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FACTSHEET

Advanced Recovery Fee & Deposit Systems

June 2020

Advanced Recovery Fee & Deposit Systems are legislative instruments designed to create a way to sustainably finance waste management and recycling. In the Pacific, Advanced Recovery Fee & Deposit systems currently operating are called a Container Deposit, Beverage Deposit, Advanced Disposal Fee, or a Waste Levy.

These systems create a legal framework that provides households an incentive to recycle, as a deposit is placed on products on import or manufacture, typically included in the sale price. When the item is returned to a deposit location, a redemption of the initial deposit is paid back to the consumer. A small portion of the deposit is retained by the government to fund the collection, transport and processing of the item. These systems have proven successful around the world to encourage recovery of end-of-life products, and to ensure governments have access to enough funding to ensure these items are diverted from landfill and successfully recovered for recycling.

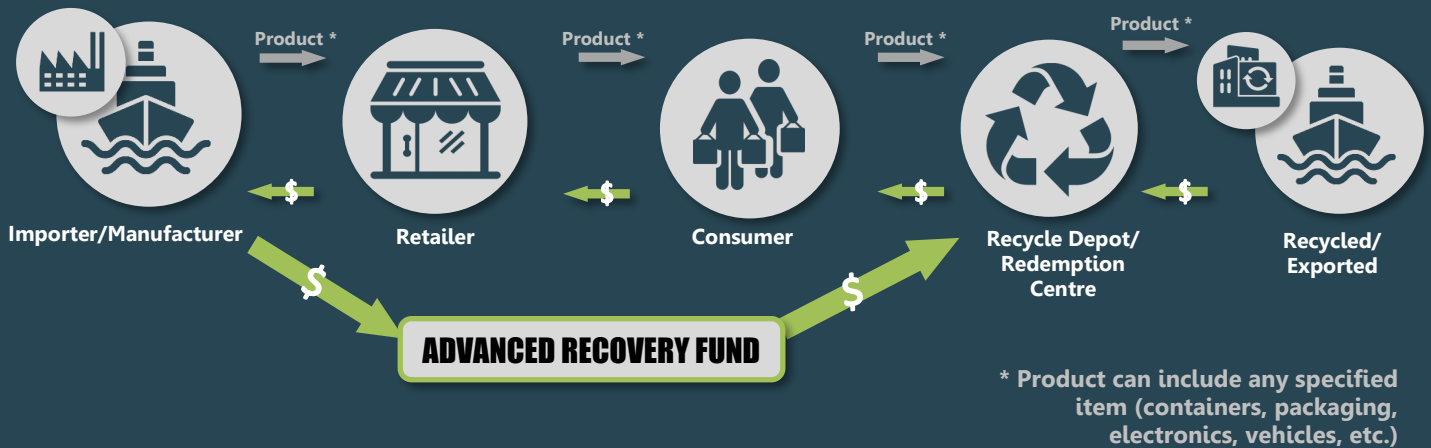
Pacific Islands with Advanced Recovery Fee & Deposit Systems

Country	Items included (\$)
FSM - Yap - Kosrae - Pohnpei	Aluminum cans/PET (beverage and oil)/glass (USD 6c) Aluminum cans/PET (beverage and oil)/glass (USD 6c), lead-acid battery (USD \$4) Aluminum cans (USD 6c)
Kiribati	Aluminum cans/PET (AUD 4c)/car batteries (AUD \$5)
Palau	All beverage containers (USD 10c)
RMI	Aluminum cans/PET/glass (USD 6c)
Tuvalu	Aluminum cans/PET/glass (AUD 10c), lube oil (AUD 40c/L), nappy (AUD 5c), whiteware (AUD \$100/\$60/\$30), heavy equipment (AUD \$2000/\$1000/\$500), vehicle (AUD \$300), motorbike (AUD \$200), lead-acid battery (AUD \$60/\$30/\$10)

Advanced Recovery Fee & Deposit Systems:

- are legislative instruments designed to create a way to sustainably finance waste management and recycling
- charge a small fee to the import or manufacture of a product* and typically passed on as a small addition to the sale price. This fee (or part thereof) is refunded to the consumer when returned for recycling. The retained portion of the deposit, and any unredeemed deposits, are used to fund the recovery, recycling and off-shore shipping of the product.
- create a 'shared responsibility' for the management of waste - with both the importer and the consumer. An opportunity to provide a self-sustaining recycling fund not reliant on external government funding as demonstrated by existing deposit/levy systems
- provide a clean stream of recyclable material which enables much cheaper collection, transport and recycling

Note: Cleaner Pacific 2025 aims to have 10 Waste Advanced Recovery Fee & Deposit Systems in place by 2025.



