

# **A Multilateral Fund for Plastics:**

## **Essential Functions and Design**

### **Summary**

Financial, technical, and other support for developing countries' implementation of the new plastics treaty must be as ambitious and comprehensive as the treaty itself. Means of implementation must not only include financial support for the incremental costs of compliance for developing countries. They must also include substantial financial and other support for enabling activities, such as institutional strengthening, policy development and reporting, as well as "clearinghouse" functions, such as technical assistance, technology transfer, capacity building and training.

This paper describes the basic essential functions of a dedicated Multilateral Fund for Plastics and illustrates why such a Fund, like the Multilateral Fund under the Montreal Protocol, should be a standalone entity, accountable directly to the Conference of the Parties, but closely linked to other subsidiary bodies, as well as to potential related, financial modules that may provide necessary, complementary support for implementation of the plastics treaty.

### **Core Functions of a Plastics Multilateral Fund**

While the specifics of what the fund will support will be determined by the various obligations detailed in treaty, a Multilateral Fund for Plastics would, at a minimum, likely support the following :

- A **Fund Secretariat** consisting of professional staff responsible for managing the day-to-day operation of the fund. The Secretariat would report to the governing body, or Executive Committee, of the Fund. The work of the Secretariat may include, inter alia, developing plans and budgets, reviewing project applications, organizing meetings, disbursing financing, overseeing implementation and communicating activities and operations.
- A **Governing Body** of the Fund, such as an Executive Committee, consisting of a balance of representatives of developed and developing countries, to manage the primary financial decisions of the Fund, such as approval of disbursements to Parties and monitoring implementing agencies.
- **Developing countries' treaty implementation activities**, usually across three primary categories:
  1. **Incremental costs of compliance:** Incremental costs of compliance include those costs related to control measures, such as incremental capital and operating costs, subject to cost guidelines. An indicative list of incremental costs to be supported is typically agreed by the Conference of the Parties.

2. **Enabling activities**, which may include:

- Institutional strengthening
- Policy development, including national plans and programmes
- Pilot and demonstration projects
- Reporting

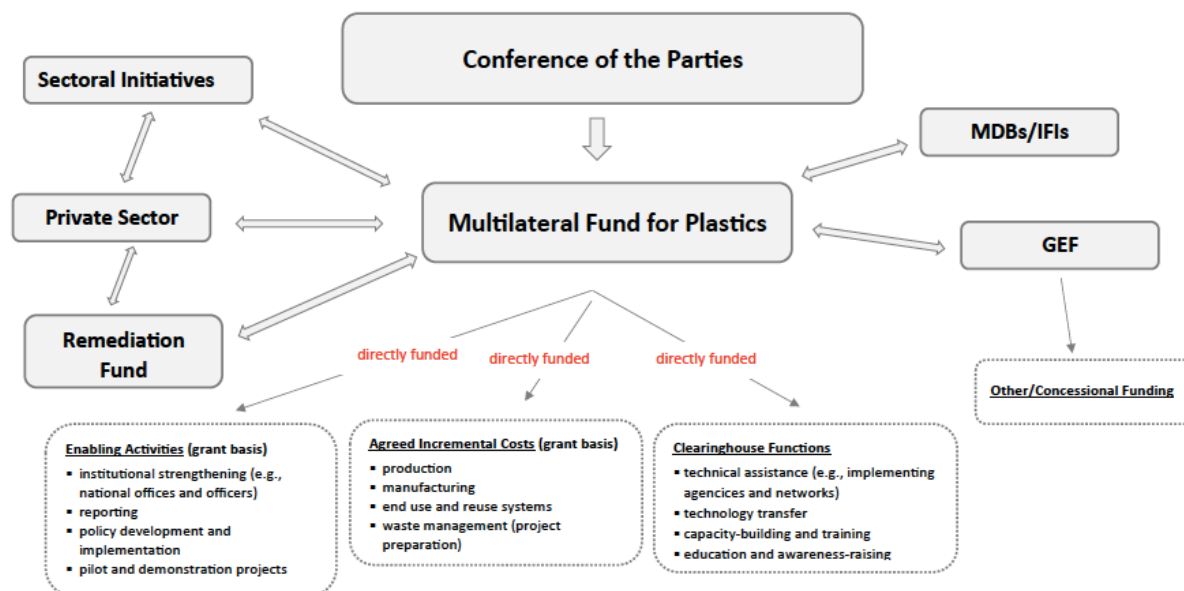
3. **Clearing-house functions**, namely those activities parties agree to cooperate on or undertake related to implementation, generally provided via a clearinghouse mechanism operated by the secretariat, and delivered through regional centers or networks, which may include:

