Part III

1. Financing [mechanism [and resources]]

   *Alt Title: Financial resources [(and mechanism)]*

   **Provisions common for Options 1 and 2 (see OP 6 and OP7)**

Explanatory text:

The small island developing states (SIDS) continue to assess the two options proposed, noting that we are open to considering how Op6 Alt 2 of Option 1 could be streamlined with OP6 Alt 2 of Option 2, provided that key elements from Option 2 are reflected - including the remediation fund and the plastics implementation fund.

From the outset, we emphasise the need for new, additional, adequate, predictable, sustainable and timely financial resources to developing country parties, particularly SIDS. Moreover, funding must be commensurate with the scope of the substantive obligations under the instrument.

We share concerns about existing financial arrangements given recurring challenges faced by SIDS in terms of accessibility but also the oversaturation of particular existing arrangements.

Finally, the provision of financial resources under the Mechanism shall prioritize SIDS both for simplified and harmonized access to these resources as well as their allocation.

**SIDSS textual proposals:**

**OP0:** The overall effectiveness of implementation of this instrument* by developing country Parties will be related to the effectiveness of this article.

**OP0 Alt No text.**

**OP0 Alt 2** 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, technical assistance and technology transfer. The fact that sustainable economic and social development and eradication of poverty are the first and overriding priorities of the developing country Parties will be taken fully into account, giving due consideration to the need for the protection of human health and the environment.

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1 **Note by the co-facilitators:** The text of OP3bis below is now OP0 Alt2.
1. [Parties] [Each Party] [shall] [undertakes to] provide the necessary resources [within their capabilities] for national activities intended to implement this instrument* [as appropriate.][[in accordance with its national policies, priorities, plans and programmes. [The mobilization of][Such] resources [for tackling plastic pollution should][may] include [all sources,] domestic [funding through relevant policies, development strategies and national budgets] and [bilateral and multilateral] [international] [funding, as well as facilitation of private sector [investment and contributions][financing][, including voluntary contributions]]. [2] [public and private, in line with the Addis Ababa Action Agenda (AAAA) and the Polluter Pays Principle (PPP). The parties shall make efforts to increase mobilization of the private funding including the alignment of public and private investment and finance with the objective and provisions of the instrument. International financial institutions and multilateral development banks, in particular the World Bank Group and the International Monetary Fund, are invited to consider supporting implementation of the instrument, including by partnering with the Global Environmental Facility. 69]

**OP1 Alt** No text.

2. [Developed countries][Parties [in a position to do so]] [shall][should] and [multilateral organizations, agencies and funds][multilateral, regional and bilateral entities] [are encouraged to], [increase their support including through] [provide within their capacities] [on a voluntary basis][adequate] finance, capacity-building, [technical assistance] and technology transfer [on voluntary and mutually agreed terms] [on grant or concessional terms], [by prioritizing the support to most effective and cost-efficient measures taken to prevent emissions and releases of plastics], for the implementation of this instrument* by [(developing country Parties)[most in need][, particularly small island developing States] and least developed countries][and countries with economies in transition][Parties with limited domestic resources and significant capacity challenges].

**OP2 Alt.** The developed country Parties shall provide new and additional financial resources to enable developing country Parties and Parties with economies in transition to meet the agreed full incremental costs of implementing measures which fulfill their obligations under this instrument. Contributions from other sources, including multilateral organizations, agencies and funds are encouraged to, increase their support, including through finance, capacity-building and technology transfer, for the implementation of this instrument* by developing country Parties. Other Parties may also on a voluntary basis and in accordance with their capabilities provide such financial resources. The implementation of these commitments shall take into account the need for adequacy, predictability, the timely flow of funds and the importance of burden sharing among the contributing Parties.

3. Parties shall, and other stakeholders are encouraged to, in implementing paragraph 2 [and 3] of this article, take into account of the specific needs and special circumstances of Parties that are [developing country Parties, particularly][downstream, underdeveloped countries,] small island developing States [or least developed countries][or environmentally or ecologically vulnerable developing countries][countries with special geographical conditions or characteristics that are considered vulnerable to plastic pollution, including archipelagic states] [or countries with economies in transition] [and countries whose economies are highly dependent on income generated from the production, processing and export and /or consumption of fossil fuels and associated energy intensive products].

