

Stimulating Markets for Waste Credit via Enterprise Resource Planning Platform



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Background

SMEs in the waste management sector requires financial support for their waste collection and recycling activities to address Indonesia's low waste collection rate issue. Most of the recycling of all of Indonesia's waste relies on the informal sector which includes informal SMEs waste managers, and these informal waste management activities capture less than 5% of waste generated with only 7% rate of recycling for plastic. To address these issues of low waste collection and recycling rate, **the Indonesian Presidential Regulation No. 97/2017 (JAKSTRANAS) regulates policies and strategies on management of household waste and sets the target of 30% waste reduction and 70% waste recovery by 2025.** To achieve this government target, **collaboration with private sector is crucial to increase funding for waste management activities.** Therefore, Waste4Change is planning to launch their Enterprise Resource Planning (hereafter referred to as ERP) platform/app that stimulate markets for waste credit in Indonesia.

Solution Overview

The proposed *Stimulating Markets for Waste Credit via Enterprise Resource Planning Platform* addresses the challenges with finding alternative and long-term financing for waste recycling and waste offsetting for local and global consumers. This proposed climate finance solution involves a consumer off set model where the local and global consumers pay their waste credit to a global waste credit organization and calculate their waste offset. The waste credit payments are then tracked, distributed, and reported via Waste4Change's ERP platform. This ERP platform provides data on waste collected and recycled. Following data analysis, the platform then transfers the waste credit from the local and global consumers to the certifies waste collectors and SMEs in Indonesia.

Focus:	Waste Management
Instrument Type:	Access to Finance Mechanism
Lab Cycle:	Indonesia 2020
Product Developers:	Waste4Change

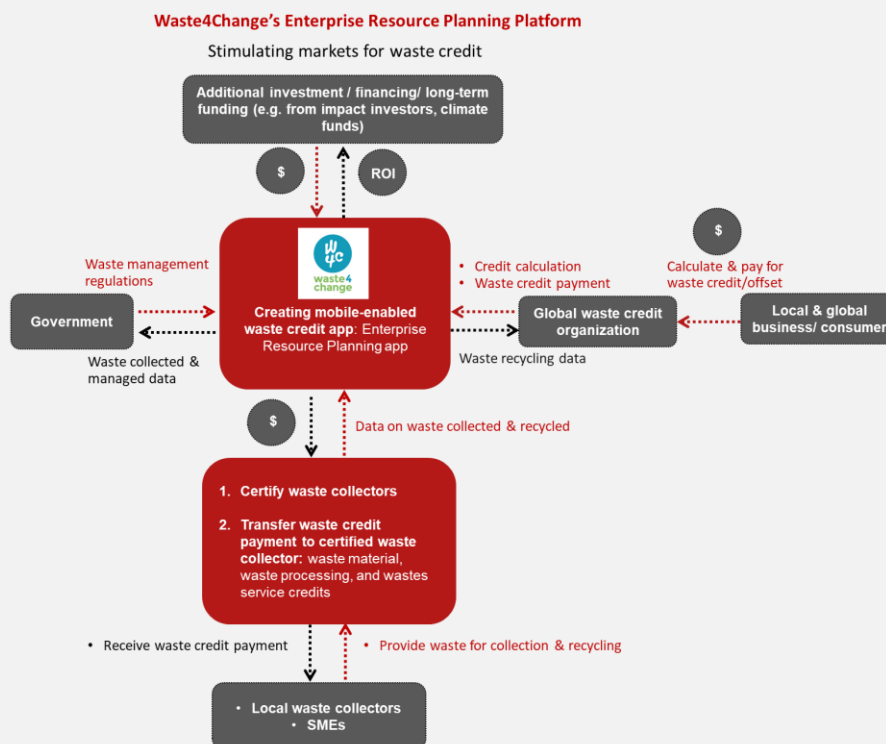
Key Features

The solution enlists support and financing from impact investors and climate funds that will allow Waste4Change to fund waste collection, certify waste collectors, and develop their ERP platform and systematic waste management activities with these key features:

- 1) **Certification body/ scheme to certify and approve certifications of waste managers** (i.e. vetting networks of waste managers which creates trustworthy traceability)
- 2) **Mobile-enabled waste credit platform** (ERP platform) which aggregates certified waste collectors and recyclers and transfer waste credit payments to local waste collectors and SMEs.
- 3) **Long-term funding for waste collection and recycling for local waste collectors and SMEs.**

Target Market

The target market of the Waste4Change ERP platform and waste credit providers and waste offsets are local and global consumers who are keen on offsetting their environmental waste footprint.



Impact Potential

The development of the ERP platform provides a credible waste credit system in pilot cities for certified waste collectors and recyclers. Waste4Change's collaboration with industrial associations in terms of the partner acquisition and verification as well as waste credit traceability and fair pricing ensures due diligence for a bankable waste credit platform development.

The knowledge and expertise of Waste4Change as a waste management stakeholder, the industrial associations as waste credit vetters, and global waste credit organization as waste credit experts aims to de-risk and increase long-term finance for Waste4Change waste credit platform.

Through engaging with local waste collectors and SMEs, the ERP platform aims to build a sustainable market for waste recycling and waste credit that supports Indonesia's controlled and safe disposal of waste and recycling of waste materials. The ecosystem building of SMEs and waste collectors will increase the local business economy for waste management and ensures that informal and marginalized waste collectors and waste banks are the main beneficiaries.

Solution Developer



Waste4Change

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SEED Practitioner Labs Climate Finance empower participants during the hands-on and collaborative Labs process to turn major financing challenges into robust prototypes. SEED Practitioner Labs Climate Finance are part of the implementation of "Financing and capacity building for micro and small climate-smart enterprises: Filling the gap of the missing middle", a project supported by the German Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety.