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**Intergovernmental negotiating committee to develop  
an international legally binding instrument on plastic  
pollution, including in the marine environment  
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Item 4 of the provisional agenda\*

**Preparation of an international legally binding instrument  
on plastic pollution, including in the marine environment**

**Overview of existing funding currently available for addressing plastic pollution  
through international funding arrangements, including from other processes,  
programmes, multilateral funds, development banks and private sector initiatives**

**Note by the secretariat**

1. Pursuant to paragraph 5 of the United Nations Environment Assembly resolution 5/14 of 2 March 2022, titled “End plastic pollution: towards an international legally binding instrument”, an ad hoc open-ended working group met in Dakar from 30 May to 1 June 2022 to prepare for the work of the intergovernmental negotiating committee to develop an international legally binding instrument on plastic pollution, including in the marine environment. The open-ended working group agreed on a list of documents that the secretariat would provide to the intergovernmental negotiating committee at its first session. Among other things, the secretariat was requested to provide an “overview of existing funding currently available for addressing plastic pollution through international funding arrangements, including from other processes, programmes, multilateral funds, development banks and private sector initiatives”.

2. The annex to the present note responds to this request. The secretariat has also developed information document UNEP/PP/INC.1/INF/10 which provides an addendum to this overview, including further background data and information.

## Annex

# Overview of existing funding currently available for addressing plastic pollution through international funding arrangements, including from other processes, programmes, multilateral funds, development banks and private sector initiatives

### Section 1: Introduction

1. The **purpose of this document** is to provide an “an overview of existing funding currently available for addressing plastic pollution through international funding arrangements, including from other processes, programmes, multilateral funds, development banks and private sector initiatives”. The intention is to offer an overview as a contribution to discussions on financing the international legally binding instrument on plastic pollution.

2. The United Nations Environment Assembly resolution 5/14, in paragraph 3(n), requested **the intergovernmental negotiating committee to consider provisions to specify arrangements for capacity-building and technical assistance, technology transfer on mutually agreed terms, and financial assistance** when developing an international legally binding instrument on plastic pollution. Recognizing that the effective implementation of some legal obligations under the instrument is dependent on the availability of capacity building and technical and adequate financial assistance, resolution 5/14 also requests, in paragraph 4(b), the **intergovernmental negotiating committee to consider “the need for a financial mechanism to support the implementation of the instrument, including the option of a dedicated multilateral fund”**.

3. This overview has the following **specific objectives**: (a) Provide clarity on how “existing funding currently available for addressing plastic pollution through international funding arrangements” could be defined; and (b) Identify technical and financial resources or mechanisms for supporting countries in addressing plastic pollution, updating and extending the 2020 inventory of existing funding modalities provided in UNEP/AHEG/2020/4/3<sup>1</sup> “Identification of technical and financial resources or mechanisms for supporting countries in addressing marine plastic litter and microplastics”.

#### 4. Structure of the document:

- Section 1: Introduction
- Section 2: Scope, methods and materials
- Section 3: Review of international funding for plastic pollution action
- Section 4: insights from other international funding arrangements
- Section 5: Summary and conclusions.

### Section 2: Scope, methods and materials

5. **Conceptual framework.** Funding for addressing plastic pollution is an integrated strategy of funding interventions at global level aiming to produce new patterns in plastics production and consumption – a transition from linear to circular plastics economy. The concept of transition finance<sup>2</sup> is

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<https://wedocs.unep.org/bitstream/handle/20.500.11822/35933/UNEP%20AHEG%204%203%20English%2029%20Sept%202020.pdf?sequence=9&isAllowed=y>

<sup>2</sup> Tandon, A. (2021, p13). *Transition finance: Investigating the state of play: A stocktake of emerging approaches and financial instruments* (OECD Environment Working Papers No. 179; OECD Environment Working Papers, Vol. 179). <https://doi.org/10.1787/68becf35-en>:

*In each country, the transition must occur in the real economy (at country, sectoral and corporate level) as well as the financial system (from central banks to investors, commercial banks and retail investors). Differing socio-economic circumstances, resource endowment, priorities, visions for post 2050 economic structure, social and political acceptability, particularly in terms of what constitutes a just transition, will all influence long-term goals and the nature of the transition in different countries.*

a useful starting point and underpins the scope of this overview, that is significant and catalytic finance to enable transition.

## 6. Scope.

(a) To “provide an overview” is understood as the process of defining, cataloguing and analysing new developments in international funding for addressing plastic pollution. Plastic pollution needs to be addressed across the plastics life cycle at multiple levels (governance, policy & legal frameworks, production, consumption, and post-consumption) through decisions and actions by different actors from public, private and citizen spheres that touch upon different sources, structures and magnitudes of funding. This scope includes:

- **Significant funding developments from January 2020 to August 2022.** This review focuses on funding developments that enable additional funding flows at national and subnational levels, as well as within critical industry sectors.<sup>3</sup>
- **A select number of additional funding mechanisms not directly addressing plastic pollution are reviewed** because they are thought to be relevant for learning lessons related to international funding arrangements to address plastic pollution.

(b) **Excluded from the scope.** This paper does not provide a detailed investment by investment, project by project overview of international funding towards mitigation of plastic pollution actions. Rather, the review highlights key developments and approaches emerging since 1 January 2020. Secondary financial flows at national and subnational levels, community or voluntary actions are not included. Though important for local plastic pollution outcomes, such funding streams are diffuse, small-scale and often poorly documented. This paper does not attempt to quantify total resources mobilized.

