



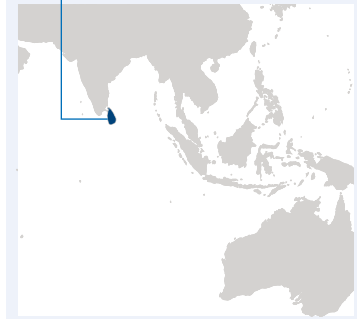
## CASE STUDY — Sri Lanka

# Extended Producer Responsibility: A System for a Circular Economy

### Case in Brief

**Plastic waste is projected to triple by 2060,<sup>1</sup> threatening the health of our ecosystems, economies, and communities worldwide.** To incentivize recycling and reduce the reliance on single-use plastics that commonly leak into the environment, countries are turning to new approaches, like Extended Producer Responsibility (EPR) schemes. Through EPR, companies that produce and sell plastic products or use plastic packaging become responsible for funding and managing the collection, recycling, and safe disposal of the plastic waste. Implementing a successful EPR system requires building trust—through the creation of transparent and accountable systems—and regularly engaging with vested stakeholders to ensure the system reflects the diverse viewpoints on plastic waste management. In Sri Lanka, USAID Clean Cities, Blue Ocean—the Agency’s flagship program under the Save our Seas Initiative—partnered with the Ceylon Chamber of Commerce to pilot a voluntary EPR scheme and draw lessons that can be applied to a future nationwide mandatory collection and reporting system.

### Sri Lanka



### At a Glance

The world is producing **twice as much plastic** as two decades ago, and only **9%** is successfully recycled.<sup>2</sup>

In August 2021, Sri Lanka’s Ministry of Environment launched a National Action Plan for Plastic Waste Management to guide a more holistic approach to waste management.<sup>3</sup>

<sup>1</sup> Organization for Economic Co-operation (OECD)(2023), Global Plastics Outlook: Policy Scenarios to 2060  
<sup>2</sup> OECD (2022), Global Plastics Outlook: Economic Drivers, Environmental Impacts and Policy Options, OECD Publishing, Paris, <https://doi.org/10.1787/de747aef-en>.  
<sup>3</sup> Sri Lanka Ministry of Environment (2021), National Action Plan on Plastic Waste Management 2021-2030

## Background

Many low to middle-income countries face challenges such as inadequate infrastructure and financial resources to manage and reduce the volumes of plastic waste, particularly single-use plastics, that flow from their cities and towns into waterways and eventually the ocean. **Extended Producer Responsibility is one way to reduce plastic pollution and advance circular economies. EPR places responsibility for the safe collection and disposal or recycling of products and their packaging on manufacturers, importers, and brand owners so they bear the cost, not the consumer or the local government.** This approach ultimately improves recycling outcomes and incentivizes the innovation of less resource-intensive products. EPR is often implemented voluntarily by the private sector; but it can be more effective with a mandatory national policy that promotes an integrated, collective approach.<sup>4</sup>

**Over the last decade in Sri Lanka, policymakers advocated for plastic regulation through bans on specific single-use plastic products or EPR-like mechanisms, but these efforts never materialized into direct implementation for two reasons: lack of data and limited private sector involvement.**<sup>5</sup> In Sri Lanka, the lack of transparency and availability of reliable data on plastic use, volume of plastics in circulation, and quantity of plastic waste have prevented EPR implementation—a functioning EPR system relies on data to accurately set targets and monitor compliance. Furthermore, companies operating in Sri Lanka were not adequately consulted when policy approaches were being designed, and as a result, resisted compliance since producers did not have the necessary infrastructure or the budget to implement them.<sup>6</sup>

USAID started to address these obstacles in 2018, when USAID’s Municipal Waste Recycling Program (MWRP) provided a set of grants to the Ceylon Chamber of Commerce and the Public Interest Law Foundation (PILF). With its grant, the Ceylon Chamber of Commerce brought together government and industry representatives and environmental specialists to develop an EPR Roadmap that established the steps necessary to implement an EPR system in Sri Lanka. With its complementary grant, PILF worked to establish the regulatory framework for the EPR system. USAID then continued support for this work under Clean Cities Blue Ocean.

