

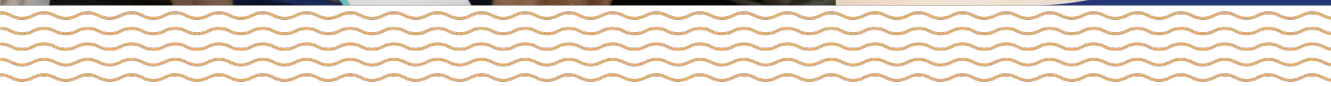


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Summary from the Commodity-Specific FGDs on EUDR in the Natural Rubber, Coffee, and Cocoa Sectors

Le Meridien, Jakarta
29 July, 6 and 13 August 2024



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I. Introduction

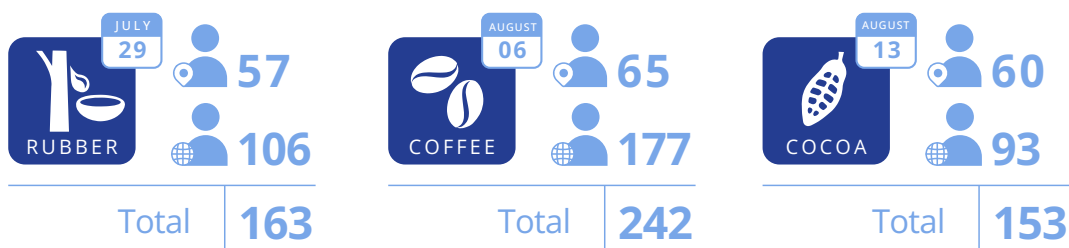
The European Union together with BMZ commissioned the project “Engagement with Indonesia, Malaysia, Laos, Thailand and Vietnam to raise awareness on and to promote better understanding of the EU approach to reducing EU-driven deforestation and forest degradation (EUDR Engagement)”. The project EUDR engagement supports stakeholders in participating countries with enhancing the understanding for and alleviate concerns about the EU Regulation on Deforestation-free Products (EUDR) in particular on its core elements (i.e. mandatory due diligence rules, traceability, benchmarking), to create an enabling environment for compliance by operators and the opportunities the EUDR implies.

To foster dialogue and align efforts, a series of Focus Group Discussions (FGDs) was held in Jakarta in July and August, specifically addressing the natural rubber, coffee, and cocoa sectors. These discussions aimed to 1) explore the implications of the European Union Regulation on Deforestation-free Products (EUDR) on each sector, including the challenges and potential opportunities, and 2) outline an action plan to help smallholder farmers prepare for the application of the EUDR and its impacts.

Before the events themselves, a needs assessment was carried out to identify key challenges faced by smallholders and middlemen, the most vulnerable actors in the supply chain, particularly regarding their awareness and understanding of the EUDR’s requirements. Findings from the assessments were used to design the FGDs.

II. Participants

The three FGDs attracted 558 participants in total, on-site and on-line, representing a diverse range of stakeholders, including civil society organizations, farmer associations, the private sector, national and local government representatives, and academics.



*the numbers above excluding participants from GIZ, Facilitators, and other supporting staff

The high number of participants reflects the level of enthusiasm of Indonesia's stakeholders in general in learning about and sharing their perspectives about EUDR and its implementation. The on-site presence of high-level Indonesian Government officials and private sector representatives in all three events was also a testament of the positive reception by the Indonesian Government of this FGD series. The representation of provincial and district level government officials, smallholders, and civil society organizations in the online channel was also highly appreciated.

III. Main outcomes and findings of the FDGs

Overall, these FDGs provided a valuable opportunity to evaluate the status stakeholders' preparedness, listen to stakeholders' concerns, and translate those insights into actionable steps to ensure support for supply chain actors in these three sectors to enhance their readiness for the EUDR

To ensure effective discussion, a list of questions was developed and used to guide the FGD.

During the FDGs, the European Union (EU) shared important updates regarding the regulation. One of which was the plan for publishing the EUDR Guidelines in September 2024. Key representatives from the Indonesian government provided updates on support measures to prepare stakeholders for EUDR readiness

III. 1. Updates on support measures to prepare stakeholders in Indonesia by Indonesian government actors:

■ Remarks from the Coordinating Ministry of Economic Affairs

According to a Senior Expert at the Coordinating Ministry for Economic Affairs (CMEA), rubber and cocoa will soon be included under the Agency for Plantation Funds Management *Badan Pengelola Dana Perkebunan* (BPDP), following the example of the oil palm commodity. This presents an opportunity to enhance the productivity and sustainability of the rubber and cocoa industries in the long run, particularly through replanting programs.