**OP3 Alt** No text.

4. [To support the implementation of the obligations under this instrument by developing country Parties, particularly prioritizing parties that have the largest capacity and governance gaps, especially small island developing States and least developed countries,] A mechanism for the [provision of][purposes of providing] [financial and technical assistance, including technology transfer [and development and capacity-building and training]][[new and additional,] predictable, [sustainable,] adequate, [accessible] and timely financial resources is hereby established to [prioritize] support the implementation of this instrument* [to most effective and cost-efficient measures taken to control leakage of plastics] by [countries with limited domestic resources and significant capacity challenges] [(developing country Parties)[most in need][, particularly small island developing States and least developed countries][countries with economies in transition][particularly downstream underdeveloped countries][and environmentally or ecologically vulnerable developing countries][developing country Parties, particularly prioritizing Parties that have the largest capacity and governance gaps, especially small island developing States and least developed countries]. The Mechanism shall include financial

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2 Note: For a list of possible sources of financing beyond traditional sources, see paragraph 24(e) of document UNEP/DD/INC.2/4.

3 Note by the co-chairs: It has been suggested that this provision may be better placed at the top of this provision.
resources from [all sources[, domestic and international, public, and private] [including the establishment of a global plastic pollution fee to be paid by international plastic polymer producers and to adopt the necessary legislative, regulatory and administrative measures for its collection] [with priority from the public, and private, with developed country parties taking in the lead in the mobilization of resources]] [developed countries and others in a position to do so]].

**OP4 bis.** All Parties are expected to contribute to the mechanism. The mechanism shall encourage the provision of resources from other sources, including the private sector, and shall seek to leverage such resources for the activities it supports.

**OP4 ter.** The support provided in paragraphs 2 and 4 shall be targeted to most effective and cost-efficient measures, which are well-planned in advance within local communities and coordinated with regional, subregional or national arrangement to maximize positive effects for preventing emissions and releases of plastics. A priority of the support shall be given to establish an effective social system at local level for handling, sorting, collection, transportation, storage, recycling and treatment of plastic wastes, which is indispensable to safe and environmentally sound waste management.

5. [For the purposes of this instrument*] The mechanism shall operate under the guidance of and be accountable to the governing body* [The governing body* shall provide guidance on [overall] policies, program priorities, and eligibility criteria related to this instrument* [which shall provide guidance on overall strategies, policies, programme priorities and eligibility access to and utilization of financial resources. In addition, the governing body* shall provide guidance on an indicative list of categories of activities that could receive support from the mechanism].

**OP5 A.** For purposes of the Multilateral Fund, the governing body* shall establish an Executive Committee, operating under the authority of the governing body*, to develop and monitor the implementation of operational policies, guidelines and administrative arrangements, including the disbursement of resources. The Executive Committee shall discharge its tasks and responsibilities, specified in its terms of reference as agreed by the governing body*. The members of the Executive Committee, which shall be selected on the basis of a balanced representation of the Parties, shall be endorsed by the governing body*. Decisions under this paragraph shall be taken by consensus whenever possible. If reasonable efforts at consensus have been exhausted and no agreement reached, decisions shall be adopted by a two-thirds majority vote of the members of the Executive Committee present and voting.

**OP5 bis.** In recognition of the urgency to address plastic pollution, the governing body* shall determine no later than at its [ ] meeting an initial resource mobilization goal for the financial mechanism.

**OP5 ter.** The governing body* shall periodically report and make recommendations 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:

- (a) The assessment of the needs of developing country Parties;
- (b) The availability and timely disbursement of funds;
- (c) The transparency of decision-making and management processes concerning fundraising and allocations.

**OP5 quater.** The governing body* shall, in addition, undertake a periodic review of the financial mechanism to assess the adequacy, effectiveness and accessibility of financial resources, including for the delivery of capacity building, technical assistance and the transfer of technology for developing State Parties.

**OP5 quinquies.** The governing body* shall agree upon arrangements to give effect to the above paragraphs at its first meeting.

**Option 1**

6. The mechanism shall consist of newly established dedicated Fund(s)*.

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4 Note: The two options below paragraph 5 could be considered individually or together.

