

Case Study | May 2021

# PREVENTING PLASTIC LEAKAGE AND IMPROVING LIVELIHOODS

The case for an equitable, inclusive waste management system to deliver social impact for the informal sector



Circulate Capital's [Investing to reduce plastic pollution in South and Southeast Asia: A Handbook](#), published in March 2019, highlights the relationship between plastic leakage and livelihoods.

Informal collectors are the foundation of the collection and sorting segments of the plastic value chain, with up to 20 million informal waste collectors estimated to be working globally<sup>1</sup>. In India, Indonesia and the Philippines alone, there are an estimated 8 million informal waste collectors<sup>2</sup>. The high rates of recycling of some types of plastics is due to the manual collection and sorting done by these workers.

Any plan to develop an integrated waste management system needs to be equitable and inclusive, and create opportunities for meaningful social impact. This is particularly true for women, who represent the majority of workers in the informal waste sector and are among the most marginalized and vulnerable members of their communities.

## IMPACT OF COVID-19



The pandemic underscores the need to focus on vulnerable populations in the recycling value chain, as COVID-19 added another layer to the existing health and safety risks faced by waste workers. In addition, recycling capacity has been constrained in some markets by the lack of available workforce, as many waste collectors are migrant laborers who returned home when countries went into lockdown.

Continued learning about the connection between livelihoods and the circular plastics value chain has been a focus of Circulate Capital's early investment and impact measurement approach, as well as the work of The Incubation Network.

Our early experiences indicate that transparency, including better data and communications across the supply chain, is essential. Furthermore, any effort to improve livelihoods must be cross-sectoral, given the interconnection between economic, social, political and environmental factors that affect the informal sector.

<sup>1</sup> Wilson, D. C., Rodic, L., Modak, P., Soos, R., Carpintero, A., Velis, K., et al. 2015. *Global waste management outlook*, UNEP  
<sup>2</sup> *Leave No Trace: Vital lessons from the frontline*, Vital Ocean, Hasiru Dala, Triciclos; World Bank

# ENCOURAGING INPUT FROM THE INFORMAL SECTOR

We are proactive in addressing the issue of livelihoods in our due diligence process with potential portfolio companies, and collaborate with local experts who work with informal waste workers. We also work to center the **voices of workers** by collaborating with portfolio companies to involve their own workers in identifying potential challenges, as well as solutions and new opportunities.

This also lays the groundwork for a people-centric approach to impact measurement, particularly involving workers in data collection and monitoring, and helps avoid unintended negative consequences that growth or formalization of waste collection may have.

## COVID-19 IMPACT STUDY

The plastics recycling industry was facing significant challenges before COVID-19. The onset of the COVID-19 pandemic only exacerbated matters. To better understand the specific impacts of the global pandemic on the industry we commissioned GA Circular to conduct research into the area.

Based on more than 100 interviews with actors across India, Indonesia, Vietnam, Thailand and Philippines, [the study](#) found that immediate action was required to prevent long-term setbacks for the industry and an increase of plastic waste pollution.



## SUPPLY CHAIN MAPPING

The informal sector is the backbone of local waste management and recycling value chains across the region. These stakeholders play an important role and must be part of the conversation and work in developing responsible sourcing practices. To better understand how to build trust among actors along the value chain, we worked with Sustainable Waste Indonesia to engage with aggregators, junk shop owners, waste pickers and waste picker union representatives to understand their perspectives and insights on the topic.

This work has directly informed our lessons on steps formal actors along the value chain, including our portfolio companies, need to take to improve transparency and relationships.

“The recycling economy in Indonesia is highly dependent on the informal sector’s contribution. Waste pickers and waste workers, as the front liners, have often faced challenges in their daily lives with regard to social stigma, safety and security hazard, and health risks. Circulate Capital recognized the importance of this issue in their investment program, and has been very supportive of our efforts in gaining a deeper understanding of the connection between the informal sectors and the recycling ecosystem in Indonesia, while also helping us to connect to key networks in the Southeast Asia region.

Circulate Capital’s focus on connecting the offtake market and post-consumer plastic recycling value chain has brought a better balance between environmental, social and economic perspectives, which very often are difficult to bridge.”

### Dini Trisyanti

Co-founder and Director,  
Sustainable Waste Indonesia

