### THE WORLD BANK GROUP'S SUPPORT TO THE GLOBAL PLASTIC POLLUTION AGENDA





### **OVERVIEW**

In March 2022, at the fifth session of the United Nations Environment Assembly (UNEA-5.2), the <u>historic resolution 5/14</u> was adopted to develop an International Legally Binding Instrument (ILBI) on plastic pollution, including in the marine environment. The instrument is to be based on a comprehensive approach considering the full life cycle of plastic. An <u>Intergovernmental Negotiating Committee</u> (INC) was established, which will meet five times to develop the plastic pollution treaty by the end of 2024.

The World Bank Group (WBG) is championing this global agenda with a growing portfolio of work in support of tackling marine plastic pollution. This works towards the WBG's new mission of creating a world free of poverty on a livable planet. We cannot have a world free of poverty on a livable planet in a world with plastic pollution.

### **CONTRIBUTION TO THE INC PROCESS**

The WBG has significantly expanded its role since the INC process began, by organizing thematic events convening development partners, and by showcasing global knowledge and cutting-edge decision support tools. This engagement has been supported through a programmatic activity—Curbing the Flow: Moving to Global Plastics Action—supported by PROBLUE, an umbrella multi-donor trust fund that supports the sustainable and integrated development of marine and coastal resources in a healthy ocean. In its efforts to assist countries and regions in preventing plastic pollution, PROBLUE takes into account the impacts on biodiversity and climate change, and actively promotes gender equality across its activities.

- At INC-1 in Punta del Este, Uruguay, the Bank helped moderate the Multistakeholder Forum to bring in voices from public sector, private sector, NGOs and the research community.
- At INC-2 in Paris, France, the Bank successfully launched the inaugural <u>PROBLUE Global Engagement Forum</u> which focused on the topic of Abandoned, Lost, and Otherwise Discarded Fishing Gear (ALDFG), in collaboration with UNEP, FAO, UNCTAD, IUCN, WWF, Ocean Conservancy, GGGI, and others. Subsequently, the Bank is leading the development of a Joint Paper on ALDFG with these partners by INC-4. The Bank also moderated a high-level ministerial panel; and co-organized an <u>official side event</u> on financing.









At INC-3 in Nairobi, Kenya, the Bank organized two independent events on emerging topics. The first was on ALDFG titled "Lost at Sea" organized in collaboration with FAO, UNCTAD, IUCN, WWF, GGGI, and Ocean Conservancy. The session discussed concrete actions to prevent and manage fishing gear through its lifecycle, and how the ILBI could help address this issue. The second event, "Beyond Borders: Working Regionally to Tackle Plastic Pollution", focused on regional collaboration, co-organized with UNEP. The session shared knowledge on regional approaches (such as waste trade in the ASEAN; legislation for single-use plastics phaseout in East Africa; regional recycling infrastructure in Pacific islands, etc.).



During the intersessional periods, the World Bank team has proactively reached out to country counterparts and other agencies to advance discussions, to foster knowledge sharing through webinars, and to contribute to other dialogues (such as the WTO's dialogue on plastic pollution).

• At INC-4, the Bank is planning potential side events on decision-support toolkits; ALDFG; and on Small Island Developing States. Substantial contributions to the ongoing discussions relating to financing and the financing mechanism for the upcoming ILBI are expected. Adopting a life cycle approach, the Bank plans to highlight essential considerations regarding how trade policies can influence the plastic value chain on both national and regional levels.

#### THE WBG'S COMPARATIVE ADVANTAGE

Relating to the upcoming instrument, the WBG is well-positioned to work with other partners to tackle marine plastics through both catalytic and conventional financing and investments. Covering all regions, the WBG is engaged in over 60 countries looking at plastic pollution prevention. This includes support to countries transitioning to a circular economy; and providing technical expertise and policy advice across many sectors, including tourism, clean energy, agriculture, and transportation.

The Bank is investing in data on marine plastics sources, pathways and impacts and working with clients to track pathways of plastics from land, through rivers, and into coastal waters. For example, using innovative drone surveys complemented by field assessments, the Bank identified top 10 plastic products in waterways in Cambodia, Philippines, Laos, and Vietnam. and data sharing.



Working on game-changing tools to support policy-making. The Bank has developed the Plastic Policy Simulator tool-a data-driven model for policy analysis to better describe the impacts of different policy instruments or packages on individual economic agents. This work predates the INC process and provides a timely contribution to support countries in choosing appropriate policies. In collaboration with other partners and supported by PROBLUE, the Bank is developing an investment toolkit, which will provide countries with a clear and science-based estimation of how much capital investment will be required to deliver their national plastic action plans, broken down by types of investments, year and asset class.

