

Financing for zero waste

Issues and concerns

A transition from a plastic-reliant economy toward a circular zero waste economy requires effective mobilization and allocation of financial resources. Public and private finance have distinct and intersecting roles to play in supporting and scaling up innovations for waste prevention, redesign, alternative delivery and reuse systems as well as improving existing waste collection and recycling systems.

- As waste management belongs in the domain of public service which requires ongoing public support, [the role of public finance is especially critical in waste reduction and management](#). Public financial support can expand systems and infrastructure required to improve waste management, such as separate collection, material recovery facilities, composting or anaerobic digestion facilities, and education and outreach. Financial subsidies are a great tool to guide local governments toward zero waste solutions. The public sector can build enabling environments for a reuse economy through regulation, investments, grant funding for pro-reuse infrastructure and technology, and strengthening a sharing economy. These measures would only require modest budget investments, especially compared to budgets required for cost-prohibitive large waste disposal infrastructure.
- [Private finance is well suited to foster and strengthen zero waste businesses](#), such as bulk food stores (refill stores), deposit return schemes at restaurants and cafes, cleaning stations, reusable rental supply stores, and repair shops. Zero waste businesses are profitable entities and can therefore attract private investment of various kinds, including equity. They may still require financial incentives, such as low-interest loans or preferential taxes, to overcome the challenges of competing with artificially cheap plastic-based business models.
- The informal sector has a wealth of knowledge but little access to finance. [Investing in informal sector businesses and cooperatives](#) can enable separate collection, higher recycling rates, new zero waste businesses, and economic opportunities for some of society's most marginalized people.

Phasing out plastic through zero waste solutions would further create business opportunities in reuse and alternative delivery systems, while addressing the urgent issue of global plastic pollution. Municipalities all across the globe [have already transitioned toward zero waste solutions and present economic and environmental benefits](#), such as reducing waste, recovering materials, preventing pollution, reducing greenhouse gas emissions, and [creating green jobs](#).

Investments wasted on false solutions, such as [waste-to-energy incinerators](#) and [“chemical recycling”](#) hinder sustainable financing for zero waste. The cost-prohibitive technologies turn plastic pollution into other forms of pollution, including toxic air emissions, ash, wastewater, and greenhouse gas emissions, wasting billions of dollars of investments. The Asian Development Bank (ADB) has already funded USD 500 million [as Green Bond and Blue Bond projects](#) in waste incineration projects, and ADB's so-called “clean energy” financing in the last decade is valued at over USD 23 billion. Fortunately, the European Union recently set a good precedent against financing polluting technologies by excluding waste-to-energy incineration from a list of economic activities considered sustainable in its [Sustainable Finance Taxonomy](#).

Recommendations

The global plastics treaty must:

- **Develop a new financial mechanism dedicated to the treaty.** Existing multilateral funds, such as the Global Environment Facility (GEF), are not well-suited to provide focused financing for plastic reduction. The new mechanism should provide not only direct national access but ensure that funds reach municipal governments who bear the primary responsibility for waste management.
- **Provide new and additional financial support** such as grants, loans, and technical assistance to build and scale zero waste solutions.
- **Exclude false solutions** such as waste-to-energy incineration, waste co-incineration in cement kilns, and “chemical recycling” from financing mechanisms.
- **Ensure financial inclusion for both formal and informal sector workers.** Proper funding applied to the integration of the informal sector would lead to greater social welfare and environmental justice for [waste pickers](#) – one of the key actors in the global plastic recycling market.

Pitfalls to avoid

The treaty should provide clear guidance against:

- Indirect supports to false solutions through technical assistance
 - Aside from loans, bonds, and grants, financing for technical assistance can also weaken a country's environmental safeguards by intervening in national and local climate, environmental, and waste policies. For example, the Asian Development Bank (ADB) and Japan International Cooperation Agency (JICA) have pushed waste-to-energy incineration as a solution [in the Philippines](#)—despite the national ban on waste incineration—and [in Indonesia](#).
- [Plastic credits, or offsetting schemes](#)
- Petrochemical expansions
 - The investments in petrochemicals and plastic worth approximately [USD 400 billion are in peril of becoming stranded assets](#) in a world that seeks to achieve a climate-friendly circular economy. A similar future is foreseen for incinerators, refuse-derived fuel plants, “chemical recycling,” and any industries that rely on perpetuation of plastic waste generation.

Further reading

- Global Alliance for Incinerator Alternatives. 2021. “Beyond Recovery: A Zero Waste Future for Thriving Families and Communities.” <https://zerowasteworld.org/beyondrecovery>
- Vilella, Mariel. 2020. “Sustainable Finance for a Zero Waste Circular Economy.” Zero Waste Europe. <https://zerowasteurope.eu/library/sustainable-finance-for-a-zero-waste-circular-economy>
- World Economic Forum. 2021. “Future of Reusable Consumption Models: Platform for Shaping the Future of Consumption.” <https://www.weforum.org/reports/future-of-reusable-consumption-models>
- Vilella, Mariel. 2020. “New Business Models Cutting Back on Single-Use Plastic.” Sustainable Consumption Institute. <https://zerowasteurope.eu/2021/06/zero-waste-businesses-in-the-global-south-a-thriving-trend/>
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