

## I-Trace Consultation meeting minutes

<b>Day/date:</b>	Tuesday 21 May 2024
<b>Time:</b>	9:30 am – 12:30 pm Jakarta Time
<b>Venue:</b>	Graha Surveyor Indonesia, Jakarta
<b>Moderator:</b>	Ibu Diah Suradiredja, Coordinating Ministry of Economic Affairs (KEMENKO)
<b>Participants:</b>	See Annex 1



### Agenda

Time	Agenda item	Presenter
09.30 – 09.50	Opening remarks	- President Director, Surveyor Indonesia - KEMENKO
09.50 – 10.20	I-Trace presentation	Surveyor Indonesia IT team
10.20 – 12.00	Q & A/General discussion	Moderator, Ibu Diah Suradiredja
12.00 – 12:30	PTSI-Sinar Mas NDA signing on I-Trace piloting	Moderator, Ibu Diah Suradiredja
12.30 – 13.00	Lunch and prayer	

### 1 Opening remarks by Ibu Lussy, PT Surveyor Indonesia

- There is a growing global market requirement to make sure agriculture commodities are deforestation-free and legal.
- PTSI is supporting work to develop a traceability system and data management system on four key agriculture commodities.
- PTSI has piloted this in the field and have had a lot of discussions with the national dashboard committee, Bappenas and the private sector to improve the system.
- We also make sure that the traceability system uses the latest technology such as blockchain and is in line with new ideas for traceability.

- The key modules in the traceability system include: 1: Registration of supply chain actors, 2: Geolocation mapping of land and uploading land information, 3: Real time transactions and 4: Issuance of I-Trace Notes containing declarations of legality and deforestation-free status.
- Working together with stakeholders is the main pillar in ensuring that the tool and system developed are practical and meet the needs of supply chain actors and global markets.

## **2 Opening remarks by Ibu Diah Suradiredja, KEMENKO**

- Welcome friends from all the Ministries and government agencies, EFI, NGO and companies. Apologies from Ibu Musdalifah who cannot be here, she has a new role as Deputy 4 for Digital Economy and SMEs.
- Traceability systems are not new to Indonesia. We developed SILK (timber Legality and Sustainability Information System) together for timber many years back in close engagement with smallholders, companies and NGOs, many of whom are here in the room today.
- We need to look back at history, where in 1992 we all agreed as a global community to commit to sustainability and this effort today is part of that commitment. It might seem we have new pressure with the EUDR but the reality is that this is all part of a long history of commitment to reduce deforestation and address climate change.
- As a producing country, we also have our responsibilities to contribute to this global agenda. It started with timber to address concerns around illegal logging and now it has moved to six other agriculture commodities.
- The National Dashboard is not just to respond to EUDR but is a system we need in Indonesia to manage our commodity data and also to prepare for other markets that will move in the same direction as the EU such as Korea, Japan, China, etc.
- Many of you here today have been asking what is the progress of the National Dashboard? I can assure you that we are working hard and have been progressing and today is an opportunity to share where we are.
- The key point today is to get feedback to ensure that we develop a robust system that is also accessible to all. A system that is owned by the government but accessible to all relevant stakeholders.
- SVLK (Timber Legality Assurance System) is managed under one directorate in KLHK (Ministry of Environment and Forestry). The dashboard will be under KEMENTAN (Ministry of Agriculture) for five key commodities. Data privacy concerns and regulations will be considered when we develop the dashboard and traceability system.
- Where is the funding coming from? We have a pot open for anyone who wants to contribute. We have had a lot of offers to support different aspects of the dashboard including piloting of the system such as this traceability system developed by PTSI.
- Today we will get a preview of I-Trace that is being developed by PTSI. We need technical feedback and input to improve the system.
- Later today we will also discuss the different Joint Task Force (JTF) workstreams. We want to invite as many stakeholders as possible today as this is not an exclusive topic and we appreciate feedback and input from all of you.

- I invite everyone to be open today, with our ideas and our feedback and contribute to this meeting.

