



Plastic
Waste

Discussion Paper - Executive Summary

Extended Producer Responsibility (EPR) for Packaging: **Design and implementation in low -and middle- income countries**

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About The Consumer Goods Forum's Coalition of Action on Plastic Waste

The Consumer Goods Forum (“CGF”) Plastic Waste Coalition of Action was founded in 2020 with the aim of developing a more circular approach to the development and processing of plastic packaging in the consumer goods industry. The development of the Coalition builds on the CGF's 2018 endorsement of the Ellen MacArthur Foundation's New Plastics Economy. As a CEO-led group of 40+ committed and innovative retailers, manufacturers, and converters, the Coalition's vision of accelerating progress towards the New Plastics Economy is embodied by its central aims for members to work towards implementing impactful measures through multi-stakeholder collaborations that will help make circularity the norm in the industry.

The CGF Plastic Waste Coalition of Action has been exploring Extended Producer Responsibility (EPR) from its inception in 2020 with the publications of “[Building a Circular Economy for Packaging. A View from the Consumer Goods Industry on Optimal Extended Producer Responsibility](#)”, followed by “[Guiding principles for ecomodulation of EPR fees for packaging](#)” published in 2020.

All initiatives and action points are subject to antitrust rules and will be vetted by external counsel before implementation.

Acknowledgements

This paper was developed with input provided on an individual basis and collated by the CGF Plastic Waste Coalition of Action in accordance with antitrust rules from the following companies: **Amcor, Barilla, Beiersdorf, Bel, Carrefour, Colgate-Palmolive, DFI Retail Group, Eckes-Granini Group, Essity, Ferrero, Flora Food Group, Grupo Alen, Grupo Bimbo, Haleon, Henkel, Huhtamaki, Jerónimo Martins, Kenvue, L'Oréal, Land O'Lakes, Loblaw Companies Limited, Mars Incorporated, McCain Foods, Mondelēz International, Nestlé, PepsiCo, Procter & Gamble, Reckitt, Refresco, Rewe, S.C. Johnson, SIG Combibloc, Smurfit WestRock, Tetra Pak, The Coca-Cola Company, The Kraft Heinz Company, Unilever, Walmart.** Their participation does not constitute endorsement of the content of this paper, and the organisations listed cannot be held responsible for any use of the information provided by them.

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Partners of CGF's EPR Workstream

The Fair Circularity Initiative (FCI) has made a significant contribution to this paper through the development of the section on the Informal Waste Sector. The FCI brings businesses together around the aim of ensuring the human rights of informal waste workers are respected and their critical role in circular value chains is recognised.



**Fair Circularity
Initiative**

We would like to acknowledge the valuable perspectives shared by members of the CGF's Human Rights Coalition of Action. Their expertise has been invaluable in ensuring that this paper reflects a strong people-centered approach, particularly in relation to circularity and EPR implementation.

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NEXT STEPS

The Consumer Goods Forum welcomes additional feedback and encourages ongoing engagement on this complex and evolving topic. Please direct any further input or inquiries to:
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Introduction

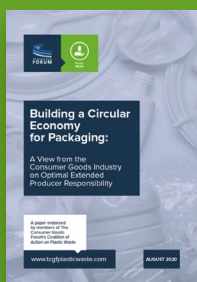
Well-designed packaging EPR is supported as a positive force for achieving government and industry goals to help reduce packaging waste and pollution. However, in low- and middle-income countries with under-developed solid waste management systems, packaging EPR is unlikely to succeed without parallel investments in solid waste management systems. Partnership between the public sector and the private sector remain key for success.

Optimal EPR principles developed by CGF member companies in 2020 provide a shared industry view on key design elements that apply in all geographies. This paper provides additional recommended guidance for policymakers and implementation institution(s) to set EPR in low- and middle-income countries (LMICs), to complement these global principles, with a focus on three areas:

- Establishment of a central institution to govern the EPR system, with strong involvement from the value-chain
- Deliberate design of EPR systems to increase “investability” into waste management infrastructure
- Inclusion of waste pickers in EPR system design and implementation

BOX 1 The CGF Principles for Optimal EPR Design (2020)

To progress towards a circular economy, the performance of waste management and recycling systems throughout the world needs to urgently improve. As important manufacturers and retailers of consumer packaged goods, we believe that EPR programmes for packaging can accelerate this progress and provide critical and effective support to recycling, particularly when the right conditions are in place for a given market. This paper reflects our view on the recommended guiding principles and key design parameters of such optimal EPR programmes. It supports a proactive stance across our industry to deliver constructive recommendations when such programmes are being pursued or developed while fostering pre-competitive collaboration at the local level.



