



## TEMPLATE FOR SUBMISSIONS

Name of country (for Members of the committee)	--
Name of organization (for observers to the committee)	Verra
Contact person and contact information for the submission	1. Komal Sinha <a href="mailto:Ksinha@verra.org">Ksinha@verra.org</a>  2. Kristen Linscott <a href="mailto:Klinscott@verra.org">Klinscott@verra.org</a>
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### **Input on the potential areas of intersessional work to inform the work of INC-3 (following the lists compiled by the co-facilitators of the two contact groups)**

#### **Potential areas for intersessional work**

The list of potential areas for possible intersessional work compiled by the co-facilitators of the two contact groups at INC-2 is set out below. Members and observers may wish to provide input on one or more of these areas.

#### **Contact group 1:**

1. Information on definitions of, e.g. plastics, microplastics, circularity
2. Information on criteria, also considering different applications and sectoral requirements, including:
  - a. Chemical substances of concern in plastics,
  - b. Problematic and avoidable plastic polymers and products and related applications
  - c. Design e.g. for circularity, reuse
  - d. Substitutes and alternatives to plastic polymers and products
3. Potential substances of concern in plastics, problematic and avoidable plastic polymers and products
4. Potential sources of release of microplastics (applications and sectors).

*(Please note: A longer list is included in the co-facilitators report on discussions in contact group 1. Submissions may also include input on any of the items in that longer list, such as, amongst others, the*

*development of criteria to prioritise problematic and avoidable plastics; the development of targets for the reduction, reuse and repair of problematic and avoidable plastic products; or the guidelines on EPR.*

**Contact Group 2:**

1. To consider the potential role, responsibilities and composition of a science and technical body [to support negotiation and/or implementation of the agreement]
2. To consider potential scope of and guidance for National Action Plans [including optional and/or suggested elements]
3. To identify current provisions within existing MEAs [and other instruments] on cooperation and coordination that could be considered
4. To consider how other MEAs provide for monitoring, and suggest best practice
5. To consider options to define ‘technology transfer on mutually agreed terms
6. To further consider how a potential financing mechanism could work [including a new standalone mechanism, a hybrid mechanism, or an existing mechanism]
7. To identify options to mobilise and align private and innovative finance (including in relation to matters at 24(e) and the proposed Global Plastic Pollution Fee (GPPF))
8. To map current funding and finance available [to address plastic pollution] and determine the need for financial support for each Member
9. To identify capacity building and training needs for each Member.

*Inputs related to Item #7 from Contact Group 2: Options to mobilize and align private and innovative finance (including in relation to matters at 24(e) and the proposed Global Plastic Pollution Fee (GPPF))*

## **BACKGROUND**

There is an estimated \$40 billion funding gap to finance the collection and recycling of plastic waste between now and 2040<sup>1</sup>.

In recognition of this funding gap, the INC Secretariat has identified the need to explore private and innovative finance mechanisms as an important area of intersessional work.

“Credit schemes” or crediting programs have been recognized as a financial mechanism in the potential options for elements paper<sup>2</sup> (UNEP/PP/INC.2/4 ; section 24 e (iv)) as well as the summary of Contact Group-2 recommendations<sup>3</sup>.

In this document, we affirm the importance of Plastic Credits as a scalable, accessible, and predictable mechanism for financing verifiable plastic waste collection and recycling activities that can support the objectives of the legally binding instrument (the “instrument”).

## **ABOUT VERRA**

Verra is a mission-driven nonprofit organization that sets environmental and social standards to help countries, businesses, and civil society achieve ambitious sustainable development and climate action goals. Verra develops and manages a range of programs including the [Plastic Waste Reduction Program](#) (Plastic Program), [Verified Carbon Standard Program](#), which is the world’s largest voluntary carbon crediting program (over 1 billion credits issued to date), the [Climate, Community & Biodiversity Program](#), and the [Sustainable Development Verified Impact Standard](#).

Given our experience in this sector, we appreciate the opportunity to contribute our learnings and insights on crediting programs as a suitable financial mechanism to support the implementation of the instrument.

