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Financing Considerations to Support an International Legally Binding Instrument on Plastic Pollution

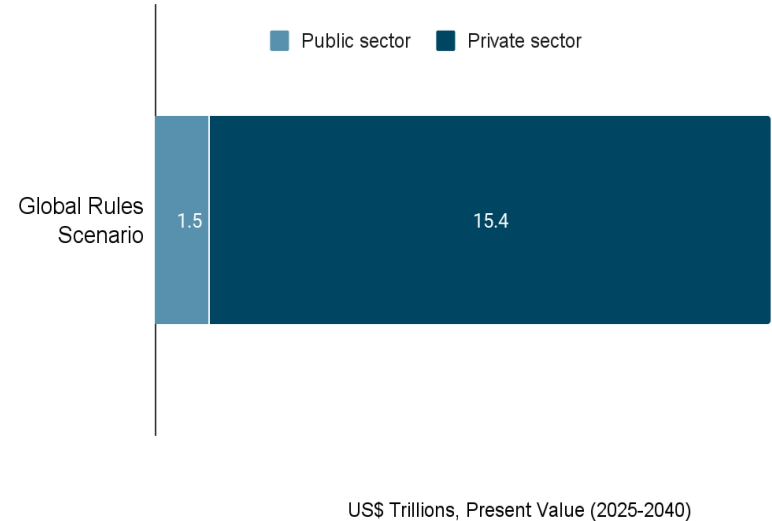


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Tackling plastic pollution requires significant investments globally

- ▶ Reducing mismanaged plastic waste by 90% from 2019 levels requires US\$ 17 trillion in public and private investment between 2025 and 2040.
- ▶ Of the US\$ 17 trillion, the private sector needs to cover US\$ 15.4 trillion, while US\$ 1.5 trillion in public expenditure is required.
- ▶ A set of 15 global rules across the whole plastics lifecycle must accompany these investments to reduce mismanaged plastic waste.

Costs for Private and Public Sectors

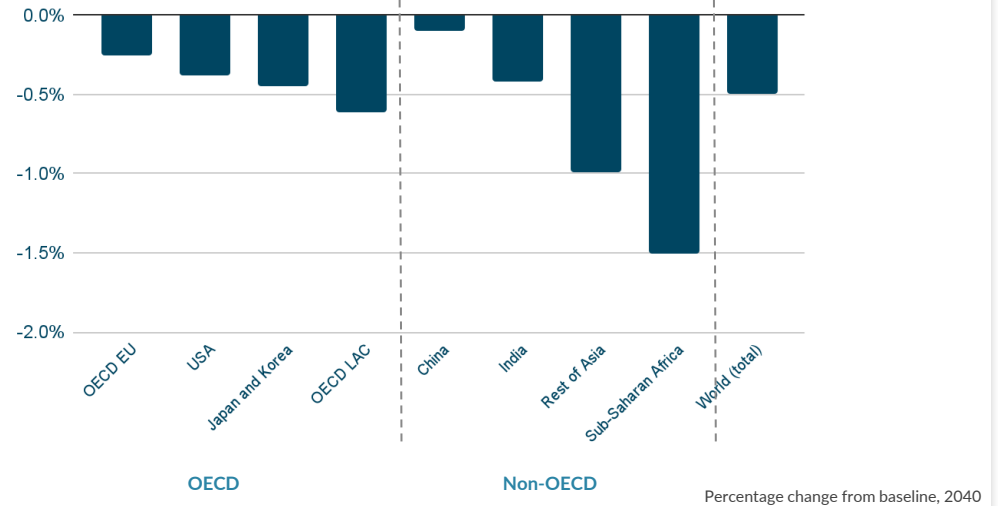


Source: Nordic Council of Ministers. (2023). [Towards Ending Plastic Pollution by 2040 – 15 Global Policy Interventions for Systems Change](#).

The cost of tackling plastic pollution is higher in emerging economies compared to developed economies

- ▶ Implementing a global set of policies to reduce plastic pollution has a higher impact on GDP growth in emerging economies.
- ▶ Low- and middle-income countries face higher costs in dealing with plastic pollution compared to high-income countries.

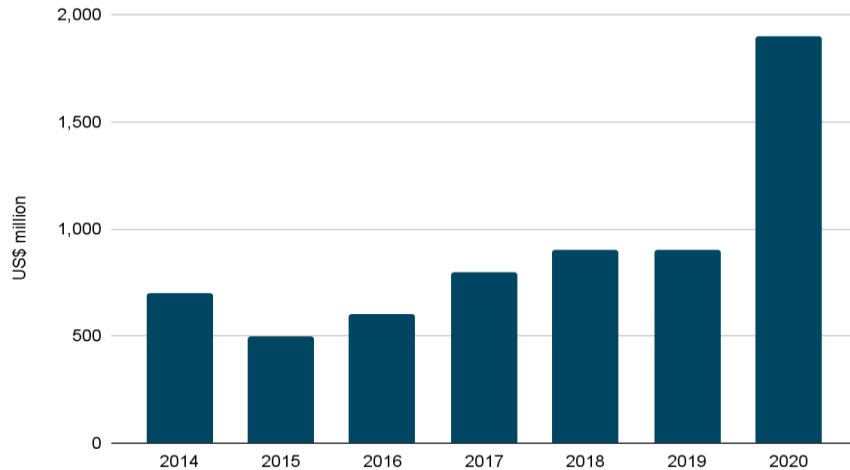
Impact on GDP of a Global Ambition Scenario



Source: OECD. (2023). [Towards Eliminating Plastic Pollution by 2040: A Policy Scenario Analysis](#).

