

Plastic Credit Bond (PCB)

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The **World Bank and Citi** recently launched a **\$100mn Plastic Credit Bond (PCB)** to fund plastics collection and recycling projects in **Ghana and Indonesia**.



[Ref- Fair Planet]

About Plastic Credit Bond (PCB):

- The bond is an **innovative financial fund** issued wherein the proceeds will fund plastics collection and recycling projects.
- It is also called **Principal-Protected Plastic Waste Reduction-Linked Bond** as it will fund plastic investors to **receive the principal back** at the end of the 7-year maturity.
- It is **guaranteed by the World Bank** alongside a minimum interest payment of 1.75%.
- The primary goal of this bond is to **mobilize private capital for projects** that yield financial returns and generate positive climate and development impacts.
- The repayments on the notes are partly determined by the **sale of plastic and carbon offset credits**.
- The success of the bond is **measured by** Plastic Waste Collection Credits, Plastic Waste Recycling Credits, and Verified Carbon Units.

Outcomes and Impacts of the Bonds:

- The funds generated through the bond would **enhance existing facilities**, establish new collection and recycling sites, and install state-of-the-art **food-grade recycling equipment**.
- The infusion of about \$14 million in **up-front financing** would increase the capacity of these projects, ensuring a more robust infrastructure for effective **plastic waste management**.
 - **Up-front financing** refers to the provision of capital at the initial stages of a project, typically provided in advance to support immediate funding needs.
- The projects can **decrease plastic pollution**, and improve local pollution, and air quality.
- This creates **employment opportunities** in marginalized communities, fostering socio-economic development.
- It provides investors with a **promising financial return** and contributes to global efforts to **curb plastic leakage** into nature and oceans.

About the World Bank:

- World Bank is an **international financial organization** created in **1944**, as a global development cooperative owned by **189 nations**.
- It provides **loans, guarantees, risk management products, and advisory services** to middle-income and creditworthy countries for achieving **Sustainable Development Goals (SDGs)**.
- It strives to end **extreme poverty, promote shared prosperity**, and provide leadership to coordinate regional and global responses to development challenges.
- The World Bank group consists of five institutions including International Development Association (**IDA**) and the International Bank for Reconstruction and Development (**IBRD**).