The Government has taken various initiatives to prepare commodities for the EUDR requirements, including the Joint Task Force Indonesia-Malaysia-EU and the development of the National Dashboard for Commodity and additional resources to accelerate the issuance of e-STDBs.



■ Inputs from the Ministry of Agriculture regarding the National Dashboard






















The Ministry of Agriculture has confirmed that the National Dashboard will be available through an online application (Android), enabling users to track transaction information. Detailed data for each transaction along the supply chain will be encrypted and will require authorization from the data provider. In addition to the National Dashboard, the FGD also provided information on e-STDB and Siperibun, which pertains to corporate data in the plantation sub-sector. However, e-STDB registration for all commodities remains low, with only about 28,000 farmers registered, far from the ambitious target of 8.14 million.¹

III. 2. Findings from the Needs Assessment and Focus Group Discussion

These FGDs on the three commodities have gathered a range of inputs, expectations, aspirations, concerns, and optimism from stakeholders involved in the sectors affected by the EUDR. Farmers, as the most vulnerable actors in the supply chain, require significant technical, financial, legal, human resources, infrastructure, capacity building, and outreach support.

¹ Ditjenbun. 2024. Indonesia's National Dashboard for Sustainable Commodity Trade. Presentation Material Focus Group Discussion on EU Regulation on Deforestation-free Products (EUDR) in Indonesia's Natural Rubber Sector 29 Juli 2024. [02. Bahan Nasional Dashboard, 29 Juli 2024.pdf](#)

Three Indonesian Commodities in Numbers (2023)

 NATURAL RUBBER	 COFFEE	 COCOA
 Area (Ha) 3,546,236	 Area (Ha) 1.257.790	 Area (Ha) 1,410,871
 Production (Million tons) 2.651	 Production (Million tons) 0.76	 Production (Million tons) 0.642
 Main Producer 1.761 million farmers	 Main Producer 1.839 million farmers	 Main Producer 1.555 million farmers
 Export (Million tons) 1.791 *)* Gapkindo data	 Export (Million tons) 0.438 (in 2022)	 Export (Million tons) 0.385 (in 2022)
 % Export to EU Supply Chains 11.2% Long, complex	 % Export to EU Supply Chains 13% Long, complex	 % Export to EU Supply Chains 13% Long, complex
 Certification experience (Smallholders) None	 Certification experience (Smallholders) Yes: RA, 4C, Fair Trade, Organic	 Certification experience (Smallholders) Yes: RA, 4C, Fair Trade, Organic

Sources of data^{2,3}

Natural Rubber

1. Size of Plantations and Number of Farmers:

- Large plantation areas, over 3.25 million hectares of smallholders' area of a total 3.5 million hectares, involving more than 1.79 million farmers⁴
- Many of these farmers have limited experience with sustainability certifications and programs
- Significant investment from supply chain actors to ensure compliance and effective implementation of EUDR requirements

2. Complex Supply Chains:

- More complex than commodities like coffee and cocoa
- Over 90% of the natural rubber supply chains are traditionally long and unorganized

2 BPS. 2023. Statistic of Estate Crops Vol 1 2022-2024. <https://ditjenbun.pertanian.go.id/buku-statistik-perkebunan-jilid-i-2022-2024/>

3 *) Gapkindo. 2024. The EUDR Impact on the Rubber Processor Industry. Presentation of EUDR Rubber FGD. Jakarta. 04 GAPKINDO FGD-EUDR.pdf

4 BPS. 2023. Op Cit.

- The remaining supply chains are shorter, more efficient, and potentially better positioned to comply with EUDR standards
- Indonesia exports 11.2% of its natural rubber to EU, and more to non-EU countries but maybe with final products entering the EU market.

The natural rubber industry requires attention in addressing sustainability challenges, aligning certification processes with EUDR requirements, and securing the necessary investments from supply chain stakeholders to facilitate compliance

Coffee and Cocoa

1. Coffee and Cocoa share several commonalities:

- Involvement in Social Forestry programs (264 and 43 Forest Farmers' Groups where coffee and cocoa are the main products)⁵ respectively and the existence of sustainability certifications
- Most cocoa farmers have participated in various sustainability programs and certification, the experience helps build solid foundation for fulfilling the rigorous requirements of the EUDR, particularly as many of cocoa buyers are multinational or global companies that prioritize sustainability in their sourcing practices
- Certification facilitates farmers' readiness and contribute to the faster implementation of the EUDR
- Coffee supply chain faces unique challenges; it involves a larger number of stakeholders compared to cocoa
- This complexity in coffee can complicate efforts to successfully prepare for the application of the EUDR in time

2. Uncertainty about the Implementation:

- Considering the date of EUDR implementation, many coffee farmers, collectors, and traders still lack full understanding of EUDR.
- This uncertainty poses challenges in preparing on time
- Beyond efforts at the national level, the National Government, in coordination with the Subnational Government, is expected to promptly organize outreach activities on the EUDR at the district level, focusing on raising awareness about the EUDR and its implications.


⁵ KLHK Republik Indonesia. 2024. <https://gokups.menlhk.go.id/public/chart/producing>

3. Social Forestry:




- Coffee & cocoa plantations under the Social Forestry (*Perhutanan Sosial/PS*) program, both before and after the EUDR cut-off date, must ensure they align their production with land legality and traceability requirements.
- Coffee & cocoa planted before the December 2020 cut-off date is exempt from deforestation rules, while those planted after this date will be subject to deforestation criteria.
- The government is expected to prioritize issuing e-STDB for coffee & cocoa farmers with plantations established before the cut-off date to help ensure proof of legality.

Sectors' Responses to Various Key Themes of EUDR

The following table provides an illustration of the sectors' responses to various key themes of EUDR:

THEMES	NATURAL RUBBER	COFFEE	COCOA
 UNDERSTANDING			
Farmers and middlemen	Low	Low	Low
Farmers involved in certification	None	Medium	Medium
Local Agencies/Dinas	Medium to Low	Medium to Low	Medium to Low
Processor/Exporter	Medium to High	Medium to High	Medium to High
Down-stream industry actors	High	High	High

THEMES	NATURAL RUBBER	COFFEE	COCOA
 CHALLENGES			
Outreach on EUDR to Farmers, middlemen, and local stakeholders	Highly lacking	High to medium lacking	High to medium lacking

THEMES	 NATURAL RUBBER	 COFFEE	 COCOA
Implementing geo-location	Low, lack of resources	Mainly Low, due to lack of resources. However, farmers experiencing certification will implement it faster	Mainly Low due to a lack of resources. However, farmers experiencing certification will implement it faster
Legality of land use	Mostly none	Mostly none, However, farmers experiencing certification mostly have land legality	Mostly none, However, farmers experiencing certification mostly have land legality
Other legality aspects	None	None	None
Traceability (segregated products) and Transparency	Long and complex supply chains and difficult to implement EUDR. Farmers have no experience in the Certification process	Long and complex supply chains. However, farmers' experiences in the certification process will significantly help	Long and complex supply chains. However, farmers' experiences in the certification process will significantly help
Registration of e-STDB	Low	Low	Low
Understanding of National Dashboard	Low	Low	Low
Premium Price	None to unclear	None to unclear	None to unclear

THEMES	 NATURAL RUBBER	 COFFEE	 COCOA
 OPPORTUNITIES/BENEFITS			
Smallholders	Possibility of better price and quality for EUDR-compliant products	Possibility of better price and quality for EUDR-compliant products	Possibility of better price and quality for EUDR-compliant products

Indigenous people	Recognition of indigenous peoples and customary law	Recognition of indigenous peoples and customary law	Recognition of indigenous peoples and customary law
Smaller enterprises	None, cannot compete with big companies to obtain EUDR-compliant raw materials	Better price of coffee EUDR compliant for exporters (including smaller enterprises)	Better price of cocoa EUDR compliant for exporters (including smaller enterprises)
Producers	Better commodity and supply chain governance	Better commodity and supply chain governance	Better commodity and supply chain governance
Down-stream industries	None directly, mostly cost contribution for a premium price	None directly, mostly cost contribution for a premium price	None directly, mostly cost contribution for a premium price
CSOs, Development Partners, Academics	Supports improvement of forest ecologic, biodiversity, and climate change	Supports improvement of forest ecologic, biodiversity, and climate change	Supports improvement of forest ecologic, biodiversity, and climate change