The policy outcomes we prefer should meet the following general principles:

- Strong environmental outcomes;
- Efficient, cost-effective, transparent and accountable;
- Shared financial responsibility;
- Convenient for consumers;
- Long-term financial sustainability;
- Allow producers to secure material for closed loop recycling; and
- Social inclusiveness and fairness, especially in transitional markets with informal sector involvement.

Executive Summary

Packaging Extended Producer Responsibility (EPR) has traditionally been adopted in high-income countries but is now gaining momentum in low- and middle-income countries (LMICs). In these countries, EPR has the potential to play a significant positive role in accelerating progress towards a circular economy and reducing packaging pollution. It can provide sustainable financing for packaging collection, improve the waste and recycling systems for packaging (with responsibility fairly shared across industry) and create critical positive incentives to help companies to reduce unnecessary packaging and re-design packaging for reuse or recycling.

Packaging EPR on its own cannot solve all waste management challenges in LMICs. Packaging only constitutes around 20% of municipal solid waste in LMICs¹ and cannot finance the entire waste management system.² Since packaging EPR funds should be ring-fenced for investment into collection, sorting, and recycling of packaging materials, parallel investments in broader waste management infrastructure and system developments are essential alongside EPR policy implementation.

EPR policy should be simple and designed in close collaboration with stakeholders (including industry and informal sector representatives)³ and should include a set of regulatory principles set by policymakers (such as performance targets and timelines, financing and fund management, governance structure, monitoring, compliance, data reporting and protection).

The existing CGF Optimal EPR principles, developed by CGF member companies in 2020 (see Box 1), provide a valid framework to guide EPR policy developments in LMICs. Additional recommended guidance for policymakers and implementation institution(s) is also required alongside these principles to reflect the LMICs context.

Designing and successfully implementing packaging EPR in LMICs is complex. While models continue to evolve and adapt to local contexts, no single approach has addressed all key challenges. LMICs face specific difficulties in designing and implementing EPR due to (1) the high demand it places on government institutions, (2) the basic waste management and recycling infrastructure gaps in many countries, and (3) the need to integrate waste pickers' and their organisations that are an essential part of the recycling system.

Six additional guidance elements are identified⁴, alongside the existing CGF Optimal EPR principles. Of these, three elements are particularly challenging and require careful attention in EPR policy design and implementation:

Institution(s): Current EPR institution design and governance differs widely by country. The biggest distinction is between a centralised EPR model (common in high-income countries) and a decentralised market-based EPR model (e.g., in India). A centralised single-institution / single Producer Responsibility Organisation (PRO) model⁵ (responsible for managing the EPR Obligations) governed by producers⁶ through an industry-run

1 Based on high-level estimation for low- and middle-income countries based on "What a Waste" (<https://datatopics.worldbank.org/what-a-waste/report>) and expert interviews.

2 Municipal solid waste in LMIC consists of: ~20% packaging, ~60% organics, ~20% others (e.g., textile, inert materials)

3 In accordance with antitrust rules

4 Policy, Institution(s), Infrastructure, Informal sector, Financial sustainability, Wider considerations

5 While the term PRO varies in use across different markets, the centralised single-institution / single Producer Responsibility Organisation refers to a central institution responsible for managing the EPR obligations.

6 Producer: Any natural or legal person who manufactures a product or has a product designed or manufactured, and markets that product under that person's name or trademark

Board of Directors is the preferred long-term approach as it aligns best with CGF Optimal EPR Principles and best supports delivery of the seven core functions ⁷ (see Annex A). If an alternative governance model is chosen, it should still ensure all core functions are effectively fulfilled.

Infrastructure: Packaging EPR relies on basic waste management systems for successful implementation and cannot fully fund a solid waste management system. Mobilising the financing required to build and operate functional waste management and recycling infrastructure is a key challenge. EPR policy design and implementation should help attract public or private sector investment and be directed to help close local infrastructure gaps.

Informal Sector: In many markets, the informal sector plays a central role in the collection and recycling economy, contributing significantly to the collection, sorting and processing of packaging waste. It is possible to design EPR systems that integrate waste pickers,⁸ but in practice, funds often flow toward government-run or formalised waste systems, risking their exclusion. EPR policy design and implementation should recognise waste pickers as key actors and integrate them through action across three key pillars: 1) participation in EPR set-up and governance, 2) fair and consistent payment mechanisms, and 3) contracting directly with waste picker organisations.

⁷ Seven core functions: Defining the roadmap to achieve legislative targets, coordinating waste management operations, integrating informal waste workers, ensuring consistent implementation and enforcement for all producers, reporting, online data management and protection, as well as auditing.

