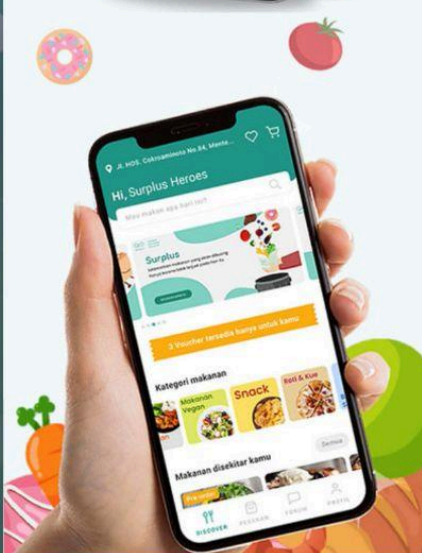


KNOWLEDGE PRODUCT ON STRENGTHENING ENABLING SYSTEMS

Impact Report



Knowledge Product on Strengthening Enabling Systems

1. Executive Summary

Surplus Indonesia is building a scalable digital marketplace that connects food businesses with products that are often left unsold- including overstocked items, near expired date products, prepared meals that remain at the end of the day, and imperfect products. Through this platform, businesses are able to turn what would become waste into value by reaching consumers who are looking for safe and affordable food options. Rather than operating as a donation platform or food bank, Surplus applies a market-driven approach to food waste reduction. Merchants recover value from unsold goods, while consumers benefit from significant savings on safe, high-quality food items. This approach promotes responsible consumption and demonstrates that sustainability can be both economically viable and environmentally beneficial.

Its relevance is particularly compelling in Indonesia, where an estimated 48 million tons of food are wasted every year, constituting economic losses of up to Rp 551 trillion (US\$39 billion), and contributing substantially to greenhouse gas emissions from landfill decomposition. Despite these challenges, regulatory and institutional barriers continue to hinder scalable redistribution. Ambiguities in food labeling laws, lack of legal clarity on “imperfect” or “near-expiry” food, and complex e-commerce licensing requirements make it difficult for sustainability-oriented startups to grow. Policies such as the 11 percent value-added tax on discounted or clearance sales further reduce price competitiveness for redistribution platforms.

This knowledge product consolidates Surplus Indonesia’s research and operational insights to identify systemic barriers and enable reforms for circular food markets in Indonesia. It provides an evidence-based framework for how policy alignment, fiscal incentives, and public–private collaboration can create an environment where preventing food waste is both economically rewarding and environmentally sustainable. By supporting Indonesia’s national goal to reduce food waste by 50 percent by 2030, Surplus Indonesia demonstrates how technology-enabled resale models can deliver tangible social, environmental, and economic impact.

2. Policy and Regulatory Landscape Analysis

a. Existing Policies and Regulations on Food Waste and Redistribution

Indonesia faces significant challenges with food loss and food waste, with approximately 48 million tons of food wasted annually, leading to economic losses estimated between 213-551 trillion Indonesian rupiah (US\$15 to US\$39 billion)^[1]. There are national and local food safety regulations, such as Law No. 31 of 2018^[2] that regulate food labeling and expiration date requirements. However, Indonesia has not yet introduced a clear distinction between “Best Before” dates, which indicate quality, and “Use By” dates, which indicate safety. This lack of differentiation can lead to consumer confusion, and unnecessary disposal of food that is still safe for consumption. Furthermore, there are no explicit legal protections for food donors and recovery organizations- creating liability risks for businesses and limiting the willingness of companies to donate.

[1] The Global Food Donation (2022). *Indonesia: Policy Highlights and Opportunities*.

