

Recycling Fund

Solicitation theme on projects related to food waste

Theme: *“To carry out projects related to food waste”*

Recycling Fund has designated HK\$50M for this solicitation theme.

1 Goal:

- 1.1 To support and encourage the recycling industry to initiate business on food waste collection and delivery, treatment to any local food waste treatment facilities.
- 1.2 To enhance the overall capability, capacity, efficiency and skills of the food waste recycling industry.

All food waste collected in the projects (ESP and ISP) should be designated to proper recycling facilities for treatment instead of landfills. Applicants should implement suitable measures to ensure the traceability of the collected food waste.

2 Applications under Industry Support Programme (ISP):

- 2.1 Scope, scale and duration of each case would be assessed by its own merit.
- 2.2 The applications should focus on the benefit to the whole food waste recycling trade.
- 2.3 The scheme encourages alternative thoughts with mature technologies on food waste recycling including recycling, upcycling, product enhancement or development (e.g. trial implementation of new equipment or system which could enhance the efficiency of food waste collection and treatment.).
- 2.4 The schemes encourages the demonstration of effective food waste source separation and collection practices (e.g. food waste separation at small and medium restaurants on street level and coordinated collection within a district, etc.).

3 Applications under Enterprise Support Programme (ESP):

- 3.1 For projects cover food waste collection, it shall cover at least 6 months (up to maximum of 24 months) for actual food waste collection operation within the project period.
- 3.2 This scheme targets food waste directly collected from food waste generators.
- 3.3 Besides food waste collection and delivery, the proposed project should also indicate how quality source separation could be achieved for effective food waste processing. In order to encourage effective source separation of food waste, grantees may include budget for providing assistance to their clients (please refer to enclosure 1 on the administrative arrangement of the Provisional Food Waste Recycling Assistance Scheme) from Commercial and Industrial (C&I) sector.
- 3.4 This scheme encourages applicants to demonstrate the feasibility of the project (e.g. collection from designated food waste generators serving specific geographical area).

3.5 This scheme supports application for necessary manpower costs as well as hardware such as vehicles, smart systems [e.g. Radio-frequency identification (RFID) and Global Positioning System (GPS)] and devices for recording the weight of food waste (e.g. mobile scales, electronic vehicle weighing system, etc.).

3.6 All ESP applications would be assessed in a competition basis taking into consideration of the merits of the applications, capacities of the designated food recycling facilities, etc.

3.7 *ESP Applications specifically related to Organic Resources Recovery Centre Phase 1 (ORRC1):*

3.7.1 Applicants that deliver food waste directly to ORRC1 shall successfully register as “Registered Food Waste Collector (RFWC)” under Environmental Protection Department¹ or undergoing the process of registration when applications are submitted. If the applicants appoint a service provider to deliver food waste to ORRC1, the service provider should have already registered as RFWC.

3.7.2 The projects shall NOT include food waste under other Government services/ contracts for collection and delivery to the ORRC1 for treatment (“double funding” is NOT allowed).

3.7.3 The EPD/ Advisory Committee on Recycling Fund (RFAC)/ Secretariat reserve the right to liaise with applicants on adjusting the scale and geographical area of operation proposed in the applications having regard to the ORRC1 processing capacity.

3.7.4 Successful applicants may provide assistance (please refer to Enclosure 1 on the administrative arrangement of the Provisional Food Waste Recycling Assistance Scheme) to their clients from C&I sector with an aim to encourage waste generators to conduct effective source separation of food waste.

Disclaimer: For approved projects, ORRC1 retains the ultimate authority for allowing or disallowing food waste transported to ORRC1 for processing. The Government and its agents, the Advisory Committee on Recycling Fund, or the Secretariat, does not bear any liability arising from the implementation of the approved projects.

Please note that successful applicants would need to fulfil whatever requirements ORRC1 will and may impose any time, including food waste specifications or other technical specifications for smooth operation of the ORRC1.