7. **Baseline.** The provisional summary of the inventory of technical and financial resources and mechanisms for supporting countries in addressing marine plastic litter and microplastics (UNEP/AHEG/2020/4/3<sup>4</sup>), hereafter referred to as the “2020 Inventory”, and its underlying data sources, i.e. plastics Policy Inventory at the Duke University Nicholas Institute for Energy, Environment & Sustainability,<sup>5</sup> is used as the baseline, along with a description of core issues highlighted by stakeholders in international financing for plastic pollution during its preparation in 2019.<sup>6</sup>

8. **Data sourcing.** Information document UNEP/PP/INC.1/INF/10 is provided as an addendum to the present document setting out the data sourced for this overview. Sections 3 and 4 of the present document are based on secondary information and synthesis analysis, though not a systematic review. The baseline (Section 3, A) was constructed using reporting from the 2020 Inventory national focal point surveys and semi-structured interviews conducted in 2019.

9. **Major assumptions.** (a) The 2020 Inventory captured funding arrangements beyond marine ecosystem interventions across the plastics lifecycle. (b) The Plastics Policy Inventory at the Duke University Nicholas Institute for Energy, Environment & Sustainability has been regularly and comprehensively updated. (c) There are enough overlaps, similarities or analogous experiences in how other global actions on climate, environmental pollution, chemicals and wastes, biodiversity and health

<sup>3</sup> Drawing from Raubenheimer, K., & Urho, N. (2020). Rethinking global governance of plastics – The role of industry. *Marine Policy*, 113, 103802. <https://doi.org/10.1016/j.marpol.2019.103802>; 3 .

“First, initial seed-funding is needed from international funds through the agreement to help countries develop the capacity to implement self-sustaining waste management processes that rely on the use of economic instruments. Second, once initial capacity is in place, waste management systems themselves are funded from domestic sources.”

<sup>4</sup> Provisional summary of the Inventory of technical and financial resources and mechanisms for supporting countries in addressing marine plastic litter and microplastics, available at [https://wedocs.unep.org/bitstream/handle/20.500.11822/31980/DRAFT%20UNEP\\_AHEG\\_2020\\_4\\_3\\_Inventory%20of%20technical%20and%20financial%20resources%20and%20mechanisms.pdf](https://wedocs.unep.org/bitstream/handle/20.500.11822/31980/DRAFT%20UNEP_AHEG_2020_4_3_Inventory%20of%20technical%20and%20financial%20resources%20and%20mechanisms.pdf), last accessed 29 August 2022.

<sup>5</sup> Accessible at <https://nicholasinstitute.duke.edu/plastics-policy-inventory>.

<sup>6</sup> This includes 1) submissions from stakeholders on activities and how these were funded. 2) desktop review finalized in 2020.

are financed to provide pertinent lessons for the future of financing action on plastic pollution (Section 4).

### Section 3: Review of international funding for addressing plastic pollution

#### A. *Baseline: characterizing the situation in 2019*

10. **The 2020 Inventory** – In 2019, a non-exhaustive financing inventory for combatting marine plastic litter and microplastics was developed to catalogue funding interventions across the plastics life cycle (UNEP/AHEG/2019/3/3<sup>7</sup>). It was reported on in the 2020 *Provisional summary of the Inventory of technical and financial resources and mechanisms for supporting countries in addressing marine plastic litter and microplastics* (UNEP/AHEG/2020/4/3<sup>8</sup>).

11. **Five baseline issues were identified in the 2020 Inventory<sup>9</sup> that provide the framework for this overview<sup>10</sup>:**

(a) **Attraction for private investment.** In 2019/2020, there was concern about how private investment was to be secured to address plastic pollution because of a perceived lack of financial incentives, viable business models and prohibitively high risks for private investors. Difficulties in bilateral aid being used to support private sector projects were noted. There was a call made for increased efforts on public-private initiatives to catalyse private investment in addressing plastic pollution across the lifecycle.

(b) **Access to multilateral funding arrangements for national governments.** Standard challenges were noted in 2019/2020 for countries wanting to access multilateral funds. Bankable and scalable projects are needed to access such funding, and the requisite skills may not be present to develop these. Accordingly, there were specific calls to support interventions that address these gaps, including capacity development and seed funding to develop pipelines of eligible, compelling projects for future requests.

(c) **Coordination challenges in both multilateral and bilateral funds.** The 2020 review identified the importance of greater coordination among both bilateral and multilateral donors at both the regional and national level. It highlighted that enhanced coordination of financing in Asia and the Pacific, where investment and funding were on the increase, was likely to be particularly impactful in view of the plastic pollution streams in that region. Further, increased alignment between international financing design and administration and national priorities, strategic planning and budget procedures was also identified as a priority.

(d) **Resourcing a strategic approach to preventing plastic pollution.** In addition to maintaining essential investments in waste management, stakeholders were reflecting on the need for resources for strategic initiatives further upstream in the plastics lifecycle. Such investments or support would enable countries to address issues such as avoidance and reduction and thus begin the transition from linear-to-circular plastic economies. In this context, a strategic approach would ideally encompass a rebalancing of funding flows towards sectors with significant plastic footprints, including textiles and agriculture.

(e) **An explicit focus on equity, gender and justice concerns in innovating solutions to address plastic pollution.** The 2019 review also identified the need to pay further attention to the integration of gender, community-based engagements and indigenous community initiatives.

<sup>7</sup> UNEP/AHEG/2019/3/3 Identification of financial resources and mechanisms for supporting countries in addressing marine plastic litter and microplastics\*\*, available at <https://apps1.unep.org/resolution/uploads/k1904570.pdf>, last accessed 29 August 2022.

<sup>8</sup> Provisional summary of the Inventory of technical and financial resources and mechanisms for supporting countries in addressing marine plastic litter and microplastics, available at [https://wedocs.unep.org/bitstream/handle/20.500.11822/31980/DRAFT%20UNEP\\_AHEG\\_2020\\_4\\_3\\_Inventory%20of%20technical%20and%20financial%20resources%20and%20mechanisms.pdf](https://wedocs.unep.org/bitstream/handle/20.500.11822/31980/DRAFT%20UNEP_AHEG_2020_4_3_Inventory%20of%20technical%20and%20financial%20resources%20and%20mechanisms.pdf), last accessed 29 August 2022.