[2] Direktorat Standarisasi Pangan Olahan (2020). *Pedoman Label Pangan Olahan*

From legal considerations, existing policies also create disincentives for redistribution. At present, Indonesia has general waste management policies, including **Law No. 18 of 2008 on Waste Management**^[3], **Law No. 32 of 2009**^[4] **on Environmental Protection and Management**, and their implementing regulations. While these laws provide a framework for waste reduction and recycling, they do not specifically address food waste prevention or redistribution, leaving a significant policy gap in the food sector. In addition, the current regulations are providing little support for food donations. Indonesia's income tax framework does not include specific incentives for businesses that donate surplus food, and under the **Value-Added Tax (VAT) Law**, donated food is still subject to **an 11 percent VAT**, the same as commercial sales. This creates a financial disincentive for businesses, as they are effectively giving away food rather than selling it.

The absence of targeted food waste regulations and the presence of disincentives, such as the VAT on donations, highlight the urgent need for a more coherent legal framework. Such a framework should harmonize existing waste management and food safety laws, provide liability protections for donors, and introduce fiscal incentives to encourage food recovery and redistribution. Without these changes, Indonesia risks falling short of its sustainability commitments and missing the opportunity to reduce food waste at scale.

b. E-Commerce and Marketplace Regulations in Indonesia

Indonesia's market growth in e-commerce and online marketplace has created new opportunities, but also introduced regulatory challenges. In September 2023, Indonesia issued Regulation 25 of 2023^[5], which is an implementing regulation for the country's Law on E-commerce.

Regulation 25 of 2023 was introduced as the implementing rule for Regulation 80 of 2019^[6], Indonesia's first comprehensive e-commerce law enacted in November 2019. Consistent with Reg 80/2019, this regulation outlines three categories of e-commerce entities that fall under taxation and business licensing requirements; merchants, e-commerce platform providers, and intermediary service providers. Both Regulation 80/2019 and Regulation 50/2020 classify e-commerce actors into three main categories based on their business activities. The first group is **merchants**, which includes businesses or individuals that sell goods or services online, either through their own platforms or by using systems provided by other e-commerce operators. The second group is **e-commerce organizers (PPMSE)**, referring to businesses or individuals that build and operate electronic systems to facilitate online transactions. This category covers a wide range of business models— such as online marketplaces, streaming platforms, classified advertisement sites, and price comparison services.

[3] BPK (2008). [Pengelolaan sampah](#)

[4] BPK (2009). [Perlindungan dan Pengelolaan Lingkungan Hidup](#)

[5] Kementerian Perdagangan (2023). [Perizinan Berusaha, Periklanan, Pembinaan, dan Pengawasan Pelaku Usaha dalam Perdagangan melalui Sistem Elektronik](#).

[6] Kementerian Perdagangan (2019). [Perdagangan Melalui Sistem Elektronik](#).

The third group is **intermediary service providers (PSP)**, which are entities that do not directly sell or host marketplaces, but instead support the digital ecosystem through services such as search engines like Google or Bing, as well as data storage, hosting, and caching facilities. In practice, this means that even businesses engaging in innovative sustainability models, such as surplus food redistribution, are required to follow the same obligations as larger commercial e-commerce actors. These obligations include securing an Electronic System Provider certificate, creating a consumer complaints section with official contact details, and linking their systems to the OSS Agency's platform.

Further complicating the business environment are consumer protection and taxation rules. Law No. 8 of 1999^[7] on Consumer Protection, reinforced by e-commerce provisions under GR 80/2019^[6], requires strict compliance with consumer rights, dispute resolution, and personal data protection. However, enforcement has often been inconsistent, leaving businesses uncertain about how regulations are applied in practice.

From a financial perspective, businesses are required to obtain a SIUPMSE license, and comply with import tax rules that now apply to goods worth more than US\$3, a sharp decrease from the previous threshold of US\$75. At the same time, strict cybersecurity and data protection laws prevent companies from transferring personal data to countries with weaker standards, adding another layer of compliance for digital platforms. Together, these overlapping regulations and inconsistent enforcement make operations more costly and risky, particularly for smaller businesses trying to compete in the e-commerce sector.