### **3 Presentation by Pak Martinus Nata, PT Surveyor Indonesia**

- EU Deforestation Regulation (EUDR) Article 3 requires that relevant commodities entering EU need to be deforestation-free (31 December 2020 cut-off date), legal (according to the laws of the country of production) and accompanied by a due-diligence statement that includes geolocation of all plots of land (polygons for plots >4ha). Article 9 information also needs to be transferred along the supply chain such as quantity, country of origin, buyer/seller information and description of products.
- The Joint task Force (JTF) is the forum that the EU has set up for communication and engagement with Indonesia and Malaysia. There are five workstreams set up under the JTF related to 1. Inclusivity of smallholders, 2. Relevant certification schemes, 3. Traceability, 4. Scientific data on deforestation and forest degradation, and 5. Data privacy and protection.
- Flow of the National Dashboard traceability system: data from existing systems containing information on producers and their land like SIPERIBUN (companies) and E-STD-B (smallholders) will feed into this system. The Dashboard also will support acceleration of STD-B, for example through a notification sent to KEMENTAN for plots that are clean and clear so that STD-B process could be expedited.
- QR Codes will be used to transfer needed information along the supply chain and National Dashboard Notes will be sent to INATRADE then passed on to export markets.
- We started discussions with EU Joint Research Centre (JRC) on how to improve the accuracy of the global map for Indonesia, a key data to determining deforestation risk.
- Our Journey – PTSI has had many discussions with KEMENKO, Bappenas, private sector/companies, associations and NGOs in the development of this traceability system which includes a web based platform and a mobile app (android) that supply chain actors can use – and in future, we could include a verification function.

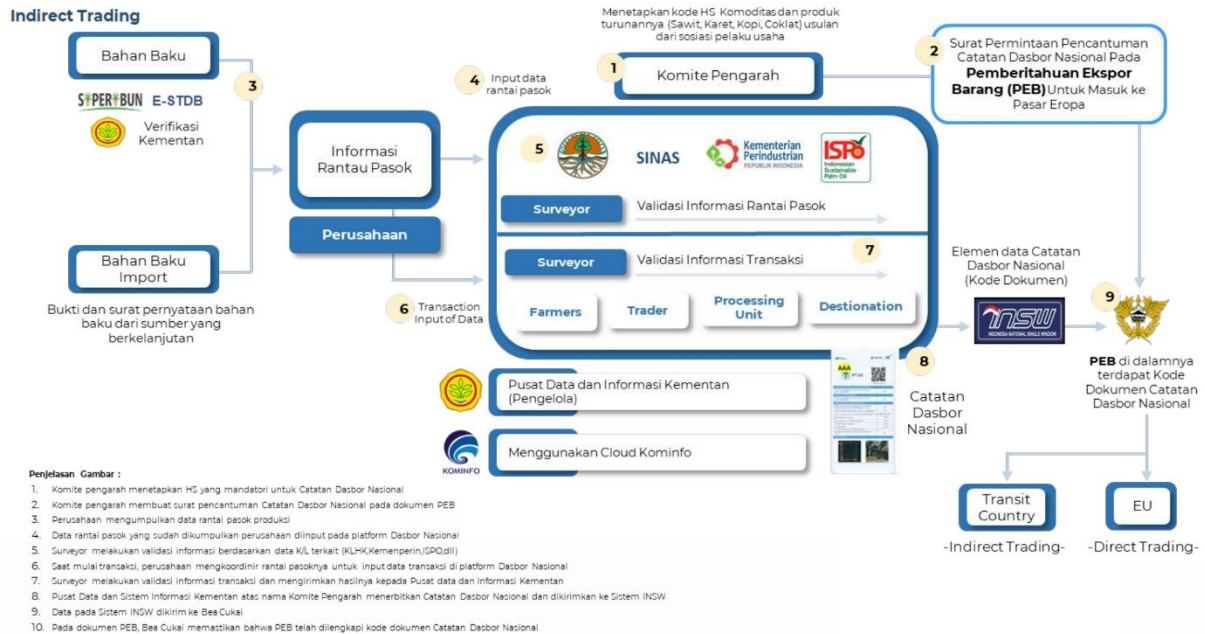
### **4 Presentation by Amelia Majid, PT Surveyor Indonesia**