<sup>9</sup> These issues were documented through stakeholder interviews and consultation processes through the process to produce the 2020 Inventory (UNEP/AHEG/4/3).

<sup>10</sup> Data housed in the Global Partnership for Marine Litter Platform: <https://digital-gpmarinelitter.hub.arcgis.com/maps/gpmarinelitter::marine-litter-and-plastic-pollution-resources-financing-resources/about>, last accessed 24 August 2022.

## B. Analysis of developments in international funding for plastic pollution 2020 - 2022<sup>11</sup>

12. **The major advance since 2020 would appear to be a shift away from treating plastic pollution as a waste or environmental pollution management question. In 2022 plastic pollution is rather viewed as a widespread sustainable consumption and production challenge.** The issue is taking centre stage in much discourse and action on circular economies transitions. It is now being viewed as an integral element in understanding causes, consequences and urgent actions required on intertwined global climate<sup>12</sup>, biodiversity<sup>13</sup> and equity<sup>14</sup> challenges.

13. **Multilateral arrangements for funding action on plastic pollution are multiplying.** It is observed that funding is largely channelled with a thematic focus under broader initiatives on areas such as ocean health, solid waste management, the blue economy and the circular economy. At the present time, multilateral funding streams to curb plastic pollution appear to be in a combination of investments, guarantees, bond issuance and grants provided to both private and public actors. Some funding has also been mobilized through climate transition projects with a focus on plastics-producing industries generating cleaner production and with greater resource efficiency goals alongside intended decarbonization outcomes.

14. **New initiatives have been undertaken by a number of multilateral development banks.** For example, the World Bank has \$2.5 billion in its pipeline for projects to curb plastic pollution in coming years.<sup>15</sup> European Bank for Reconstruction and Development, Green Economy Financing Facility, for example, has invested in decarbonization and other forms of cleaner and resource efficient plastics production. Practical seed funding actions are observed. For example, European Bank for Reconstruction and Development, European Investment Bank, International Finance Corporation lend predominately to the private sector, or public-private partnerships. United States Agency for International Development (USAID), U.S. International Development Finance Corporation (DFC), European Investment Bank, Inter-American Development Bank (IDB), Agence Française de Développement (AFD) have backed the Circulate Capital Ocean Fund. German Development Bank (KfW) is providing a long-term loan of \$50 million<sup>16</sup> to the global plastic resin manufacturer and recycler Indorama Ventures Public Company Ltd (IVL) to expand plastic recycling in Asia. Japan International Cooperation Centre (JICE) provided EUR2.7 billion<sup>17</sup> of long-term project financing to companies increasing resource efficiency, reducing waste and creating new business models by end 2020. As the plastic pollution sector is a rather new investible for the MDBs, it is observed that some of the multilateral development banks limit their engagement in the plastic pollution space to “do no harm” approaches through the application of environmental and social assessments/safeguards in standard multilateral loan and investment practices. As the plastic pollution theme and imperative grows, and borrowers wish to take advantage of multilateral development bank funds in this space, it will be critical for the multilateral development banks to approach this as a critical investible for long term sustainability, poverty reduction and development as opposed to a niche-lending undertaking. Whereas the 2019 paper made a number of observations regarding regional European efforts, it is noteworthy that new regional efforts now also features in other regions. For example, Africa features strongly (Bamako Convention commitments, 2020; African Circular Economy Alliance, United Nations Industrial

<sup>11</sup> See UNEP/PP/INC.1/INF/10 for underlying data tables for this section.

<sup>12</sup> Bauer, F., Nielsen, T. D., Nilsson, L. J., Palm, E., Ericsson, K., Frâne, A., & Cullen, J. (2022). Plastics and climate change—Breaking carbon lock-ins through three mitigation pathways. *One Earth*, 5(4), 361–376. <https://doi.org/10.1016/j.oneear.2022.03.007>, last accessed 29 August 2022.

<sup>13</sup> Tekman, M.B., Walther, B.A., Peter, C., Gutow, L., & Bergmann., M. (2022). *Impacts of plastic pollution in the oceans on marine species, biodiversity and ecosystems* (p. 17). WWF Germany. <https://doi.org/10.5281/ZENODO.5898684>, last accessed 29 August 2022.

<sup>14</sup> UNEP (2021). *Neglected: Environmental Justice Impacts of Marine Litter and Plastic Pollution*. <https://wedocs.unep.org/20.500.11822/35417>, last accessed 12 September 2022.

<sup>15</sup> World Bank (4 April 2022). *How the world bank is addressing marine plastic pollution*. Available at: <https://www.worldbank.org/en/topic/how-the-world-bank-group-is-addressing-marine-plastic-pollution#3>, last accessed 29 August 2022.

<sup>16</sup> [https://www.deginvest.de/Newsroom/News/Pressemitteilungen-Details\\_624832-2.html](https://www.deginvest.de/Newsroom/News/Pressemitteilungen-Details_624832-2.html)

<sup>17</sup> EU Joint Initiative on Circular Economy, EIB (2020, available at: ) <https://www.eib.org/en/press/all/2020-287-the-joint-initiative-on-circular-economy-reaches-over-a-quarter-of-its-five-year-target-and-supports-ground-breaking-circular-economy-projects>

Development Organization actions under the MARINE initiative<sup>18</sup>) with a significant number of initiatives.

**15. Bilateral finance has shifted significantly since 2019.** While still a critical building block for rapid and focused action, it is the experimentation and innovation in funding modalities with private sector engagement that seems to have developed strongly in the past three years. Official development assistance has been operating in a rapidly changing environment since 2020.<sup>19</sup> Public-private initiatives and private sector support designed to catalyse private investment and change in industrial practices appear to be expanding.