While the regulation strengthens consumer rights and market oversight, it also creates additional layers of compliance that can be challenging for smaller enterprises and digital platforms promoting food sustainability. For start-ups like Surplus Indonesia, which focus on redistributing surplus or near-expiry food, the absence of provisions that differentiate between conventional e-commerce and sustainability-driven redistribution makes it harder to scale solutions that address food waste.

3. Regulatory Barriers and Challenges

Indonesia continues to face serious challenges in addressing food redistribution due to gaps and ambiguities in its regulatory framework. One of the central problems is the lack of clear definitions in existing laws—particularly concerning terms such as “overstock food” or “imperfect produce,” which creates uncertainty for businesses and donors. At the same time, food safety regulations do not specify liability protections for businesses that donate surplus food, discouraging private sector participation. Regulatory overlap further complicates the situation, as multiple agencies, including BPOM, the Ministry of Agriculture, and the Ministry of Health, share authority over food safety and donation, leading to inconsistencies in enforcement.^[8]

[6] Kementerian Perdagangan (2019). [Perdagangan Melalui Sistem Elektronik](#).

[7] Direktorat Jenderal Ketenagalistrikan (2024). [Undang-undang Perlindungan Konsumen](#)

[8] Satyawati, N. G. A. D, et al (2024). [Regulating Food Waste Management in Indonesia: Do We Need an Omnibus Law \(Again\)?](#) Indonesia Law Review 14(1): 53-71

The causes of these problems vary. Infrastructure limitations and weak logistics in remote areas prevent the efficient redistribution of food. High operational costs for transportation, sorting, and distribution make food recovery financially unsustainable, especially for small actors. Public perception and stigma also contribute, as both consumers and businesses remain hesitant to engage with surplus food due to concerns about quality and brand reputation. Small and medium enterprises (SMEs), and farmers face additional hurdles, including complicated licensing requirements, costly compliance with food safety and labeling standards, and unclear taxation rules on food donations, all of which place extra financial burdens on producers. ^[8]

These problems and causes create significant effects on Indonesia's food waste reduction efforts. The absence of regulatory incentives, such as tax deductions or credits for food donations, combined with the lack of penalties for excessive waste reduces motivation for businesses to redistribute surplus food. Moreover, food donation is not yet integrated into broader corporate social responsibility (CSR) programs due to limited regulatory encouragement. As a result, food redistribution remains underutilized as a strategy for reducing food waste, slowing progress towards Indonesia's national commitment to cut food waste by 50 percent by 2030, and undermining efforts to build a sustainable food system. ^[8]

4. Recommendations and Policy Advocacy Strategy

Food waste in Indonesia continues to prove a complex challenge, not only in terms of environmental sustainability, but also in relation to legal and institutional frameworks that remain fragmented. The Indonesia Law Review highlights that overlapping mandates among agencies and the absence of clear definitions for terms such as "overstock food," "imperfect produce," or "near-expiry food" have created significant uncertainty for businesses and donors. This ambiguity discourages participation in food redistribution initiatives, as companies remain concerned about liability and compliance risks. To address these gaps, there is a pressing need to harmonize food, waste, and sustainability regulations under a coherent framework that provides clarity, reduces duplication, and ensures accountability across relevant sectors.

Another key recommendation is the introduction of protections to safeguard food donors and recovery organizations from legal liability, provided that donations meet established safety standards. Alongside this, fiscal incentives such as tax deductions or exemptions from the 11 percent VAT on food donations would encourage businesses to redirect surplus food rather than discard it. Strengthening logistics and cold chain infrastructure, particularly in remote areas, is also vital to ensure surplus food can be safely stored and distributed. Such support can come through government subsidies or public-private partnerships that expand the reach of redistribution platforms while lowering operational costs.