- Introduction to I-Trace – the key features include: functionality for supply chain actors to make transactions in real time, collect and record geolocation (polygon information), and declare legal and deforestation free production (verified by admin).
- QR codes are used to transfer transaction information and legal and deforestation free information along the supply chain
- Benefits of I-Trace: it is developed and tested for the palm oil sector with smallholders in mind and taking into account dealers who are a key part of their ecosystem. It builds on existing national systems like e-STDB so that farmers will not need to input data twice. The system also aims to have interoperability with other national systems to streamline information flow.
- I-Trace has two versions – desktop and mobile app.
- Desktop tool will be most useful for system administrators, associations supporting farmers, and mills, and refineries, etc. The dashboard displays locations of farms and processing facilities and transactions for each account type.

- Mobile app was created with smallholders and dealers in mind where the traceability system can be accessed in the field. The interface is simple and intuitive, and the app allows a farmer/dealer/mill to make transactions, map farms and also generate of I-Trace notes that have only information that is not private.
- Key features of the I-Trace app:
  - Mapping of farms by farmers in accordance with STD-B
  - Bulk upload of geolocation by farmers' association
  - Adjustment of final weight by mills
  - Map trace, transactions and history of transactions, delivery notes and transaction QR codes by all supply chain actors from farmer all the way to point of export.
- Demo of the mobile app:
  - User registration includes six different types of supply chain actor account:
  - **Farmers** – there is an interface to register 'legality' information in line with STD-B requirements. For those without STD-B, there is an option to include other legal information for their plot of land (SHM (certificate of ownership), SKT (Land certificate), etc.). Farmers can map out the plot using the app or upload plots if already available. Once this platform is linked to e-STDB, farmers will only need to key in their ID number and relevant information will be linked automatically. Once approved by admin for legal and deforestation free production, a farmer can start transactions either by scanning a new buyer QR code or by repeating a past transaction.
  - **Dealer**– the key feature that differs from a farmer account is the inclusion of Delivery Order information. Dealers can initiate transactions by scanning sellers QR code or repeating past transactions.
  - **Farmer Organisation** – feature similar to farmer and dealer. An additional feature for farmer organizations is bulk uploading of farmers' geolocation information.
  - **Processing (mills, refinery, traders)** – features are similar to farmers' accounts except that mills can upload a delivery order to be completed by dealers and also generate delivery notes to be passed down the supply chain.
- I-Trace development timeline:
  - Started in August 2023, with desktop system development in December 2023
  - Mobile app was developed and tested in Feb 2024 in Central Kalimantan. Based on feedback from the field, PTSI has been improving the system.
  - Next steps: continued improvements, further testing (phase 2), development of guidelines, improving methods to analyse zero-deforestation and establishing interoperability with other government systems.
- Piloting of I-Trace in Central Kalimantan was carried out in collaboration with JAVLEC. The I-Trace app was tested with independent farmers, Tri Daya Cooperative, dealers and a mill. The aim was to improve the app and ensure ease of use by farmers and dealers. During the piloting we received a wealth of feedback which was used to improve the app greatly.
- Lessons learned:
  - supply chain actors engaged during the piloting could see great utility in a non-paper-based system.
  - The most time-consuming part for farmers was the input of STD-B data and mapping of their geolocation - therefore, link with e-STDB would improve smallholder user experience significantly.
  - Farmer associations found that the data captured will be useful for certification including in supporting farmers to manage their transaction and to gather farmer productivity data.

- It was found that farmers, farmer organizations, and dealers were not always at the same place when transactions happen, therefore, the platform accommodates transactions based on uploading QR Codes and Transaction History.

- Flow chart of Interoperability in the National Dashboard



- Data Flow based on Standardized Asset Registry proposed by FAO:
  - FAO is proposing a standard asset registry system to the EU.
  - We are expecting that geolocation information will be masked/aggregated
  - The name of the owner of the area of production will not be recorded, only the location – but if the Competent Authorities need to check they can request information, but this will not be revealed to supply chain actors or the public.
  - PT Surveyor Indonesia team will continue to study the FAO system including in relation to data sharing, and geolocation especially.
  - The team will attempt to integrate the FAO scheme into the blockchain system under development for the National Dashboard.