¹ For details, please refer to this website:

https://www.epd.gov.hk/epd/sites/default/files/epd/english/environmentinhk/waste/prob_solutions/files/Annex%20B%20Eng_7%20May%202018.pdf

4 Content of ESP Applications:

The applicant shall include the following information in the application form and submit relevant supporting documents together with the application form:

4.1 Source of food waste

4.1.1 Certainty of source

- provide source of food waste to be collected (e.g. food and beverage restaurants, hotels, etc.)
- provide the target geographical area of the source (e.g. target districts)
- provide supporting documents (e.g. letter of intent with estimated daily quantity of food waste) from the target food waste generators *[priority will be given to the applicants if supporting documents are provided]*

4.1.2 Quantity of food waste collection and delivery

- current and estimated daily capacity of food waste collection/ delivery before and during the project (e.g. 20 tonnes food waste per day).
- estimate project period with at least 6 months for actual food waste collection operation *(for projects cover food waste collection)*

4.1.3 Method for recording the quantity of food waste from generators

- provide methodology for record keeping on food waste collection/ delivery service (e.g. contract between food waste generators and applicants, keeping collection/ delivery receipts from food waste generators and etc.)

4.2 Source separation

4.2.1 Certainty and verification of quality of food waste

- provide approach to ensure purities of food waste

4.3 Food waste collection and delivery

4.3.1 Method for accessing the collection location and quantity of food waste

- provide methodology for record keeping on food waste collection/ delivery service (e.g. keeping “Food Waste Collection and Delivery Records” from ORRC1 which include food waste collection point and quantity of food waste)
- introduce on-line track and trace systems (e.g. vehicles equipped with RFID) and on board weighing system) *[optional]*

4.3.2 Operation procedures

- provide detailed procedures on food waste collection/ delivery
- provide measures on operation to avoid environmental nuisance (e.g. prevent water leakage and control odour problem etc)

4.4 Technical specifications of proposed equipment

4.4.1 Type and capacity of vehicles

- specify type [e.g. road tanker, side loader, tail gate truck, others (please specify)]
- specify capacity (e.g. 24 tonnes, 13 tonnes, etc.) and dimensions

4.4.2 Dedicated food waste collection bins

- specify capacity [e.g. 240L (preferred), 660L, etc.] and quantity

4.4.3 Others

- specify associated equipment to avoid environmental nuisance (e.g. prevent water leakage and control odour problem)

4.5 Provisional Food Waste Recycling Assistance Scheme

For projects that involve collection of food wastes from **Commercial and Industrial (C&I)** sector, grantees may include budget for providing assistance to their clients with an aim to encourage waste generators to conduct effective source separation of food waste. Please refer Enclosure 1 for the administrative arrangement of the Provisional Food Waste Recycling Assistance Scheme.

4.6 Other requirements

4.6.1 The applicants shall follow all requirements raised by ORRC1 (*for project related to ORRC1 only*).

4.6.2 The applicants shall only target food waste directly collected from food waste generators.

4.6.3 The applications shall not include food waste under other Government services/ contracts for collection and delivery to the ORRC1 for treatment (for project related to ORRC1 only).

4.6.4 The applicant is encouraged to make reference and follow good practices on food waste separation/ collection/ delivery (e.g. Code of Practice on Separation, Collection and Transporting Food Waste to ORRC12 and practice notes developed through Recycling Fund funded projects, etc.) [optional]

4.6.5 Baseline quantity audits still required for ESP projects (if applicable).

4.6.6 Fund disbursement for Manpower, Equipment, all other costs (exclude Provisional Food Waste Recycling Assistance Scheme):

- Calculation methodology same as other ESP projects.
- Additional quantity required.
- Achievement in % of “quantity collected & delivered” against KPI for calculation of fund disbursement.

4.6.7 Provisional Food Waste Recycling Assistance Scheme:

- Calculation base on committed amount, actual amount collected & delivered, as well as

² Code of Practice can be downloaded from EPD website:

https://www.epd.gov.hk/epd/sites/default/files/epd/english/environmentinhk/waste/prob_solutions/files/Code%20of%20Practice%20for%20FW%20collector_final%20%287%20May%202018%29.pdf

actual assistance paid by grantee.