“The Ministry of Environment and the Central Environmental Authority reiterate the necessity of the private sector to play an active role in adhering to EPR principles with Best Available Technologies,”

– Dr. Anil Jasinghe  
Secretary to the  
Ministry of Environment

BELOW  
A new Plastic Recycling Center in Kaduwela that will collect recyclable waste under the EPR system.  
Photo: Janathakshan for USAID Clean Cities, Blue Ocean



<sup>4</sup> USAID. Extended Producer Responsibility as a Policy Tool to Reduce Plastic Pollution in Lower- and Middle-income Countries.

<sup>5</sup> USAID Municipal Waste Recycling Program (2021). Extended Producer Responsibility: Lessons Learned from Sri Lanka

<sup>6</sup> IBID

## Our Approach

USAID promotes a local systems approach to enable a circular economy, with data-driven policies as a core building block—using evidence-based policies and regulations and coordinating stakeholder input that move solutions further “upstream.”

USAID’s Clean Cities, Blue Ocean program, using the EPR Roadmap as a foundation, supported the Ceylon Chamber of Commerce to work closely with Sri Lanka’s national government, local government, and private sector companies to develop and implement a voluntary plastic Reporting and Collect-back Target Model—or “take back” system where companies are responsible for collecting their used plastic products. The voluntary model stipulates that each company using plastic packaging declare their annual plastic usage and commit to collect a set percentage. The percentage is set based on guidance by the Plastic Expert Committee of CEA, with the percentage meant to gradually increase over time to reach 100 percent. In the model, companies must partner with independent or institutional collectors to achieve their collect-back targets.



*Sarajinie Jayasekara, CEA's Director of Solid Waste Management presents Sri Lanka's experience setting up an EPR system to country and industry representatives before the second session of the United Nations Intergovernmental Negotiating Committee on Plastic Pollution. Photo provided by U.S. Embassy/Paris.*

### Voluntary Commitments by the Private Sector

A major component of the work in setting up the voluntary EPR model was regular and ongoing communication and coordination with the private sector, recyclers, and importers involved in managing their plastic waste. To help formalize this coordination, USAID supported the Ceylon Chamber of Commerce to establish two private sector consortiums—focused on the country’s most ubiquitous plastic types, Polyethylene Terephthalate (PET) and High Impact Polystyrene (HIPS)—in order to agree as a collective group on ways forward in the voluntary system, with anticipation of it becoming a mandatory system after the pilot.

Companies agreed that establishing clean Material Recovery Facilities, also known as MRFs,<sup>7</sup> was the best method to strengthen and institutionalize the collection of plastic waste. The private sector agreed to invest in MRFs and partner with informal waste collectors across the country, to improve collection and aggregation methods and enable corporates to fulfill their EPR responsibilities. As of June 2023, twelve MRFs have been supported by private companies to contribute to the EPR scheme.

<sup>7</sup> A clean Material Recovery Facility is a centralized facility that only collects recyclable materials, making recyclable waste collection more efficient and effective with respect to the overall solid waste management system.

## Project Partners

### Ministry of Environment, Central Environmental Authority (CEA)

The authority responsible for managing plastic waste under the National Environmental Act. With an expected upcoming amendment to this act, the CEA will be able to enforce new regulations on plastic packaging as part of introducing a mandatory EPR system. CEA has regulatory authority for waste management at both the national and local level.

### Ceylon Chamber of Commerce

A network of trade associations, regional and sectoral chambers of commerce and industry, business councils and employer organizations having business interests in Sri Lanka. Also, a USAID grantee.

### Public Interest Law Foundation

A non-governmental organization focused on legal issues in Sri Lanka. Also, a USAID grantee.

### Biodiversity Sri Lanka

A national platform entirely owned and driven by the private sector; established to promote strong engagement of the corporate sector in biodiversity and environmental conservation. The organization was an active partner in establishing the private sector consortia.

### Individual Private Sector Companies

A total of 43 private sector companies joined a consortia established by the Ceylon Chamber of Commerce to seek private sector inputs and pilot the system.

## Establishing an Online Plastic Reporting System

In addition to securing private sector participation and delivering on commitments made under the voluntary EPR system, companies also needed a secure and reliable reporting system to report out on their targets—an essential step for the success of the forthcoming mandatory EPR system.