The amount of development finance to tackle plastic pollution has been increasing but remains insufficient

Official development finance to curb plastic pollution is increasing but limited

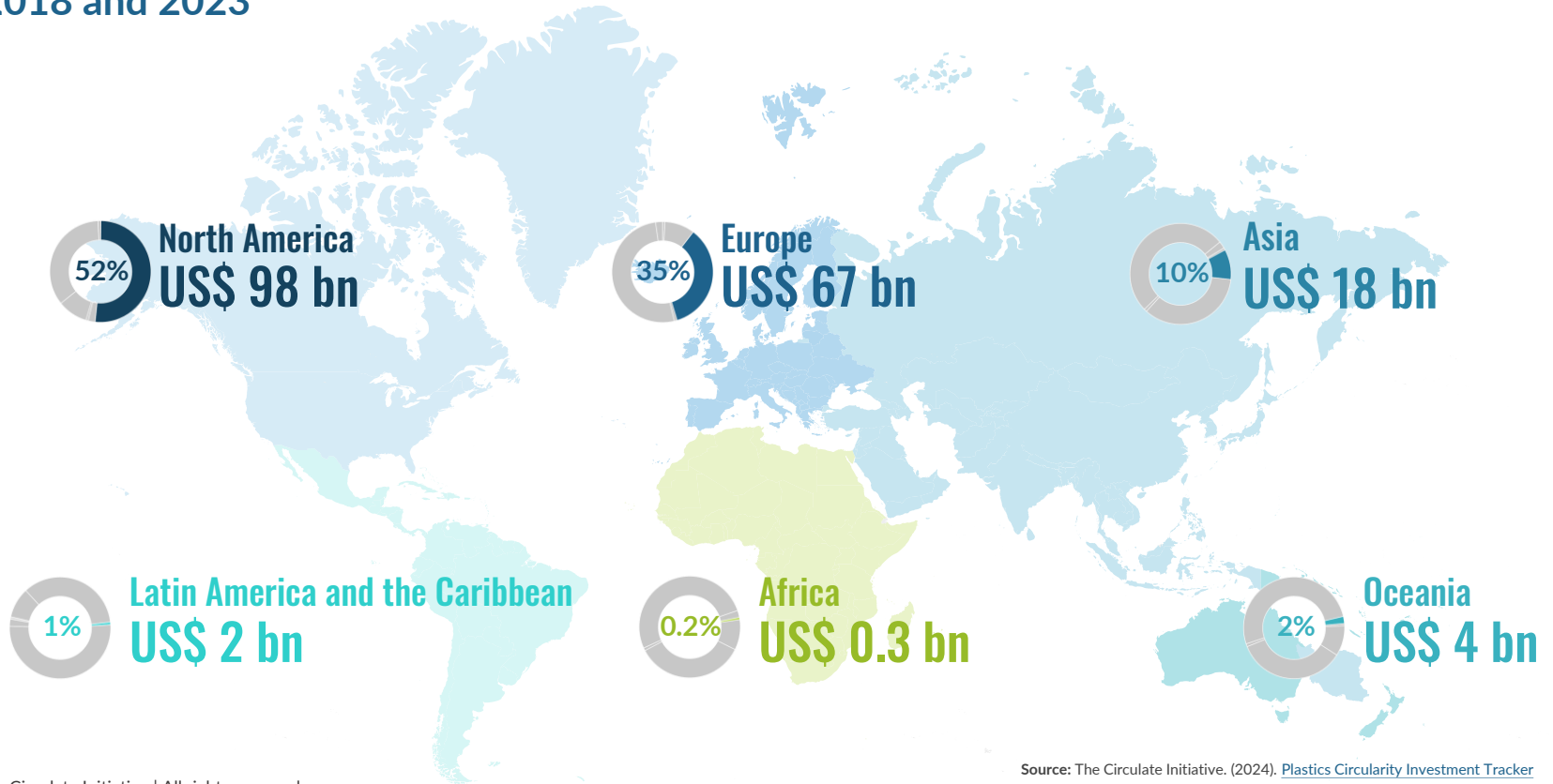


ODA for projects with a plastics-specific component has also grown significantly

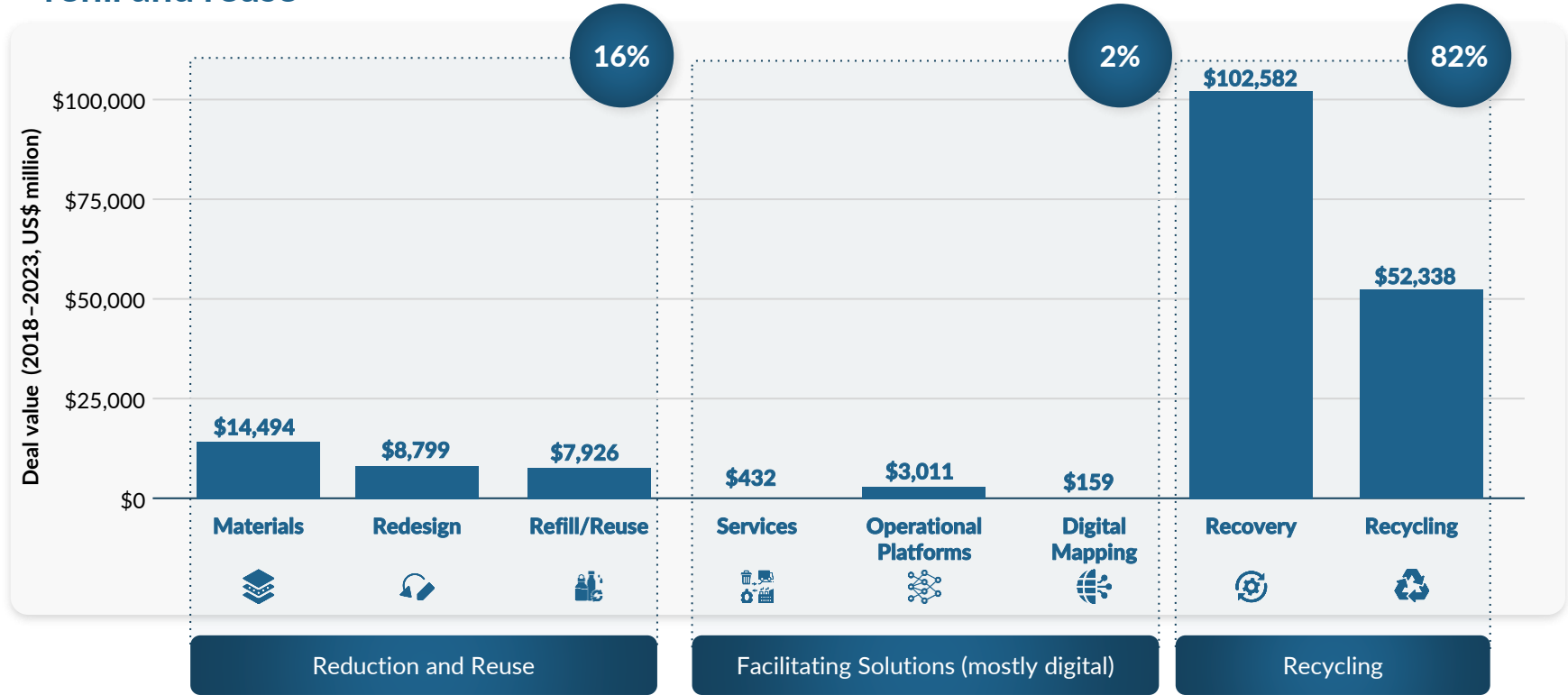


Source: OECD. (2022). [Cost and Financing for a Future Free from Plastic Leakage](#).

There were US\$190 billion in private investments in plastics circularity globally between 2018 and 2023



82% of investments were in recovery and recycling solutions, while only 4% went to refill and reuse



A financial mechanism for the legally binding instrument on plastic pollution and what it may fund

A financial mechanism which will be primarily focused around a fund, must deliver predictable, adequate, and stable funding to meet the obligations under a legally instrument.

The types of financial support needed

- Enabling activities
- Clearinghouse functions
- Incremental costs
- Other costs

Financial mechanisms being considered

- A dedicated multilateral fund
- Global Environment Facility (GEF)
- Other/ hybrid mechanism

Solutions, including innovative financing mechanisms, are being discussed to tackle plastic pollution

- A **financial mechanism** that could support some of the agreed instrumental costs
- Fees that may be collected through **Extended Producer Responsibility** systems
- A **global plastic pollution fee** paid by plastic polymer producers
- **Outcomes-based financing** approaches to pool capital
- **Blended financing structures** to combine public sector funds alongside philanthropic capital to increase private investment

Sources:

The Circulate Initiative. (2024). [The Top Three Financing-linked Topics Discussed at INC-4](#)

The Financing Coordination Group. (2024). [Webinar 2 - Financial mechanisms, supported obligations, and addressing potential funding gaps](#)

Questions?

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