- 4.6.8 The applicants are also required to take note of “Notes for Auditor on Financial Statement Audit”, “Notes for Auditors on Recyclable Quantity Audit” and “Notes for Grantees on Recyclable Quantity Audit” which can be downloaded from Recycling Fund website.

5 Application Procedures:

Applicant is required to submit following documents:

- (a) Completed Application Form in one hard copy and one soft copy (preferably in MS Word format).
- (b) Photocopies of the supporting documents listed out in “Checklist of Supporting Documents Required for Application” of the Application Form.

6 Application Form and Guides:

Please download application form and guides from Recycling Fund website:
http://www.recyclingfund.hk/en/resource_downloads.php

7 Deadline for Applications:

No closing date for the overall theme.

For ESP applications, the deadline for first batch application is 30 November 2018 (the closing date of the 13th batch of applications for Recycling Fund). All ESP applications would be assessed in a competition basis taking into consideration of the merits of the applications, capacities of the designated food recycling facilities, etc. Subject to the balance of the designated fund after accounting the approved applications, we may invite ESP applications in next round.

8 Enquiries:

If you have any queries, please feel free to contact:

The Secretariat of the Recycling Fund

Address: 3/F, HKPC Building, 78 Tat Chee Avenue, Kowloon, Hong Kong

Hotline: (852) 2788 5658

Fax: (852) 3187 4559

Enquiry: enquiry@recyclingfund.hk

Website: www.recyclingfund.hk

Administrative Arrangement of the Provisional Food Waste Recycling Assistance Scheme

1. In order to encourage effective food waste separation at source from the waste generators (e.g. restaurants and food factories) which may increase the workload of the frontline staff, the **“Provisional Food Waste Recycling Assistance Scheme”** is allowed under **“Other Direct Costs”** in the application form to offer **“assistance”** to the clients of the grantee.
2. Expenditures under **“Provisional Food Waste Recycling Assistance Scheme”** are the fund for reimbursing up to **50%** of the total collection fee the grantee charged to their clients (i.e. food waste generators such as restaurants, food factories and etc.) as **“assistance”**.
3. Grantees can, **at its own discretion**, set the **“assistance” amount** for each **designated client**.
4. In order to reimburse the expenditures for **“Provisional Food Waste Recycling Assistance Scheme”**, it would be the responsibility of grantees to produce adequate **documentary proof** for the complete transactions of food waste collection, payments by clients to grantee and **“assistance”** from grantee to its clients (please refer to point 8 regarding the details of the requirement on documents). All documents are to be audited by external qualified Certified Public Accountants (CPA) and subject to inspection and checking by the Secretariat for getting reimbursement. *(For interim project payments of which external audited accounts are not required, the Secretariat would conduct the assessment according to prevailing practice, however, the approved interim funding disbursement would not in any way affect the External Auditor in auditing the actual annual or final expenditure of the grantee in the implementation of the approved project. The final amount of funding to be disbursed would be subject to the External Auditor’s report and the final expenditure of the project.)*
5. The **maximum funding amount** for the **“Provisional Food Waste Recycling Assistance Scheme”** is **HK\$2M or 40%** of total funding amount, whichever is lower.
6. The reimbursement for grantee under the Provisional Food Waste Recycling Assistance Scheme would be calculated as per total amount of food waste delivered to food waste recycling facilities. The reimbursed amount should be equal to **50%**

or less than the assistance that the grantee pay to clients. Maximum amount of **HK\$400 per tonne** of food waste delivered by the grantee that can be reimbursed under Provisional Food Waste Recycling Assistance Scheme of the project. **Table 1** illustrates the examples on the calculation of Provisional Food Waste Recycling Assistance Scheme reimbursement.

