Photo: Semarang, Indonesia. Credit: Giulia Erika Soria for USAID

EXTENDED PRODUCER RESPONSIBILITY AS A POLICY TOOL TO REDUCE PLASTIC POLLUTION IN LOWER- AND MIDDLE-INCOME COUNTRIES

HIGHLIGHTS FROM A THOUGHT LEADERS ROUNDTABLE

In May 2022, USAID's Green Cities Division brought together 41 diverse voices from leading private sector companies, development agencies, national and local governments, academia, and NGOs for a virtual roundtable to discuss the challenges of implementing Extended Producer Responsibility (EPR) as a policy tool to reduce plastic pollution in lower- and middle-income countries (LMICs). The Roundtable was the first in a series of conversations with the goal of long-term collaboration to enable and promote effective EPR implementation for plastics.[1]

WHAT IS EXTENDED PRODUCER RESPONSIBILITY?

EPR is a promising policy approach to reduce plastic pollution and promote a circular economy, transferring the responsibility of the entire life cycle of a product or packaging back to the producer, which can include raw material manufacturers, packers or fillers, brand companies, and retailers. In the case of plastic waste, once consumers have used and disposed of plastic packaging, producers are responsible for collecting, segregating, and transporting this waste for recycling or safe disposal. Producers and importers of products typically pay a fee to cover the life-cycle costs of their products. Ideally, EPR will incentivize producers to redesign their packaging to reduce waste, to be more easily recyclable, and/or to use more recycled content. EPR can be implemented in a voluntary manner by the private sector, but it is more effective when implemented as a mandatory national policy that fully integrates different sectors, including informal waste collectors (IWCs).

USAID promotes a local systems approach to enable a circular economy, with data-driven policies as a core building block. Amidst growing attention on policy instruments to reduce plastic pollution, including the 2022 United Nations Environment Assembly (UNEA) resolution to develop a global plastics agreement, we recognized the need to better understand the role, mechanisms, and effectiveness of policies such as EPR.

1 All opinions are presented anonymously, as this roundtable followed Chatham House Rules to encourage open discussion.

USAID Clean Cities, Blue Ocean program grantee Ceylon Chamber of Commerce is designing and operationalizing a voluntary EPR system by creating private sector consortias to increase the amount of PET and HIPS packaging that is collected and upcycled.

There is currently no consolidated understanding of where EPR has been attempted in LMICs, which approaches have worked or not worked, and why. To this end, the EPR Roundtable aimed to identify:

1. Key challenges and gaps in implementing successful EPR programs in LMICs.
2. Factors that have enabled successful EPR in LMICs.
3. Opportunities for collaboration to scale EPR in LMICs.

This brief is a high-level summary of the Roundtable discussion and is intended for USAID Missions and Bureaus, as well as other development partners interested in engaging with USAID on EPR for plastics in LMICs.

WHAT KEY FACTORS CAN ENABLE EPR IMPLEMENTATION IN LMICS?

1. A multi-stakeholder process is essential to developing strong buy-in and alignment.

> "Businesses need to get assurances that the money [collected for EPR] will go to the right place and that the value of plastics matters."
>
> — *Representative from a multinational resin supplier*

Roundtable discussants emphasized the need for strong and broad participation from relevant stakeholders early in the EPR process to design a system that accounts for diverse perspectives and priorities regarding waste reduction. For example, Vietnam's mandatory EPR policy was developed through consultations between national and local governments, large and small-scale private sector companies, and waste collectors. Not convening these stakeholders early and often can lead to mistrust, unequal awareness about the structure of EPR, and confusion about responsibilities. Furthermore, early stakeholder consultations provide a better understanding of data gaps that must be filled to set realistic targets for different types of plastics and to set accurate pricing of EPR fees to enable the system's success in collection and buy-back. Lastly, early multi-stakeholder participation can identify capacity constraints for EPR implementation—such as the lack of a functional solid waste management system with waste segregation, or the inability of smaller local companies to comply with proposed EPR regulations—which can be used to develop a more locally appropriate EPR system.

The Philippines' 2022 EPR legislation has prompted interest from companies to strengthen the plastics recycling value chain, which will scale up efforts begun by USAID Clean Cities, Blue Ocean program's grantee Plastic Credit Exchange, where brand companies purchase plastic credits to support small-scale "waste-to-cash" providers in Metro Manila (pictured).