- (a) In the Asia-Pacific region, continued active bilateral investment is observed, with the majority appearing as partnership funding models, indicating perhaps increased coordination between donors. Transboundary waste movement scandals of 2018 are being acted on through the Basel Plastics Amendment with commitments by global companies to not ship waste, but loopholes and monitoring are continued challenges.
- (b) In Europe, a focus appears to be small to medium sized enterprise investments intended to catalyse product and materials innovation within the region and beyond. These companies are generating innovative solutions in alternatives to plastic. Institutions in this region remain strong in facilitating more traditional waste management infrastructure financing (grants, loans) abroad.
- (c) In the Middle East region, plastic is a strategic development question in the context of circular plastic economies and less discussed as a pollution issue.
- (d) The Latin American region appears to be experiencing similar dynamics in population, consumption and marine plastic pollution to those noted for Asia-Pacific in 2019. Inter-American Development Bank is investing \$4 million and a technical cooperation grant of \$500,000 for innovative solutions to tackle plastic waste in the oceans and waterways of Latin America and the Caribbean. Agence Française de Développement is funding some waste management projects in the Caribbean.
- (e) In the United States of America, a significant example on de-risking investment banking sector engagement on plastic can be seen with the example of Morgan Stanley<sup>20</sup>. In addition, on the question of priorities alignment, some bilateral projects are quite new and so are difficult to evaluate against national and local priorities as yet. For example, both upstream investments and loans in research and development linked to private sector actions at home and in development partner countries are observed; and more traditional waste management infrastructure financing continues – but how these priorities were selected and shaped in line with national viewpoints and needs is not clear in the project documentation currently available.

**16. Investment in National Policy for addressing plastic pollution continues to emerge, albeit at a slower pace compared to 2019. Instruments are starting to diversify in ways that are more encouraging for private sector participation in financing plastic pollution action.** The 2022 Plastics Policy Inventory annual trends review noted a slowdown in new policies and legislation passed between 2020 and 2021. The COVID-19 pandemic and the lag between enactment and inclusion in international databases are noted as potential explanations.<sup>21</sup>

- (a) New efforts appear to focus increasingly on upstream interventions, often centred on single-use plastics and primarily through regulatory instruments like bans.<sup>22</sup> Polluter Pays instruments are already common in waste management policy, and some explicitly tackle plastics pollution (plastic bag taxes, for example). However, a majority of traditional economic instruments focus on incentivizing improved downstream management practices and revenue raising (or cost recovery) rather than generating incentives for new production practices, business models or product offers that reduce upstream plastic production and consumption in absolute terms. The effectiveness of these instruments for jointly

<sup>18</sup> [https://www.mofa.go.jp/ic/ge/page25e\\_000317.html](https://www.mofa.go.jp/ic/ge/page25e_000317.html)

<sup>19</sup> OECD (2022), *Development Co-operation Profiles*, OECD Publishing, Paris, <https://doi.org/10.1787/2dcf1367-en>, last accessed 29 August 2022.

<sup>20</sup> Data table 4, UNEP/PP/INC.1/INF/10

<sup>21</sup> Karasik, R., Bering, J., Griffin, M., Diana, Z., Laspada, C., Wang, Y., Pickle, A., & Viridin, J. (2022). *Annual Trends in Plastics Policy: A Brief* (NI PB 22-01; p. 22). Duke University, last accessed 29 August 2022.

<sup>22</sup> Diana, Z., Vegh, T., Karasik, R., Bering, J., D. Llano Caldas, J., Pickle, A., Rittschof, D., Lau, W., & Viridin, J. (2022). The evolving global plastics policy landscape: An inventory and effectiveness review. *Environmental Science & Policy*, 134, 34–45. <https://doi.org/10.1016/j.envsci.2022.03.028>, last accessed 29 August 2022.

achieving sustainability aims and financing aims is questioned by recent studies.<sup>23</sup> A new effort is perhaps underway to address this issue. One example is the plastics tax measure that forms part of a suite of instruments under the European Union's Green New Deal.<sup>24</sup> Another is Extended Producer Responsibility (EPR), whereby companies are made accountable for collecting, treating and disposing of post-consumer products, and for the cost of doing so. While there is no common agreement on the definition of extended producer responsibility, one widely used one is from the Organisation for Economic Co-operation and Development (OECD): *an environmental policy approach in which a producer's responsibility, physical and/or financial, for a product is extended to the post-consumer stage of a product's life cycle.*<sup>25</sup>

- (b) Most OECD countries and many emerging economies have extended producer responsibility programmes in place for products like packaging, electronic equipment, batteries and vehicles since the 1990s. Despite sharing common principles, these schemes have different applications and enforcement measures, depending on the expected goals, implementation modality and governance defined by national legislation. A variety of economic instruments are used in extended producer responsibility implementation, and are usually applied in combination to shift the financial responsibility for take-back and treatment of waste regulated by national policy towards producers. For example: regulated take-back obligations, deposit refund schemes, final disposal levies, fees, taxes and subsidies on materials. These schemes were not generally introduced specifically for plastic as a material, but can and do incorporate consideration of this material as part of a product. In many cases, for an instrument with an objective to reducing plastic pollution to be effective, it will need to introduce schemes that will go further on difficult-to-recycle plastics and to see if these schemes can influence upstream design changes.<sup>26</sup> **Since 2019, new extended producer responsibility instruments specifically designed for preventing plastic pollution were created in India (2020), Malaysia (2021), Turkey (2021), Panama (2021).** India leads this pack with a cap-and-trade model, whereby direct packaging recycling actions yield credits for verified achievements which can then be traded in a market created by a legal requirement for every producer to demonstrate minimum contributions. Interesting subnational actions are also under way. For example, in 2021 nine US states are coordinating their extended producer responsibility efforts on packaging waste through a new network launched in 2021.<sup>27</sup>

