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Executive Summary

REGISTER for EPR-OBLIGED COMPANIES in the INDONESIAN EXTENDED PRODUCER RESPONSIBILITY (EPR) SYSTEM

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EXECUTIVE SUMMARY

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THE ROLE OF A REGISTER IN AN EPR SYSTEM

The enactment of Regulation Number 75 Year 2019 on the Roadmap for Waste Reduction by Producers (PerMenLHK 75/2019) by the Minister of Environment and Forestry has provided an umbrella policy for EPR development in Indonesia. This development process should certainly entail the formulation of a concept and building block elements of EPR that suit the Indonesian context and are feasible to be implemented.

In an EPR system, the identification and monitoring of EPR-obliged companies and the setup of a system operator (e.g. a Producer Responsibility Organisation, PRO) are very important. Accordingly, one of the main elements, whose development requires special attention, is the register. A registry will help listing and documenting the obliged companies and also third parties that will be involved in the system and ensure their compliance with their obligations under the EPR scheme.

The documented information will also help in reducing the risks of free riders in the system. According to the OECD Guidelines on EPR (2016), the register aims to "... provide PROs with the means to compile information needed to set fees and to identify free-riders". To date, a model for a registry in Indonesia is not yet developed. Therefore, to create a solid footing for Indonesia's EPR system, this document provides recommendations for register models that are appropriate for Indonesia's context and feasible to be applied.

RECOMMENDATIONS FOR A REGISTRY MODEL FOR EPR IN INDONESIA

Analysis and recommendations outlined in this document were formulated by referring to the PerMenLHK 75/2019; the current waste management system in Indonesia; and best practices of register models applied in other countries. The proposed recommendations are grouped into four components that are considered crucial in building a register model, namely:

- Core content of a registry
- The role of an EPR secretariat
- Registration scheme
- Take-back scheme.

a. Core content of a registry

Identification and documentation in an EPR system is carried out for two types of actors:

i. EPR-obliged producers

Referring to PermenLHK 75/209, there are three types of obliged producers, categorised as follows:

- Manufacturers of products: food and beverage, consumer goods, and cosmetics and personal care;
- Food and beverage service providers: restaurants, cafes, hotel restaurants and catering services; and
- Retailers, including: shopping centres, modern stores and traditional markets.

For the purpose of data collection and system evaluation, during the registration process the producers are required to provide information on: company identity, field of work, put-on-market (POM) data and other quantitative data. They must also submit a planning document to the Ministry of Environment and Forestry (KLHK), which should at the very least contain: baseline conditions, targets for waste reduction/recycling/reuse, and take-back plans for their products (for reuse purposes).

ii. Third parties (partners for take-back schemes), which consist of:

- Take-back partners (for direct take-back scheme), which are waste collection organizations and companies for post-consumer packaging. Potential organizations to be a take-back partner are: the central waste banks, TPS3R, private aggregators, or locally-owned enterprises.
- System operators (for indirect take-back scheme) meaning organizations and companies with experience in waste management and recycling. They can be: associations, private companies, non-governmental organizations, regionally-owned enterprises, and others.

Identification, verification and selection process of third parties should consider the working area and the actors' business registration location as it will affect the licensing scheme for their activities under the EPR system and also their service area. The development process of the EPR system should also explore the collaboration potential with related associations to further expand to actors that could potentially involve.

b. The role of an EPR secretariat

The EPR secretariat will be the primary manager of the registry, with main tasks as follow:

i. Data Management

The data is supplied by producers, take-back partners and system operators. At the very least, the data should consist of:

- Producers: management plan (contains: baseline, targets and waste reduction plan) and POM data or other information related to their market scale
- Take-back partners: waste recycling experience (needs to be validated), data and information on current recycling activity (including working area), and also waste collection, recycling and management networks.
- System operators: waste management and recycling experience (needs to be validated), including scale of business, working area and networks.

