



Urban Agenda Platform

The global platform for sharing progress, action and knowledge on the implementation of the New Urban Agenda to achieve sustainable urban development.

# ADVANCED DISPOSAL FEES

Award Scheme

Themes

Sustainable Development Goals

Others

Waste Management

Goal 11 - Make cities and human settlements inclusive, safe, resilient and sustainable

## Summary

Advanced Disposal Fees are non-refundable fees levied on individual products at the point of purchase, with the fee being built into the price of the product based on the estimated costs of collection and processing. **TARGET USERS:** Individuals, Businesses, Industry, Government **KEY CONSIDERATIONS:** Advanced Disposal Fees employ a "polluter pays" approach to revenue generation to fund collection and recycling programs, recycling market development, or education and outreach programs.

## Background and Objective

While improving recycling systems is fundamental to improving the plastic pollution problem, it is important to recognize that we have only managed to recycle 9 per cent of plastic ever produced and we will never be able to recycle ourselves out of this problem, even a five-fold increase in recycling will still leave half of global plastic unrecycled. Part of the problem is the economics of current recycling systems. As long as companies are not held accountable for the full life cycle costs of plastic pollution (including the significant costs to nature and society), recycling rates will simply remain linked to the price of oil, making it cheaper for companies to use virgin plastics instead of recycled plastics. While consumer behaviour is a contributing factor to the success of recycling systems, at present, the fundamental economics of most plastic recycling industries simply do not work and in most countries, the majority of all plastic produced is not collected or recycled because it is not financially viable to do so.

## Actions and Implementation

Advanced Disposal Fees (ADFs) are product-based fees added at the point of sale. ADFs add end-of-life product management costs to the cost of the product, thereby internalizing costs that are often externalized to the environment. Unlike deposits, they are non-refundable to the consumer. When the ADF is transparent to the consumer, it can serve to influence both consumer and manufacturer behaviour. If the ADF is placed on entire product categories, consumers may purchase less of the product depending on the elasticity of demand for that product. When ADFs are placed on certain products within a category, the price differential may drive consumer behaviour and manufacturing design. ADFs can increase recycling rates when the ADFs are used to support collection and recycling programs; however, they do not incentivize participation in those programs. ADFs can also offer a more true cost accounting of the environmental impact of products and materials, employing a "polluter pays" approach to revenue generation to fund collection and recycling programs, recycling market development, or education and outreach programs. ADF impacts on consumer purchasing behaviour as a deterrent can also result in source reduction of plastics. The best-known type of explicit ADF is the plastic bag tax or fee, which is now in use in over 37 countries around the world.

## Outcomes and Impacts

**CASE STUDY EXAMPLES** Single-use plastic bag fee Plastic bag consumption per person per year varies across countries, in part due to intervention strategies: Denmark, which imposes an average charge of about EUR 0.37 per bag levied on retailers, has one of the world's lowest consumption rates of only 4 single-use plastic bags per person per year. In the United States, where there is no national level policy but a few subnational governments impose bans and/or charges, the rate is about 350 per year. In Thailand, which has no bag restrictions, the rate is almost 3,000 per year. According to a report by the International Monetary Fund (IMF), Disposal is Not Free: Fiscal Instruments to Internalize the Environmental Costs of Solid Waste, charging even a negligible fee for plastic bags has proven successful in reducing their use. Imposing a very small bag fee—an average fee equal to 0.3 percent of national daily per capita consumption—reduced bag use by an average of two thirds. 37 countries have enacted fees for single-use plastic shopping bags to date, with charges also being enacted by local jurisdictions such as states, counties, territories and cities. According to a 2018 study in the American Economic Journal: Economic Policy, a five-cent fee on single-use plastic bags reduced bag usage by 40 per cent. According to a 2019 review of existing studies, fees led to a 66% reduction in usage in Denmark, more than 90% in Ireland, between 74-90% in South Africa, Belgium, Hong Kong, Washington D.C., Santa Barbara, the UK and Portugal, and around 50% in Botswana and China.



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## Conclusion

ALTERNATIVE SOLUTIONS Other financial instruments include deposit refund schemes, recycling incentive schemes, levies and taxes, among others