**17. Private and hybrid arrangements are proliferating, though it is difficult to evaluate their contributions and impacts at this point in time.** Private for-profit finance mechanisms play an increasingly important role in financing efforts to address plastic pollution since 2019 with previously existing funds and investment initiatives being strengthened and achieving impact, and 4 new private funds and 2 new indices being launched explicitly to tackle plastic pollution in this period. The Closed Loop Circular Plastics Fund reported receiving investment of \$ 50 million to date, 50 per cent of its \$ 100 million target. Circulate Capital's second fund—Ocean Fund I-B (CCOF I-B) was launched in 2021 to invest in disruptive innovations and the recycling value chain in South and Southeast Asia. The fund has received \$ 20 million commitment from the European Investment Bank and aims to raise a total of \$

<sup>23</sup> Two recent studies:

Desalegn, G., & Tangl, A. (2022). Banning Vs Taxing, Reviewing the Potential Opportunities and Challenges of Plastic Products. *Sustainability*, 14(12), 7189. <https://doi.org/10.3390/su14127189>

Pérez-Morón, J. M. (2023). To Tax or not to Tax Sin Goods: That's the Question for Emerging Economies. In B. Alareeni & A. Hamdan (Eds.), *Innovation of Businesses, and Digitalization during Covid-19 Pandemic* (Vol. 488, pp. 411–419). Springer International Publishing. [https://doi.org/10.1007/978-3-031-08090-6\\_25](https://doi.org/10.1007/978-3-031-08090-6_25): "sometimes, taxes on sins do not discourage unhealthy behaviors nor are they a good way to increase government revenues".

<sup>24</sup> KPMG (September 2021), *Plastic Tax: Reduce, reuse, recycle*.

<https://home.kpmg/xx/en/home/insights/2021/09/plastic-tax.html>, last accessed 31 August 2022.

<sup>25</sup> OECD (2001). *Extended Producer Responsibility – A guidance manual for governments*. Available

at: [https://www.oecd-ilibrary.org/docserver/9789264189867-](https://www.oecd-ilibrary.org/docserver/9789264189867-en.pdf?expires=1664437618&id=id&accname=ocid195767&checksum=2CC8A5AF8B655B8AC027D63E57CB9576)

[en.pdf?expires=1664437618&id=id&accname=ocid195767&checksum=2CC8A5AF8B655B8AC027D63E57CB9576](https://www.oecd-ilibrary.org/docserver/9789264189867-en.pdf?expires=1664437618&id=id&accname=ocid195767&checksum=2CC8A5AF8B655B8AC027D63E57CB9576), last accessed 29 September 2022.

<sup>26</sup> Tojo, N. (2004). *Extended producer responsibility as a driver for design change: Utopia or reality?* International Institute for Industrial Environmental Economics. Leal Filho, W., Saari, U., Fedoruk, M., Iital, A., Moora, H., Klöga, M., & Voronova, V. (2019). An overview of the problems posed by plastic products and the role of

extended producer responsibility in Europe. *Journal of Cleaner Production*, 214, 550–558. <https://doi.org/10.1016/j.jclepro.2018.12.256>

<sup>27</sup> <https://www.packaginginsights.com/news/nine-us-states-coordinate-on-epr-legislation-holding-manufacturers-accountable-for-plastic-waste.html>, last accessed 31 August 2022.

80 million from private investors. The Alliance to End Plastic Waste and Lombard Odier Investment Managers announced their intention to launch another circular plastic fund, seeking \$ 500 million from institutional and other investors. Partnerships to spread risk are common. Blended or hybrid arrangements seem to feature across many private financing arrangements.

### C. *Progress since 2019 on the identified baseline issues*

18. The challenges and opportunities noted in 2019 are evolving in a dynamic and diversifying funding landscape:

(a) **Progress can be observed in attractiveness for private investment, though (a) further direct investment and financing action to address plastic pollution; and (b) adequate mainstreaming of plastic pollution issues into lending, investment and safeguarding strategies, policies and criteria by multilateral and bilateral development and private banks will be needed for continued incentive-building.**<sup>28</sup> In 2019, the focus was attractiveness of available projects for private investment and the difficulties in using multilateral and bilateral funding to support private sector projects. Three years later, examples in different industries can be seen of companies directly involved in plastics supply and value chains, and financial institutions striving for leadership on funding arrangements in some significant ways. The catalytic and backstopping function provided by public finance institutions, both multilateral and bilateral, seem to be a relevant factor. Private access to multilateral and bilateral funding is supported and some industry action is emerging because of commercial possibilities becoming clearer, perhaps following the signal sent through the agreement to develop a new global instrument on plastic pollution in March 2022. The United Nations Environment Assembly resolution 5/14 is referenced by many private initiatives identified.

(b) **Access to multilateral funding arrangements for national governments appears to be improving.** In 2019, stakeholders noted challenges in accessing multilateral funds and coordinating national budgets and plans with varied international funds and initiatives. There were specific calls to support interventions to address these barriers, including capacity development and seed funding to develop pipelines of eligible, compelling projects for future requests. These calls are finding responses in examples like the Clean Oceans Initiative<sup>29</sup> and the Joint Initiative on Circular Economy.<sup>30</sup> Launched in February 2020, the Oceans Initiative is the largest common initiative dedicated to funding projects aimed at reducing plastic pollution at sea. In three years, the initiative has already achieved 80 per cent of its target by providing EUR 1.6 billion long-term financing for public and private sector projects that reduce discharge of plastics, micro-plastics and other litter to the oceans through improved management of solid waste, wastewater and storm water. The Joint Initiative on Circular Economy provides loans, equity investment, guarantees and technical assistance to eligible projects and develops innovative financing structures for public and private infrastructure, municipalities, private companies of different sizes as well as for research and innovation projects. From 2019-2020, the Joint Initiative on Circular Economy provided EUR 2.7 billion of long-term project financing for circular economy projects, some of which are directly relevant to upstream prevention of plastic pollution.