Public-Private Partnership (PPP) opportunities also need to be prioritized as a bridge between policy and practice. Engagement with policymakers is essential to adapt food safety and donation regulations, while providing tax incentives for businesses and supporting local governments in implementing food waste reduction programs. At the same time, collaboration with supermarkets, restaurants, and logistics providers can optimize redistribution systems, supported by digital innovations such as online marketplaces and tracking tools to monitor the impact of food donations. Encouraging businesses to adopt surplus food management solutions by

repurposing food into juices, snacks, or compost, and integrating donations into corporate social responsibility (CSR) programs will further strengthen sustainable practices. Establishing industry coalitions to commit to food waste reduction targets can amplify these efforts and create sector-wide accountability.

In addition, Indonesia should adopt mandatory food waste measurement and reporting requirements for large food businesses, modeled after practices in the EU and US. This would provide reliable data to track progress and incentivize reductions as part of corporate sustainability reporting. Public awareness campaigns also play a crucial role in reshaping consumer perceptions about “imperfect” food and clarifying the difference between “Best Before” and “Use By” dates, both of which can help reduce unnecessary disposal. Finally, building stronger multi-stakeholder platforms that bring together government agencies, businesses, NGOs, and local communities will be essential in scaling food recovery solutions. By embedding redistribution into corporate social responsibility programs and recognizing best practices at both the local and national levels, Indonesia can move closer to its commitment of halving food waste by 2030 while promoting a circular and sustainable food system.

As part of its engagement under the P4G partnership, Surplus Indonesia has worked collaboratively with the P4G National Platform (NP), ministries, and ecosystem actors to highlight policy gaps and advance the enabling environment for circular food systems. The partnership’s key policy engagement milestones are summarized below:

1. P4G Indonesia Stakeholders & Ecosystem Meeting 2025

Date: 19 June 2025 | Venue: The Westin Jakarta

Objective: Present progress of P4G Round 2 partnerships and explore policy and ecosystem support for circular economy initiatives.

Surplus Indonesia participated in the meeting virtually, while Greeneration Foundation attended in person. During the session, Surplus delivered a pitch on its circular food system model and contributed to sectoral roundtables on food loss and waste, emphasizing the regulatory barriers faced by sustainability startups. Discussions with representatives from the Ministry of Trade, Ministry of Environment and Forestry, and the Food and Drug Supervisory Agency (BPOM) focused on the need for clearer definitions and streamlined compliance for surplus resale. The dialogue also explored opportunities for fiscal incentives and digital infrastructure support.

Outcome: Surplus Indonesia identified potential collaborators, including associations under KADIN’s Circular Economy Working Group. However, the partnership noted that follow-up from the P4G National Platform regarding technical and policy alignment remains limited, indicating a need for deeper institutional coordination in the next phase.

2. Final Dissemination Event – Surplus Clearance Sale App Launch, Impact Progress, and Press Conference

Date: 18 July 2025

Objective: Publicly share Surplus’s progress, rebranding, and policy relevance as a circular ecommerce model.

The event featured a signing ceremony with Sandiaga Uno, who joined as a strategic advisor to strengthen Surplus’s national advocacy for sustainable entrepreneurship. Panel

discussions involved merchants such as Doughzen and Atria, digital key opinion leaders, and Surplus leadership, all highlighting the app's economic and environmental benefits.

Outcome: The dissemination event served as a public policy showcase, reinforcing Surplus Indonesia's alignment with national sustainability and digital MSME development goals. It also increased visibility among policymakers, media, and industry actors, strengthening public understanding of circular food redistribution as a viable business model.

3. Dissemination of Food Loss and Waste Policy Dialogue Proceedings (Bappenas & P4G)

Date & Venue: 21 August 2025, Bappenas Office, Jakarta.

Objective: Disseminate findings and recommendations from the October 2024 Food Loss and Waste (FLW) Policy Dialogue and launch the official policy proceedings.

Participants: Bappenas officials, members of DPR Panja, P4G representatives, Surplus Indonesia, private sector, and NGOs.

Discussion Points: The session covered emerging FLW technologies such as edible coating, organic waste valorization, food rescue apps, and traceability systems. Surplus Indonesia shared insights on the scalability of technology-based food recovery and its role in strengthening traceability within supply chains.