Table 1: Examples of calculation of Provisional Food Waste Recycling Assistance Scheme reimbursement:

Scheme 1: Food Waste Collection and Delivery Scheme						
	Application		Vetting	Actual Situation		
	Committed Amount of food waste Collected/ Delivered	Funding Amount for Assistance Scheme	Estimated Maximum Assistance Paid by Grantee (Max: 400/tonne)	Actual Amount of Food Waste Collected/ Delivered	Actual Total Assistance Paid by Grantee	Maximum Reimbursed Amount
1	Total Project cost: HK\$10M (funding sought: HK\$5M), including HK\$2M manpower, HK\$4M equipment and HK\$4M assistance scheme (committed food waste amount: 5,000 tonnes in 24 months) Current average food waste collection & delivery charge by applicant is HK\$1,600/tonne					
	5,000 tonnes	HK\$2M (= HK\$4M× 50%)	HK\$400/tonne (= $\frac{\text{HK\$2M}}{5,000 \text{ tonnes}}$)	5,000 tonnes	HK\$4M	HK\$2M
				5,000 tonnes	HK\$3.5M	HK\$1.75M (50% of actual assistance paid by grantee)
				4,000 tonnes	HK\$4M	HK\$1.6M (pro-rata to the actual tonnes delivered: HK\$400/tonne × 4,000 tonnes)
				6,000 tonnes	HK\$5M	HK\$2M (limited by the HK\$2M cap or 40% funding amount)
2	Total Project cost: HK\$3M (funding sought: HK\$1.5M), including HK\$600,000 manpower, HK\$2M equipment and HK\$400,000 assistance scheme (committed food waste amount: 1,000 tonnes in 24 months) Current average food waste collection & delivery charge by applicant is HK\$800/tonne					
	1,000 tonnes	HK\$200,000	HK\$200/tonne	1,000 tonnes	HK\$400,000	HK\$200,000
			(= $\frac{\text{HK\$200,000}}{1,000 \text{ tonnes}}$)	1,000 tonnes	HK\$350,000	HK\$175,000 (50% of actual assistance paid by

		(=				grantee)
		HK\$400,000		800 tonnes	HK\$480,000	HK\$160,000 (pro-rata to the actual tonnes delivered: HK\$200/tonne × 800 tonnes)
		×50%)		1,200 tonnes	HK\$720,000	HK\$200,000 ((limited by the approved amount)

7. The Secretariat would **promote** the message to **food waste generators in commercial and industrial sector**, that grantees of Recycling Fund food waste solicitation theme are allowed to provide assistance to them.

8. Requirement on the documents for “Provisional Food Waste Recycling Assistance Scheme”:

Application stage:

8.1 Applicant shall provide all contracts of existing food waste generator (and planned additional clients)

- (a) To estimate the committed quantity
- (b) To estimate the total assistance
- (c) To ensure if the cost per tonnage within HK\$400 per tonne

8.2 Conversion factor for collection bins to weight :

Applicant is required to adopt this universal conversion factor thorough the project:
0.58 kg/L

e.g. (assume the collection bin is 70% full) 1 x 240 L collection bin = 0.58 kg/L x 240 L x 70% = 97 kg

The Secretariat would review this factor from time to time. Applicant should provide support evidence if it wants to adopt different conversion factor.

Applicant may make use of the following table for calculation of the budget for Provisional Food Waste Recycling Assistance Scheme

Name of Client	Number of Bin	Conversion Factor	Quantity	Service Fee (HK\$ per month)	Maximum Amount of Assistance

Project Implementation stage:

8.3 For financial auditing purpose (12/24-month), grantee shall provide:

- (a) Invoice (service fee per month and assistance amount - net-off/ gross)
- (b) Material balance summary of food waste quantity (from grantee) – to check the cap of HK\$400/ tonne. Please refer to **Enclosure 2** for a sample template of material balance summary.
- (c) For the assistance cost, auditor shall state in the annual audited report:
 - (i) Calculation of the assistance of each customer (quantity of food waste x assistance/tonnes)
 - (ii) Check whether it is within 40% cap
 - (iii) Check whether it is less than 50% of the service fee
 - (iv) Check whether it is within HK\$2M cap

8.4 Verification on quantity for “Provisional Food Waste Recycling Assistance Scheme”: For both 12th and 24th month.

Documents required:

- (a) ORRC-1 trip tickets / sale invoice from other food waste treatment facilities
- (b) Food waste collection and delivery record (stamped by ORRC-1)
- (c) Material balance summary of food waste quantity (from grantee)
- (d) Job order Report (with number of bins/ quantity monthly summary)
- (e) Sampling size: same as other ESP projects (refer to “Note for Auditors on Recyclable Quantity Audit”)

8.5 Conversion factor: Please refer to Clause 8.2 above.

8.6 For Provisional Food Waste Recycling Assistance Scheme funding disbursement:

- (a) Only disbursed after endorsement of annual audited accounts (i.e. 12- and 24-month).

- (b) For 12-month interim payment: the total disbursed assistance cost + other expenses will be capped at 75% of total actual recognizable funding amount.
- (c) For 12- and 24-month payment: the total disbursed assistance cost will be capped at 40% of total actual recognizable funding amount.
- (d) (Final payment) if final actual total project expenditure is less than budgeted amount, grantee may seek special endorsement from RFAC for the grantee to get assistance cost more than 40% cap, if all major deliverables are basically achieved (i.e. committed quantity, all employees employed, all equipment procured, all other direct costs spent).

	Project Start	6th month	12th month	18th month	24th month
Financial Audit	No	No	Yes	No	Yes
Quantity Audit	Yes (baseline)	No	No	No	Yes
Verification on quantity for “assistance scheme”	No	No	Yes	No	Yes

8.7 Net-off frequency and method will be determined by the grantee, inform the Secretariat during application stage for reference.

Examples in Food Waste Collector (Potential Applicant) perspective:

- (a) With cash inflow for food waste collection service income and cash outflow for Provisional Food Waste Recycling Assistance Scheme

	Food Waste Generator	Direction of cash flow	Food Waste Collector (Potential Applicant)
Food Waste Collection Service Income	HK\$1,600 (Per Job Order/Month /Quarter/Year/Project Period)	→	HK\$1,600 (Per Job Order/Month /Quarter/Year/Project Period)
Provisional Food Waste Recycling Assistance Scheme	HK\$800 (Per Job Order/Month /Quarter/Year/Project Period)	←	HK\$800 (Per Job Order/Month /Quarter/Year/Project Period)

(b) With net cash inflow for Food Waste Collection Service Income and for Provisional Food Waste Recycling Assistance Scheme

- Regular Food Waste Recycling Assistance on monthly or job order basis

	Food Waste Generator	Direction of Cash Flow	Food Waste Collector (Potential Applicant)
Net Food Waste Collection Service Income= Food Waste Collection Service Income less Food Waste Recycling Assistance	HK\$800= HK\$1,600- HK\$800 (Per Month/Job order)	—————→	HK\$800=HK\$1,600- HK\$800 (Per Month/Job order)

- Irregular Food Waste Recycling Assistance

	Food Waste Generator	Direction of Cash Flow	Food Waste Collector (Potential Applicant)
Food Waste Collection Service Income (HK\$1,600 monthly)	HK\$6,400=HK\$1,600 x 4 (For 4 months)	-----→	HK\$6,400=HK\$1,600 x 4 (For 4 months)
Food Waste Recycling Assistance	HK\$3,200=HK\$800 x 4 (For 4 months)	-----→	HK\$3,200=HK\$800 x 4 (For 4 months)
Net Food Waste Collection Service Income	HK\$3,200=HK\$6,400- HK\$3,200 (For 4 months)	←-----	HK\$3,200=HK\$6,400- HK\$3,200 (For 4 months)
Net Food Waste Collection Service Income= Food Waste Collection Service Income less Food Waste Recycling Assistance	2 out of 4 months =HK\$1,600 (per month) 2 out of 4 months =HK\$0 (per month) Overall: HK\$3,200 (For 4 months)	—————→	2 out of 4 months =HK\$1,600 (per month) 2 out of 4 months =HK\$0 (per month) Overall: HK\$3,200 (For 4 months)

Enclosure 2

Sample Material Balance Summary Template

Notes:

1. Grantee can revise this form and expand the table based on its operation and the approved Recycling Fund project.
2. Grantee shall indicate the 'opening stock' carried forward from the preceding period and provide the 'closing stock' by the end of each period. The 'closing stock' will then be the 'opening stock' for the next period.
3. Grantee shall fill in its daily operation by each type of recyclable or recycled product in each row. (Please refer to the sample).
4. Please use standard weight unit (e.g. kg, tonne) to complete the form. The measuring unit "Bin" is ONLY applicable for Food Waste Applicant.