(c) **Coordination challenges in both multilateral and bilateral funds are easing in Asia but could emerge in other regions in future.** The number of emerging partnerships perhaps speak to an increased and improved coordination among donors, including at a regional and national level, as well as between public, private and civil society funding actors since 2019. Examples: European Investment Bank, German Development Bank (KfW) and Agence Française de Développement have coordinated to generate EUR 4 billion in financing. The Southeast Asia Regional Program on Combating Marine Plastics (SEA-MaP) (P175659)<sup>31</sup> by the World Bank is improving coordination in this region. A new coordination frontier could be the Middle East region where plastic pollution is observed as a strategic development issue in the transition from linear to circular plastics economies.

(d) **Progress appears to be happening in resourcing a strategic approach to preventing plastic pollution through more upstream focus and some action in significant industry sectors, although**

<sup>28</sup> Raubenheimer, K., & Urho, N. (2020), as before, seem to share this understanding too.

<sup>29</sup> <https://www.eib.org/en/publications/the-clean-oceans-initiative>, last accessed 29 August 2022.

<sup>30</sup> 2020-287-the-joint-initiative-on-circular-economy-reaches-over-a-quarter-of-its-five-year-target-and-supports-ground-breaking-circular-economy-projects, last accessed 29 August 2022.

<sup>31</sup> [https://asean.org/wp-content/uploads/2022/05/SEA-MaP\\_P175659\\_ESMF\\_clean\\_May11.pdf](https://asean.org/wp-content/uploads/2022/05/SEA-MaP_P175659_ESMF_clean_May11.pdf)



**potential changes in bilateral funding flows may mean reduced long-term financial resources to tackle strategic priorities in future.**

(i) Solid waste management instruments dominated the 2019 Inventory<sup>32</sup>: 50 out of 74 financial resources focused on mid- and downstream and a smaller proportion of funds were dedicated to preventing plastic leakage. The geographic focus was on Asia and the Pacific with almost half of all instruments listed in the inventory (44 per cent) active in these regions. The past three years have seen further expansion in funding for prevention, focused on tried and tested bans but also branching out into incentive creation for avoiding plastic pollution creation as well as clean-up and remediation.

(ii) In 2019, strategic initiatives by textiles and agriculture sectors were perceived to be of importance because of the significant plastic footprints of these industries:

- A number of textiles related initiatives have been launched since 2019: the African Circular Economy Alliance has included this sector as part of its Five Big Bets<sup>33</sup> that offer immediate opportunities for leveraging rapid transitions to circular economies. WRAP, a United Kingdom climate action NGO partnering with the World Economic Forum, launched the Textiles 2030<sup>34</sup> initiative in April 2021. thredUP<sup>35</sup>, an online marketplace for second hand clothing, raised \$168 million through its initial public offering in March 2021 (Morgan Stanley example).
- The Food and Agriculture Organization of the United Nations (FAO) and UNEP collaborated on a first call to action based on a global study of agricultural plastic products used in different value chains.<sup>36</sup> Plastic pollution currently does not appear as a focus for investment at the International Fund for Agricultural Development.

(e) **An explicit focus on equity, gender and justice concerns in innovating solutions to address plastic pollution.** Pollution is recognized as having different and disproportionate impacts on women, formal and informal workers, and local and indigenous peoples including potential health impacts<sup>37</sup> and higher exposure risks for women in tourism<sup>38</sup> and informal waste collection.<sup>39</sup> The concern in 2019 was that few financing arrangements apply an explicit gender and equity lens and there were limited funds available to community-based and indigenous community initiatives to respond to plastic pollution on their own terms. Today, there are still limited examples of funding arrangements working through a gender, equity and justice lens in data collected for this overview. USAID's loan-portfolio guarantee with Circulate Capital in the Indo-Pacific region includes an aim to empower women entrepreneurs. The United Nations Development Programme is calling on non-profits to apply for funding under the Global Environment Facility (GEF) Small Grants Programme for the implementation of community-based projects addressing plastic pollution through recycling. USAID's partnership with the Alliance to End Plastic Waste finances sustainable livelihoods, health and safety of waste workers, both formal and informal. Intersectional and intergenerational views are essential when considering distribution of risks, costs and benefits of the status quo and sustainability transitions. Deeper reflections are needed on the

<sup>32</sup> Karasik, R., Vegh, T., Diana, Z., Bering, J., Caldas, J., Pickle, A., Rittschof, D., & Virdin, J. (2020). *20 Years of Government Responses to the Global Plastic Pollution Problem* (NI X 20-05; p. 311). Duke University

<sup>33</sup> <https://www.aceafrica.org/5-circular-bets>, last accessed 31 August 2022.

<sup>34</sup> <https://wrap.org.uk/taking-action/textiles/initiatives/textiles-2030>, last accessed 31 August 2022.

<sup>35</sup> <https://www.thredup.com/>

<sup>36</sup> FAO. 2021. *Assessment of agricultural plastics and their sustainability – A call for action*. Rome. <https://doi.org/10.4060/cb7856en>, last accessed 29 August 2022.

<sup>37</sup> J.T. Brophy, M.M. Keith, A. Watterson et al. (2012). Breast cancer risk in relation to occupations with exposure to carcinogens and endocrine disruptors: a Canadian case-control study. *Environ Health* 11, 87. Available at: <https://rdcu.be/bWVIP>, last accessed 29 August 2022.

<sup>38</sup> World Tourism Organization and UN Women (2010). *Global Report on Women in Tourism*. Available at: [http://www2.unwto.org/sites/all/files/pdf/folleto\\_global\\_report.pdf](http://www2.unwto.org/sites/all/files/pdf/folleto_global_report.pdf), last accessed 29 August 2022.