This data management should be supported by a sound, effective and efficient documentation system to ensure an optimum analysis, verification and evaluation process.

ii. Data Analysis

Analysis of the submitted data is primarily intended to guarantee data accountability and also assess the feasibility of the proposed targets as well as the feasibility of the particular third party (take-back partner and system operator) to be involved in the EPR system. The analysis process will consist of:

- For producers: validation and verification of baseline data and target by utilizing POM data or market scale as the benchmark; and feasibility analysis on the proposed take-back scheme.
- For third parties: verification and analysis of the take-back partners' performance, verification of system operator candidates, and also analysis to

ensure a balance of role allocation and work/collection targets of the system operator and take-back partner.

iii. Verification

Monitoring and evaluation of the overall implementation of the EPR system and verifying the take-back process.

Considering its role, the EPR secretariat is recommended to be set under the Directorate of Waste Management of KLHK. This position provides strategic value in terms of multi-actor collaboration, especially considering that there are data needed for the registry, which are under the authority of another Directorate of KLHK. Internal coordination (within KLHK) between these two Directorates is deemed to run more easily compared to involving external KLHK actors. Possible collaboration by the EPR secretariat is for instance with the Company Performance Rating Program Team in Environmental Management (PROPER). EPR-related data needed from the obliged companies can be included as part of the PROPER data that will be collected by the KLHK PROPER team.

c. Registration scheme

By taking into account the producer’s scale of operations and their business license registration mechanism, there are two types of EPR registration schemes being proposed. The difference between the two schemes lies in the actors who play a role in the registration and verification processes, as well as the cooperation mechanism for data collection. Figure 1 and 2 below provide illustrations on the proposed schemes.

i. Manufacturers (large scale and registered at the Ministry of Industry)

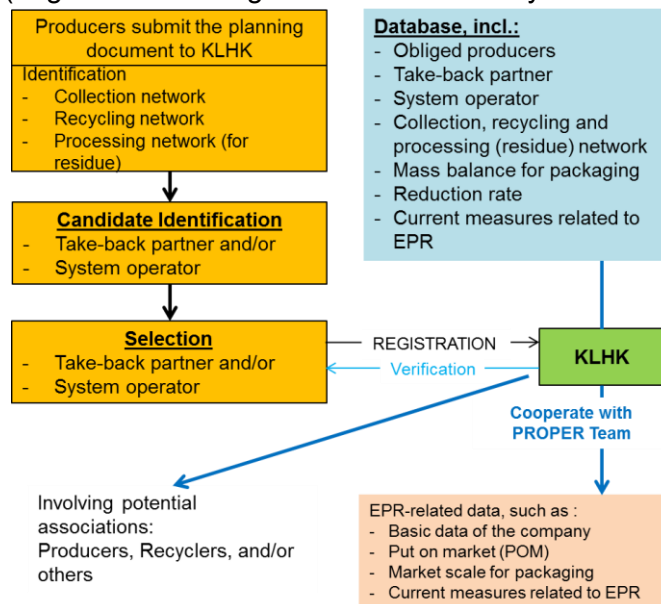


Figure 1: Registration scheme for manufacturers

ii. Food and beverage service providers and retailers (typically registered at city or regency level)

