

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460



OFFICE OF CHEMICAL SAFETY AND POLLUTION PREVENTION

January 13, 2023

Kerry E. O'Neill & Ashley Allen Jones
Co-Chairs, U.S. EPA Environmental Financial Advisory Board
1200 Pennsylvania Avenue, NW. MC 4204M
Washington, DC 20460

Dear Ms. O'Neill and Ms. Jones,

Thank you for the Environmental Financial Advisory Board (EFAB) recommendations on "Catalyzing Pollution Prevention Finance" (October 2022). EPA appreciates EFAB's thoughtful deliberation and engagement on these challenges and opportunities. EPA also appreciates the invited finance forum experts and the members of the Pollution Prevention (P2) Workgroup that contributed to the EFAB deliverable.

P2 is any practice that reduces, eliminates, or prevents pollution at its source. Financially, it's often cheaper to prevent the creation of pollution than to clean it up afterwards or pay for control, treatment, and disposal of waste products. For businesses, all forms of waste represent inefficient expenditures. If a business can reduce or eliminate such expenditures, that immediately translates to the bottom-line by reducing operating, regulatory, and liability costs. P2 projects (e.g., new equipment, contractor services) often require cash disbursements upfront, with potential savings (avoided costs) accruing over time. These projects must often compete for limited resources with other internal business priorities that are essential for revenue generation. Small businesses may not be used to borrowing money from external sources or they may not think that they are able to do so at affordable terms.

EFAB's engagement with us on this topic sheds light on: if/how manufacturers are financing P2 projects, what challenges small businesses face in attracting lenders, what existing environmental financing approaches could be modeled/expanded for a broader array of pollution prevention projects; and what could EPA's role be in facilitating small business access to private sector financing.

EPA's initial response to EFAB's report and resulting recommendations is attached. Please share this with the EFAB and the P2 Workgroup members. If the board has questions regarding EPA's response, please feel free to contact me or either Alison Kinn Bennett, Senior Advisor, at 202-564-8859 or Kinn.Alison@epa.gov, or Allison Thompson, Environmental Protection Specialist, at 202-564-2575 or Thompson.Allison@epa.gov.

Sincerely,

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David Widawsky

Director

Data Gathering and Analysis Division
Office of Pollution Prevention and Toxics
Office of Chemical Safety and Pollution Prevention