- Technology transfer
- Technical assistance (e.g., implementing agencies and regional networks)
- Capacity building and training
- Education and awareness-raising

Robust support for a broad variety of key enabling activities and clearinghouse functions is critical to the success of an ambitious treaty. Indeed, in UNEP's *Post-Rio+20 Review of Environmental Governance* within the United Nations System (2014), the Joint Inspection Unit (JIU) identifies the lack of “dedicated resources for capacity-building” as a major shortcoming in all multilateral environmental agreements with the exception of the Montreal Protocol, which is widely considered to be the most successful. Replicating this kind of comprehensive support model under the plastics treaty would greatly facilitate long-term compliance and build confidence for strengthening the treaty over time.

## **Financial Landscape for Plastics Treaty Implementation**

Ending plastic pollution worldwide will not only require robust support to developing countries through a dedicated Multilateral Fund for Plastics, it will also require additional support from other complementary sources. The following schematic highlights the potential relationship among the various potential sources that have been referenced during negotiations thus far and how such coordination could be achieved through a dedicated Multilateral Fund for Plastics:



In addition to core financial assistance provided by the Multilateral Fund for Plastics, countries may require additional support or means of implementation for any costs not supported by the Fund. This support could be on a grant or concessional basis, as appropriate. Such financial assistance would complement, but would not be a substitute for, the financial and technical assistance provided under the Fund. Further avenues for additional means of implementation should also be promoted within national programmes or national plans. This complementary support could include the use of existing funds, extended producer responsibility schemes, specialized sectoral arrangements and/or newly established funds, such as a Remediation Fund, that could draw support from a variety of sources, including polluters' fees or levies.

## Regional Plastics Networks and National Plastics Offices

In addition to borrowing the model of the Multilateral Fund from the Montreal Protocol, the plastics regime should also replicate the Protocol's successful approach to delivering much of the support needed, which features dedicated regional networks as well as national offices and officers in each country. Under the Montreal Protocol regime, the Multilateral Fund finances the UNEP OzoneAction network to support 147 developing countries, including their national officers. These are depicted in the table below.