## 5 Q&A and discussion

### 5.1 Taufiq – Wilmar IDN

The flow is very important because involves smallholders who operate with intermediaries. Wilmar buys 50% of its products from stallholders. Mixing is unavoidable because mills need the volume.

From farmer to mill – will the farmer have a photo with geotag? We need to use that information to verify the location of the transaction.

How to verify that the registered plots were not used to record harvest from other non-verified plots?

Farmer to collector – how can we control that the geolocation (polygon) and transaction corresponds to the yield and what is the mechanism to make sure there is no mixing.

**Response (Pak Nata):** Artificial Intelligence (AI) will be used to learn how much is produced by each farmer and to calculate how much is realistic for the size and age of the farm. If production exceeds the estimated ceiling, there will be feedback sent to the platform to verify the information. This system

stresses the importance of registering the intermediaries to ensure that they part of the control and checks.

**Comment** (from the floor):

How will this system be implemented? Especially for the private sector. For example, the alert should come before the fresh fruit bunches (FFB) reach the mill. If not the whole day's processing will be contaminated. Important not to wait until the FFB reaches the mill for such alerts to work. Ideally the farmer cannot sell if they exceed the quota.

It is important to get clarity on this system so that we can prepare as soon as possible. It would be important to also test this out with other commodities because the flow of raw material is different.

### **5.2 Ibu Hindarwati, Dewan Kopi Indonesia (DEKOPI)/Indonesian Coffee Council**

We will start piloting in Kabupaten Ende – how can we work together with PTSI to test out this system for coffee? What is the follow-up to the MoU signed last year between the Indonesian Coffee Board and PT Surveyor Indonesia to build an integrated coffee ecosystem in Kabupaten Ende?

How to verify that the commodity sent to the dealer does not exceed the quota? Would the transaction have to be cancelled? Is it better to identify this on the side of the farmer, so the dealer does not have to send back the commodity?

**Response (Pak Nata)** – need to formalize engagement with coffee sector and define next steps for piloting. We will hold a follow-up meeting which will hopefully accelerate the implementation of the cooperation programme, including potential funding support.

Maybe there can be a 'red light' alert when a transaction would exceed a farmer's quota.

### **5.3 Ibu Deborah, Cargill**

The Government will verify polygon information? How will this be done? We are in the process of doing the same for our smallholder farmers if would be good to know how this should be done.

Which forest cover map will the system use to verify deforestation-free?

How can you verify transactions between farmers and dealers because farmers often sell to many dealers and the supply chain is long? Can an agent or collector represent all their farmers?

**Response:** We use KLHK's map (2020) as the first assessment and we also use other legal location verification. EU has developed a global forest cover map but it's not so accurate.

### **5.4 Hermawan Yulianto, Solidaridad**

I gather that this system has two key parts, a system to input data and system to display. How data that enters the dashboard is being cleared by e-STDB is not clear.

How can this system improve accuracy? Mapping in the field as proposed by the app is not so accurate, how can this tool ensure accuracy.

Overlay – it doesn't seem sufficient to declare legal and deforestation based solely on that overlay with maps? No other checks or verification?

**Response:** PTSI is supporting platform development with data input, but the final verification is to be done by the government through the National Dashboard using information from STD-B and so on. If the polygon is not accurate it can be corrected but if the coordinate is completely wrong this needs to be verified with STD-B and ground truthing is needed to confirm such inaccuracies.

Blockchain is a good tool to deal with such situations.

### **5.5 Pak Harry, Directorate of Regional Development, Ministry of Home Affairs**

When a person registers as a farmer, how can we verify that he/she is in fact a farmer? To validate that this person is a farmer and from a specific district is important.

**Response:** PTSI together with Pak Prayudi from the Ministry of Agriculture will have intense coordination with the Ministry of Home Affairs to discuss this.

