Factsheet

Improving the plastic recycling sector in Indonesia

A supply chain management program to improve the social and environmental performance

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Indonesia produced 3.2 million tonnes of plastic waste in 2010, with around 1.29 million tonnes of that ending up in the ocean, according to a study published in the journal Science. A study performed by the University of Georgia ranks Indonesia as the second biggest contributor of plastic waste dumped into the sea yearly worldwide. The current Indonesian plastic recycling sector is unable to cope with the ever increasing use of plastic packaging. This causes tremendous social and environmental issues to local communities and their administrations, while national and local administrations do not have the resources to manage their waste problem.

Plastic waste in the ocean is a serious problem. There are many pollutants and many more dangers than ever imagined. An appeal is therefore made to the private sector involved in plastic production to help solve this urgent plastic waste problem. Aidenvironment and WASTE offer their services to the Indonesian plastic producers, the recycling sector, buyers of plastic raw materials and their respective investors to address these social and environmental challenges.

**Overview of social and hygiene problems caused by plastic waste**

- Local communities suffer from severe visual nuisance and malodour
- Blocked drainage systems causing health problems such as malaria and other water borne diseases
- Hygiene problems due to irresponsible littering of plastic waste
- Unsafe waste handling poses many health risks to waste pickers and workers
- Waste pickers are often undocumented and need to survive on low monthly incomes

**Overview of environmental problems caused by plastic waste**

- Plastic litter cause severe pollution of oceans and rivers
- Death of animals and a general threat to natural progression of wildlife
- Harmful chemicals from plastic buried in landfills can leach into groundwater
An effective Corporate Social Responsibility (CSR) program of supply chain management is urgently needed to improve the functioning of the recycling sector and to address the most pressing social and environmental issues. Such a program will address issues by providing trainings to waste pickers, provide access to health and safety, the development of a Code of Conduct for the involved companies, improving the level of cooperation amongst waste pickers, legalizing the work of waste pickers, and other customized interventions. The program will also strengthen a company’s reputation in the sector and towards the general public and end-customer. In the below figure the impacts of the supply chain program are shown per supply chain actor and linked to the services we provide to achieve the impacts.

Table 1 Impacts of supply chain management CSR program to supply chain actors and financial sector

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<th>Supply chain actors</th>
<th>Environmental, social, economic impacts</th>
<th>Services</th>
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| Waste picker, middlemen, main collectors, and collection centres and traders | - Improved access to health care  
- improved labour conditions  
- Improved productivity and efficiency  
- Improved business performance  
- improved recognition by local public  
- improved access to finance          | - Tailor-made training modules and manuals  
- Business development trainings  
- Public campaigns  
- Development of Code of Conduct     |
| Plastic producers and manufacturers                      | - Improved labour conditions with workers  
- Increased recycling rates  
- More guaranteed supply and improved relationship with waste pickers  
- Reduced reputational risk  
- Improved access to customers  
- Improved access to investment banks  
- Increased recyclers' associations' sales and revenue | - Quick scan  
- Supply Chain program design and implementation  
- Policy design  
- Tailor-made modules and manuals  
- Monitoring and evaluation            |
| Local authorities                                        | - Cleaner environment  
- Less damaged flora and fauna  
- Improved soil fertility  
- Improved solid waste management system | - Training on Integrated Sustainable Waste Management and inclusion of waste pickers          |
| Financial sector                                         | - Improved compliance with local legislation  
- Increase portfolio with more sustainable and green investments  
- Improve social and environmental impact through responsible investments | - Quick scan  
- Monitoring and evaluation                                                          |
Aidenvironment is a values driven consultancy providing services and research in sustainable production and trade. Their fieldwork covers the principal commodity developing and producing markets in West and East Africa, Latin America and Southeast Asia, the latter served by their Indonesian branch Aidenvironment Asia. WASTE Advisers is a quality driven consultancy specializing in business development in waste management. They have more than 30 years of experience in the field in more than 20 countries empowering people to improve their livelihood by building sustainable waste management system.

Aidenvironment and WASTE Advisers are involved in the design and implementation of a supply chain CSR program for the PET recycling branch of Namasindo PLAS Indonesia. Namasindo is a leading supplier of plastic products, their recycling arm has to deal with an informally organized supply chain consisting of a number of middlemen and about 15,000 informal waste pickers. The implementation of this CSR program will improve the supply chain while at the same time improving the working conditions and livelihoods of workers in the collection centres and the waste pickers in Namasindo’s supply chain. This will result in a positive economic, social, and environmental impact on the Indonesian plastic sector.

“We really thank Aidenvironment and WASTE for their contributions to our CSR program! – quote by Namasindo”

Our services

Aidenvironment’s core business for a quarter of a century lies on the building of more sustainable value chain. WASTE’s main area of sustainable waste management establishing connection and inclusiveness of the informal sector. Our combined expertise and experience and collaboration with Aidenvironment’s Indonesian office guarantees CSR programs with high impact.

Figure 1 List of services offered by Aidenvironment and WASTE

A supply chain CSR program addresses the most pressing social and environmental issues in plastic recycling sector in Indonesia which creates various positive economic, environmental, and social impacts. Companies would guarantee a better supply of plastic waste whilst reducing their level of reputational risk. Interested to hear more how we can be of help? Let’s get in touch!