



SPREP
Secretariat of the Pacific Regional
Environment Programme



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Step 5

“Build it Yourself”:

GUIDANCE TO DRAFTING ARFD POLICY

March 2022

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POLICIES

PROCEDURES

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Step 5 - “Build it Yourself”

Area	Key principles	Guidance	Country to Complete	Examples from other PIC		
			Coordinate with Project Stakeholders and discuss how scheme can be implemented in your country - complete each applicable area Use feasibility study resources provided for background to each section. PacWastePlus available to assist	Republic of Kiribati <i>Dedicated ARFD Act and Regulation</i>	Tuvalu <i>Waste Management Act and a levy deposit regulation</i>	Palau <i>Recycling Act and beverage container recycling regulations</i>
Purpose/ Objective	1 Outline a clear purpose/objective	The provisions and regulations give effect to the purpose or objectives of the legislation. Providing for GEDSI in purpose/objectives provides an overarching recognition for GEDSI. If placing the ARFD regulation under the Environment Act, the purpose of the Act could be updated to include provision for GEDSI.	What overarching purpose/objective ARFD seeks to achieve?	<i>To levy fees for the recovery of waste materials in Kiribati and for connected purposes</i>	<i>State the principles and rules to support the recovery, processing, treatment, and shipment of incoming goods at the end of their operation conditions; provide mechanism for revenue collection and administration; and provide legal framework that encourages waste avoidance and resource recovery behaviour.</i>	<i>Establish a recycling program for the Republic of Palau, establishing a beverage ARFD fee, creating a Recycling Fund and for other related purposes.</i>
The Fund	2 Establish the dedicated fund and ringfence Fees to waste management purposes only.	Depending on the option, a dedicated fund may be established, use a Government account with controls on its use including reporting separate accounts by Treasury.		<i>A Special Fund to be known as the Waste Material Recovery Fund is established under the Act.</i>	<i>Tuvalu fees are deposited into the annual budget of the Department of Waste Management. The regulation specifies portions of the funds to go to specific purposes.</i>	<i>Recycling Fund but within the National Treasury, to be separate from other funds in the National Treasury.</i>
	3 Identify what purposes the fund may be used for	Purposes outside of recovery and refunds may be funded. Examples may include equipment purchases, training, updating Customs software and communications.		<i>The costs of recovering waste materials and expenses for the administration and carrying into effect of the provisions of the Act.</i>	<i>Support operational means of the system and finance educational and marketing needs.</i>	<i>Administration of the Recycling Program and payments required under Sec 6 and to a reserve to cover anticipated and unanticipated future expenses of the program. Fund administrative, audit and compliance activities, conduct education and demonstration projects, promote recyclable market development activities.</i>
	4 Identify who administers the fund.	This is usually the Finance Ministry.		<i>The Minister for finance (Sec 9 of Act).</i>	<i>Department of Treasury.</i>	<i>Maintained by the Ministry of Finance.</i>

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	5 Specify the role of Customs	Customs are usually the agency that applies the Fee to the imported items and charges the importer. The Environment Act specifies that the levy shall be paid to Customs.		<i>Customs applies the fee.</i>	<i>Customs collect levy fees paid by importers at point of entry, record into the Bill of Entry form, report their records through the system.</i>	<i>Customs applies the fee.</i>
	6 Identify who shall pay into the fund and how this will be done	This is usually importers and/or distributors and paid to Customs who directs the Fee into the appropriate fund.		<i>Any person required to pay import duty under the customs legislation on the specified goods. Paid to Customs. Any money appropriated for the purposes of the fund Any other money lawfully available to the Fund.</i>	<i>Any person who imports the specified goods into the country. Paid to Customs.</i>	<i>Beverage distributors and importers. Paid to Customs.</i>
	7 Identify procedures for payment from the fund	This may outline standard reporting forms and other supporting evidence such as recording sheets and receipts. These may also be standard forms under the regulation. This may tie into reporting requirements.		<i>No money shall be paid out except in accordance with a Warrant under the hand of the Minister responsible for finance. The operator is entitled to be paid out of the fund.</i>	<i>Submission of an application for an 'imprest' in accordance with requirements and receipts of expenditure and payments.</i>	<i>Redemption Centres shall report on activities and provide written and verifiable proof to the Ministry of Finance of money expended on refunds.</i>
	8 Specify how Deposits are paid to consumers	There are several methods that could be specified for the payment of Deposits to consumers. They are in cash, cheque, credit vouchers for utilities, to charities.		<i>Cash.</i>	<i>Paid in cash directly to customers at main centre. Issued via any suitable method of payment for consumers in the outer islands.</i>	<i>Cash or cheque, cheques only for \$20 and above.</i>
The items (products)	9 Identify the items that will have a Fee placed, ideally with the ability to introduce additional materials or items over time.	Items could be those that are littered often and difficult to deal with. Items may be set out by regulation, with potential to provide for Secretary/Minister of the lead implementing agency adding new materials.		<i>Regulation - Schedule (clause 4) Beverage and oil container s (bottles) made of PET. Beverage container s made of aluminium. Any type of lead acid battery.</i>	<i>Identified on Schedule 1 of the Act. Beverages and oils in PET bottles and aluminium cans; lubricating oil, nappies, whiteware, heavy equipment, vehicles, batteries for vehicles and solar panels.</i>	<i>Beverage bottles 32oz and lower.</i>

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	10 Identify the Fee amount on each item	The Fee may cover a Handling Fee (costs associated with handling and recovery), Administration Fees (costs associated with administering the scheme)		<i>Regulation - Schedule (clause 4).</i>	<i>Identified on Schedule 1 of the Act.</i>	<i>10c on approved container.</i>
	11 Identify the Deposit amount on each item	The Deposit amount returned to consumers should be at a rate that incentivises returns balanced with keeping the total cost of the target item affordable.		<i>Schedule (regulation 10).</i>	<i>Schedule 2.</i>	<i>5c.</i>
	12 Identify the ability for scheme to introduce additional materials or items, or amend Fee and Deposits if necessary in the future	Provide structure for how new materials can be added to scheme or other details amended when necessary in the future. May be a specific power for Secretary/Minister of the lead implementing agency to amend based on a feasibility report and consultation with stakeholders.				
The scheme and physical operations	13 Establish the scheme	Provide for establishing the scheme, for example constructing and opening depots and materials processing facilities, building funds for scheme administration and potential collecting Fees for a period of time prior to paying deposits to consumers for returned items.		<i>Not specified.</i>	<i>Not specified explicitly.</i>	<i>Establishes a Recycling Program with the purpose of creating a self-supported, safe and efficient system of disposal of beverage container.</i>
	14 Identify who the financial administrator is for the scheme	Usually the Finance Ministry		<i>Ministry of Finance and Economic Development. Special Fund is coordinated by MELAD.</i>	<i>Treasury Department, Ministry of Finance Department of Waste Management oversees and monitors the progress of the entire system: reconciliation of recorded waste levy fees with the Department of Treasury monthly; observe that payment be feeded into the annual budget of the Waste Department.</i>	<i>Ministry of Finance.</i>