<sup>39</sup> GA Circular (2019). *The Role of Gender in Waste Management*. Available at: <https://oceanconservancy.org/wp-content/uploads/2019/06/The-Role-of-Gender-in-Waste-Management.pdf>, last accessed 29 August 2022.

role funding arrangements are going to play in enabling just and equitable plastic transitions going forward.<sup>40</sup>

#### Section 4: Insights from other international funding arrangements

19. The five baseline issues identified for financing to address plastic pollution (paragraph 11 above) are longstanding questions for existing instruments engaged in financing global environmental actions. As such, there are opportunities to learn from these funding arrangements for the future design and implementation of international financing mechanisms to address plastics pollution.

- (a) **Multi-donor trust funds.** A multi-donor trust fund is a pooled-funding modality involving multiple United Nations or other international organisations whose resources are co-mingled and held in trust. The defining characteristic is their potential for sustainable, reliable financial flows and risk-sharing between partners. Although initially established for pooling public funds, multi-donor trust funds have developed to also include blended public and private financing. Several independent evaluations have highlighted the main advantages as essentially enabling rapid, more flexible, and better coordinated financing responses. Lessons this mechanism could offer: financing mechanism design principles that respond to conditions such as broad/multi-level aims, diverse project portfolios, difficulty in long term monitoring or where results are rarely independently evaluated and validated, and challenges in tracing pathways from interventions to real world impact.<sup>41</sup>
- (b) **Existing multilateral environmental agreements offer examples for conventions and their related financial arrangements.** Two groups can be identified:
- (i) The United Nations Framework Convention on Climate Change and the Montreal Protocol on Substances that Deplete the Ozone Layer. This group (a) establishes differentiated and flexible obligations for parties; (b) have financing models with multiple streams (e.g. Green Climate Fund, Multilateral Fund for the Implementation of the Montreal Protocol); (c) are concerned with sending strong signals on industry participation; and, (d) have a focus on getting finance to where it matters most for action. Lessons these mechanisms could offer: These funding models include use of very targeted approaches, privileging of direct access for eligible beneficiaries, and they emphasize steady phasing out actions akin to the upstream interventions for addressing plastic pollution.
- (ii) The Minamata Convention on Mercury and Stockholm Convention on Persistent Organic Pollutants. This group (a) deals with different pollutants some of which are relevant to plastics to some extent, e.g. the Stockholm Convention actions on additives; (b) targets comparable sustainability challenges from persistent and toxic pollutants; and (c) apply lifecycle and transitions frameworks. The more recent Minamata Convention financial mechanism is composed of two separate funding streams, GEF and the Specific International Programme to support capacity-building and technical assistance, which is managed by UNEP. The Minamata Convention is further supported by the Global Mercury Partnership, which plays a role in catalysing global action on mercury and offering information, capacity-building, and awareness-raising. Lessons this mechanism could offer are that these funding models focus on pollution that is persistent in natural environments and take a life cycle-based approaches to addressing pollution. Furthermore, the Minamata Convention includes several mechanisms to support capacity-building and implementation at different stages of the life cycle.

<sup>40</sup> Chaturvedi, B. (27 April 2022). *Transitioning into a circular economy of plastics: A roadmap*. Expert Speak brief, Observer Research Foundation. Available at: <https://www.orfonline.org/expert-speak/transitioning-into-a-circular-economy-of-plastics-a-roadmap/>, last accessed 29 August 2022.

<sup>41</sup> Norad and UNSG, (2021). *Early Lessons and Evaluability of the UN COVID-19 Response and Recovery MPTF*, Norad and Executive Office of the Secretary-General, United Nations, available at:

<https://www.norad.no/globalassets/publikasjoner/publikasjoner-2021/evalueringer/early-lessons-and-evaluability-of-the-un-covid-19-response-and-recovery-mptf>; World Bank (2017). Trust Fund for Environmentally & Socially Sustainable Development (TFESSD): Completion report to development donors; UNEP/OzL.Pro/ExCom/86/2/Add.1 – Evaluation of the Multilateral Fund For The Implementation Of The Montreal Protocol; Sixth comprehensive evaluation of the GEF (OPS6) - Final Report December 2017; SAICM Study on industry involvement in the Integrated Approach to financing the sound management of chemicals and waste, September 2021; UNEP/EA.4/INF.16 - Evaluation of the implementation of the integrated approach to financing the sound management of chemicals and waste; UNEP(DTIE)/Hg/INC.1/8 - Options for predictable and efficient financial assistance arrangements. These links were last accessed on 31 August 2022.

- (c) **Other models and instruments exist with experiences and characteristics relevant to the five baseline issues for financing plastic pollution.** The following models are suggested as potentially rich sources of lessons: Global Alliance for Vaccines and Immunisation; International Fund for Compensation for Oil Pollution Damage; GEF; Green Climate Fund, the Global Fund for Coral Reefs; the Global Fund on HIV/AIDs, Malaria and Tuberculosis; the United Nations Capital Development Fund; the United Nations Programme on Reducing Emissions from Deforestation and Forest Degradation fund; and Women’s Peace and Humanitarian Fund. Lessons this model could offer are that the development processes and results with their innovative financing measures could inform financing action to address plastic pollution in future. For example, there are some experiments ongoing with developing attractive opportunities for private investment particularly for scaling funding flows on a continued, long-term basis (for example: the Global Alliance for Vaccines and Immunisation’s match funding mechanism).

## Section 5: Summary and conclusions

20. Summary. **The major advance in recent years appears to be a shift away from treating plastic pollution only as a waste or environmental pollution management issue.** In 2022, plastic pollution is viewed as a widespread sustainable consumption and production challenge. The expansion of multilateral and bilateral funding arrangements in response is noteworthy and welcome, but it is also observed that funding is largely channelled with a thematic focus under broader initiatives on areas such as ocean health, fisheries, solid waste management or circular economy. National government and private sector access to these financing arrangements are increasing, and private for-profit finance mechanisms are starting to play an important role. It is projected that as regulatory and incentive-based arrangements come into place, these shifts will accelerate, similarly to what has been witnessed in many other sectors. The mélange of financing instruments observed from 2020 to 2022 indicates two major strategies on plastics pollution in play – downstream management and upstream prevention – and potentially a transition between them is beginning.