With USAID support, the Ceylon Chamber of Commerce developed the Online Plastic Reporting System (OPRS)—a first-of-its-kind online reporting system software—through an iterative design process to ensure its functionality. The OPRS collects, stores, and reports data to the Central Environment Authority, in compliance with anticipated government reporting requirements under the mandatory EPR. The data includes sales data from producers and related tonnages of PET and HIPS collected to track the progress each producer (anonymously) has made toward its EPR target.



Supun S. Pathirage, CEA Chairman and Manjula De Silva, Secretary General and CEO of CCC, a USAID grantee, signed a memorandum of understanding to formalize the EPR work. Photo: USAID Clean Cities, Blue Ocean

## Improving the Enabling Environment

In addition to securing private commitments and establishing a data collection system, the Public Interest Law Foundation worked to establish an enabling environment for the EPR. Previously, under the Municipal Waste Recycling Program, USAID had provided a grant to PILF to conduct a comprehensive review and assessment of the existing legal and regulatory framework on plastic use and waste management in Sri Lanka. Building on that work, under Clean Cities, Blue Ocean, PILF is collaborating with the Ceylon Chamber of Commerce and CEA to draft regulations to codify the responsibilities and mechanisms that plastic producers, collectors, and processors/end-users need to implement EPR in Sri Lanka.

“There is an urgent need for an integrated and collaborative approach within the plastic value chain in order to implement a sustainable framework, ensuring efficient and effective plastic waste management. The Collect-Back Target model will help to promote greater accountability among corporates and ensure an efficient system of monitoring and evaluation.”

– **Manjula de Silva**  
Former CEO and Secretary General of  
the Ceylon Chamber of Commerce



## Impact

In Sri Lanka, USAID helped design, develop, and implement an EPR system that provides a policy and legislative cornerstone in enabling a circular economy. The work fostered public-private partnerships to identify and solve end-of-life waste management challenges, created a verifiable reporting system to monitor progress and track commitments, and established a regulatory environment that aligned with stakeholder input.

### Milestones-to-date

2018

USAID Municipal Waste Recycling Program grant to CCC and PILF awarded

2020

Market assessment and socio-economic study on Sri Lanka's plastic importers, producers, packaging use and recycling gaps  
EPR Roadmap developed

2021

USAID Clean Cities, Blue Ocean grant awarded to CCC and PILF to continue EPR work  
PET and HIPS Private Sector Consortia established

2022

Updated EPR Roadmap and Voluntary EPR pilot launched  
Material Recovery Facilities established for improved collection capacity  
Online Plastic Reporting System launched

2023

Online Plastic Reporting System handed over to CEA  
Private sector reporting started for voluntary EPR commitment

2024

Mandatory EPR enforced (Tentative & following Cabinet approval)



### By the Numbers

As of June 2023,

**1,586**  
metric tons

of plastic waste  
have been collected  
through Sri Lanka's  
new EPR program.

ABOVE

Collected plastic waste ready to be recycled at a local MRF.  
Photo: USAID Clean Cities, Blue Ocean

**With USAID support, and for the first time, Sri Lanka has the necessary framework and commitments from the private sector to support an EPR system, and is able to quantify the volume of plastic materials being produced and secured from leaking into the environment through this new model.**

In addition to this, the process has resulted in numerous related benefits:



Supun S. Pathirage, CEA Chairman and Manjula De Silva, Secretary General and CEO of CCC, a USAID grantee, signed a memorandum of understanding to formalize the EPR work  
Photo Credit: USAID Clean Cities, Blue Ocean

- **Secured private sector buy-in.**

USAID helped to foster public-private partnerships to address waste management challenges, engaging both government and private sector actors, which helped to establish a new National Steering Committee in Sri Lanka to coordinate efforts and engage on the new EPR. This allowed private sector companies to be part of the design of the policy, provide insights about their industry's plastic practices, and participate in data collection.

- **Recovered recyclable materials to be inputs for a circular economy.**

The Ceylon Chamber of Commerce's efforts to institutionalize a voluntary EPR scheme for PET and HIPS plastics have resulted in 1,586 metric tons of waste reported through the activity's private sector portal (from January 1, 2022 to June 30, 2023) as having been reduced, reused, or recycled.

