



# Extended Producer Responsibility and opportunities for formalization of informal waste collectors

NGUYỄN NGỌC LÝ, ĐOÀN VŨ THẢO LY  
ĐÀO THỊ NGỌC ANH, ĐOÀN BẢO HÂN

*Center for Environment and Community Research*

## 1. INTRODUCTION

The amended Law on Environmental Protection 2020 institutionalizes the principles of “polluters pay”, the circular economy, and Extended Producer Responsibility (EPR), marking a significant shift in Vietnam’s approach to waste management. Under this framework, the Ministry of Natural Resources and Environment (MONRE) has been designated as the primary authority overseeing waste management, introducing a new approach to solid waste management. This includes the mandatory sorting of waste at the source, as stipulated in Article 75, which requires individuals, households, and communities to classify waste before disposal. To support this, MONRE has issued guidelines for domestic waste classification, preparing for nationwide implementation of waste sorting at source by January 1<sup>st</sup>, 2025.

To operationalize the law, Decree 08/2022 was developed, which includes a chapter dedicated to the EPR system. This decree provides the legal framework for manufacturers and importers to fulfill their responsibilities for recycling and waste treatment. It is further supported by Circular No.02/2022/TT-BTNMT, which outlines specific requirements for recycling plans, reporting, and financial contributions to waste management activities. These legal instruments have laid the foundation for a collection and recycling industry aimed at gradually reducing landfill dependency.

An important milestone in this effort was the establishment of the National EPR Council and EPR Office in February 2023, as specified in Decision No.252/QĐ-BTNMT. These bodies assist MONRE in managing, supervising, and supporting the implementation of EPR by enterprises, overseeing recycling activities, and waste treatment responsibilities. Complementing this is the National EPR Portal, an online platform where producers and importers register, report, and declare recycling and waste management activities, replacing traditional paper-based submissions.

The financial backbone of the system is the Vietnam Environment Protection Fund (VEPF), which collects contributions from enterprises to support waste collection, transportation, treatment, and recycling activities. Additionally, professional recycling companies have been authorized under this mechanism, ensuring compliance with state standards for recycling operations. In February 2024, the Ministry announced a list of 24 authorized recycling units, further advancing the operationalization of EPR.

Private-sector initiatives also play a pivotal role in promoting the circular economy. The Vietnam Packaging Recycling Alliance (PRO), formed by companies in the

consumer and packaging sectors, has been instrumental in promoting sustainable collection and recycling practices, demonstrating how industry collaboration can complement government efforts.

While these developments represent significant progress, the implementation of EPR in Vietnam faces several challenges. The existing infrastructure for waste collection and treatment continues to operate in a traditional manner, relying heavily on landfilling. Enterprise awareness of EPR remains low, and detailed implementation guidelines are incomplete, creating obstacles to effective enforcement. Additionally, investments in the recycling industry and the market for recycled products are insufficient, highlighting the need for specific policies to support infrastructure development and market expansion. Despite these challenges, some pioneering enterprises have begun implementing EPR, showcasing its potential for driving sustainable waste management practices in Vietnam.

The formation of key components of a circular economy marks an important step forward in Vietnam’s waste management journey. However, continued efforts are required to address gaps in policy, infrastructure, and market development to fully realize the potential of EPR and the circular economy.

The shift in waste management thinking, guided by the Law on Environmental Protection 2020 and the Extended Producer Responsibility (EPR) system, provides promising opportunities to develop a comprehensive ecosystem for waste collection, recycling industries, and the recycling market. As outlined earlier, the law requires waste classification into three main categories, with URENCO companies responsible for waste collection under the EPR framework. Within this evolving ecosystem, the informal collection workforce serves as a critical link in the waste value chain, holding significant potential to connect with collection and recycling companies, self-recycling enterprises, and sorting systems managed by URENCO.



## 2. SEVERAL CHANNELS FOR FORMALIZING WORKFORCE

### 2.1. Connecting informal workers with URENCO

As the entity assigned by local People's Committees to oversee waste collection, transportation, and recycling, URENCO plays a pivotal role in local waste management. Under the Law on Environmental Protection 2020, URENCO is tasked with collecting and managing waste sorted into three categories as prescribed by the EPR. However, in practice, unsorted and poorly collected waste leaves a gap that URENCO can address by hiring informal workers under part-time or seasonal contracts. This approach provides informal workers with greater job opportunities, access to stable waste streams, and semi-formal employment benefits, improving their economic stability and working conditions.

