

Annex 8.

Description and issues relating to France's Repair Fund

1. FUND DESCRIPTION

The objective of the Repair Fund is to lower the cost of repairs for consumers when they go to a certified repair facility. It is also intended to make it easier to have repairs done locally.

This fund was established under the AGECE law, which stipulates that manufacturers, through eco-organizations, must participate financially in the cost of a repair. The allocated financial resources may not be less than 10% of the estimated cost of repairing the products for which they are responsible. But because this 10% figure is an average, some repair costs may be covered to a greater or lesser extent, depending on the terms and conditions set by the eco-organizations²³.

The Fund is financed through environmental fees (ecofees), and these will vary, based on a number of criteria, including reparability. The impact on the amount of ecofees was not known at the time of publication of this report, as it is expected that the increase will be applied from summer 2023. (1)

In its first iteration, the Fund will focus on the most popular appliances, targeting those with a reparability index. In 2022, 20 million euros will be budgeted by the eco-organizations for the repair of covered appliances. It is expected that this figure will rise to 102 million euros in 2028 in order to cover the entire HAE sector.

In the first year, the following product categories will be covered: vacuum cleaners, wine cellars, washing machines, drills/screwdrivers, fridges/freezers, tablets, mobile phones and televisions. These products were selected because they are representative of the ten repair trade types and account for high sales volumes.

The funding arrangements that were developed consist of flat-rate supports, i.e. fixed amounts set out in a reference file which work out to an amount of financial support equal to 20% of the repair cost.

If the repair cost is less than the support amount (for example the repair support level is 25 euros for a mobile phone, regardless of the type of repair), it will not be covered by the Repair Fund.

To encourage a higher rate of repair, trigger thresholds have been set for four item categories. For example, the Fund will cover 45 euros of the cost to repair a laptop, provided the total repairs come to 180 euros or more. (1 and 2)

1.1 Eligibility requirements for the reimbursement of activities

- The Fund covers out-of-warranty repairs.
- Certain types of repairs are not eligible, such as repairs involving damage that does not prevent the appliance from being functional (e.g. cosmetic element of an appliance, loss of a function that allows the appliance to continue to be used, etc.).

23. Note that repair funds for sports and recreation, DIY and gardening items are being set up in parallel. Repair funds for furniture and textiles will also be set up in a second phase.

- Repairers are required to produce a result, which means that the appliance must be functional once the repair has been completed, for a period of three months.
- Only appliances purchased in France and repaired by certified French repairers are eligible. No proof of purchase is required: the eco-organizations have decided to test this approach initially and to make adjustments if there are any negative impacts (e.g. repairs involving appliances purchased outside France).
- Certain repair activities are not covered, such as repairs to smartphone screens.

1.2 Repair certification process

- Certification is intended to apply to all types of repairers, including independent repairers.
- Terms:
 - The process requires an audit lasting half a day to one and a half days per trade. Audits are carried out by a certification body commissioned by the eco-organizations.
 - For any given company, the number of shops to be audited is calculated as the square root of the total number of a repair sites a company has (e.g. 10 sites out of 100).
 - The file is analyzed by a rating committee. In the event of non-compliance, the repair company has three months to show evidence of compliance.
 - A compliance certificate is valid for 18 months, and a second audit will be carried out at the end of that period to verify that the company still meets certification standards. Certification is valid for a total of three years.
- 70% of the certification costs are borne by the eco-organization.

1.3 Reimbursement mechanisms

A cost reduction is applied to the repair process. After verifying that a repair qualifies, the repairer deducts the amount of the financial assistance from their invoice and submits supporting documents to the eco-organization. It is the repairer who then applies for reimbursement from the eco-organization, which has 30 days to issue the financial assistance payment.

The fund was launched in the Fall of 2022 and is managed by Ecosystem and Ecologic, the two eco-organizations responsible for reimbursements on household and electrical appliance repairs. This is a new field of activity for these eco-organizations, which have had to develop expertise in the area of repair.

The terms and conditions for reimbursement (applicable types of repairs, amount reimbursed, etc.) were initially different for each eco-organization, since each has the possibility of defining the coverage of products. However, a match between the financial support for repair of the two eco-organizations was finally retained. The process for claiming reimbursement for repair activities differs slightly from one eco-organization to another. For example, Ecologic requires a customer identity validation procedure but Ecosystem does not.