THEMES	SUPPORTS NEEDS		
	NATURAL RUBBER	COFFEE	COCOA
Immediate outreach on EUDR	Highly expected	Highly expected	Highly expected
Capacity buildings on technical, access to finance, understanding of EUDR and its related requirements, farm infrastructure, Communication, and IT support systems from the Governments in collaboration with multi-stakeholders	Highly expected	Highly expected	Highly expected

THEMES	NATURAL RUBBER	COFFEE	COCOA
Technical, human resources, and financial assistances for preparedness of farmers and supply chain players to prepare for EUDR	Highly expected	Highly expected	Highly expected
General Guideline of EUDR and its specific regulation for each commodity in Indonesia	Highly expected	Highly expected	Highly expected
District Action Plans for commodity readiness to EUDR or to Sustainable Supply Chains.	Highly need	Highly need	Highly need

Support Needed by Stakeholders

Apart from the responses of stakeholders from the different sectors to key themes, the FGD also gathered inputs from participants regarding support needed to help the industry's readiness for the implementation of the EUDR. The following table provides an overview of the support needed from each respective sector and the perceived responsible actors:

Natural Rubber

No	Support Needs	Key Stakeholders
1	Incentive schemes for private sector involvement in helping farmers provide information on production in line with EUDR, considering the significant costs for mapping and data collection.	National Government: <ul style="list-style-type: none"> Coordinating Ministry for Economic Affairs, Ministry of Agriculture, and Ministry of Trade in the form of policies that provide incentives. EU
2	Free Letter of land ownership (<i>Surat Kepemilikan Tanah/SKT</i>). Although SKT is usually free at the village level, farmers sometimes face charges.	<ul style="list-style-type: none"> Village management, through the facilitation of free SKT.

No	Support Needs	Key Stakeholders
3	The Government's political will to improve the performance of the national natural rubber industry such as the replanting program for sustainability.	<ul style="list-style-type: none"> • Coordinating Ministry for Economic Affairs • Ministry of Agriculture
4	Reviving the agenda for stabilizing natural rubber prices.	<ul style="list-style-type: none"> • Ministry of Trade • Ministry of Agriculture
5	Regulations supporting the national rubber industry, including adequate National and Regional Budget (<i>Anggaran Pendapatan Belanja Nasional/ APBN</i> and <i>Anggaran Pendapatan Belanja Daerah/APBD</i>) budget for e-STDB and National Dashboard development and supervision/ monitoring.	<ul style="list-style-type: none"> • Coordinating Ministry for Economic Affairs • Ministry of Agriculture
6	Intensive Outreach on EUDR and financing of geo-location mapping and legality of farmers' land.	<ul style="list-style-type: none"> • The government collaborates with the private sector (processors, downstream actors), Development Partners, Civil Societies, Certification Agencies, and Academics. • EU
7	Align definition of deforestation and selection of sources for a forest cover map for Indonesia. The EU observatory map is not legally binding, may result in false positives for deforestation.	<ul style="list-style-type: none"> • EU
8	Issuance of EUDR guidelines to standardize data and information requests from downstream supply chains to reduce cost.	<ul style="list-style-type: none"> • EU
9	The readiness of the EU and its member states for the implementation of the EUDR in the EU .	<ul style="list-style-type: none"> • EU

No	Support Needs	Key Stakeholders
10	Ensuring that EU Member States importing rubber from Indonesia helps Indonesia's readiness for the EUDR.	<ul style="list-style-type: none"> • EU

