Contact Group 3 Co-Chairs In-Session Non-Paper on Article 11

27 November 2024

Article 11: Financial Mechanism

1. The table and text below presents the merged text of the two proposals received by groups of countries on Article 11: submission by Africa Group, GRULAC, Cook Islands, Fiji and Federated States of Micronesia and submission by United States on behalf of Australia, Canada, the European Union and its 27 member states, Iceland, Japan, New Zealand, Norway, Switzerland, Republic of Korea and the United Kingdom.
2. Text in the tables indicates alternative approaches to the topic.

***Parties undertake to provide resources for national activities***

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| **(Africa+ proposal):**  1. … Each Party shall provide, within its capabilities, resources for those activities that are intended to achieve the objectives of this instrument, taking into account national policies, priorities, plans, and programmes. | **(US+ proposal):**  1. Each Party undertakes to provide resources in respect of those national activities that are intended to implement this Convention, in accordance with its national policies, priorities, plans and programmes. Such resources may include domestic funding through relevant policies, development strategies and national budgets, and bilateral and multilateral funding, as well as private sector investment and contributions. |

***Implementation tied to financial resources***

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| **(Africa+ proposal):**  1. The extent to which the developing country Parties will effectively implement their commitments under this instrument will depend on the effective implementation by developed country Parties of their commitments under this instrument relating to financial resources, capacity-building, technology assistance, technology transfer, and international cooperation. | **(US+ proposal):**  6. Recognizing that the ability of Parties most in need, particularly Small Island Developing States and Least Developed Countries, to implement some legal obligations effectively under this Convention will depend on the availability of resources, Parties should, and multilateral organizations, agencies, funds and the private sector are encouraged to, provide such support. |

***Special considerations***

2. In the light of capacity constraints, Parties shall consider the specific needs and special requirements of developing States Parties, in particular the least developed countries, landlocked developing countries, and small island developing States (SIDS), taking into account the special circumstances of these Parties in the allocation of appropriate funds and technical and technological assistance. (Africa+ proposal)

11. The Mechanism will be also utilized to support relevant programming for Indigenous Peoples as holders of indigenous knowledges, sciences, and practices. (US+ proposal)

***Sources of finance***

3. The developed country Parties shall take the lead on providing financial resources to support developing country Parties and Parties with economies in transition in fulfilling their obligations under this Instrument. Contributions from other sources, including multilateral organizations, agencies, and funds, are encouraged to increase their support for the implementation of this Instrument. (Africa+ proposal)

2. This Convention aims to align financial flows and catalyze private finance mobilisation for the achievement of its objective. (US+ proposal)

3. Parties shall aim to align financial flows with the objectives of this Convention, including through, inter alia, establishing or extending fiscal measures, regulatory and economic instruments, producer responsibility schemes, information transparency, and sustainable public procurement, as appropriate. Bilateral, regional, and multilateral entities, as well as the private sector, are also encouraged to align their financial flows with the objectives of this Convention. (US+ proposal)

4. Parties shall aim to promote an enabling environment for private finance mobilisation. Parties should also take measures to increase the mobilization of private finance and to catalyze private investment, including through, inter alia, producer responsibility schemes, establishing or extending blended finance structures, de-risking instruments, and innovative public-private financing mechanisms, such as outcome bonds, credit facilities, and impact investments, as appropriate. (US+ proposal)

5. Parties should include in their national action plans and reporting their actions taken in furtherance of paragraphs 1, 3 and 4. (US+ proposal)

10. Recognizing that the Mechanism will exist within a broader landscape of financial flows including from domestic finance, bilateral, regional, and multilateral entities, and the private sector, in providing resources for an activity, the Mechanism should take into account the additionality and complementarity of support for that activity with respect to all financial flows in furtherance of the Convention’s objectives. (US+ proposal)