The Bank is supporting national plastics action plans, roadmaps to phase out single use plastics, and circular economy strategies across a range of countries. These help to identify fiscal and regulatory reforms to improve waste management, expedite the transition to a circular economy, and reduce plastics use. For example, in Vietnam, Thailand, and the Philippines, the Bank has helped the governments to implement their National Action Plans; in Mozambique and Malaysia, the Bank is supporting the assessment of circular economy opportunities; and in Bangladesh, the Bank is helping the government develop a plastics life cycle assessment and an action plan to reduce marine plastics.

Mobilizing finance. Both for the public sector (through IBRD/IDA) and private sector (through IFC), the WBG's investments in plastics are informed by decades of experience in pollution and solid waste management. The Bank (IBRD/IDA) is supporting several countries through projects covering sectors, such as solid waste management in Cambodia, agriculture in China, and opportunities are being identified in fisheries, tourism, and river basin projects. With PROBLUE funding allocated as recipient-executed, the Bank is scaling up plasticrelated components and activities into operations.

IFC is investing in the private sector, especially in the waste management and recycling industry. For example, IFC invested US\$33 million in a recycling facility that will convert used plastic bottles into food-grade, recycled resin that will be sold to the Mexican soft-drinks bottling industry. In addition, IFC is also helping develop markets (including through standards); creating opportunities (including partnering with private sector to identify and develop projects; providing advice to firms entering new markets) and crystalizing opportunities (including debt and equity financing products).

5 Finally, the WBG is recognized for its strong convening power, working along with partners to have a stronger voice. In the plastics space too, the Bank relies on unlocking impact through the power of partnerships and remains committed to joining efforts with IFC to bring in the private sector, and other partner agencies and organizations.



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### **OPPORTUNITIES IN ILBI IMPLEMENTATION**

The Bank continues to assist countries in prioritizing and tailoring their policies and actions to comply with the ILBI, and its targets and commitments. Main discussion points post-INC-3 currently revolve around whether the ILBI will be top-down (globally mandated) or bottom-up (determined by countries). Additionally, negotiating states are debating topics such as primary plastics/polymers of concern, policies such as extended producer responsibility, and a possible financing mechanism. Irrespective of its final provisions, implementation of the ILBI will require adoption of national measures to fulfill the obligations laid out in the instrument. Given its experience and mandate, the WBG has tremendous opportunities to customize support to negotiating countries, in ILBI implementation:



## 1. Help Countries Build the Evidence Base through Customized Analytics

Even as the INC process moves towards defining core obligations and targets for the ILBI, an important first step will require countries to accurately assess their baseline. Through its work with partners on harmonizing methodologies, the World Bank will continue to help countries establish baselines, identify appropriate monitoring systems, and build capacity to measure progress on ending plastic pollution.

Additionally, the Bank may work with other organizations (including research and academia) to create or strengthen platforms for data sharing and analytics. Further deep dives in key sectors (beyond packaging) with the IFC would help understand barriers to private sector finance and move towards unlocking new markets in plastics alternatives (upstream) and recycling and plastic waste management (downstream).



## 3. Investments for Governments and Private Sector

As countries move towards actions to tackle plastic pollution, and choose different investment strategies, World Bank financing (and with PROBLUE RETF) would be directed towards the relevant infrastructure and activities. Similarly, the IFC is now expanding its portfolio of investments in the plastics space—and helping to identify possible blue financing.

In addition to the need for national-level investments, the INC discussions have highlighted the importance of regional solutions, given the transboundary nature of plastic pollution. Building on existing regional projects in Southeast Asia (Regional Program on Combating Marine Plastics – SEA-MaP) and in South Asia (Plastic Free Rivers and Seas – PLEASE), the Bank is now exploring regional programs in West Africa, and in the Pacific Islands.



#### 2. Provide Targeted Support to Countries in Prioritizing Policy and Investment Decisions

Ensuring compliance with core obligations agreed on in the ILBI will require countries to individually, and collectively, identify the appropriate combination of policy measures and regulations to suit their country's context. Scaling up the application of the PPS/PSTE tools in countries will help provide just-in-time decision-support to governments—including trade-offs and scenario planning.



#### 4. Potential to serve as an Interim Financing Mechanism

Options being considered at the INC relating to a potential financing mechanism include (a) establishing a dedicated plastics multilateral fund or funds through the new instrument; (b) expanding an existing multilateral fund; and (c) considering a hybrid approach. In this regard, given the strong experience in providing plastics financing across sectors and countries, PROBLUE could serve as an interim measure. As trustee, host, or other capacity PROBLUE has the capability to operationalize plastics-related funds and serve as financial intermediary to address the changing needs of developing country Parties to implement the obligations under ILBI.

This interim arrangement could focus on increasing financial flows from domestic and international, public, and private sources, towards projects that prevent or reduce emissions and releases to the environment of plastics and plastic products across the life cycle. It would also provide timely, sustainable, and adequate capacity-building and technical assistance to developing countries, to assist them in implementing their obligations under the ILBI and to retain such capacity once built.

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