## REGIONAL NETWORKS OF OZONE OFFICERS

| AFRICA   |   | EUROPE AND CENTRAL ASIA<br>11 countries  | LATIN AMERICA AND CARIBBEAN   |  |  | ASIA AND THE PACIFIC  |   |   | WEST ASIA<br>11 countries  |
|--|---|--|---|--|--|---|---|---|--|
| ANGLOPHONE<br>28 countries   | FRANCOPHONE<br>26 countries   |  | CENTRAL<br>9 countries  | SOUTH<br>10 countries  | CARIBBEAN<br>14 countries  | PACIFIC ISLAND COUNTRIES<br>14 countries  | SOUTHEAST ASIA<br>11 countries  | SOUTH ASIA<br>13 countries  |  |
| <b>Coordinator:</b><br><b>Patrick Salifu</b>   | <b>Coordinator:</b><br><b>Yamar Guissé</b>  | <b>Coordinator:</b><br><b>Halvart Koppen</b>   | <b>Coordinator:</b><br><b>Marco Pinzon</b>  |  | <b>Coordinator:</b><br><b>Donnalyn Charles</b>   | <b>Interim Coordinator</b><br><b>Pipat Pooperasupong</b>  |   | <b>Interim Coordinator</b><br><b>Elisa Rim</b>  | <b>Coordinator:</b><br><b>Khaled Klaly</b>   |
| Angola<br>Botswana<br>Egypt<br>Eritrea<br>Eswatini, Kingdom of<br>Ethiopia<br>Gambia, Republic of<br>Ghana<br>Kenya<br>Lesotho<br>Liberia<br>Libya<br>Malawi<br>Mauritius<br>Mozambique<br>Namibia<br>Nigeria<br>Rwanda<br>Seychelles<br>Sierra Leone<br>Somalia<br>South Africa<br>South Sudan<br>Sudan<br>Tanzania, United Republic of<br>Uganda<br>Zambia<br>Zimbabwe | Algeria<br>Benin<br>Burkina Faso<br>Burundi<br>Cameroon<br>Cape Verde<br>Central African Republic<br>Chad<br>Comoros<br>Congo<br>Congo, Democratic Republic of<br>Cote d'Ivoire<br>Djibouti<br>Equatorial Guinea<br>Gabon<br>Guinea<br>Guinea Bissau<br>Madagascar<br>Mali<br>Mauritania<br>Morocco<br>Niger<br>Sao Tome and Principe<br>Senegal<br>Togo<br>Tunisia | Albania<br>Armenia<br>Bosnia and Herzegovina<br>Georgia<br>Kyrgyzstan<br>Moldova, Republic of<br>Montenegro<br>North Macedonia<br>Serbia<br>Turkey<br>Turkmenistan | Costa Rica<br>Cuba<br>Dominican Republic<br>El Salvador<br>Guatemala<br>Honduras<br>Mexico<br>Nicaragua<br>Panama | Argentina<br>Bolivia, Plurinational State of<br>Brazil<br>Chile<br>Colombia<br>Ecuador<br>Paraguay<br>Peru<br>Uruguay<br>Venezuela | Antigua and Barbuda<br>Bahamas<br>Barbados<br>Belize<br>Dominica<br>Grenada<br>Guyana<br>Haiti<br>Jamaica<br>Saint Kitts and Nevis<br>Saint Lucia<br>Saint Vincent and the Grenadines<br>Suriname<br>Trinidad and Tobago | Cook Islands<br>Fiji<br>Kiribati<br>Marshall Islands<br>Micronesia, Federated States of<br>Nauru<br>Niue<br>Palau<br>Papua New Guinea<br>Samoa<br>Solomon Islands<br>Tonga<br>Tuvalu<br>Vanuatu | Brunei Darussalam<br>Cambodia<br>Indonesia<br>Lao People's Democratic Republic<br>Malaysia<br>Myanmar<br>Philippines<br>Singapore<br>Thailand<br>Timor-Leste<br>Vietnam | Afghanistan<br>Bangladesh<br>Bhutan<br>China<br>India<br>Iran, Islamic Republic of<br>Korea, Democratic Republic of<br>Korea, Republic of<br>Maldives<br>Mongolia<br>Nepal<br>Pakistan<br>Sri Lanka | Bahrain<br>Iraq<br>Jordan<br>Kuwait<br>Lebanon<br>Oman<br>Qatar<br>Saudi Arabia<br>Syrian Arab Republic<br>United Arab Emirates<br>Yemen |
| <b>OTHER PARTICIPANTS/OBSERVERS (8)</b>  |   |  |   |  |  |   |   |   |  |
|  |   | Azerbaijan, Belarus, Kazakhstan, Russian Federation, Tajikistan, Ukraine, Uzbekistan   |   |  |  |   |   |   | State of Palestine   |
| <b>BILATERAL PARTNERS (13)</b>   |   |  |   |  |  |   |   |   |  |
| Germany  | Canada<br>France<br>Switzerland   | Romania<br>Poland<br>Croatia   | Canada<br>European Commission<br>Germany<br>United States   | Canada<br>European Commission<br>Germany<br>United States  | Canada<br>Germany<br>United States   | Australia<br>New Zealand  | Australia<br>Sweden   | Japan   | France<br>Germany<br>Japan   |