From

Date	Summary (Please choose the unit used in the summary table eg: bin / kg / tonne/ Others: _____)																							
	Collection															Processing								
								For Food Waste ONLY										For Food Waste ONLY						
	Ref. Code of the Supplier	Name of the Supplier	Master Contract Ref. No.	Type of Collected Recyclable	Recyclable Collection Ref. No.	Collection Weight Note Ref. No.	Collection Quantity (Tonne or kg)	Collection Fee (HK\$)	Funded by other Govt' grants and from other Govt' contracts (eg. AFCD and FEHD*) (Y/N)	Collection Quantity (Bins)	Size of Bins (L)	Capacity (eg. 40% 70% etc.) (%)	Conversion Ratio (kg/L)	Quantity entitled to the "Provisional Food Waste Recycling Assistance Scheme" (Y/N)	Provisional Food Waste Recycling Assistance Amount (HK\$)	Type of Recyclable Processed	Processed Quantity (Tonne or kg)	Funded by other Govt' grants and from other Govt' contracts (eg. AFCD and FEHD*) (Y/N)	Quantity entitled to the "Provisional Food Waste Recycling Assistance Scheme" (Y/N)	Processed Quantity (Bins)	Size of Bins (L)	Capacity (eg. 40% 70% etc.) (%)	Conversion Ratio (kg/L)	
Opening Stock																								
Less: Closing stock																								
Total Quantity in current report period						-	-		-						-		-			-			-	

* AFCD and FEHD represented Agriculture, Fisheries and Conservation Department and Food and Environmental Hygiene Department, respectively.

Additional Information Required for Food Waste ONLY

A) List of the suppliers entitled to the "Provisional Food Waste Recycling Assistance Scheme"

Ref. Code of the Supplier	Name of the Supplier	Collection Quantity (Tonne or kg)	Collection Quantity (Bins)
1		"	"
2		"	"
3		"	"
4		"	"
5		"	"
:		"	"
:		"	"

B) List of the suppliers funded by other Government grants and from other Government contracts (eg. AFCD and FEHD*)

Ref. Code of the Supplier	Name of the Supplier	Collection Quantity (Tonne or kg)	Collection Quantity (Bins)
1		"	"
2		"	"
3		"	"
4		"	"
5		"	"
:		"	"
:		"	"

(August 2019)

(Continuation of the table)

Date	Summary (Please choose the unit used in the summary table eg: bin / kg / tonne/ Others: _____)																					Remarks
	Sales															Wastage / Residual						
								For Food Waste ONLY														
	Ref Code of the Customer	Name of the Customer	Master Contract Ref. No.	Type of Recyclable Sold	Sales Ref. No.	Sales Weight Note Ref.	Sales Quantity (Tonne or kg)	Sales Amount (HK\$)	Vehicle License Plate No.	Funded by other Govt' grants and from other Govt' contracts (eg. AFCD and FEHD*) (Y/N)	Quantity entitled to the "Provisional Food Waste Recycling Assistance Scheme" (Y/N)	Sales Quantity (Bins)	Size of Bins (L)	Capacity (eg. 40%, 70% etc.) (%)	Conversion Ratio (kg/L)	Name of the Counterparty	Type of Residual	Delivery Ref. No.	Residual Quantity (Tonne or kg)	Quantity of wastage (Tonne or kg)	Transaction Amount (HK\$)	
Opening Stock																						
Less: Closing stock																						
Total Quantity in current report period																						