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15	Identify who coordinates the physical operations	Usually government agency who is leading the scheme (i.e., Dept of Environment / Waste), either directly or through contracts with private sector		<i>Ministry of Environment, Lands & Agricultural Development Kaoki Mange.</i>	<i>Department of Waste Management.</i>	<i>Ministry of Public Infrastructure, Industries and Commerce – Implementation of recycling program, approve and monitor redemption centers, export recyclables.</i>
16	Specify the physical operations	These may be: - Collection depots (provide for GEDSI) - Logistical services (in-country and international) - Recycle / Resource Recovery Centres		<i>Waste recovery operator.</i>	<i>Waste operators Transfer stations operate on the last five working days of every month.</i>	<i>Redemption centres.</i>
17	Identify whether any responsibilities will be contracted to private sector operators	Private sector operators may be well placed to deliver operations of an ARFD (i.e., whole scheme operation, operation of individual depots, coordinating logistics, scheme administration, etc) via contract with the government		<i>Republic may engage waste recovery operator</i>	<i>Yes, provided for.</i>	<i>The Ministry of Public Infrastructure, Industries and Commerce may contract in other government agencies or private companies.</i>
18	Identify which agency is the contract principle (if contractors used)	Usually government agency who is leading the scheme (i.e., Dept of Environment / Waste)		<i>Minister for environment – Ministry of Environment, Lands & Agricultural Development.</i>	<i>Department of Waste Management.</i>	<i>The Ministry of Public Infrastructure, Industries and Commerce Ministry of Finance pays the Redemption Centre.</i>
19	Identify the condition of returned items that will allow refunds of deposits	Regulations will need to specify the condition items need to be in to receive refund. Condition of the item should be based on requirements for their handling and recycling (i.e., PET bottles contaminated with liquid and dirt can not be recycled and therefore not eligible for receiving refund) Refer to PWP Recycling Market: Research Report for details on overseas markets https://pacwasteplus.org/resources/recycling-market-research-report/		<i>Waste material presented for refund must be reasonably clean.</i>	<i>Clean and without contaminants – soil and mud. No flattened items. No old, buried.</i>	<i>Clean and free from contamination.</i>

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	20 Identify requirement for location and accessibility of collection depots	Regulations may state requirement for depot operation to be accessible to (locations, outer communities, access features, signage, operation hours). to allow easy access by members of the community. This provides equality and assists to achieve maximum return rates.		<i>Not specified.</i>	<i>Identifies locations for transfer stations in Schedule 4 of regulation.</i>	<i>Shall seek out one or more available Redemption Centres.</i>
Gender Equality, Disability, and Social Inclusion (GEDSI)	21 Specify accessibility (GEDSI) requirements for collection depots	Systems and collection depots should be accessible for all regardless of age, gender and mobility level. The GEDSI plan should be referred to, to develop guidelines for location, operating hours, and design of collection depots.		<i>Not specified.</i>	<i>Operating hours may provide some equity.</i>	<i>Not specified.</i>
Offences	22 Specify offences and penalties.	Offences can be made for actions that go against those obligations placed on parties, including GEDSI provisions, and corruption within the scheme.		<i>Refusal to pay a fee, claims an exemption, contravenes provisions of the Act.</i>	<i>Corruption and illegal practices, litter, dumping.</i>	<i>Penalties for overdue fees, refusal to comply with provisions of the Act or regulation.</i>
	23 Specify how fraudulent activity will be investigated	This may be provided for by linking to provisions in legislation enforced by police.		<i>Not specified however Sec 12 of Act states any deposit unpaid shall be recoverable as a civil debt.</i>	<i>Not specified.</i>	<i>Not specified.</i>
Monitoring	24 Establish the target for recovery	Setting a target can help the country measure success. The target may be provided in policy and specified in contractual arrangements and not explicitly set in legislation/regulation.		<i>Not specified.</i>	<i>Not specified.</i>	<i>Not specified.</i>
	25 Outline measures if targets are not met.	The country may want to pre-plan measures should targets not be met. Such measures may be, reassessing the location of collection depots and operating hours, carrying out education and awareness.		<i>Not specified.</i>	<i>Not specified.</i>	<i>Not specified.</i>