### 2.2. Cooperating with collection and recycling companies

The EPR system encourages businesses to engage with waste collection workers through contracts for waste classification and collection services. Informal workers could secure stable incomes, receive skills training, and access safer working conditions through employment with large collection enterprises like VietCycle or major recycling plants such as Duy Tan. These workers could also participate in Return Deposit Systems (DRS) or B2B recycling models, contributing to the circular economy while reducing waste pollution. Enhanced training on occupational safety and social welfare ensures that informal workers' health and job security are prioritized.

#### *Strengthening links with recycling companies*

Recycling companies, including those evolving from small scrap procurement facilities, can act as intermediaries between households, informal workers, and larger recycling plants. Informal collectors, who are closely connected to local scrap procurement facilities, could benefit from EPR support through contracts, access to better labor equipment, and financial sponsorship. This connection would enable informal workers to transition into formal employment, benefiting from the operational structure and financial stability provided by established recycling companies.

#### *Transforming informal scrap purchasing establishments*

Informal scrap purchasing facilities, often located in residential areas, could register as official collection companies or cooperatives under the EPR framework. These facilities play a vital role in regulating scrap procurement by leveraging their knowledge of prices, market demand, and scrap types. The EPR system could support these establishments with financial assistance, training, and access to clean technologies, enabling them to professionalize their operations and improve their competitiveness. Formalizing these activities would allow scrap procurement facilities to access state support for capital, technology, and environmental protection training, thereby enhancing their capacity and sustainability.

### 2.3. Engaging with large manufacturing industries

Certain industries, such as those producing aluminum or milk cartons, are establishing recycling collection chains tailored to their products. These industries could outsource specific tasks to small and medium-sized recycling companies, providing opportunities for highly skilled informal workers to participate in specialized waste management and recycling efforts.

The EPR system thus presents significant opportunities to formalize the informal workforce in waste management, offering economic and social benefits to workers while contributing to a more effective and sustainable waste management system. However, while this study identifies substantial potential, the transition is fraught with challenges. The persistence of traditional waste management systems and other barriers complicates the formalization process, underscoring its complexity. To better understand the obstacles, the following section will examine the main opportunities and barriers affecting the formalization of informal collection forces, providing insights into how the EPR system can support this transition in its early stages.

*Key legal and policy instruments supporting formalization:* (i) The Law on Gender Equality (2006) emphasizes gender equality in all aspects of life, prohibiting gender discrimination and violence. (ii) The National Strategy for Gender Equality (2011 - 2020; 2021 - 2030) highlights Vietnam's commitment to closing gender gaps, including in development and environmental protection. (iii) The Law on Small and Medium Enterprises (2017) defines "women-owned enterprises" as a focus area for economic gender equality, providing tax incentives and financial support to SMEs employing many female workers. (iv) The Labor Law (2019) prioritizes gender equality, protecting female employees and vulnerable groups while promoting occupational safety and freedom from discrimination. (v) The Law on Cooperatives (2023) incentivizes cooperatives managed by women or employing a majority of female workers, aligning with circular economy goals and sustainable development. (vi) The Employment Law (2024) establishes financial and vocational training support for informal workers, including informal waste collectors, through the National Employment Fund. (vii) The Law on Environmental Protection (2020) emphasizes waste classification, environmental harmony, and gender equality, while Decree 08/2022 and Circular 02/2022 provide mechanisms for EPR implementation, supporting formalization efforts.



These policies collectively create an enabling environment for integrating informal workers into formal systems. The Extended Producer Responsibility (EPR) system acts as a financial tool to develop the waste collection and recycling industries. It offers informal collectors' opportunities to transition into formal employment within waste management companies, cooperatives, or self-recycling enterprises. Formalization provides access to social welfare benefits, insurance, and improved working conditions, empowering informal workers and contributing to the circular economy.

### 3. BARRIERS TO FORMALIZATION

While the opportunities are significant, the formalization process faces considerable challenges, including structural, organizational, technological, and workforce-specific barriers.

#### 3.1. Structural and organizational barriers

The existing waste management system, dominated by entities like URENCOs and CITENCO, is large and complex. These systems rely heavily on traditional collection and landfilling, which must operate continuously without interruptions. Transitioning to a circular economy, which minimizes landfill use, requires substantial restructuring of these systems - a daunting task given their operational scale and reliance on daily waste collection. Coordination among relevant agencies remains weak, with gaps in understanding EPR policies and their implementation. Previous attempts to "socialize" waste management policies in Vietnam have encountered obstacles, further highlighting the challenges of systemic change. Similar difficulties in organizational capacity have been observed in other developing countries.

#### 3.2. Technological challenges

In advanced economies, waste sorting and recycling are industrialized, supported by modern technologies that ensure efficiency and scalability. In Vietnam, however, recycling at procurement facilities and craft villages remains rudimentary, relying on manual labor and out-

dated methods. Scaling up recycling and waste management technology is critical but requires significant investment and capacity building.

