The following proposed text highlights the fact that what is termed ‘extended producer responsibility’, but which could equally be described as ‘funding of waste management through business contributions’ could, and perhaps should, have a significant role to play in financing. Some have suggested that such funds cannot fund capital investment: that is incorrect. As such, this should be considered an important element of agreement financing. Support for capacity building will be critical.

Part III 1 and 2

1. Financing Implementation of the Treaty: Sources of Funds and Eligibility for Implementation Support (NB: includes tech assistance / tech transfer)

   1. Each Party shall exercise its responsibilities to mobilise national resources, including through implementing extended producer responsibility as per Measure 7, and economic instruments as appropriate, and including the global plastic fee (see Para 6 below), to mobilise resources required to implement this instrument*.

   2. In accordance with the specific needs and special circumstances of Parties such as less developed countries or Small Island Developing States, all Parties will collaborate with the governing body* to ensure that activities and country groupings listed under [Annex H] are resourced though funds raised as a result of the implementation of this Article. In particular, Parties shall cooperate to enable, within their respective capabilities, the provision of timely, sustainable, comprehensive and adequate capacity-building and technical assistance, to Parties in greatest need, to assist them in implementing their obligations under this instrument* and to retain such capacity once built.

   3. The funds raised for these purposes will be assigned to a Fund dedicated to supporting Parties in the effective implementation of this Treaty. The fund shall include financial contributions from the following sources:¹

      i. Development assistance from developed countries [and multilateral development banks]
      ii. Private finance
      iii. Revenue from the global plastic fee (see Para 7 below)
      iv. Revenue from other economic instruments proposed by the governing body* for implementation by Parties with a view to supporting the Fund

   Funds will be used to support the country groupings and activities [outlined in Annex H OR to be elaborated at the first meeting].

¹ Note that there is no need for funding from extended producer responsibility / ‘funding of waste management through business contributions’ to become part of the Fund.
4. The Fund described in Para 3 shall operate under the guidance of and be accountable to the governing body* The governing body* [or a body acting under its authority] shall confirm the criteria for eligibility in order to access financial resources, the list of categories of activities that will receive support from the mechanism, and the basis for allocating funds to those eligible. The governing body* [or a body acting under its authority] will also indicate those activities where it is expected financial resources will be mobilized by Parties themselves.

5. The governing body* shall periodically report and make recommendations on a biannual basis on the identification and mobilization of funds under the mechanism. In addition to the considerations provided in this article, the governing body* shall consider, inter alia:

i. The assessment of the needs of developing country Parties. This includes needs in respect of capacity-building and technical assistance to support the implementation of this instrument.*

ii. The availability and timely disbursement of funds;

iii. The ability of recipient Parties to absorb effectively the funds which are made available;

iv. The transparency of decision-making and management processes concerning fundraising and allocations; and

v. The balance of incoming and outgoing funds, and need for necessary adjustments to balance, given the needs of the eligible recipients for effective implementation.

6. Each Party shall implement a plastic pollution fee, to be paid by producers of primary plastic polymers within its jurisdiction, and adopt the necessary legislative, regulatory and administrative measures for its collection. The governing body*, at its first session, shall confirm the appropriate level of the fee to be applied and adopt modalities and procedures setting out rules for the transfer of a proportion of the fee revenue that is collected to the fund established in paragraph 3.

7. The global plastic pollution fee is expected to be the main source of funding for the following activities in low- and lower-middle income countries and small island developing states:

i. Institutional strengthening and capacity building relevant to the implementation of the Treaty, including additional staffing, technical assistance and support in drafting and implementing policy and law;

ii. Remediation of legacy plastic pollution (cross ref Measure 8);

iii. Support for developing sustainable waste management systems beyond those costs that are expected to be recovered through EPR schemes (cross ref Measures 7 and 9);

iv. Ensuring sufficient funding for a just transition for vulnerable groups who could be disadvantaged by the future instrument including women, children, youth and waste pickers, among others.

8. Capacity building activities should place particular emphasis on supporting women, waste pickers, Indigenous Peoples and Local Communities (IPLC) and other vulnerable groups, both in the development and implementation of such measures. They should be responsive to national needs, and foster country ownership by recipient Parties.
9. Each Party shall take measures so that within 5 years of the Treaty entering into force
that financial flows are made consistent with the goals of this instrument by:

i. phasing out financial flows, including investment guarantees, from all public sources
which support, or could be supporting, activities that result in emissions and releases
to the environment from plastics and plastic products across the life cycle, including
microplastics, as well as businesses that are engaged in such activities;

ii. increasing financial flows, including investment guarantees, from public sources which
support activities that prevent or reduce emissions and releases to the environment of
plastics and plastic products across the life cycle, including microplastics, and
including the development of effective waste management infrastructure outside the
scope of the activities whose costs are to be funded by producers through EPR.

iii. removing subsidies, both explicit and implicit, for the production of primary plastic
polymers and other activities which result in emissions and releases to the
environment from plastics and plastic products across the life cycle, including
microplastics, as well as businesses that are engaged in such activities; and

iv. implementing policies which support, and which do not present barriers to, private
investment in activities that prevent or reduce emissions and releases to the
environment of plastics and plastic products across the life cycle, including
microplastics.

10. The parties shall make efforts to increase mobilization of private funding including
through removing impediments to private investment where it is aligned with the
objective and provisions of the instrument. Investment guarantees should also be
available to support the de-risking of private investment as appropriate.

Annex H: ‘Mock-up’ Example Matrix of Eligibility for Funding
A basic example of this is set out below: the list of activities in incomplete, and the country
classification is simple (it could be made more ‘activity-specific’). The suggestion is to ensure that
key sources of funding are linked to different funding needs.

<table>
<thead>
<tr>
<th>Category of Nation (proposal)</th>
<th>Upper middle Income</th>
<th>Lower Middle Income</th>
<th>Low Income</th>
<th>SIDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capacity Building, Central Govt</td>
<td>No</td>
<td>Yes, for Measures X, Y, Z…</td>
<td>Yes, for all Measures</td>
<td>Yes, for Measures A, B, C…</td>
</tr>
<tr>
<td>Capacity Building, Central Govt</td>
<td>Yes, for Measure 9a outside major cities</td>
<td>Yes, for Measure 8, 9a</td>
<td>Yes, for Measure 8, 9a</td>
<td></td>
</tr>
<tr>
<td>Technical support</td>
<td>No</td>
<td>Yes, for Measures X, Y, Z…</td>
<td>Yes, for all Measures</td>
<td></td>
</tr>
<tr>
<td>Measure 3a</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measure 8 plans and actions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Etc…</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>