

FINANCING SOLUTIONS TO PLASTIC POLLUTION: LESSONS FROM BLENDED MODELS THAT WORK

Plastic pollution isn't just an environmental crisis—it's a financing challenge. The growing momentum behind a global treaty on plastic pollution offers an unprecedented opportunity to align public ambition with private capital. But scaling real investment into circular solutions remains slow, especially in emerging markets where waste infrastructure, policy enforcement, and investable pipelines are still developing.

At Catalytic, we believe that unlocking capital at scale requires a fundamental shift in how solutions are structured and supported. Through our work designing blended finance vehicles and technical assistance facilities, we see three core ingredients for success: early-stage de-risking, multi-stakeholder alignment, and a clear connection between policy goals and investable action.

Expectations from Developing Countries at INC-5.2

As negotiators gather in Geneva for INC-5.2, developing countries are calling for a plastics treaty that does more than regulate—it must finance action. Countries across the Global South face mounting plastic pollution, yet lack the resources to invest in circular solutions, scale infrastructure, or enforce policy.

Their core expectations include:

- Establishing a dedicated multilateral fund to support treaty implementation
- Ensuring new and additional finance that is predictable and equitable
- Supporting full-lifecycle financing—from design and production to waste recovery
- Providing technical assistance and capacity-building as part of the financial architecture

These demands reflect the need for not just ambition, but real delivery mechanisms. The experience of funds like the Subnational Climate Fund (SCF) and the Global Fund for Coral Reefs (GFCR) shows that it is possible to design mechanisms that balance concessional support with long-term investment viability. For the treaty to succeed, it must embed financing that works for the realities of developing economies.



The SCF Approach: Circular Waste Solutions with Climate Returns

The SCF is a global blended finance initiative that aims to invest in and scale mid-sized subnational infrastructure projects in the fields of sustainable energy, waste and sanitation, regenerative agriculture and nature-based solutions in developing countries. The Green Climate Fund committed up to \$150 million to the Investment Fund for a junior tranche which is intended to further de-risk investment, and help mobilize additional public and private capital that have limited access to opportunities with attractive risk-reward profiles in developing countries.

Developing plastic pollution solutions is part of the mandate of the SCF and we have already supported a few projects including:

- In Indonesia, SCF is providing technical assistance grants to a plastic waste management project in Bali. Applying a patented thermo-mechanical process in conjunction with shredding and granulating, the project aims to convert plastic waste into a lightweight composite aggregate primarily for use in the concrete industry. To further support and inform the development of this project and others with similar objectives, SCF has commissioned a study to review the existing technologies and methods for recycling low-value plastics.
- In Guatemala, SCF backs a plastic-free initiative; replacing conventional plastic with seaweed-based resins, which are, regenerative, carbon-capturing, and ocean-farmed.

The GFCR Experience: Protecting Coral Reefs through Plastic Solutions

The Global Fund for Coral Reefs (GFCR) is another GCF backed blended finance initiative that links reef conservation with blue infrastructure, sustainable tourism, and plastic waste solutions. In coastal regions of Southeast Asia and the Caribbean, GFCR supports plastic waste-to-value enterprises that create jobs and prevent marine pollution.

Catalytic is supporting the AIR (Avoid, Intercept, Redesign) strategy of one of the GFCR portfolio company to bridge education and community building on the ground with premium brands' sustainability strategy, creating a demand for ocean plastics (de-linked from commodity cycles) while demonstrating investment in the oceans has a direct impact on brand value.



Catalytic's Commitment

At Catalytic, we remain committed to building the bridges between ambition and investment.

As the global plastics treaty enters its final negotiation phase, we're focused on ensuring that the financing ecosystem evolves in parallel —so that the commitments made in Geneva can unlock real, bankable solutions on the ground.

To learn more about our work with SCF, GFCR, and other climate-smart circular initiatives, visit www.catalyticfinance.org

Further resources:

