Economic Instruments for Sustainable Solid Waste Management

Extended Producer Responsibility
Realities

Changing consumption patterns, population increase and diversification of waste streams are posing significant challenges to the government in dealing with waste
Realities

Plastics annual consumption in Egypt reached 1 million tons in 2008. Only 30% of this amount is recycled (National Study for Plastic Recycling, IMC 2008).
Realities

Computer usage in Egypt has reached 43.9% of households and mobile phone subscriptions 115.6% of the population (MCIT, October 2013).
Only 60% of 21.1 million ton/year of municipal solid waste is currently collected

Total costs of existing Waste Management 37 LE/Capita/Year

Funding Gaps in governorates are in the range of 35%-55%

Required expenditure for improved services 56 LE/capita/Year

Inadequate waste management contribution to cost of environmental degradation 0.2-0.4% GDP (2.5-5 billion LE)

Investments in the order of 650-800 million USD/year to significantly improve waste management practices.

Bottom line-SWM Needs Significant investment and funding for its Proper Functioning.
Per Capita Expenditure on SWM(USD)

- Tunisia
- Jordan
- Lebanon
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| **Diversification of financing instruments** | 1. Eco-Lef system  
2. Take back systems  
3. Municipalities can take loans for SWM | 1. Eco-Taxes  
2. Local Taxes  
3. New Sustainable Development Law Stipulates for EPR and polluter pays principle | 1. Landfill Fees,  
2. Professional licensing fees,  
3. User charges  
3. Loans | Cleaning Fund with highly diversified revenue streams( levies on licenses, entertainment, billboards etc.) | User Charges & local funds investment budget |
| **Cost Recovery**             | 60%                              | 65%                             | 83%                             | 78%                                             | 50%                             |
| **Budget line for SWM in state budget** | Yes                              | Yes                             | Yes                             | Yes                                             | No                              |
| **Per capita expenditure/annum (USD)** | 5.5                              | 4.9                             | 7.1                             | 1.7                                             | 0.7                             |
| **Collection Coverage**       | 90%                              | 82%                             | 90%                             | 75%                                             | 60%                             |
What are the options?

- Adjust user charges/fees (Cross Subsidization)
- Taxation
- Enhance Valorisation
- Introduce new economic and financial instruments (EPR)
What is EPR?

“Extended Producer Responsibility (EPR) is an environmental policy approach in which a producer’s responsibility for a product is extended to the post-consumer stage of a product’s life cycle” (OECD)
How does it work?

- An EPR policy is characterized by: (1) the shifting of responsibility (physically and/or economically; fully or partially) upstream toward the producer and away from government.

- The provision of incentives to producers to take into account environmental considerations when designing their products.
Extension of Producer Responsibility

Upstream: Production
- Raw Materials Extraction
- Manufacture
- Distribution
- Consumption
- Collection
- Processing
- Disposal

Downstream: Waste Management

Recycling
Types of Responsibility

- **Financial Responsibility**: paying for valorisation and/or safe end of life management of the products and packaging
- **Physical responsibility**: ownership of the materials (during and) after their useful life, so that the liability for problems created by the products or packages attaches to the owner
- **Logistical responsibility**: organising and paying for the movement of the products or packages
Products (Waste)

Packaging material
WEEE
Tyres
Construction and Demolition waste
Car batteries
Used cars
What are the requirements?

- Definitions (producers, products, responsibility)
- Legal framework
- Consultations
- Investments in Infrastructure
Benefits of EPR schemes

- Reduce financial burden on governments
- Promotes recycling
- Eases pressure on landfills
- Induces changes in product design
EPR Workshop 8-9 April 2014
Conclusions

- **SWM COSTS MONEY**: If we want improved services we have to spend.
- EPR is only one instrument, Egypt needs to develop a **mix of instruments** for financial sustainability of the waste sector.
- EPR schemes need sound **institutional frameworks** without which they will not work.
- **Consultations** with producers and agreement on the type of scheme is essential.
Thank you for your attention!