



# MODULATED FEES FOR EXTENDED PRODUCER RESPONSIBILITY (EPR) SCHEMES

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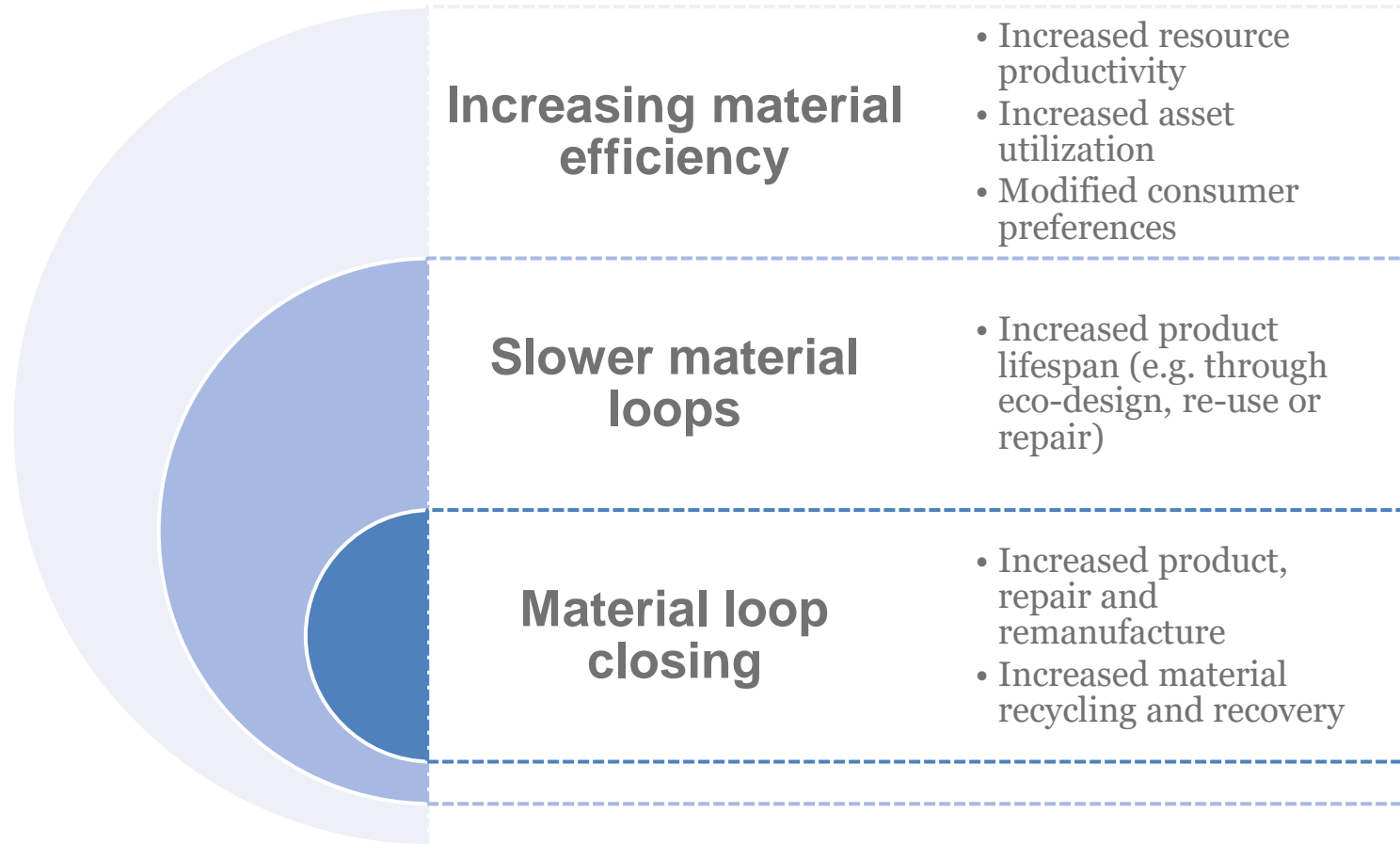
**Web Series: 90 Minutes to Close The Loop**