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	26 Provide for an exemption with criteria to be met for disposal of recovered items should export be unviable	There may be times when a receiver for recyclables cannot be found so process can be designed to manage such an event such as an exemption for disposal to landfill or other measures. This could be subject to the approval of the Secretary or Minister.		<i>Not specified.</i>	<i>Not specified.</i>	<i>Not specified.</i>
Auditing	27 State requirement for auditing	Determine how often the country wants to audit the fund and the operations. Depending on government auditing capacity, would a separate audit need to be specified in ARFD legislation or would the ARFD be audited as per government procedures? The audit report may be written to be required by the governments audit entity.		<i>Audited accounts to be contained within six monthly reports.</i>	<i>Not specified.</i>	<i>Organisations registered under Sec 8 and 10 are subject to audits by the Ministry of Finance and the National Auditor.</i>
Reporting	28 Reporting and record keeping requirements for importers/ distributors	Importers/distributors can be required to keep records and provide reports to the schemes administrator/s. These can assist in auditing purposes.		<i>Not specified.</i>	<i>Not specified.</i>	<i>Sec 9 – Fee beverage distributors, registration and record keeping. Sec 10 – Record keeping requirements. Quarterly written reports.</i>
	29 Reporting and record keeping requirements for fund administrator	Record keeping and reporting obligations ensure transparency of the scheme. Countries can outline timing of reporting and period for record keeping. The reports from the service suppliers will inform the fund administrator reporting. The reporting could assess performance against targets, against GEDSI requirements and income and expenditure for the next financial year.		<i>Sec 10 of the Act shall submit annual reports on the income and expenditure of the fund and estimates of the income and expenditure of the fund for the next financial year. The Minister for finance shall submit to Maneaba ni Maungatabu six monthly report containing audited statement of accounts.</i>	<i>The Director of Waste Management maintains proper books and documents of accounts, prepares a statement of account to the Auditor-General.</i>	<i>Each fiscal year the Minister for Resources and Development submit to the President a complete report showing its activities under the Recycling Programme and the use and condition of the Recycling Fund. Shall also be examined by the Public Auditor annually.</i>

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	30 Reporting and record keeping requirements for collection depot and logistical services	The country may specify reporting requirements and record keeping of deposits paid and materials shipped for a specified time. The country may identify documentation to support claims for expenses to the contract principal (if contracted) or administrator. Reporting may include performance against targets, against GEDSI requirements and income and expenditure for the next financial year. Reporting forms may be included in regulations under standards.		<i>Not specified in legislation/regulation.</i>	<i>Records kept and reported by the recycling supervisor monthly for date, name of consumer, description of waste, quantity of waste in tonnes and further information as may be required. Recycling supervisor shall provide on a monthly basis record of each load of waste accepted into the waste disposal facility. Shall maintain daily records for waste that is exempt from the levy. Records to be kept for not less than 6 years.</i>	<i>Records must be kept for not less than thirty-six months after generation.</i>
Partnerships	31 Explicit provision for partnerships – Public Private Partnerships, partnership with community organisations.	Legislation can provide formal guidance for roles and responsibilities for partnerships. Partnerships could be provided for in Memorandums of Understanding, outlining the role of the involved organisations, such as with Customs. Provisions should keep possibilities open for non-government organisations to be included in partnerships.		<i>Not specified.</i>	<i>Not specified.</i>	<i>Sec 16 of the regulation authorises issuance of memoranda of understanding.</i>
Start-up funding	32 Building up funding from Fees before starting to pay out Deposits.	The country may need to build up Fees to develop funds for certain purposes such as those specified in 32, 33 and 34. Some countries have done this by delaying the payment of deposits to consumers. Some countries are provided with a start-up fund from government or a donor party. These details can be provided for in legislation.		<i>Not specified in legislation.</i>	<i>Not specified in legislation, however 6-months of collecting fees without offering refund.</i>	<i>Sec 11 \$100,000 grant from donor/government. Not specified in legislation however, 4-months of collecting fees without offering refund.</i>

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	33 Funding for establishing administration and management systems and capability.					
	34 Funding for addressing legacy items.					
	35 Funding for establishing depots (for material returns) and processing equipment					

