 months), registration plantation, seeds, estimated yield of FFB (AKP), actual harvested yield of FFB (BJR), harvesting cycle, area map



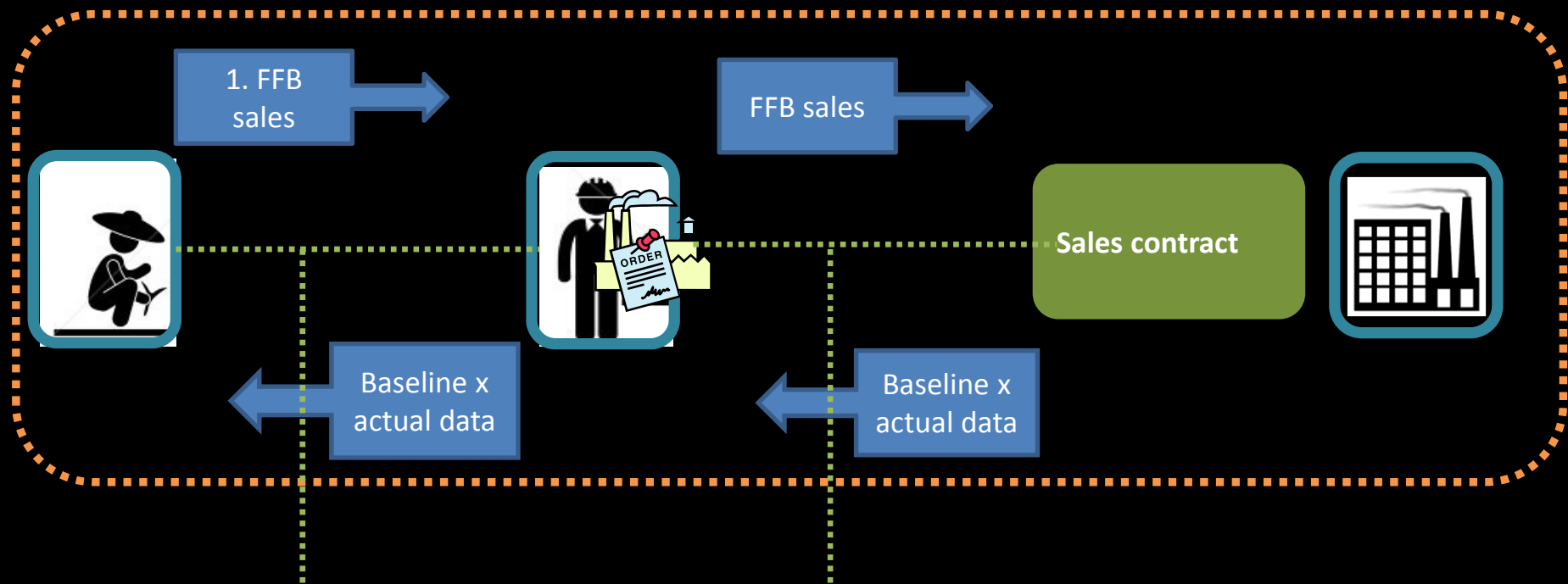
# How it works?

Step 1

Step 2

Step 3

Step 4



- Invoice
- Volume/ weight data sales
- Production forecast
- Every FFB sales must have 3 copies of invoice and must be documented

## How it works

### FFB sales and monitoring



- ✓ Buyer only purchase FFB from registered and verified suppliers
- ✓ Buyer to compare the production target volume of its suppliers with actual sales data
- ✓ All process and transaction must be documented;
- ✓ Assessment of every 6 months period –  
This document must be archived

# Challenges

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- There is a wide range of actors in the supply chain that need to be introduced to the system, in particular the farmers and the suppliers.
- The cost incurred to develop the system
- Implementation of the regulation that sometimes still not yet effectively implemented

# Recommendation

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- Mill is the key actor in building the system, nevertheless it needs supports from the supply chain; from growers to consumers;
- RSPO working group needs to address social and law enforcement issues and to engage government to make the system works effectively in Indonesia

# Terima kasih!

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