⁸ Waste pickers can be described as people who participate (individually or collectively) in the collection, separation, sorting, transport, and sale of recyclable and reusable materials and products (paper, plastic, metal, glass, and other materials) in an informal or semi-formal capacity, as own-account workers, in a cooperative or social and solidarity economy setting, and as workers who subsequently achieved formal work arrangements through their organizations.

Summary of EPR design desired outcomes and recommendations for the six guidance elements:

Desired Outcome		Recommendations
<p>A clear, enforceable, and transparent EPR legislative framework, co-designed with key stakeholders, that starts with basic requirements and evolves over time (e.g., expanding material scope, introducing ecomodulation)</p>	 POLICY	<p>Establish a strong and adaptable EPR legislative framework aligning with the following principles:</p> <ul style="list-style-type: none"> • Embedding core regulatory principles — performance targets and timelines; financing and fund management; governance structure; enforcement, monitoring, compliance, data reporting and protection • Co-designing through inclusive consultation with key stakeholders including industry and the informal sector • Phasing in complexity — begin with realistic and enforceable basics and evolve over time, with ecomodulation based on design guidelines playing an important role in a second phase • Aligning with existing policies and government departments to ensure coherence and coordination.
<p>A robust, transparent governance structure that drives a long-term waste management and recycling infrastructure development in line with set EPR regulation, enforces compliance, and ensures fair, effective fund management.</p>	 INSTITUTION(S)	<ul style="list-style-type: none"> • In all models, an authority formally appoints a centralised institution / PRO that is a professional, not-for-profit entity, responsible for implementing and governing an EPR system, governed by producers through a multi-stakeholder governing board. • Preferably, adopt a centralised, single-institution / single-PRO model • If an alternative model is chosen, legally ensure all the seven core functions are fulfilled by the institution(s): strategic roadmap, operational coordination, informal sector integration, consistent producer implementation and enforcement, reporting, online data management and protection, and auditing
<p>EPR drives sustained private and public investment into packaging waste management infrastructure</p>	 INFRASTRUCTURE	<ul style="list-style-type: none"> • Potential to establish mechanisms that attract substantial external investment for packaging waste collection and end of life infrastructure • Rely on existing basic collection services to help fund packaging waste management operations • Prioritize infrastructure investments based on local gaps • Institution(s) to design EPR fee structures to guarantee long-term service revenue for collectors and stable feedstock supply for recyclers, for both lower-value and higher value packaging materials • Use EPR to underwrite long-term contracts between central institution and recyclers to unlock investments. • Explore complementary tools (e.g., recycled content mandates) to increase offtake certainty and support a business case for investment.
<p>EPR supports the effective integration of informal sector waste workers*, contributing to a decent livelihood (e.g., informed by living income methodology) and reinforcing efforts to address human rights impacts <i>*Wording is aligned with FCI</i></p>	 INFORMAL SECTOR	<p>Collaborate with the waste value chain and informal sector representatives to ensure integration:</p> <ul style="list-style-type: none"> • Governance participation: Legally recognize informal waste pickers as stakeholders with the right to participate in EPR design and governance; establish an integration taskforce and implement a formal integration plan. • Guaranteed payments: Establish a service fee, systems for registration, payment, and material tracking, and accessible grievance mechanisms. • Contracting with their organisations: Mandate the centralised institution to facilitate procurement/service contracts, support organizing and capacity-building, and establish grievance procedures for Waste Picker Organisations.
<p>EPR systems should be designed to be cost-effective, especially in LMICs, where any inflation of food and basic goods would be acutely felt</p>	 FINANCIAL SUSTAINABILITY	<ul style="list-style-type: none"> • Reflect in producer payments the actual costs of managing packaging waste by high level materials type (e.g., plastic, paper, glass), offset by any revenues generated from the sale of recovered materials ("net cost" principle), allowing cross-subsidization of materials. • Regularly adjust payments to ensure they reflect changes in costs and commodity values over time. • Minimize administrative costs to maximise the funds that are flowing through to fund systems
<p>EPR policies consider wider system impacts and ensures that reuse/refill business models are not unintentionally penalized</p>	 WIDER CONSIDERATIONS	<ul style="list-style-type: none"> • Ensure circularity is considered beyond recycling - reduce, reuse, and substitution - are carefully considered and actively supported through other policy instruments (e.g. reuse models face less packaging weight) • Once the system is in place, use complementary tools to improve efficiency (e.g., recycled content mandates, design guidelines, ecomodulation)



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