Outcome: Bappenas announced plans to integrate FLW reduction mechanisms into the upcoming revision of Law No. 18/2012 on Food. Surplus Indonesia was invited to contribute technical input to support implementation of the traceability and food rescue recommendations, marking an important step toward policy mainstreaming of surplus redistribution.

4. Knowledge Sharing Forum: "From Policy to Plate" (IBCDS & WRAP/GRASP 2030)

Date & Venue: 8 September 2025, Ra Suites Simatupang, Jakarta.

Objective: Exchange knowledge on government policies and international best practices for reducing food loss and waste in the business sector.

Participants: IBCSD, WRAP, Surplus Indonesia, and private sector stakeholders.

Discussion Points: The dialogue reviewed international frameworks such as the Good Samaritan Law and policy instruments that incentivize redistribution, focusing on how these could inform Indonesia's regulatory reforms. Surplus Indonesia shared its operational insights and discussed alignment of its ecommerce model with WRAP's GRASP 2030 commitments.

Outcome: The session strengthened multiparty collaboration among policymakers, business leaders, and civil society actors to advocate for enabling food waste legislation in Indonesia. It also positioned Surplus Indonesia as a case study of private-sector innovation driving measurable food waste reduction in Southeast Asia.

Through these policy engagements, Surplus Indonesia has positioned itself as both a practitioner and policy advocate for a market-based approach to food waste reduction. Moving forward, Surplus will continue to collaborate with the P4G National Platform, KADIN's Circular Economy Hub, Bappenas, and the Coordinating Ministry for Economic Affairs to develop a multi-stakeholder roadmap that harmonizes food safety, waste reduction, and e-commerce regulations.

This roadmap aims to introduce liability protections, tax incentives for surplus resale, and mandatory food waste measurement and reporting for large food businesses. These reforms, aligned with public awareness campaigns and private-sector collaboration, will help normalize the purchase of imperfect products and encourage a shift toward responsible, circular consumption.

By embedding these mechanisms into Indonesia's broader sustainability framework, Surplus Indonesia can contribute meaningfully to the national target of halving food waste by 2030, while proving that circular business models can generate profit, social impact, and climate benefits simultaneously.

5. Expected Impact & Pathway to Investment Readiness

The success of Surplus Indonesia in scaling food redistribution depends not only on consumer demand but also on the regulatory and institutional environment in which it operates. At present, liability risks, unclear food safety standards, and the absence of incentives create barriers that limit the ability of surplus as food platforms startup to attract large scale investment. However, if regulatory improvements are implemented, such as tax incentives for food donations, liability protections for donors, and mandatory food waste tracking for businesses. These reforms would significantly reduce operational risks and strengthen the viability of the business model.

In parallel, building stronger partnerships with government institutions, private sector actors, and NGOs will expand logistical capacity and improve efficiency in redistributing surplus food. These partnerships will demonstrate proof-of-concept at scale, showing that surplus food recovery is not only feasible but also sustainable. This kind of ecosystem support creates a tangible signal to investors that food redistribution platforms can operate within a predictable, supportive policy framework, thereby mitigating perceived financial risks.

As confidence in the sector grows, investors will see greater potential for both social impact and financial returns. This shift will make it possible to unlock new sources of capital, including impact investment funds and sustainability-focused venture capital, moving toward the targeted \$1 million in investment for scaling operations. More importantly, this pathway ensures that capital is directed into building the infrastructure and technology necessary for long-term sectoral transformation, not just short-term growth.

By combining policy reforms, cross-sectoral collaboration, and investor engagement, Surplus Indonesia can position itself as an investable, scalable solution to one of the country's most pressing sustainability challenges. The pathway to investment readiness is therefore not a simple one-step process, but rather the result of coordinated policy alignment, stakeholder trust-building, and market validation.