- **Mobilized investments for more efficient collection methods.**

In the case of Sri Lanka, companies agreed that investing in Material Recovery Facilities was the most effective collection method to meet their targets. As of June 2023, private sector companies invested nearly \$290,000 to develop twelve MRFs to contribute to the EPR scheme. CCC also trained MRF operators how to count incoming material to be reported under the voluntary EPR pilot.

- **Established a transparent and convenient reporting system to monitor and track compliance.**

The development and implementation of a reporting system that can maintain records of essential data is critical for the long-term success of the envisioned mandatory EPR system. The voluntary online model, the OPRS, is a vital step in preparing for a mandatory system, and will eventually be managed by the CEA. It is expected that the model will continue to be used as national EPR requirements are established.

“Businesses need to be assured that the money [collected for EPR] will go to the right place and that the value of plastics matters.”

– Representative from a multi-national resin supplier

## Key Recommendations

Key takeaways on developing and implementing EPR systems revolve around the importance of a public-private partnership approach that engages stakeholders from the beginning and prioritizes flexibility, transparency, inclusion, and incentivization. For the private sector in particular, which is expected to invest in the new EPR system, it's important that the system be effective with transparent monitoring and evaluation. The latter not only enables ongoing learning, but also engenders trust as governments move from voluntary to mandatory EPR schemes.



Baled material at the Eko Plasco Pvt Ltd, Wadduwa MRF.  
Photo Credit: USAID Clean Cities, Blue Ocean

### **Ensure a multi-stakeholder process and public-private partnership approach.**

Developing buy-in from, and alignment with, key stakeholders is critical to the success of EPR programs. Stakeholders need to participate in the process from the outset in order to identify capacity constraints and design systems that reflect diverse viewpoints on plastic waste management. There should also be clear guidance on the responsibilities of the various stakeholders so partners understand their roles and are held accountable. In Sri Lanka, CCC facilitated the entire process, including extensive consultation and a series of training programs while continuously encouraging companies to share data

### **Create a strong evidence base.**

Gathering country-specific data on waste management and the potential for applying circular economy principles through thorough market and socioeconomic studies is critical for an EPR system. Such research ensures science-based, economically sound decision-making, builds trust and accountability through transparent reporting, and helps design effective policies that can be adapted to the unique circumstances of each country.

### **Develop and incentivize use of a monitoring, evaluation, and reporting system.**

Transparent systems that publish traceable and verifiable data can incentivize private sector participation and increase the confidence in EPR as a viable solution. In Sri Lanka, developing the collection framework would not have been successful without the OPRS software that monitors if companies are meeting targets and enforces compliance. Many countries, like Sri Lanka, are in the process of developing EPR systems with the intention to legislate the mandatory participation of private companies in the future. Especially for systems in early stages and countries with little experience with EPR, it is crucial to efficiently track progress and learn from challenges from the beginning in order to develop a robust, effective, and sustainable EPR system.

### **Ensure the data collection system is secure and confidential and managed by a trusted authority.**

Some companies, particularly multinational companies, were distrustful of sharing confidential information on a platform managed by a third party. When CCC handed over the EPR software to the CEA—who will be officially responsible for tracking and ensuring compliance—companies were more willing to share and report their data. The OPRS portal will eventually be hosted on CEA's website, with CEA having full ownership of the software to manage the platform—enabling the CEA and the Ministry of Environment to move forward with plans to establish a mandatory EPR in Sri Lanka.

### **Design a flexible, inclusive, and transparent EPR system.**

Legislation should be adaptive and allow for EPR to be augmented over time. For example, in Sri Lanka, the PET and HIPS consortia under the voluntary model could evolve into a simplified governance structure that would take on the responsibility of collecting additional types of plastics and packaging. A flexible approach also allows for gradually increasing the government's capacity for monitoring and enforcement; an inclusive system recognizes the key role of the informal sector in collecting and recycling waste; and a transparent system clearly articulates roles and establishes acceptable standards and targets.

## **Related Resources**

[USAID EPR Roundtable](#)

[Fostering Partnerships in Sri Lanka to Reduce Ocean Plastic Pollution](#)

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Cover Photo: Shredded plastic waste at a new Plastic Recycling Center in Kaduwela, supported by USAID Clean Cities, Blue Ocean and grantee Janathakshan. Photo: Janathakshana for USAID's Clean Cities, Blue Ocean