***Establishment of a financial mechanism***

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| **(Africa+ proposal):**  4. A mechanism for the provision of adequate, accessible, new and additional financial resources under this Instrument is hereby established. The mechanism shall ensure efficient access and support to developing country Parties and Parties with economies in transition in implementing this Instrument.  5. The mechanism shall include a new dedicated independent multilateral fund operating under the authority of the Conference of the Parties (COP), with contributions from developed country Parties calculated periodically on the basis of a scale of assessments, and voluntary contributions from other Parties in accordance with their capabilities, as well as other public and private sources to provide financial resources on a grant or concessional basis, as appropriate, and based on a programmatic approach, for but not limited to:… | **(US+ proposal):**  7. A Mechanism, composed of the Global Environment Facility Trust Fund, for the provision of financial and technical assistance is hereby established. The Mechanism is to support Parties most in need, particularly Small Island Developing States and Least Developed Countries, comply with their obligations under this Convention.  8. The Mechanism shall provide financial resources on a grant or concessional basis… |
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| ***Activities to be supported*** | |
| **(Africa+ proposal):**  5. …  (a) Enabling activities and agreed incremental costs, including, inter alia:  (i) Institutional strengthening, namely support for plastics officers similar to the ozone officers under the Montreal Protocol;  (ii) Policy development and implementation, such as preparation of country programmes or national plans;  (iii) Remediation for legacy plastic pollution that can be of a transboundary nature  (iv) Education and awareness raising;  (v) Capacity-building and training, in coordination with other relevant initiatives;  (vi) Technology Transfer and Development  (vii) Reporting and monitoring; and  (viii) Pilot and demonstration projects.  (b) Clearinghouse functions, including, inter alia:  (i) capacity-building, technical assistance, technology transfer in Article XX;  (ii) information exchange in Article XX;  (iii) awareness, education and research in Article XX;  (iv) dedicated programmes of work in Article [XX];  (v) cooperation mechanism in Article [XX];  (vi) financial guarantees;  (vii) and other such functions as agreed by the Conference of the Parties; | **(US+ proposal):**  8. …to meet the agreed incremental costs in support of implementation of this Convention,  including the agreed full cost of enabling activities related to reporting obligations. In providing resources for an activity, the Mechanism should take into account the potential plastic pollution reductions of a proposed activity relative to its costs, and the reductions in the potential risk posed by plastic pollution to human health, animal health and the environment, while taking into account the specific needs and special circumstances of Parties that are Small Island Developing States or Least Developed Countries. |
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| ***Contributions to the fund*** | |
| **(Africa+ proposal):**  6. Donor countries shall replenish the multilateral fund as agreed by the Conference of Parties, based on developing countries needs assessments undertaken by a subsidiary body established under the instrument. The subsidiary body will report directly to the Conference of the Parties needs assessments for supporting recipient countries in meeting their core obligations and control measures during the upcoming replenishment period. | **(US+ proposal):**  12. The Mechanism shall seek to leverage resources from all sources for the activities it supports. All Parties are expected to contribute to the Mechanism on a voluntary basis, in particular those with both the financial capacity to do so and with high levels of plastic leakage, plastic product production, or polymer production. |
| 7. The Conference of the Parties may consider the possibility of establishing or identifying other funds or entities, as part of the financial mechanism, as appropriate, to support implementation of this Instrument and make arrangements for their operationalisation. |  |
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| ***Operation, governance and guidance for the financial mechanism*** | |
| **(Africa+ proposal):**  8. The Conference of the Parties shall establish an Executive Committee, operating under its authority, to develop and monitor the implementation of operational policies, guidelines and administrative arrangements, including the disbursement of resources, and to promote transparency, accessibility and coordination, including among other funds and entities providing finance. The Executive Committee shall discharge its tasks and responsibilities, specified in its terms of reference as agreed by the Conference of the Parties. The members of the Executive Committee, which shall be selected on the basis of a gender and geographical balanced representation of the Parties, shall be endorsed by the Conference of the Parties. | **(US+ proposal):**  9. For the purposes of this Convention, the Mechanism shall be operated under the guidance of the Conference of the Parties. The Conference of the Parties shall provide guidance on policies, programme priorities and eligibility criteria for access to and utilization of financial resources.  13. The Conference of the Parties and the Global Environment Facility Trust Fund are to determine, at the first meeting of the Conference of the Parties, arrangements to give effect to the above paragraphs.  14. The Conference of the Parties shall review the guidance provided by the Conference of the Parties to operationalize the Mechanism under this Article and its effectiveness, transparency and responsiveness every [five] years. Such review should consider the broader landscape of existing financial flows including from domestic finance, bilateral, regional, and multilateral entities, and the private sector. The Conference of the Parties shall also discuss how all relevant actors throughout the lifecycle will contribute to the mobilization of financial resources for the implementation of the instrument by countries most in need, particularly Small Island Developing States and Least Developed Countries, including how Parties can mobilize new and additional private sector contributions to support treaty implementation while respecting national fiscal sovereignty. It shall, based on such review, take relevant action to improve the  effectiveness of the Mechanism. |
| 9. An independent and designated secretariat shall be established to support the fund’s governing body in managing the day-to-day operation of the fund, including inter alia: developing plans and budgets, reviewing project applications, organizing meetings, disbursing financing, and overseeing implementation. |  |
| 10. The Conference of the Parties shall agree, at its first meeting, on the arrangements for operationalising the fund mentioned in Paragraph 4 including a governing instrument, its designated secretariat and an indicative list of enabling activities, agreed incremental and other costs and clearinghouse functions that could receive support, as recommended by the transitional Executive Committee established to make all necessary arrangements for the functioning of the new dedicated independent multilateral fund. |  |
| 11. The Conference of the Parties shall review, no later than at its third session, and thereafter triennially, the programme budget and level of funding, the guidance  provided by the Conference of the Parties to fund and entities entrusted to operationalize the mechanism established under this Article and its effectiveness, and  its ability to address the changing needs of developing country Parties and Parties with economies in transition. It shall, based on such review, take appropriate action to  improve the effectiveness of the mechanism. |  |
| **Adoption of Decisions at INC 5**  1. A transitional Executive Committee is hereby established to make all necessary arrangements for the functioning of the new dedicated independent multilateral fund for adoption at the first session of the Conference of the Parties. The members of the transitional Executive Committee shall be selected on the basis of a gender and geographical balance. In carrying out its functions, the Committee shall consider the following characteristics for the new Fund:  (a) Direct and transparent access to resources by national governments, including through national, subnational and regional entities, and through an efficient structure of implementing agencies, consistent with the policies and procedures established by the fund’s governing body;  (b) The fund's governing body shall have a balanced representation of developed and developing countries and a transparent governance structure.  (c) Allocation of grants to support national programs, with concessional finance available to both public and private entities for specific recipients or activities on a project basis;  (d) Provision of financial resources through contributions from developed countries, ensuring that resources are new, additional, adequate, predictable, sustainable and timely;  (e) Address the need to mitigate risks and issues of access as well as reduce costs, including currency exchange, associated with concessional loans.  (f) Funding by other parties on a voluntary basis and in accordance with their capabilities;  (g) Complementary sources of financing, including philanthropic and private sectors, and utilization of financial instruments;  2. The United Nations Environment Programme, or any entity in a position to do so, shall provide interim financial support for ratification, institutional strengthening and initial assessments, pending the operationalization of the new dedicated independent multilateral fund. |  |