Surplus Indonesia's ability to scale its circular food redistribution model depends not only on growing consumer demand but also on the maturity of the policy and investment environment in which it operates. While consumer appetite for affordable, sustainable food continues to rise, the ecosystem surrounding food recovery remains constrained by unclear food safety regulations, the absence of tax incentives, and the lack of an integrated framework for food waste tracking. These barriers raise

perceived operational and compliance risks, making it harder for impact investors and venture funds to deploy capital confidently into this emerging sector.

Over the past year, Surplus Indonesia has demonstrated that food redistribution can be both economically viable and environmentally impactful. The platform now engages over one million users and ten thousand merchants, proving that a commercial model for surplus food resale can work at scale. However, the next phase of growth requires deeper investment in technology infrastructure, supply chain logistics, and policy alignment to strengthen trust among stakeholders and reduce systemic barriers.

Regulatory improvements such as differentiated food labeling (“Best Before” versus “Use By”), clear liability protections for resale platforms, and VAT relief for discounted transactions would provide the legal certainty investors seek when assessing long-term scalability. These reforms would signal that Indonesia is serious about enabling a circular economy, thereby reducing the perceived policy and regulatory risks that currently deter investors. For example, the introduction of a Good Samaritan-style provision would protect businesses engaging in surplus redistribution, unlocking a larger pipeline of corporate partnerships and expanding transaction volumes.

At the same time, the government’s planned integration of Food Loss and Waste (FLW) targets into the revision of Law No. 18/2012 on Food, combined with Surplus Indonesia’s participation in national dialogues led by Bappenas and P4G, is positioning the platform within Indonesia’s broader sustainability and food security agenda. This alignment creates a strong foundation for blended finance models where public policy support de-risks private investment, accelerating both impact and profitability.

Surplus Indonesia’s short-term investment requirement of USD 1 million reflects three critical needs: expanding its cold chain and last-mile logistics network to handle greater transaction volumes, upgrading digital infrastructure and traceability systems to comply with evolving government data requirements, and scaling its online-to-offline retail presence to reach new consumer segments and SMEs in secondary cities. Without this capital, growth will plateau and operational inefficiencies will persist, limiting the company’s ability to serve more merchants and prevent greater volumes of food waste.

Conversely, with the right policy support and investor confidence, Surplus Indonesia can transform this USD 1 million investment into a model for scalable circular commerce. Policy reform reduces compliance costs and unlocks profitability, which in turn attracts venture capital and corporate partnerships. This creates a self-reinforcing cycle where each incremental policy improvement lowers barriers, improves investor trust, and accelerates private financing flows.

The expected impact of this pathway is multifold. Environmentally, Surplus will prevent thousands of tons of edible food from being wasted and significantly reduce associated greenhouse gas emissions. Economically, it will enable thousands of small and medium enterprises to recover value from unsold inventory, while socially, it will expand affordable access to nutritious food for low- and middle-income consumers.

Ultimately, Surplus Indonesia's pathway to investment readiness is not a single event but a coordinated process of policy alignment, ecosystem collaboration, and market validation. By addressing policy constraints, demonstrating commercial viability, and building investor trust, Surplus Indonesia can bridge the gap between sustainability impact and financial scalability, setting the foundation for long-term, systemic change in Indonesia's circular economy.

6. Conclusion and Next Steps

- To achieve this vision, several immediate actions are required: first, advancing key policy and regulatory reforms that clarify liability, incentivize food donations, and address food waste at scale. Second, implementing a clear roadmap for Surplus Indonesia to navigate existing frameworks while actively engaging with policymakers to push for reforms. Finally, establishing a timeline that ties together policy advocacy, marketplace expansion, and investment readiness milestones will ensure that the platform moves from pilot success toward national scale.
- Through these steps, Surplus Indonesia will not only contribute to reducing food waste in line with Indonesia's national target of cutting food waste by 50 percent by 2030 but also demonstrate a financially viable and socially impactful model capable of attracting sustainable investment.