Coffee

No	Support Needs	Key Stakeholders
1	District government-level comprehensive socialization on EUDR	<ul style="list-style-type: none"> • National governments (CMEA, MoA (DGP)) • Supply Chain Players and facilitators: Exporters, Development Partners, CSOs, Academics, Certification Agencies
2	Comprehensive socialization on e-STDB, National Dashboard for Sustainable Commodity Data and Information requirements and rules	<ul style="list-style-type: none"> • MoA (PPHP, PT Surveyor Indonesia)
3	Acceleration of legal standing for smallholder farmers Legal, Illegal, Customary land, etc	<ul style="list-style-type: none"> • Ministry of Environment and Forestry (MoEF), MoA
4	Acceleration of the implementation of geo-location and legality of farmers' farming and its clear funding and rules for smallholders.	<ul style="list-style-type: none"> • Ministry of Agriculture (DGE) • District Government (Dinas) • Supply Chain Players and facilitators: Exporters, Development Partners, CSOs, Academics, Certification Agencies
5	Capacity buildings on sustainable commodity supply chains for Smallholders	<ul style="list-style-type: none"> • Ministry of Agriculture (DGE) • District Government (Dinas) • Supply Chain Players and facilitators: Exporters, Development Partners, CSOs, Academics, Certification Agencies
6	Regional Action Plan for Commodity (including Coffee) Readiness for EUDR	<ul style="list-style-type: none"> • Ministry of Agriculture (DGE) • District Government (Dinas) • Supply Chain Players and facilitators: Exporters, Development Partners, CSOs, Academics, Certification Agencies

7	Clarity on the definition of deforestation and agroforestry	<ul style="list-style-type: none"> • EU
8	<p>Official Guidance of EUDR must be available soon and its related Guidelines for each EU Member States</p> <p><i>Note: An official EUDR Guideline was published. This is applicable to all related entities in and outside of the EU and no specific guide for each EU Member States will be published.</i></p>	<ul style="list-style-type: none"> • EU
9	Translation of Guideline of EUDR for simple outreach purpose, especially for smallholders and local middlemen	<ul style="list-style-type: none"> • EU • Government of Indonesia in collaboration
10	Grievance mechanism for data security and sharing	<ul style="list-style-type: none"> • National Government • District Government (Dinas) • National Dashboard Team • EU
11	Monitoring and evaluation of EUDR implementation	<ul style="list-style-type: none"> • National Government • District Government (Dinas) • CSOs • Certification Agencies

Cocoa

No	Support Needs	Key Stakeholders
1	The socialization and knowledge transfer of EUDR as well as the acceleration of E-STDB registration from the different Ministries to the local government level.	<ul style="list-style-type: none"> • The National and Subnational Governments in collaboration with multi-stakeholders at each level.
2	Funding and operational support as well as assistance for farmer data collection and E-STDB acceleration related to EUDR (deforestation free/ geo-location, land rights)	<ul style="list-style-type: none"> • The National and Subnational Governments in collaboration with multi-stakeholders at each level.

No	Support Needs	Key Stakeholders
3	Capacity building to improve understanding of EUDR, e-STDB, and National Dashboard, related to the implementation of EUDR, at local level	<ul style="list-style-type: none"> Local Governments in collaboration with cocoa multi-stakeholders
4	Financial support after the launching of the National Dashboard system, for data development and integration	<ul style="list-style-type: none"> Collaboration between the EU and the Government of Indonesia
5	Handbook related to the use of the national dashboard system	<ul style="list-style-type: none"> Ministry of Agriculture
6	Operational Guideline EUDR and its implementation up to farmers' level in Indonesia	<ul style="list-style-type: none"> EU in collaboration with Indonesian Government
7	FAQs and guidelines for each commodity regarding the National Dashboard and EUDR	<ul style="list-style-type: none"> Government of Indonesia in cooperation with the EU
8	Clarity on the definition of deforestation and agroforestry	<ul style="list-style-type: none"> JTF and the EU
9	Regional Action Plan for Commodity (including Cocoa) readiness for EUDR	<ul style="list-style-type: none"> Ministry of Agriculture (DGE) District Government (Dinas) Supply Chain Players and facilitators: Exporters, Development Partners, CSOs, Academics, Certification Agencies
10	Support for addressing child labour and other human rights issues	<ul style="list-style-type: none"> National Government CSOs Certification Agencies



IV. Recommendation

These comprehensive FGDs could be followed up by actions from the Governments, supply chain actors, and other supporting stakeholders, as well as the EU. The EUDR mandates due diligence, with various parameters to consider in assessing how smallholders and industry players can prepare in time for the December 31,



Outreach activities at the Local Level

Immediate outreach activities on the EUDR, along with e-STDB and the National Dashboard at the district level, should be organized by the Government and local multi-stakeholder forums. Participants in these socialization efforts should include farmers and their institutions ((Farmer Group Association (*Gabungan Kelompok Tani*/Gapoktan), cooperatives, associations), supply chain actors, relevant agencies such as academic institutions, and various development projects funded by development partners and CSOs. By ensuring local-level engagement, key stakeholders will have a better understanding of EUDR implications and how to ensure their commodities are produced deforestation-free and legally.