2. CHALLENGES AND POSSIBLE SOLUTIONS

2.1 Fund framework

There is a certain lack of government involvement, because much of the work to define the Fund's terms and conditions has been delegated to the eco-organizations. There are no guidelines or any obligation to harmonize the operation of the Fund across the different eco-organizations, even though

the same types of appliances are sometimes involved.

The State retains a right of review over decisions by the eco-organizations regarding the Repair Fund. The eco-organizations are also required to consult with various bodies through a stakeholder committee, and to have their decisions validated by the inter-channel extended producer responsibility commission (CiFREP), which consists of a number of stakeholder groups—producers, local authorities, associations, waste management operators and the State. Even so, a number of issues have been raised regarding governance and stakeholder participation:

- The boards of directors of the eco-organizations come primarily from manufacturers and distributors, which raises questions about the Fund's transparency.
- Although there have been consultations, there is no decision-making body that brings together the Fund's various stakeholders, such as repairer associations, even though many will have to play a role in implementing them.

Possible solutions:

- Increase government involvement in the design of the repair fund by incorporating the expected terms and conditions into the regulatory framework, and by involving stakeholders from the repair community and environmental/consumer associations.
- More clearly define the types of repairs, terms and conditions and amounts in a framework document in order to ensure that practices are standardized across the different eco-organizations.

- Clearly establish stakeholder involvement in order to ensure diverse and representative participation of the repair ecosystem (manufacturers, municipal and government agencies, experts, consumer associations, environmental associations, etc.)

2.2 Fund efficiency

The subsidy, which had originally been intended to be set at 20% of the cost of a repair (on average), has been reduced to 10%. However, one study has shown that "when the cost of repair is more than one-third of the price of new, the French do not opt to repair. On the one hand the prices for new products have been constantly declining for years, but on the other hand it has been difficult to bring down the cost of repairs. The Repair Fund's greatest challenge will be to reduce the repair costs paid by the consumer." [Translation] (3). The impacts on repair cost reduction were not known at the time of this report's release.

Finally, an increase in ecofees is expected, since the eco-organizations will have a new activity to manage, and this will increase their expenses. This will have an impact on the purchasing power of consumers.

Possible solutions:

- Ensure that the discount is high enough to provide an incentive for individuals to use repair.
- Allow for adjustments to the ecofees based on the durability and reparability of the appliance.

2.3 Impacts on repairers

The repair community is concerned about the administrative burden, both with regard to the certification process and the handling

of reimbursement claims made to the eco-organization

Potential financial impacts for repairers in the following areas:

- cash flow related to the 30-day reimbursement period;
- risks associated with the ineligibility of certain repairs that would have been eligible for the reimbursement (e.g., damage that does not render the appliance non-functional).

Possible solutions:

- Support for the smaller businesses during the certification process;
- Standardize procedures used by the eco-organizations, based on the type of appliance.

REFERENCES

1. Rionitis, B. Personal communication. September 9, 2022.
2. *Label qualirepar.* (2022). *Liste des soutiens financiers à la réparation (TTC)*. URL: <https://www.label-qualirepar.fr/wp-content/uploads/2022/07/soutiens-financiers-fonds-reparation.pdf>
3. NeoMag. (2021). *Que sait-on précisément du fond de réparation qui doit être mis en place en 2022?* URL: <https://www.neomag.fr/article/9688/que-sait-on-precisement-du-fonds-reparation-qui-doit-etre-mis-en-place-en-2022>

OTHER REFERENCES CONSULTED IN WRITING THIS ANNEX:

French Government. (2022). *Cadre général des filières de responsabilité élargie des producteurs* URL: <https://www.ecologie.gouv.fr/cadre-general-des-filieres-responsabilite-elargie-des-producteurs>

French Government. (2022). *Profitez du Coup de pouce réparation vélo* URL: <https://www.gouvernement.fr/actualite/profitez-du-coup-de-pouce-velo-reparation>

French Government. (2021). Decree entitled *Arrêté du 27 octobre 2021 portant cahiers des charges des éco-organismes, des systèmes individuels et des organismes coordonnateurs de la filière à responsabilité élargie du producteur des équipements électriques et électroniques*. URL: <https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000044273082>

French Government. (2020). *Décret n°2020-1455 du 27 novembre 2020 portant réforme de la responsabilité élargie des producteurs*. URL: <https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000042575740>

Groussier, R. personal communication. July 13th, 2022.

Label qualirepar. (2022). *Mode d'emploi de la labellisation*. URL: <https://www.label-qualirepar.fr/la-labellisation/>