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These regional networks help Parties meet commitments, report data, set and enforce policies, adopt technologies and effectively manage national programmes. UNEP details the principal activities of its regional ozone networks as follows:<sup>i</sup>

- Providing a regular forum for efficient exchange of information, ideas and experiences;
- Improving access to available technical, scientific and policy-related information;
- Facilitating feedback to the MLF and Ozone Secretariats and implementing agencies on progress on compliance, difficulties encountered and the need for further support and assistance;
- Informing ozone officers of ExCom and MOP decisions and assist with implementation;
- Promoting the sharing of information and awareness-raising materials;
- Reviewing progress with implementation of national investment and non-investment projects;
- Assisting with collection and verification of data for reporting to MLF and Ozone Secretariats;
- Initiating regional and joint activities to promote awareness raising, information exchange and other enabling actions to facilitate compliance;
- Encouraging and facilitating assistance from experienced ozone officers to newly colleagues;

These regional ozone networks and their operational closeness to the national ozone offices are considered a primary reason for the continued success of the Montreal Protocol. Establishing Regional Plastics Networks and National Plastics Offices and Officers under the new plastic treaty could likely deliver equally effective results, supporting engagement, implementation of best practices and treaty compliance tailored to the needs of each country and region.

### **Replenishment of the Multilateral Fund**

The Multilateral Fund for Plastics would be replenished on a regular basis, e.g. triennially or quadrennially, through donor-country contributions that are negotiated by the Conference of the Parties and are new, measurable and verifiable. Proportions of contributions should be based upon an agreed scale of assessment. Donor countries would replenish the Multilateral Fund as agreed by the Conference of Parties, based at least in part upon needs assessments undertaken by a subsidiary technical and economic body established under the instrument. This subsidiary body should report directly to the Conference of the Parties assessments of needs to support recipient countries in meeting their core obligations and control measures during the upcoming replenishment period.

For example, a typical replenishment cycle might include the following sequential steps:

1. An assessment by the treaty's technical and economic subsidiary body, at the request of the Conference of the Parties, of the estimated costs of implementation during the upcoming fiscal period/replenishment phase;
2. A negotiation by the Conference of the Parties, informed by the technical assessment, as to the amount of the replenishment to be provided to the Multilateral Fund;
3. A replenishment of the Fund by donor countries in the amount agreed by the Conference of the Parties with contributions proportionate to an agreed scale of assessment
4. Disbursement of the resources by the MLF governing body (e.g., Executive Committee) to Parties upon the submission and approval of their implementation plans or national programmes
5. Use of the funds by the Parties to implement their treaty obligations

Due to the variety of activities taking place under the treaty that will be supported by the Fund, assessed by subsidiary bodies, endowed by the Parties and disbursed by member states represented on the governing board, it is most effective for the Fund to be accountable directly to the Conference of the Parties, which also directs the other subsidiary bodies of the treaty. Under the Montreal Protocol, Article X makes clear: "The Multilateral Fund shall operate under the authority of the Parties, who shall decide on its overall policies."

## Conclusion

A new Multilateral Fund for Plastics can serve as the anchor for ensuring an accessible and even-handed foundation of financial assistance to developing countries to support implementation of the global plastics treaty. As described above, the Fund will have a robust number of functions from financing the incremental costs of compliance to supporting enabling activities and clearinghouse functions. As under the ozone treaty, regional networks and national plastics offices can enhance the delivery of a wide range of these functions. The Fund's relationships with other subsidiary bodies—such as the technical and economic body that may undertake cost estimates for treaty implementation, and the Conference of the Parties, which would direct the Fund's board and other subsidiary bodies, as well as determine the replenishment amount—are critical elements of its ability to perform efficiently. The regularity of the Fund's replenishment cycles and its country-programme approach—as opposed to a project-based approach—can ensure its support is comprehensive, effective, adequate and sustainable.

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<sup>i</sup> UN Environment Programme (website). *Networks*. Available [here](#).