## **VERRA’S PLASTIC PROGRAM**

Verra’s [Plastic Standard](#) is a framework to quantify the impact of plastic waste collection and recycling activities in a credible, transparent, and consistent manner. [Plastic Credits](#) are issued based on the volume of plastic waste collected or recycled above baseline rates to projects that are third-party audited. The program encompasses a wide range of impactful activities — including plastic waste recovery from the environment, collection through the informal sector, establishment of waste collection infrastructure, and

<sup>1</sup> [https://www.pewtrusts.org/-/media/assets/2020/07/breakingtheplasticwave\\_report.pdf](https://www.pewtrusts.org/-/media/assets/2020/07/breakingtheplasticwave_report.pdf)

<sup>2</sup> <https://wedocs.unep.org/xmlui/bitstream/handle/20.500.11822/42190/UNEP-PP-INC.2-4%20English.pdf?sequence=13&isAllowed=y>

<sup>3</sup> <https://wedocs.unep.org/bitstream/handle/20.500.11822/42622/CG2.pdf>

the development of scalable recycling projects — which can remediate plastic waste and circulate it back into the economy, strengthen waste management systems, and address legacy plastic waste.

Verra's Plastic Program issues two types of credits – Waste Collection Credits (WCCs) and Waste Recycling Credits (WRCs) – each distinguishing the type of infrastructure investment realized.

## RECOMMENDATIONS

### 1. Plastic Credits should be recognized as a mechanism within the instrument to mobilize private and public sector finance

Plastic Credits provide a results-based financing (RBF) mechanism, linking payment to the collection and recycling of additional plastic waste. RBF ensures that funding is linked to pre-agreed and verified outcomes, in this case, tonnes of plastic waste collected or recycled. This enables funders to assess the return on investments made in downstream waste management projects in terms of project impact and reduction of plastic waste.

As a results-based finance mechanism, a Plastic Credit also enables clear tracking of the investment region, material type managed (e.g., PET, LDPE) as well as the type of activity implemented (i.e., collection or recycling). This mechanism therefore provides a transparent and verifiable framework to finance local plastic waste and recycling activities through voluntary corporate action or existing mechanisms such as extended producer responsibility systems, multilateral funds, as well as public-private partnerships.

Private sector investment is crucial in addressing plastic pollution. However, raising such investment is currently challenging due to lack of financial incentives and viable business models. Plastic Credits can catalyze private sector investment to support the transition to a circular economy. By combining internal reductions with beyond-value-chain investments in the form of Plastic Credits, companies can make credible contributions to their plastic stewardship goals. Plastic Credits can also finance projects implemented under the public private partnership model, further improving project scale and effectiveness.

When integrated with national extended producer responsibility (EPR) systems, Plastic Credits can accelerate regional plastic waste collection and recycling goals and development of waste management infrastructure. Regulators – especially those in developing countries, LDCs and SIDS – can offer companies subject to EPR requirements the possibility of using Plastic Credits in lieu of paying EPR fees, which would drive finance directly to projects and reduce the government's administrative burden. India and the Philippines have set a precedent by including EPR Credits and offsets, respectively, as one of the means to fulfill EPR obligations.

As a multilateral fund is being deliberated upon as one of the mechanisms to support the implementation of the legally binding instrument, it also presents a unique opportunity to integrate Plastic Credit projects for robust measurement and reporting of the impact of plastic waste collection and recycling activities that the fund may invest in. Parallels have been observed in the climate change space such as the [World Bank's support for carbon finance projects in Africa](#) and the Global Environment Facility's utilization of credits in the [Livelihoods Carbon Fund 3](#).

Plus, Plastic Credits can also complement other financing proposals, such as the Global Plastic Pollution Fee<sup>4</sup> proposed by Ghana. Funds collected through this fee could be directed towards Plastic Credit projects to develop plastic waste management infrastructure and eliminate legacy plastic pollution.

