

“Informal waste pickers, who carry out most of the collection work at the bottom of waste value chains, hardly benefit from today’s compensation schemes.”

-Christina JÄGER

Image Source: Wikimedia Commons. February 23, 2017. Waste pickers in the Philippines Oceanic Container Lines, Inc. for drainage improvement, slums in Manila Barangays (Capulong Bridge). Photo Credit: Judgefloro. [https://commons.wikimedia.org/wiki/File:0458jfc-15\\_Road\\_Capulong\\_Raxabago\\_Streets\\_Bridge\\_Estero\\_de\\_Vitas\\_Tondo,\\_Manila.jpg](https://commons.wikimedia.org/wiki/File:0458jfc-15_Road_Capulong_Raxabago_Streets_Bridge_Estero_de_Vitas_Tondo,_Manila.jpg)





Christina JÄGER  
Yuns Environment Hub  
Germany

### **ValuCred: Integrating principles of circularity into global supply chains from a social business perspective**

According to estimations by UNEP, 3.5 billion people don't have access to proper waste management services – this is nearly half of the world population. Especially in low-income countries, the collection of recyclables depends almost entirely on the informal sector. Informal waste workers are amongst society's most marginalized groups with no recognition of their valuable services, often being deprived access to sustainable income sources and basic social services.

How can we make waste management and recycling inclusive, transparent, and sustainable?

Global brands need large amounts of different secondary materials in order to fulfill their ambitious circular economy goals, especially in the recycling of plastic packaging. Systematic improvements of waste collection and treatment services are urgently needed to address gaps in infrastruc-

ture development and provision of adequate remuneration for all workers along the waste value chain. Such improvements require adequate funding sources, most often not available due to the lack of national Extended Producer Responsibility (EPR) schemes.

A credit system based on plastic waste (plastic credits) is a new financial instrument that can help countries establish financially and socially sustainable waste management infrastructure and operations, and companies to increase circularity in their supply chains. For the transparent calculation and valorization of plastic credits, a new and innovative approach is needed. Contrary to other credit systems applied to plastic waste management, which often means transferring the operating principles of CO2 emissions trading (i.e. one tonne in, one tonne out), ValuCred is developing a standardized process model (SPM) taking into account the different costs of waste collection and treatment in the country where the waste was created. The valuation depends on the type of plastic and the country's living wage line. Such a model could to be replicated internationally and supported by digital solutions to ensure transparency along the supply chain.

Besides its environmental impact, which is widely known and visible, the plastic waste crisis has a social dimension. Unfortunately, this dimension is mostly sidelined in today's compensation schemes. For example, informal waste pickers who carry out most of the collection work at the bottom of waste value chains, hardly benefit from today's plastic

compensation schemes. Even if they are included in compensation schemes, waste pickers are only compensated for the quantities of waste they collect - their productive working hours are not accounted for. To ensure that benefits of plastic credits are not enjoyed exclusively by production companies, a set of social business recycling companies should be created as intermediaries which sell waste to the production companies at a socially efficient price. This setup would ensure fairer compensations for the pickers.

ValuCred aims to align the interests of global stakeholders and promote collaboration amongst existing initiatives for plastic credit markets. The ValuCred SPM is based on global best industry practices such as ISO and GRI standards. It also incorporates the relevant social metrics of the UN SDGs as well as considers and refers to relevant international regulatory frameworks, such as the Basel Convention and national EPR schemes.

In its most recent report in 2021, ValuCred shared its analysis of different voluntary standards<sup>1</sup>. The report was based on extensive market research. It also offered its perspective on innovative impulses in the emerging plastic credit market. Most importantly, the report called for a paradigm shift - the integration of social justice and transparency in the accounting mechanisms of plastic credits, which is commonly agreed upon yet rarely implemented. If done so successfully, plastic credits have the potential to serve as a financial instrument to provide a lasting source of income for low-in-

come groups such as informal waste workers in developing countries. While it is a noble goal to end poverty, our target must be more ambitious and ensure living wages for all.

In 2022, the ValuCred SPM will be piloted through our waste management operations partners in five countries across Asia, Africa and Latin America. The ValuCred SPM will be subsequently adapted according to user feedback. The first version of the ValuCred SPM will be published at the end of the year; further tests and developments are also planned. Interested stakeholders are welcome to express their interest in collaboration.

ValuCred is a consortium led by Yunus Environment Hub, Nehlsen & Rodiek, and BlackForest Solutions for the design and financing of sustainable plastic waste management systems. ValuCred is one of the first projects promoted by PREVENT Waste Alliance, with funding from the German Federal Ministry for Economic Cooperation and Development (BMZ) and the Röchling Stiftung.

#### References:

1. You can download the report at <https://yunusenvironmenthub.com/valucred/>