

Arab Group - LMC Joint Proposal

ARTICLE 11 FINANCIAL MECHANISM

1. Developed country Parties shall provide and mobilize financial support to developing country Parties and country Parties with economies in transition to cover the full costs of implementing measures under this legal instrument, including to cover any loss in revenues resulting from implementing this instrument, in light of developed country Parties' historical responsibility for plastic pollution and the principle of common but differentiated responsibilities and respective capabilities.
2. For the purposes of this instrument, Developed country Parties shall ensure such support is grant-based and concessional in nature and consistent with the national needs, circumstances, priorities and plans of developing country Parties. As such, market rate loans, export credits, and any other non-concessional financial instruments shall not constitute financial support under this instrument.
3. The extent to which developing country Parties will effectively implement their activities under this instrument will depend on the availability and adequacy of support provided by developed country Parties and the fulfilment of their obligations to provide financial support to developing country Parties. The national plans of developing country Parties in contribution to the achievement of the objective of this instrument shall be incumbent upon the extent of support provided by developed country Parties.
4. The ability of developing country Parties to effectively implement their activities under this instrument also depends on a supportive and open international economic system that would lead to economic growth, eradication of poverty and sustainable development in all Parties, thus enabling them to better address plastic pollution. Measures taken to address plastic pollution, including unilateral ones, shall not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade. Developed country Parties shall refrain from imposing unilateral trade measures in relation to plastic pollution recognizing their adverse impact on developing country Parties' ability to develop economically.
5. The provision of support in line with the obligations set out in this instrument should take into account the specific needs and circumstances of developing country Parties, in particular those with significant capacity constraints, such as LDCs and SIDs.
6. A mechanism for the provision of adequate, accessible, new, predictable, timely and additional financial resources under this instrument is hereby established. The mechanism shall ensure efficient access and support through simplified approval procedures for developing country Parties and country Parties with economies in transition.
7. The mechanism shall be operated by entities designated by Parties to this instrument. A new dedicated fund (the Fund) is hereby established and designated as an operating entity of this financial mechanism operating under the authority of and reporting to the Conference of the Parties in accordance with the provisions of this Article. The Fund shall be operationalized by the second Conference of the Parties and the first disbursement shall occur by the third Conference of the Parties and no later than the fourth Conference of the Parties. The Global Environment Facility, through a dedicated window, is designated as an interim entity of this financial mechanism operating under the authority of and reporting to the Conference of the Parties. The Global Environment Facility will no longer serve as an entity of the financial mechanism upon the first disbursement of the new dedicated fund. The Conference of the Parties shall enter into arrangements with the Global Environment Facility and the new fund.

8. The Fund shall, in providing financial resources on a grant or concessional basis:
 - a Finance clearing-house functions enabling activities, including country-specific studies, technical and technological support, and co-operation to meet the identified needs of the Parties.
 - b Provide financial resources on a grant basis to developing country Parties for enabling activities such as preparing national reports, preparing and implementing national action plans, among other activities.
9. Parties shall undertake a biennial review of the extent to which developed country Parties have fulfilled their financial obligations and to assess the full costs required by developing country Parties to implement activities under this instrument, including to cover any loss in revenues resulting from implementing this instrument. The biennial review shall consider qualitative aspects related to access features of the financial mechanism.