These examples demonstrate how Plastic Credits could be used as an effective, high-integrity funding mechanism for downstream plastic waste management projects.

**Verra recommends including Plastic Credits as a high-integrity funding mechanism within the instrument, to mobilize finance for plastic waste collection and recycling activities that can strengthen local waste management systems and address legacy plastic pollution.**

**2. To ensure their integrity, Plastic Credits should be issued in compliance with internationally recognized standards**

Plastic Credits should adhere to quality assurance principles to ensure their integrity and effectiveness as a financing mechanism within the instrument. To this end, international standards such as Verra's Plastic Standard play an important role in ensuring that Plastic Credits are only issued to those projects that meet stringent requirements laid out by the standard. These include requirements for:

- a. **Additionality:** Ensuring that the plastic waste would likely not have been collected or recycled without the project and that the projects are incremental to the infrastructure that already exists.
- b. **Third party verification:** As was highlighted in Contact Group 2 at INC-2, external and independent verification is indispensable. Verra concurs with this perspective and would like to emphasize that Verra's Plastic Program already includes robust third-party verification requirements for all projects. All registered plastic collection and/or recycling projects are validated and regularly verified by an independent third-party auditor known as validation/verification body (VVB)<sup>5</sup> to ensure compliance with the Plastic Program requirements.
- c. **Social safeguards:** Incorporating requirements to ensure workers' health and safety and promote better livelihoods, particularly for the informal waste collectors and processors, helps to reduce social risk across the plastic value chain.
- d. **Environmental safeguards:** Requiring projects to consider and address any negative impacts their activities could have on natural resources (e.g., air, water, soil), as well as monitor the energy efficiency and greenhouse gas emissions of the project.
- e. **Stakeholder consultation:** Ensuring relevant local stakeholders are consulted on an ongoing basis.
- f. **Uniform measurement:** Providing a monitoring framework to quantify the results of these global activities consistently.

**Verra recommends that the legally binding instrument promote the use of high-integrity credits by defining Plastic Credits as those issued by a globally recognized, independent standard such as Verra's Plastic Standard.**

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<sup>4</sup>

<https://wedocs.unep.org/bitstream/handle/20.500.11822/41775/Ghanasubmission.pdf?sequence=1&isAllowed=y>

<sup>5</sup> <https://verra.org/programs/plastic-waste-reduction-standard/plastic-program-details/#validation-and-verification>



**3. Existing initiatives and frameworks should be leveraged to develop the legally binding instrument**

We reiterate the importance of leveraging, and ensuring complementarity with existing mechanisms, frameworks, and MEAs while developing the legally binding instrument.

As outlined above, Verra’s Plastic Standard is an existing framework that should be leveraged to account for the impact of plastic waste collection and recycling activities. The standard and its accompanying methodologies are already in use to certify projects around the world and issue Plastic Credits. Examples of certified projects exist in developing economies such as [Côte d’Ivoire](#) and [Thailand](#) and LDCs like [Senegal](#).

Furthermore, exploring collaboration and complementarity with existing MEAs has also been highlighted. The [Kunming-Montreal Global Biodiversity Framework](#) already recognizes biodiversity credits as an innovative mechanism to substantially increase the financial resources required for implementing national biodiversity strategies and action plans (target 19 (d)), and a similar opportunity exists for inclusion of Plastic Credits in the legally binding instrument on plastic pollution.

**Verra recommends leveraging existing frameworks to maximize the effectiveness and credibility of crediting programs as an innovative financial mechanism within the instrument.**

The use of high integrity Plastic Credits certified and issued by programs such as Verra’s Plastic Program can effectively support the implementation of a legally binding instrument to combat plastic pollution.

As experts in the field, we are eager to contribute our insights on how crediting programs can support the financing objectives of the instrument.

Verra can continue to provide insights on intersessional work through (but not limited to) the science and policy panel on waste and pollution prevention, technical and scientific expert group/body, open ended working group or any other modality that the Secretariat deems appropriate. We look forward to supporting the work of the INC Secretariat and member states, as necessary.