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**United Nations
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Programme**

**Ad hoc open-ended expert group
on marine litter and microplastics**

Third meeting

Bangkok, 18–22 November 2019

Item 6 (b) of the provisional agenda*

**Introduction to activities under the mandate of the
ad hoc open-ended expert group: Financial mechanisms**

**Identification of financial resources and mechanisms for
supporting countries in addressing marine plastic litter and
microplastics****

Note by the Secretariat

1. The Ad Hoc Open-ended Expert Group (AHEG) was established by the United Nations Environment Assembly in its resolution UNEP/EA.3/Res.7 paragraph 10. Its mandate was extended by resolution UNEP/EA.4/Res.6 paragraph 7, which also requested the group to, amongst other things, through subparagraph 7(b):

“Identify technical and financial resources or mechanisms for supporting countries in addressing marine plastic litter and microplastics”

2. This document aims to provide an outline of the approaches taken with regard to the identification of financial resources and mechanisms for supporting countries in addressing marine plastic litter and microplastics, as well as provide initial results of the work undertaken.

I. Introduction

3. As part of the work to respond to UNEP/EA.4/Res.6 subparagraph 7(b), the United Nations Environment Programme (UNEP) has undertaken three initial studies on financial resources and mechanism relevant to marine plastic litter and microplastics.

4. The first study is an online inventory of financial resources for addressing marine plastic litter and microplastics, with a heatmap showing sources and receivers of funding and financial resources. The overview also facilitates access to funding through search functionalities. This study gives a preliminary overview of available financial resources from non-traditional funding sources and, at the same time, categorizes the capital source by financial mechanism.

5. The second study explores the engagement of non-traditional stakeholders by reviewing plastic pollution in the context of risk management and the role of the insurance industry in this regard.

* UNEP/AHEG/2019/3/1.

** The present note is being issued without formal editing.

UNEP Principles for Sustainable Insurance¹ is conducting the first study for the global insurance industry on managing the risks associated with plastic pollution, marine plastic litter and microplastics.

6. The third study examines challenges at national level and provides a summary of annual financial losses and investment opportunities as well as potential markets. The report is based on a case study of the status of the current investment environment in Kenya in the context of plastics. The study provides a comprehensive basis for justifying investment in addressing the challenge of marine plastic litter and microplastics at national level.

7. Identification of financial resources and mechanisms for addressing marine plastic litter and microplastics is an ambitious task, and the three studies are therefore to be understood as initial efforts to respond to this request. There will therefore be a need for additional work to fulfil the request in subparagraph 7(b) before the fourth and fifth meetings of the ad hoc open-ended expert group, as well as prior to the fifth session of the United Nations Environment Assembly.

II. Scope and Approach

8. The studies cover a wide range of central elements responding to the request in the resolution and comprise an initial effort to respond to the demand for information on financial resources and mechanisms addressing marine plastic litter and microplastics at national level. Together the three studies map elements relevant to the request of subparagraph 7(b) of the resolution. The finance inventory focuses on financial resources, but also includes reference and description of some of the finance mechanisms. The study of the insurance industry explores the engagement of non-traditional stakeholders. The third study on challenges and opportunities at national level looks at how action at national level can be supported and facilitated.

III. Inventory of financial resources

9. The objective of this study was to look at funding and financial resources for addressing marine plastic litter. The focus is on non-traditional funding sources or alternative capital providers, such as venture capital (VCs), private equity firms, impact investors, etc. In order to showcase these funders, an interactive database will be developed, which has two components: a directory of funders, and a macro trend data dashboard. The information in the database includes funders per country, funder types, funder breakdown by sector, as well as funding estimates for countries. This data is combined with external datasets on public funding for marine litter prevention in order to build a more complete spatial picture of where activity is commonly financed to address marine litter. The study is based on the results of key search words of available datasets, including the heatmap and the preliminary analyses. This will enable users to discover a range of opportunities for possible financial resources to address national needs and priorities.

IV. Exploring engagement of non-traditional stakeholders – risk management, insurance and plastic pollution

10. Plastic pollution will impact on the risks that insurers underwrite and the businesses in which they invest. Risks ranging from threats to human health to rapidly evolving liability claims connected to plastic pollution will be unavoidable for insurers in coming years. At the same time, plastic pollution presents significant opportunities for insurers to position themselves on the frontline in tackling this global issue and in helping to secure a more sustainable future. The study has looked at existing practices and has undertaken in-depth interviews with 12 leading private sector stakeholders and 4 civil society stakeholders, as well as a survey completed by 86 insurance stakeholders in 28 countries. The study identifies how risks related to plastic pollution play out across insurance lines and asset classes in which insurers invest and suggests possible approaches for insurers to address these risks.

V. Opportunities and challenges at national level: a Kenya case study

11. A study was carried out at national level in Kenya reviewing opportunities and challenges linked to marine litter. The report is based on first-hand empirical data collection and supplemented by publicly available secondary data. The study highlights examples of the types of financial schemes and mechanisms, such as market-based approaches, including the supporting governance issues that facilitate impactful and efficient economic incentives for addressing marine plastic litter and

¹ https://www.unepfi.org/fileadmin/documents/PSI_document-en.pdf

microplastics. The Kenya case study showcases some of the challenges at national level, as well as potential markets and investment opportunities. In order for these opportunities to come to fruition there is a need to establish a more supportive and conducive environment where collaboration between various sectors including the national government is key. The results of the Kenya study will aim to provide solid justification for investment in preventive and upstream measures at the national level.

VI. Questions

12. The Ad Hoc Open-Ended Expert Group on Marine Litter and Microplastics may wish to comment on the approach proposed to guide the secretariat in carrying out the mandate of subparagraph 7(b). In particular:

- (a) What are the requirements (including fund design and enabling conditions) for an effective and efficient funding mechanism to addressing marine plastic litter issues?
 - (b) What are the opportunities of using market-based instruments?
 - (c) What are priority actions to be taken to address the key barriers hindering access and efficient use of financial resources specifically in developing and least developed countries?
 - (d) How can access to financial resources at national and regional level be better tailored to respond to country needs?
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