



**Assessing the contribution
of plastic credit schemes to
reducing plastics pollution
and improving recycling**

EXECUTIVE SUMMARY

Working paper

Acknowledgement

This report was developed as part of **SEA circular – Reducing marine litter by addressing the management of the plastic value chain in South-East Asia**, a project jointly implemented by the **United Nations Environment Programme (UNEP) and the Secretariat of the Coordinating Body on the Seas of East Asia (COBSEA)**, with funding from the Government of Sweden. This study on the contribution of plastic credit schemes to reducing plastics pollution and improving recycling was conducted in 2022, by the **International Solid Waste Association (ISWA)**, with guidance and direction from the SEA circular Project team.

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The SEA circular project – Reducing marine litter by addressing the management of the plastic value chain in South-East Asia is implemented by the UNEP Regional Office for Asia and the Pacific and the Secretariat of the Coordinating Body on the Seas of East Asia (COBSEA), with funding support from the Government of Sweden. SEA circular aims to reduce and prevent plastic pollution and its impact by working with governments, businesses, civil society, academia, and international partners. The initiative promotes market-based solutions and enabling policies to transform plastic value-chain management, strengthens the science base for informed decision making, creates outreach and awareness. The project leverages COBSEA's regional mechanism to tackle the transboundary challenge of marine litter in a harmonized manner.

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The International Solid Waste Association is a global, independent, and non-profit making association, working in the public interest to promote and develop sustainable waste and resource management, and a transition to a circular economy. ISWA membership is open to individuals and organisations from the scientific community, public institutions and public and private companies from all over the world working in the field or interested in waste management. As the only worldwide waste association with members in over 110 countries, ISWA allows you to network with professionals, companies and institutional representatives on a global scale. ISWA's unique mix of members spans the whole waste sector for the promotion and development of sustainable waste management across the world.

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As the range of usage of plastics continues to grow, so does the production and consumption of plastic, accounting for an increasing fraction of municipal solid waste streams worldwide and especially in South-East Asia. Only 9% of plastic waste is recycled – the rest is incinerated, landfilled, dumped, burned in open pits, or ends up in land and water bodies where it breaks down into smaller pieces and microplastics, posing threats animals and humans alike.

This report seeks to provide a picture of the current plastic credits mechanism as well as recommendations for it to be an effective tool in supporting plastic circularity – by increasing the amount of plastic waste that is recycled and reducing the amount that enters the waste stream. Plastic credits are financial-institutional instruments that incentivise recovery or disincentivise pollution and pay for offsetting its impacts.

In this study, conducted by the International Solid Waste Association (ISWA) and Eco-Business as part of the SEA circular project implemented by the UN Environment Programme and the Coordinating Body on the Seas of East Asia (COBSEA), these key messages stand out:

WHILE PLASTIC CREDITS CAN OFFSET THE IMPACT OF PLASTIC POLLUTION, THEY NEED TO BE LINKED TO SUSTAINABLE WASTE MANAGEMENT PRACTICES.

The generation of waste is growing in quantity and complexity, but the absence of sustainable waste management collection and treatment is a reality in many parts of the world – it is estimated that over a third of the world’s population lacks basic waste management services. In this situation, people need to manage or dispose of their own waste, which include open burning or dumping on land and in water bodies, as a direct result of the absence of municipal solid waste management services.

Plastic credits strategies can play an important role as part of a comprehensive and sustainable waste management system by helping to provide much needed financing for collection and/or recycling infrastructure that is not available through existing resources, such as for corporations to fund high-impact community clean-up projects, particularly focused on plastic wastes that are currently not being collected or are not part of the recycling system.

In order to be functional, as it focuses only on a specific material, plastic credits systems need to be part of a holistic waste management system, with all infrastructures and services available and implemented, dealing with the different waste streams generated.

On the other hand, extended producer responsibility (EPR) should be a permanent structure available in the different regions to create the adequate governance to deal with post-consumption packaging waste. Thus, plastic credits should not be seen as a low-cost alternative to producers of plastic taking actual responsibility for their products and packaging. However, plastic credit schemes have the potential to jump-start and complement EPR schemes while they are being developed.

STANDARDISATION OF PLASTIC CREDIT VALUE, ORGANISATION OF THE SYSTEM AND GOOD GOVERNANCE ARE NEEDED.

There is currently no global agreement on many aspects of plastic credits, however, it is an emerging and fast-growing marketplace that now includes dozens of companies, each incor-

porating several plastic collection and recycling projects worldwide, and adopting different setups and methodologies.

There needs to be a standardised value of a plastic credit, i.e., a clear agree-upon definition as to what counts as a plastic credit, for example, its quality, quantity and composition.

Also, in order to avoid double counting of actions, it is important that plastic credits be generated from new additional activities that would not have taken place without funds coming in from the credits to guarantee investment in increased waste collection and recycling capacities. It also needs to consider a system of traceability, so that the final destination of the plastic collected can be documented and provided in a certified, audited form to manufacturers as well as national or international authorities, establishing a good governance system of such activities and related documents.

THERE ARE ASPECTS THAT NEED TO BE DEFINED, CONSIDERED AND DISCUSSED IN ORDER TO AVOID FRAUD AND ABUSE WHEN DESIGNING PLASTIC CREDIT SCHEMES.

There are several aspects that need to be considered when planning, designing and implementing plastic credit schemes, such as to whether it is to be compulsory or voluntary – compulsory schemes, if designed right, can be potential substitutes for EPR schemes; voluntary schemes, without a clear framework, pose a high risk of greenwashing as a result.

The process of issuing credits – validation, certification, issuing and other measures leading to the issuing of credits – must be transparent, with an independent third party responsible for auditing them. The tradability, validity and tracking of credits must be determined, as well as to whom and how/when they can be sold.

And most importantly, plastic credits should be a transitional and a preparatory solution for EPR systems to be implemented.

RECOMMENDATIONS

Plastic credit mechanisms can play a significant role within sustainable waste management systems, along with local and national policies. However, they can be a potential tool for greenwashing if not implemented properly.

In order to be effective and meaningful, plastic credit schemes still need agreed-upon terminology, definitions, methodologies and concepts to standardise the meaning of plastic credits and the implementation of plastic credit mechanisms, which must include third party verification and traceability throughout the process.

They should not be a long-term solution, but rather a short-term remedy while governments and corporations plan for better waste and resource management systems. They should contribute to meaningful, systemic change through continuous improvement, support of circular systems and progress towards comprehensive EPR.

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