6 May 2021



# Defining the circular economy

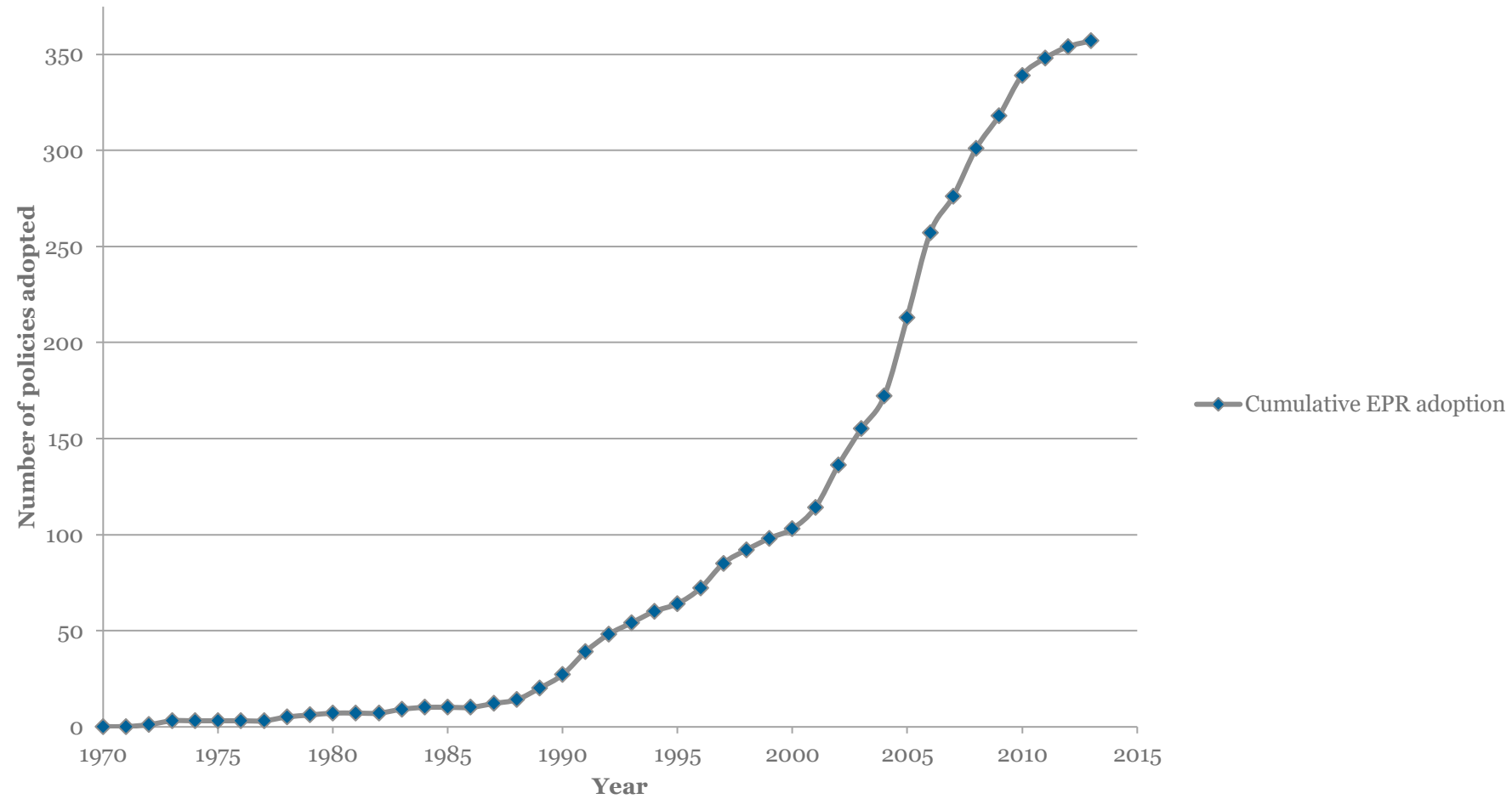
## Defining a Circular Economy





# Extended Producer Responsibility is Expanding

## Cumulative EPR adoption





# OECD Guidance



Governance



Competition



Design for environment



Informal sector





# The rationale for fee modulation

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- Extended Producer Responsibility (EPR) has three main objectives:
  1. Shift financial burden of waste management from municipalities to producers.
  2. Targets and incentives for increased recycling rates.
  3. **Incentivise design for the environment (DfE).**
- In collective implementation, producers collaborate and pay an **EPR fee** to a Producer Responsibility Organisation (PRO)
- **Fee modulation:** modification of fees paid by producers in a CPR scheme based on measurable product characteristics.



# Definitions: Overview of Fee Modulation Types

Level of Modulation	Methodology	Lifecycle Stage	Modulation Type	Criteria examples	Example(s)	Issues or Considerations
Basic	Granularity (Allocation of actual EoL costs)	End of Life (EoL is the focus)	“Basic”	Product Type, Weight, Source (post-consumer and post-industrial)	Most EPR schemes	<ul style="list-style-type: none"> <li>Costs of design choices are not internalised by each producer;</li> <li>Incentive to lightweight, even at expense of recyclability</li> </ul>
		End of Life	“Advanced EoL with Granularity”	Recyclability, Recycling Rate, Presence of Hazardous Substances, Consumer Awareness	Italy, packaging, CONAI	<ul style="list-style-type: none"> <li>Additional complexity</li> <li>Potentially limited incentives for design change by producers</li> </ul>
Advanced	Bonus/Malus (Bonus/malus adjustments to basic fee)	End of Life	“Advanced EoL with Bonus/Malus”	Recyclability, Recycling Rate, Presence of Hazardous Substances, Consumer Awareness	France, packaging, CITEO	<ul style="list-style-type: none"> <li>Arbitrariness: fee adjustment is not tied to actual cost differences of the design change;</li> <li>Additional complexity</li> </ul>
		Lifecycle (Aspects of all lifecycle stages, beyond EoL, can determine fee modulation)	“Advanced Lifecycle with Bonus/Malus”	Recycled Content, Product Lifespan	France, EEE Canada (Quebec), Packaging	<ul style="list-style-type: none"> <li>Arbitrariness: fee adjustment is not tied to actual cost differences of the design change;</li> <li>Additional complexity</li> </ul>



# Key Issues and Considerations

Issue	Description
<b>Cost recovery</b>	PROs need fees to fully cover operation costs.
<b>Magnitude of modulation</b>	A small ratio of fee to product price will provide little incentive for DfE.
<b>Competition</b>	Opportunity for capture to increase barriers to entry.
<b>Harmonisation</b>	Differences in EPR schemes within or across jurisdictions can send mixed signals and insufficient incentives to producers.
<b>Complexity and administration</b>	Costs arise: initially (e.g. to establish the modulation system) and ongoing (e.g. additional reporting and monitoring).
<b>Design Trade-offs</b>	DfE to limit fee liability may result in unintended consequences of product characteristics.
<b>Free-riding and enforcement</b>	Additional complexity could lead to free riding.
<b>Governance</b>	Complexity requires additional decisions to be made in EPR governance.



THANK YOU FOR YOUR ATTENTION!

# OPEN QUESTIONS

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