ANALYTICAL FRAMEWORK FOR EVALUATING THE COSTS AND BENEFITS OF EXTENDED PRODUCER RESPONSIBILITY PROGRAMMES

EXECUTIVE SUMMARY

EPR programmes give producers responsibility for the social costs of waste management

Extended Producer Responsibility (EPR) is an environmental policy approach under which the responsibility of producers for their products is extended to include the social costs of waste management, including the environmental impact of waste disposal. This paper sets out a framework for assessing the costs and benefits of EPR. As compared with “conventional” waste management EPR involves the collection of particular end-of-life products, product categories or waste streams. In some cases these wastes would traditionally be handled appropriately through municipal waste management programs. Packaging would be one example. In other cases they might be handled, or might need to be handled, as special wastes which would be inappropriate for a municipal waste management programme. Solvents, scrap tires, used crankcase oil, lead acid batteries and electronics fit into this category. To evaluate the costs and benefit ratio for EPR programmes, the costs of these features need to be weighed against the benefits in terms of the reduced social costs of waste management, including the various externalities associated with landfilling or incineration and the environmental risks associated with “doing nothing” by maintaining existing practices. As compared with alternative policy instruments, an attraction of EPR is the incentive it creates for producers to consider post-consumer waste-management costs when making decisions about product design and marketing. Such “Design-for-Environment” incentives are an important part of the overall assessment of EPR, but their practical evaluation could be difficult.

There is a need for more ex post evaluations of such programmes

The 1997 OECD report Evaluating Economic Instruments for Environmental Policy drew attention to the need for more “ex post” evidence on the performance of economic instruments in practice. While many countries are now employing innovative approaches in environmental policy, including environmental taxes, emissions trading and voluntary approaches as well as EPR, there are still relatively few systematic evaluation studies of practical experiences. More extensive evaluation evidence would have a number of benefits:

- Evaluation evidence on the performance of policy instruments could help to improve the administration of current policy, and can contribute to a process of policy reappraisal, modification and improvement in the light of experience.
- Evaluations can also improve the choice of instruments in future policy, by demonstrating how different instruments perform in specific contexts. Countries may be able to learn from the practical experience of policy approaches adopted elsewhere.
- Evaluation may also contribute to better communication with stakeholders and the public about the purpose, operation and effects of policy.

In each of these ways, evaluation studies can contribute to better design and implementation of environmental policies in the countries concerned.
If evaluation research is to provide meaningful evidence about the performance of policy instruments it is important that it is well informed, objective, and based on good research practice. The 1997 report identified a number of key aspects of the design and conduct of evaluation studies of economic instruments. Some of these are also applicable to the design of evaluation studies of EPR, but in other respects EPR raises distinctive issues necessitating a more tailored framework for evaluating the costs and benefits of EPR programmes.

The suggested evaluation framework draws on practical experiences in other contexts

The purpose of the evaluation framework set out in this report is to provide a suggested methodology which could be used by individual countries as a starting point for ex post evaluation of particular EPR programmes. The framework draws on the principles of good practice in evaluation, and the practical experience of evaluation studies in other contexts, with the aim of helping countries identify an approach to evaluation that will be practicable, reasonably comprehensive, and that will yield meaningful results. The next stage in the programme will be to test the evaluation framework in the context of a number of practical applications, to identify whether the approach proves feasible and the results meaningful in a range of different countries and programme types. Testing the framework in this way will also help to identify gaps and omissions in the framework, and possible refinements to the approach which may better reflect the range of costs and benefits of different EPR programmes.

Good evaluations take specific circumstances into account

The EPR programmes implemented in individual countries differ widely, in a number of respects, including the industries and products covered, the policy context in which they have been introduced, the nature of the responsibilities placed on producers, the forms of organisation, and the economic, social and cultural context in which the programmes operate. No single approach to evaluation will be appropriate to every EPR programme. Depending on the context and nature of the programme, local conditions and circumstances, evaluation effort and attention may need to be focused on different aspects of the costs and benefits. The data and information needed for evaluation will vary widely across programmes, and, in addition, there are likely to be major differences in the availability of data. Not all forms of EPR programme will be straightforward to evaluate, but the framework identifies some forms of EPR for which evaluation is more likely to be feasible and meaningful. Moreover, for all programmes, there will be aspects of the costs and benefits that cannot be precisely quantified. Both in the evaluation research, and in the interpretation of the research findings, it is important that these unquantified elements are clearly identified, and given appropriate consideration.

The nature of EPR means that a one-size-fits-all approach cannot be adopted for ex post evaluation of programmes. There will be important judgements to be made designing and specifying each evaluation, and it is important that countries draw on appropriate expertise in designing and commissioning studies. It is hoped that this framework will reduce the costs and complexity of the initial stages of the evaluation process, and will provide useful guidance for those commissioning and undertaking evaluation research of EPR programmes.

The function of the evaluation framework described in this report is to provide a systematic approach to assessing how far individual EPR programmes introduced in a particular context succeed in achieving their objectives, and with what associated costs, ancillary benefits and side-effects.