Developing and Testing Traceability of FFB Supply Chain in Indonesia – Contribution to RSPO Guidance

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What is traceability system?

The system can be used to facilitate production and marketing plan

To ascertain the origin of FFB derived from legal sources

FFB Sources
- Cooperative/Farmer Group
- Independent Smallholder
- Outgrowers

FFB Collectors
- DO's Holders

Millers
Why do we need traceability system?

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

FFB supply chains practices in Indonesia

1. Plantation without mills

In average, medium plantations area are about 500 hectares and normally they have no mill. They supply their FFBs to nearby mills or plantations that own mill.

FFB sources coming from these plantations must be a legal entity and have sufficient capacity to harvest, transport, and deliver their FFBs to buyers.
FFB supply chains practices in Indonesia

2. FFB traders

FFB traders divided into two categories: big traders and small scale traders; like cooperative or farmer group. They must pocket a delivery order (DO) agreement.

DO holders are bound to supply FFBs in a daily routine with a certain volume and time period that usually set for at least 6 to 12 months.

Identified problems in FFB supply chains

In order to meet their target, traders have extended suppliers to get supply from illegal sources.

Mixing of certified/legal and illegal sourcing FFB at the collectors level

Mixing of certified/legal and illegal sourcing FFB at the DO holder level

WHO and HOW to identify and verify actors involve in FFB supply chain as well as to get them actively involve in sustainable production
Contribution to RSPO Guidance

The leakage issue by mixing of legal and illegal source of FFB has affected the credibility of certified mills. External suppliers of certified mills shall also be traceable and its legality can be proven.

We believe that...

Improved FFB traceability standard aims to enhance and to improve interpretation of RSPO Principles and Criteria.

It is clear that FFB supply chain in general potentially leak in several critical points.

Recording of FFB sourced conducted by millers should be based on the credible, simple and doable system.

Ensure the certified mills are in full compliance to the sustainability standard, as clearly defined in RSPO standard.

To improve FFB traceability guidance that contribute to enhance the interpretation and implementation of RSPO indicators number 4.1.4.

Simple map of traceability system
FFB supply chain traceability study

1. Identification and conduct comparative study of existing traceability systems;

Identification of existing traceability systems

Comparative study

Gaps analysis

Each of existing systems might have their own strength and weaknesses

incorporated it all into one comprehensive traceability guidance

2. Test the proposed incorporated traceability guidance

It should complementary with the best practices of the possible existing systems

Testing

Gaps filling

Credible

Simple

Doable
Modalities we have so far

Basic mechanism for the implementation of traceability systems

1. Data collecting
2. DO’s contract
3. Purchasing
4. Production
5. Documentation

Basic research on traceability and legality conducted in 2014

Thank you...!

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