2. Flexible, transparent, and inclusive systems can improve EPR governance.

> "Access to data that producers actually have and transparency are stumbling blocks since regulations don't require organizations to share data."
>
> — *Representative of informal sector workers*

Participants agreed that EPR, particularly in LMICs, should begin with simple fee structures, having one Producer Responsibility Organization (PRO) instead of multiple competing PROs, and limit responsibility to a few key actors. The goal is to design adaptive legislation that allows for EPR to be strengthened and enhanced over time. For example, the gradual transition from voluntary to mandatory EPR in South Africa gave industry stakeholders time to improve packaging design. A flexible approach also allows for gradually increasing the government's administrative capacity for monitoring and enforcement, and to build a transparent system that increases private sector participation. Transparency applies to clear articulation of roles and responsibilities, especially for producers; establishing acceptable standards and targets; and use of effective monitoring and audit systems. Finally, good governance in EPR requires an inclusive system that recognizes the crucial role of the informal sector in collecting and recycling waste in LMICs. Incorporating IWCs into EPR can enable better data collection for the system, given the significant role they play in collecting plastic waste, while ensuring that their livelihoods are not threatened by this new formalized marketplace.

3. Well-structured incentives and clear end-market connections for recyclables can increase confidence and participation in EPR.

There was consensus among participants that successful EPR requires incentives for participation in the system. Transparent systems that publish traceable and verifiable data can themselves incentivize private sector participation and increase the public's confidence that EPR is a viable solution. Subsidies that encourage innovative solutions to collect and recycle low-value plastic waste can also strengthen the business case for EPR. Ring-fencing recovery fees to ensure that they are allocated to EPR efforts is also essential to increase confidence and accountability in the system, often by establishing a PRO that manages the funds. Participants from India noted that manufacturers consulted in the EPR design agreed to be brand-neutral for collection targets, enabling broader collection of recyclable materials. Increasing collection rates, however, requires formal and informal waste collectors to have adequate access to and information about end markets to assure them that there is sufficient value in collecting plastic waste, as do recyclers on the availability of material.

HOW CAN USAID ENGAGE ON EPR?

The EPR Roundtable concluded with a productive list of opportunities for collaboration amongst participants, from developing and disseminating tailored guidance to advocating for EPR in global plastic treaty negotiations. USAID/Washington and Missions, along with external partners, can play a critical role in promoting data-driven policies to reduce ocean plastic pollution in partner cities and countries and build their capacity to implement EPR.

Key opportunities identified that are relevant to USAID

Developing and disseminating targeted case studies and EPR guidance on specific topics (e.g. to elevate informal sector voices) and specific LMICs of interest.

Leveraging local and regional networks and effective international forums for learning/sharing across LMICs.

Providing technical assistance to countries/stakeholders on EPR design, stakeholder consultations, data collection, and implementation.

Conducting monitoring, evaluation, and learning to track lessons at all stages of EPR.

Advocating for EPR in the global plastics treaty Intergovernmental Negotiating Committee meetings.

Building an evidence base on how the design of EPR systems can incentivize upstream solutions to reduce single-use plastic and promote a circular economy.

Increasing donor and private sector investments to promote a circular economy.

Participating organizations - *Bilateral, Multilateral, Intergovernmental Agencies:* USAID, Defra, GIZ, Norad, UN Foundation, World Bank, OECD, World Economic Forum; ***NGOs:*** Ellen MacArthur Foundation, Marine Debris Foundation, Ocean Conservancy, Pew Charitable Trust, WIEGO, WWF South Africa, WWF Vietnam, African Reclaimers Organisation (South Africa), Ceylon Chamber of Commerce (Sri Lanka), ENDA (Vietnam), TERI (India); ***Private sector:*** Coca Cola, Dow Vietnam, La Vie/Nestle Vietnam, PepsiCo, Product Stewardship Institute, Verra, Plastic Credit Exchange (Philippines); ***National/Local Government:*** Department of Forestry, Fisheries and the Environment (DFFE), South Africa, Western Cape, Department of Environmental Affairs & Development Planning, South Africa, Ministry of Natural Resources and Environment (MONRE), Vietnam; ***Academia:*** Univ. of Georgia, Duke University, SUSTENAR/ORIS (Brazil), Univ. of Delhi.

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