Training and Support for Farmers

Industry actors can provide training programs for farmers on sustainable practices and certification processes, ensuring they are well-prepared to comply with the EUDR. Local stakeholders should be empowered to work closely with farmers and businesses to implement EUDR-aligned practices to produce deforestation-free at the grassroots level.



Infrastructure Development

Investments in infrastructure, particularly in improving supply chain logistics and implementing digital tools, are essential for easing the transition to EUDR compliance. Such investments will facilitate the necessary traceability and accountability measures across the supply chain. Additionally, monitoring mechanisms—such as audits, inspections, and checks—must be established to ensure adherence to EUDR requirements.



Regional Action Plans and Public-Private Partnerships

Provincial and district governments, through public-private partnerships, should gather stakeholders to jointly develop Regional Action Plans for Sustainable Commodities, including natural rubber, coffee, and cocoa, like those already established for oil palm. These plans should reflect the real conditions and challenges faced by the plantation industry, both upstream and downstream, in the context of aligning production practices to EUDR requirements. By aligning regional plans with commodity-specific needs, stakeholders can ensure more targeted and effective strategies for meeting EUDR requirements across different jurisdictions.



Annex

Annex 1 - Agenda of Focus Group Discussion

The three events generally followed the same agenda as below:

Focus Group Discussion on the EU Regulation on Deforestation-Free Products (EUDR) focusing on the natural rubber/coffee/cacao sector in Indonesia

Le Meridien Hotel, Sasono Mulyo 2 Ballroom | 29 July, 6, 13 August 2024

Time	Schedule	Speaker/Facilitator
08:30 – 09:00	Arrival of Participants and Registration	
09:00 – 09:30	1. Opening Session <ul style="list-style-type: none">• Opening Remarks• Introduction to the Agenda and Program	<ul style="list-style-type: none">• EU• Facilitator
09:30 – 10:30	2. “Understanding, Opportunities, Challenges, and Support Needs in the Implementation of EUDR” <ul style="list-style-type: none">• Short overview and developments related to the EUDR• Presentation on Indonesia’s National Dashboard for Sustainable Commodity Trade• Presentation on Results of Preliminary Assessment for the Cacao Sector• Presentation on EUDR-related initiative: Cacao buyers and exporters• Presentation on EUDR-related initiative: Smallholders	<ul style="list-style-type: none">Facilitator• EU• Ministry of Agriculture• Saka Dala• Dewan Kakao Indonesia• Koperasi Kerta Semaya Samaniya
10:30 – 10:45	3. Question and Answer (short and only for clarification)	Facilitator
10:45 – 11:00	Group Photograph and Coffee Break	

11:00 – 12:30

4. Group Discussion part 1: Understanding and Challenges

Facilitator

During part 1 of the discussion, participants will discuss specific aspects of the EUDR and its impact on cacao smallholders. The discussion will try to answer a number of questions, including (but not limited to):

- What is the understanding of each actor of supply chains to EUDR?
- What are benefits and opportunities for producers (incl. smallholders) and companies from which they can profit under the EUDR, what good practices are already there?
- What are the challenges for producers (incl. smallholders) and companies to fulfil the EUDR requirements (deforestation-free, legality, traceability) in cacao supply chains specifically?
- What are relevant actors already doing to prepare for the EUDR? Where is further support needed?

12:30 – 13:30

Lunch

13:30 – 14:45

5. Group Discussion part 2: Opportunities, Coordination and Support Needed

Facilitator

During part 2 of the discussion, participants will discuss possible solutions and recommendations to support readiness, by answering the following questions (not limited to):

- What opportunities does the EUDR offer for the respective for the cacao supply chain and its actors, with regards to Indigenous people and local communities, smallholders, and smaller enterprises?

- How coordination, information-sharing platforms can be leveraged to support preparation, such as the National Dashboard?
- What support would they need and from whom to comply with EUDR requirements (deforestation-free, legality, traceability)?

14:45 – 15:45	6. Summary Results, Feedback and Discussion of the Next Steps	Facilitator
	<ul style="list-style-type: none"> • Presentation of results from the group discussion • Discussion of main elements and key takeaways in plenary • Participant survey (Coffee available during this time slot)	

15:45 – 16:00 **7. Wrap-up and Closing**

- Closing remarks

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