## **6 Concluding remarks by Ibu Diah Suradiredja, KEMENKO**

- System development is a process of continuous improvement. It took the timber sector seven years plus to get to where we are. We welcome more feedback moving forward.
- I-Trace name could be changed to a more national name and one that can be easily be remembered by farmers.
- We also need to think about data privacy but also how can deforestation free information be included in the note (like a tick that says product is deforestation-free) because this information is important for other markets too.

## **7 Concluding remarks by Pak Pungki (Agus Purnomo) – PT SMART**

- This comment is to the companies. Note that this process will involve rejection of FFB. We need to find secondary mills that would take these rejected fruits to make sure that we do not end up with a social impacts. The EU is not thinking about how this is going to impact smallholders. We should identify mills dedicated to EU or mills with days that process oils for the EU while other mills sell to other non-EU markets. The social conflict potential is real and we need to mitigate this.
- E-STDB will be the decider of what is legal or not.

## **8 NDA signing between PT Surveyor Indonesia and PT Sinar Mas Agro Resources and Technology**

- Promote collaboration and synergy to pilot the national dashboard I-Trace App



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Meeting minutes prepared by EFI.

27 May 2024

**Annex 1: List of participants**

No	Name	Gender	Institution
1	Vinsensius Hansen	M	PT Surveyor Indonesia
2	Taufiq	M	Wilmar
3	Herdrajat	M	ISPO Secretariat
4	Rhea Sianipar	F	Cargill
5	Bim Oktiadi	M	DEKOPI
6	Harry	M	LDC
7	Risto Laksono	M	LDC
8	Krystof Obidzinski	M	EFI
9	Didi Astika Sari	F	PuslitKoka (Pusat Penelitian Coklat)
10	Rully Amrullah	M	EFI
11	Asti M	F	JPIK
12	Ratu Citra R	F	Ministry of Industry
13	M. Ihsan Saputra	M	Ministry of Industry
14	Flip van Helden	M	EFI
15	Hindarwati	F	DEKOPI
16	Debora Maylee	F	Cargill
17	Vulian Aulia P	M	Kementerian ATR/BPN
18	Hermawan Yulianto	M	Solidaridad
19	Milenia Putri	F	Sawit Watch
20	Dewi Febriyanti	F	PT Surveyor Indonesia
21	Anton Sanjaya	M	Javlec
22	Haryono Sapuren	M	DEKOPI
23	Mardi Minangsari	F	Kaoem Telapak
24	Fauzi	M	Suara
25	Mukhlis Sai Putra	M	Javlec
26	Puguh Kurniawan	M	Wilmar International
27	M. Zein	M	Ministry of Environment and Forestry, Dit. BPPHH
28	Harry I.	M	Bangda KDN
29	Anissa P. Putri	F	WWF
30	Siti Disti Adzhani	F	Dit. IHHP Kemenperin/Ministry of Industry
31	Agus Purnomo	M	SMART/Sinar Mas
32	Rostanto	M	WRI
33	Hasbillah	M	LEI
34	Denny Bhatara	M	Kaoem Telapak
35	Safira	F	KEMENKO
36	Nurul Aulia Rahmi	F	Bappenas
37	Placidus K. Stefanugroho	M	PT Surveyor Indonesia
38	Erwin	M	PT Surveyor Indonesia
39	Natdilla	F	PT Surveyor Indonesia
40	Amelia Majid	F	PT Surveyor Indonesia



41	Nurasya Bellezen	F	PT Surveyor Indonesia
42	Rafli Awlad Assyawqi	M	PT Surveyor Indonesia
43	Jeremy Broadhead	M	EFI
44	Josil Murray	F	EFI
45	Christine Cullen	F	EFI
46	Martinus Nata	M	PT Surveyor Indonesia
47	Diah Suradiredja	F	KEMENKO
48	Lussy	F	PT Surveyor Indonesia
49	Noor Rakhman Effendi	M	PT Insan Bonafide
50	Handy Goh No	M	PT Insan Bonafide
51	Yana Sriyaningsih	F	PT Bumi Asri Pasaman
52	Yosie Syahril	F	PT Kilang Lima Gunung Padang
53	Suryono	M	PT Alko
54	Arifin Ma'ruf	M	Javlec
55	Rita	F	PT Darmasindo Intikaret