



“Accelerating actions for a resilient Blue Pacific”

7th, 8th, 9th September 2021, Virtual Platforms
12:00pm – 5:00pm Samoa Standard Time

Agenda item 8.3.3: Pathway to Introduce Sustainable Financing Mechanism

Purpose of paper

1. To propose a common approach to establishing sustainable financing systems to assist PICTs to generate required income to effectively manage waste in the region.

Background

2. Pacific island states face numerous challenges in response to environmental risks posed by climate change, loss of biodiversity, overharvesting of marine resources, marine pollution, and waste management. Many countries, especially atolls and islands have limited ability to create effective in-country manufacturing industries, and as such the Pacific is a net importer of goods. This coupled with the region’s sparse and geographically dispersed population creates challenges for adequate service provision for waste management, economies of scale to generate strong GDP and attract commodity sale markets. As a result, packaging and end-of-life products remain in the region and are landfilled, stockpiled, or released to the environment creating pollution and environmental harm.
3. The intent of sustainable financing mechanisms for waste management, is to create an “Extended Producer Responsibility” framework where importers and in-country manufacturers share the management and cost burden for end-of-life products accepted by Pacific islands countries and territories. The intent of these mechanisms is to determine the true cost of management, transport, and recovery/final disposal, and apply this fee to the importer/manufacturer. An additional ‘deposit’ would also be added to the sale of the product, which would then be used as an incentive for the consumer to return the product at the end of its life to redeem their deposit. This system is most recognised as a ‘Container Deposit’ system applied to beverage containers.
4. Several donor funded projects are supporting the implementation of the Cleaner Pacific 2025 Strategy which identifies a target to have countries and territories implement sustainable financing mechanisms to fund sound waste management activities. Donor funded projects, managed by the Secretariat’s Waste Management and Pollution Control Programme include the following projects and activities:

GEF ISLANDS

5. The GEF ISLANDS Pacific Child Project will be supporting several countries to complement sustainable financing initiatives that are being implemented under PacWaste Plus and SWAP projects. These include:
 - Setting up a used oil management system for the Federated States of Micronesia;
 - Establishing e-waste management systems for Cook Islands, Solomon Islands and Vanuatu;
 - Constructing waste segregation stations for Niue to take and store bulky waste items destined for recycling; and
 - Procurement of equipment for the Marshall Islands to enable processing of bulky waste items destined for recycling.
6. At the regional level, the GEF ISLANDS Pacific Child Project will develop and deliver a webinar series on advance disposal fee.
7. It will also undertake a feasibility study on the possibility of recycling end of life vehicles in the region through the various advance recovery fee initiatives that are being implemented.

JPRISM II

8. JICA's Technical Cooperation Project J-PRISM II has been providing the following technical supports to the national level:
 - enhancement of financial capacity of waste services, e.g., user-pay system to Samoa, Vanuatu, Tonga, Fiji, and Solomon Islands; and
 - Container Deposit System development and implementation in RMI, FSM, Vanuatu, and Solomon Islands.
9. At the regional level, J-PRISM II is assisting the peer-to-peer learning among member countries on the financially sustainable waste management:
 - Publishing guidebook and case studies of the Deposit-Refund System for Island Countries on the experience in the national level; and
 - Delivering a virtual workshop on Economic Instruments and Finance in Waste Management to 9 countries.

PacWastePlus

10. The European Union funded PacWastePlus programme is providing a large range of programmatic support to the region to implement sustainable financing systems. Activities include:
 - Undertaking a feasibility study of applicable products that could be included in an 'Advance Recovery Fee & Deposit' (ARFD) system, and initial assessment on the economics of system introduction into the Cook Islands, Niue, Samoa, Solomon Islands and Vanuatu. Provision of legislative support, facility/equipment procurement, system design and community awareness to assist system design and implementation.
 - Undertaking a feasibility study of applicable products that could be added to the existing ARFD system. Provision of legislative support to assist system design and implementation.

- Undertaking a feasibility study of applicable products that could be added to the existing Container Deposit system in Kiribati.
- Undertaking a feasibility study of applicable products that could be included in an 'Advance Recovery Fee & Deposit' (ARFD) system, and initial assessment on the economics of system introduction into Nauru and Papua New Guinea.
- Development of regional tools and guidance based on the outcomes and learning from the national interventions described above.
- Development of a tool kit of guidance and resources to guide process development and community engagement.

SWAP

11. The Commitment to Sustainable Waste Actions in the Pacific (SWAP) Project, funded by l'Agence Française de Développement (AFD), supports seven Pacific island countries and territories in implementing various activities for cost-effective and sustainable waste management. The issue of sustainable financing will be addressed through two components:

- Development and delivery of a regional training programme whose virtual courses will be accessible by all English and French speaking Pacific countries and territories.
- Technical and financial support to Wallis and Futuna for the implementation of a sorting unit for waste collected under a "Container Deposit" system or a metal waste remelting facility.

Proposed Pathway for a sustainable financing mechanism

12. The development of a sustainable financing mechanism to assist with funding the sound management of wastes is an opportunity for countries and territories to explore, especially given the current level of donor support on waste management. The proposed pathway for sustainable financing mechanism outlines 21 priority steps around the topics of: i) identification of the need for legislation; ii) research; iii) political will and support; iv) preliminary systems concept; v) feasibility study; vi) consultation; vii) confirmation of sustainable finance system design; viii) legal drafting; ix) implementation; x) monitoring, evaluation and auditing. It is envisaged that the Secretariat will assist Members implement as well as coordinate this Pathway through the Cleaner Pacific 2025 and capitalising on current donor funded projects such as PacWastePlus Programme, GEF ISLANDS, SWAP and JPRISM II as well as any new projects that would be mobilised as part of the proposed pathway. Thus, the proposed Pathway for sustainable financing mechanisms is presented for discussion (Refer to WP 8.3.3/Att.1).

Recommendation

13. The Meeting is invited to:

- 1) **note** and **support** the proposed Pathway for a sustainable financing mechanism; and
- 2) **direct** the Secretariat to work with Members and Partners in developing and implementing sustainable financing mechanisms for waste management.