Case Study: Palau's Container Deposit Scheme

Palau implemented the **"Beverage Container Recycling Regulations"** system in 2011.

A USD10c import fee is charged to all types of beverage containers (aluminium and metal cans, PET bottles, glass and tetra packs).

Five cents is paid back to the customer when they recycle the container, 2.5c per redeemed container is allocated to the redemption center and 2.5c per imported container is dedicated to the national government via a Recycling Fund.

The **Recycling Fund** is self-sufficient and covers the operation and maintenance of the recycling center, and other related recycling and waste reduction activities – such as the purchase of new garbage collection trucks and other equipment, expansion of the landfill, expansion of transportation and collection areas.



Due to its success, Palau is considering expansion of the system to include non-beverage containers such as canned food, other plastic containers, glass jars, etc.

The scheme is achieving an **87% recycling rate** so beverage container litter is extremely minimal and recycling rates very high

It is estimated the scheme **saves 1,400m³ of landfill space** per year.

The scheme has captured over **120 million containers** since inception.

Why implement Advanced Recovery Fee & Deposit Systems ?



They create a producer/importer and consumer responsibility



They give consumers an economic incentive to recycle



They provide a method for positive behavioural change with minimal need for monitoring and enforcement



They result in higher recycling rates and better segregation



They extend the lifetime of landfills



They reduce litter



They provide an opportunity for social enterprise to earn income (youth collecting bottles, etc.)

Additional considerations:



- Agencies may need assistance to implement a programme (i.e. update to customs database)
- Manual counting of containers may be inaccurate
- Management of legacy items is an important consideration prior to programme commencement
- When considering Advanced Recovery Fee & Deposit Systems, it will be important to involve; Community groups, outer island representatives, Customs, Private sector agencies, Treasury, Recyclers, Finance, Waste Collection, Local Government and Companies.
- Transparency of the fund and monitoring of the programme is important and needs to be considered at project inception
- Determination of deposit value is a function of costs required to recover and recycle a product, and the level required to encourage recovery (i.e. what level of deposit return will create behaviour change for someone to bring the item in to claim the redemption?)

How to design and Implement a Advanced Recovery Fee & Deposit Systems ?

Research



Identify likely products that could benefit (e.g. large volume of imports, commonly littered, causing environmental problems, known commodity in global recycling markets, etc.).

Political Support



Preliminary Minister consultation to obtain buy-in for concept and approval to proceed.

Preliminary system concept



Complete feasibility study for design of system. Consider questions such as – what products included and what fee to be applied, involvement of outer islands/communities, amount of legacy items/seed funding* needed, financial modelling, import requirements, legislation requirements, operational plans (public v private).

Industry consultation



Involve importers/manufactures and other private sector businesses as part of decision making team.

Community consultation



Consultation program important to educate and involve community design of the system – e.g. purpose of the system, how it will operate, what products included and what fee to be applied etc.

Detailed system design



Design the details of the system - Establish legislation, compliance mechanisms, banking / trust development, customs processes, redemption networks and depots, education and awareness, equipment and processes, end product markets and shipping.



Implementation

* Legacy Items/Seed Funding:

PICs often have a significant amount of waste items (aluminum cans, PET bottles, vehicles etc.) already present that may now be eligible for redemption under a new Advanced Recovery Fee & Deposit System. These are called legacy items. As it is difficult to determine when a product was imported (i.e. if a deposit paid on import), a new Advanced Recovery Fee & Deposit System must have seed funding to support redemptions of these legacy materials. Seed funding can be obtained from a variety of sources, including: (i) **commence applying the deposit charge, prior to paying redemptions for recovery;** (ii) **seeking government funding support;** (iii) **seeking external donor support.**



Who Can Help?

The Secretariat of the Pacific Regional Environment Programme through partnerships with a number of regional projects (e.g. European Union/PacWastePlus, United Nations Environment Programme/Global Environment Facility (GEF ISLANDS), Japan International Cooperation Agency/Japanese Technical Cooperation Project for Promotion of Regional Initiative on Solid Waste Management Phase II (JPRISM II), Australian Aid/Pacific Ocean Litter Project (POLP) are well placed to provide direct support to countries wishing to introduce or expand their implementation of sustainable waste systems.

To discuss the possibility, please contact Hilary Boyes, Technical Officer at PacWastePlus - hilaryb@sprep.org

For the purposes of post-project use, please contact sprep@sprep.org