#### 3.3. Workforce-specific challenges

Informal waste collectors, particularly women, face significant internal barriers to formalization. These include limited education, low awareness of formal employment opportunities, and vulnerability to social stigma. Women in this workforce often lack access to training, financial resources, and social support systems, which further complicates their transition to formal employment. These challenges will be analyzed in greater detail in the next section.

The opportunities presented by Vietnam's legal framework and the EPR system are substantial, providing a pathway to integrate informal workers into formal waste management systems. However, addressing the barriers to formalization is essential for realizing these benefits. A deeper understanding of these challenges will guide the necessary support mechanisms and policy adjustments to ensure a successful transition.

#### 3.4. Readiness informal collection workers

The willingness of informal collectors to transition to formalized systems is mixed. When asked about their readiness to work within formal organizations or businesses in the interview with group of 38 informal female collectors in Ha Noi, the results are: 71% expressed hesitation or reluctance, citing the desire for flexible working hours and the freedom to balance other responsibilities; 24% said they would be willing to participate if provided with support from the state or businesses; 5% were unsure.

Many of these women are migrant workers with limited experience in formal employment settings, contributing to their apprehension. However, the survey revealed that women who have participated in training programs related to waste management and environmental issues are more open to change. Among women who attended such programs between 2021 and 2023, 88% expressed a desire to continue participating in future training and pilot models.



▲ The mandatory sorting of waste at the source



In sum up, informal waste collectors are an essential yet marginalized group within Vietnam's waste management ecosystem. While they face numerous challenges, including economic insecurity, social stigma, and health risks, targeted interventions such as capacity-building programs, financial empowerment, and trust-building initiatives can help bridge the gap between informal and formal systems. Their willingness to engage with formalization efforts - when adequately supported - offers a pathway to creating a more inclusive, efficient, and sustainable waste management system.

#### **4. OPPORTUNITIES, CHALLENGES, AND BARRIERS TO FORMALIZING INFORMAL WASTE COLLECTORS**

The implementation of the Law on Environmental Protection 2020 and the application of Extended Producer Responsibility (EPR) policies represent a critical step toward building a circular economy in Vietnam. Developing the recycling industry requires a large and dedicated workforce, and the current informal labor force is a valuable resource to meet this demand. With official waste collection companies, such as the URENCO system, employing about 100,000 people nationwide, the informal sector offers an abundant and underutilized human resource that can significantly contribute to waste collection, recycling, and circular economy initiatives.

However, the formalization of this informal workforce is fraught with challenges. Policies and institutions, while relatively robust in acknowledging informal labor in general, do not specifically address the role of informal workers in the environmental and waste sectors. Policymakers often design regulations based on formal systems, overlooking the significant contributions of informal workers who have traditionally operated on the margins of the economy. Waste collection and recycling, often perceived as low-priority industries, have received minimal attention in economic planning, leaving the informal workforce largely unsupported.

Moreover, formalization is complicated by the involvement of numerous stakeholders, including government ministries, local authorities, the private sector, and civil society organizations. This complexity increases the risk of fragmented decision-making and potential conflicts during implementation. A clear policy environment, supported by specific enforcement measures, financial tools, and mechanisms to encourage collaboration, is essential. Additionally, a monitoring system to track progress and outcomes will be critical to ensuring transparency and accountability.

Challenges also arise from the internal characteristics of the informal workforce itself. These workers, particularly women, are highly dispersed and operate independently. Their awareness of labor rights, social protections, and the broader societal implications of their work is limited. Many are hesitant to join formal systems, valuing the flexibility of their current roles, which allow them to balance other responsibilities such as family and farming. Social stigma further compounds these issues, with waste collection often regarded as a low-status occupation, eroding the self-esteem and societal recognition of these workers.

Despite these barriers, formalizing the informal workforce holds immense potential. Integrating these workers into the formal economy is essential for the success of EPR policies and the broader goal of a circular economy. Beyond environmental benefits, formalization contributes to sustainable poverty reduction, providing workers with stable incomes, social protections, and access to better working conditions. For women, who make up the majority of this workforce, formalization represents a pathway to greater gender equality and economic empowerment. It also strengthens their role in achieving national climate goals, including Net Zero emissions, while ensuring that no one is left behind.

The journey toward formalization will undoubtedly be complex and require significant effort. While achieving full formalization may not be feasible, even partial integration of this workforce into formal systems can drive substantial progress. Overcoming current barriers will require coordinated actions, inclusive policies, and targeted support to build the capacity of informal workers and foster collaboration across all stakeholders. Ultimately, formalizing this workforce is not just a practical necessity for sustainable waste management but a moral imperative to empower a vital yet marginalized segment of society ■