21. Among submissions to the intergovernmental negotiating committee, several countries have made **proposals on a dedicated financial mechanism to support the future implementation of the international legally binding instrument on plastic pollution.** Three points from the overview analysis are offered with the intention to highlight some insights relevant to the future design of such a mechanism:

- (a) Five baseline issues were identified in preparing the 2020 Inventory: (i) Attraction for private investment; (ii) access to multilateral funding arrangements for national governments; (iii) coordination challenges in both multilateral and bilateral funds; (iv) resourcing a strategic approach to preventing plastic pollution; and (v) an explicit focus on equity, gender and justice concerns in innovating solutions to address plastic pollution. **These will likely remain relevant for coming years and will evolve in a context of changing bilateral funding priorities and flows.** Some lessons for designing an effective dedicated financial mechanism could be learned from existing international funding arrangements identified in section 4, particularly from the financial arrangements of existing multilateral environmental agreements and the related financing institutions, such as the GEF and the Green Climate Fund. If financing innovation is part of the goal for the dedicated financial mechanism, paying attention to the five baseline issues in a comprehensive evaluation of these existing mechanisms will draw out salient design and implementation lessons. Such an exercise will also help any new dedicated mechanism to build upon existing mechanisms that have proven to be efficient and effective.
- (b) **For transition opportunities to be effectively pursued, a joint leadership effort between public, private and civil society actors is required for risk management.** The private sector is growing in importance in financing action to prevent plastic pollution. Yet the role of international, regional and national governments in shaping the pathways and supporting private financial flows to engage with the transition from a linear to a circular plastic economy remains absolutely critical. Such financing will be significantly guided and leveraged through national regulatory or incentive-based policies. Plastic

remains a key product in society and economy. Forbes reported on<sup>42</sup> findings by Porfolio.earth<sup>43</sup> that loans and underwriting around \$1.7 trillion supported forty key plastic supply chain actors in the status quo of plastic production and consumption. Future efforts on international financing of action to invest in smart solutions, redesign and rethinking so as to prevent plastic pollution will need to be developed. It is expected that such investments would be forthcoming in countries where the framework laws, policies and other conditions are well established.<sup>44</sup>

(c) **New and emerging issues observed in recent studies are recommended for consideration**

(i) **Fiscal instruments that encourage reuse and limit use can be helpful, but may not sufficiently deliver regular, dependable funding to accompany deep changes in institutions and practices over the long term.** As with all fiscal levies such revenue is yielded from actions intended to reduce plastics flows which in turn will decrease the revenue base over time.<sup>45</sup> Such fiscal instruments, therefore, need to be carefully calibrated with the systems shifts that the instruments are instituted to deliver. It would appear that the current cost structure by which virgin plastic remains a cheaper source compared to recycled plastic material can only be tackled through fiscal measures that limit supply or augment recycled content.

(ii) **Insurance and credit enhancements may prove future possible financial instruments.** While the World Bank is extremely active in international funding relevant to plastic pollution, it is noted that the Multilateral Investment Guarantee Agency which provides political risk insurance and credit enhancement for cross-border private sector investors and lenders has no explicit inclusion of plastics issues in projects financed since 1 January 2020. It is hoped that future transactions, whether the Multilateral Investment Guarantee Agency or World Bank could draw on risk instruments within the innovative plastic pollution reduction lending portfolio.

(iii) **Budget support components.** Multilateral development banks budget support elements (prior actions) could explore incorporation of plastic pollution reduction or plastic life cycle policy related shifts as part of the budget support operation.

(v) **There is always a potential for unintended negative consequences from innovative solutions on plastic pollution being incentivised and financed today.** For example, the current overview found reference to investment projects and national actions championing the reuse and recycling of plastic waste in the form of construction aggregates. This practice presents a high risk of potential plastic leakage (micro plastic degrading into soils and waterways) over time, meaning it is a solution that may create problems down the road. Using plastics in construction that will degrade (especially roads and high use areas) should therefore not be encouraged. This implies that sufficient environmental and risk assessment on the potential consequences of new or alternative solutions needs to be carried out before large investment is made.

(iv) **Monitoring and evaluation of funding flows and their impact** on circular economy practices and outcomes in the real economy will be challenging without some degree of harmonisation in terminology. This overview illustrates a picture of rapidly evolving space with diverse taxonomies being used by different communities for financing modalities spanning different global environmental policy themes, the international finance world and various industries along the plastics life cycle. Monitoring financial flows across the plastics life cycle and evaluating the effectiveness of different financing interventions is one way to develop clarity on progress in financing, implementation and what efforts are most rewarding in terms of advancing on the goal of instilling a circular plastics economy.

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<sup>42</sup>Scott, M. (8 January 2021). *Banks Called Out For Their Role In Financing Plastic Pollution*, available at: <https://www.forbes.com/sites/mikescott/2021/01/08/banks-called-out-for-their-role-in-financing-plastic-pollution/>, last accessed 30 August 2022.

<sup>43</sup> Portfolio.earth (2021) *Bankrolling plastics*, available at: <https://portfolio.earth/wp-content/uploads/2021/01/Portfolio-Earth-Bankrolling-Plastics.pdf>, last accessed 30 August 2022.

<sup>44</sup> ERBD (2018). *From waste to resources: mobilising the private sector to deliver sustainable waste management*, European Bank for Reconstruction and Development, available at: <https://admin.gihub.org/resources/publications/from-waste-to-resources-mobilising-the-private-sector-to-deliver-sustainable-waste-management/>, last accessed 30 August 2022.

<sup>45</sup> Desalegn & Tangl (2022) and Pérez-Morón (2023), as above.