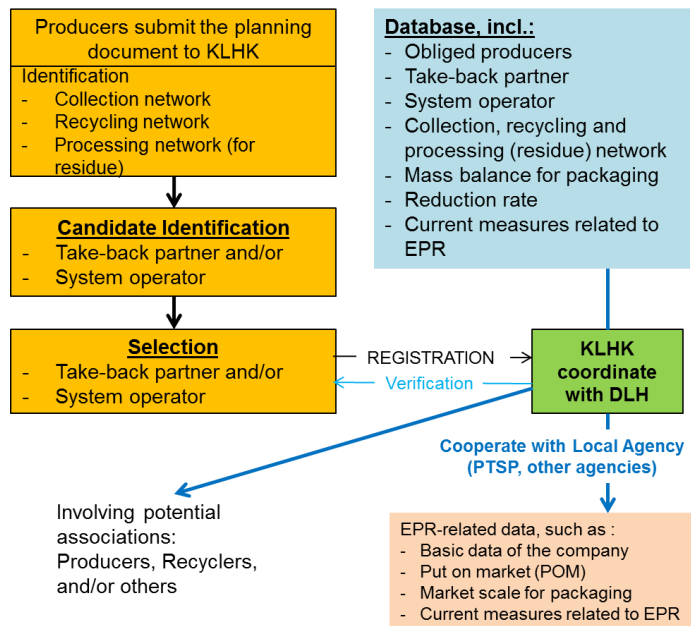


Figure 2: Registration scheme for food and beverage service and retailers

d. Take-back scheme

There are two take-back mechanisms for the EPR system in Indonesia that can be proposed, one is direct and the other one an indirect scheme. Their main difference is the actor that plays a key role in the take-back process, which will then affect the reporting mechanism.

In the direct scheme, the take-back partners play a key role. Their work focuses on waste collection. However as part of EPR operations, they will work closely with other collection, recycling and residue processing actors to manage the producers' waste. Hence, reporting will be submitted directly by the take-back partners to the producers, to be further forwarded to KLHK after the report is verified.

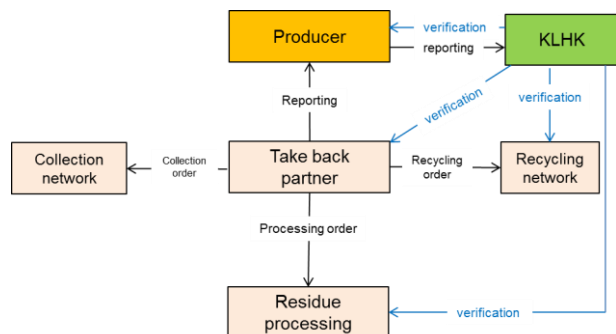


Figure 3: Direct take-back scheme

In the indirect scheme, the key actor is the system operator who will directly coordinate with the producers. However in this scheme, the system operator mostly deals with administrative aspects of the system, whilst technical coordination with collection, recycling and residue actors will still be the responsibility of the take-back partners. Therefore, reports from the take-back partners will be submitted to the system operator initially, before being submitted to producers and subsequently to KLHK.

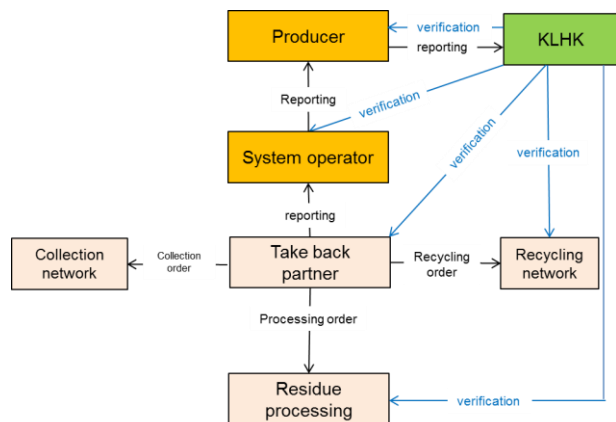


Figure 4: Indirect take-back scheme

ACTORS IN TAKE-BACK SCHEMES

The involved actors in a take-back scheme can be categorised into the five following groups, each with their own role:

- Take-back partner: apart from being a collector, this actor also has a role as i) a direct partner of producers, or ii) an indirect partner of producers with the system operator as the intermediary actor.
- System operator: in the indirect take-back scheme, the system operator is in charge of the administrative management of the EPR system, and of monitoring the compliance of take-back activities according to the producers' planning document.
- Collection network: This network undertakes collection, segregation and transportation of post-consumer packaging waste to the take back-partners. The waste collectors should be able to demonstrate the functioning of their facilities, access and also business model for collection activities under the EPR system.
- Recycling network: This network accepts post-consumer packaging waste from the take-back partners and processes the material into either secondary raw material or new product. The recyclers must be able to showcase their experience and capacity in conducting a continuous recycling process and producing good quality products.
- Residue processing network: This network accepts and processes residues from take-back partners into materials that are safe for disposal. Residues can include non-recyclable elements of packaging waste (e.g. non-recyclable lid or label) or non-recyclable packaging waste.

Imprint

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