5 Note: The fund(s) could be dedicated to specific purposes, such as addressing legacy plastic waste or innovation.
**OP6 Alt.** A dedicated Multilateral Fund is hereby established to provide financial resources to eligible developing countries [and countries with economies in transition] in need to meet their commitments under the instrument.6

**OP6 Alt2.** The mechanism shall include:

a. [A newly established dedicated [and independent] [multilateral] fund [as the main vehicle] for providing support to developing country Parties[and countries with economies in transition] to [comply with any agreed control measures][implement the instrument*];

b. [A timebound international financing programme to support enabling activities, capacity-building and technical assistance, [to support developing country Parties, particularly small island developing States and least developed countries, [and countries with economies in transition] in their implementation of the substantive provisions of the instrument. Funding must be commensurate with the scope of these provisions];]

c. [A Multilateral Fund, financed by contributions from non-developing country Parties on the basis of [a][ the United Nations] scale of assessment, to provide new, predictable, stable, adequate and timely financial resources on a grant basis in support of the implementation of this instrument* for:

i. Enabling activities;

ii. Agreed incremental and other costs of compliance;

iii. Technical assistance and capacity-building and training;

iv. Technology transfer and development on mutually agreed terms;

v. Secretarial services of the Multilateral Fund and related support costs.]

[Part of the financial resources of the financial mechanism shall be utilized to mobilize financial flows from the private sector which shall be used to support projects and programmes in developing countries, including small island developing States and least developed countries [and countries with economies in transition].]

[The financial mechanism should seek to ensure that the duplication is avoided, and complementarity and coherence promoted, among utilization of the funds within the mechanism.]

**OP6 Alt footnote 71.** Elements to be funded should be decided by the governing body* of the instrument*.

**OP6 bis.** For support of early action and implementation, the mechanism shall also consist of dedicated Fund(s) within an existing financial arrangement to be accessed by developing country Parties, particularly small island developing States, least developed countries [and countries with economies in transition] and environmentally or ecologically vulnerable developing countries.

**OP6 ter.** The contributions from the dedicated fund to the developing country Parties [and countries with economies in transition] shall be additional and distinct from other financial transfers received by such Parties.

**OP6 quater.** The dedicated fund shall be periodically replenished, from various sources, including by Parties following the principle of Common but Differentiated Responsibility.

7. The governing body* shall, at its first session, [agree upon][adopt] the arrangements for the operation of the newly established dedicated fund(s) with the necessary consideration to the paragraph 3 and 4[[ including an indicative list of enabling activities and agreed incremental and other costs that could receive support].]

**OP7 Alt.** The governing body* shall establish a permanent body to govern the financial mechanism. The permanent body shall undertake assessment on the technology and financial needs, including technology transfer, for each of the developing country Parties [and countries with economies in transition] to comply with each of the agreed control measures, as well as mobilization of financial resources for the same.

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6 Note by the co-facilitators: This text was initially submitted as an alternative to paragraph 9. It was highlighted during contact group 2 discussions that this could appear in paragraph 6.
**OP7 Alt2.** The governing body* of the instrument* shall decide on activities to be funded in developing country Parties [and countries with economies in transition] through the dedicated fund and the modalities for providing such funds, on order to enable the developing country Parties [and countries with economies in transition] comply with agreed control measures.

**Option 2**

6. The mechanism shall consist of a [dedicated Fund within] [an existing financial arrangement][the Global Environment Facility Trust Fund][with a view to fostering synergies with other environmental issues]*

**OP6 Alt.** A dedicated Multilateral Fund is hereby established to provide financial resources to eligible developing countries [and countries with economies in transition] in need to meet their commitments under the instrument*.

**OP6 Alt2.** The financial mechanism shall include:

a. [an existing fund e.g., the Global Environment Facility Trust Fund];

b. A Plastics Implementation Fund to support the implementation of national action plans and other activities to be defined by the Parties (access to technology, royalties, capacity building etc.); and

c. A Remediation Fund to support remediation of legacy plastics in the marine environment, including areas beyond national jurisdiction.

7. The governing body* shall, at the latest at its first session, conclude arrangements with the governing body* of the [existing financial arrangement]* [Global Environment Facility] for the operation of the mechanism.

**Provisions common for Options 1 and 2 above**

**OP7 bis.** 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 instrument*’s objectives, including from domestic finance, bilateral, regional, and multilateral entities, and the private sector.

**OP7 ter.** A platform for the provision of transparent information on all financial flows in furtherance of the instrument*’s objectives is hereby established. This platform shall provide information pursuant to paragraph 7bis.

**OP7 quater.** Parties, bilateral, regional and multilateral entities and the private sector are encouraged to take actions to make financial flows consistent with a pathway towards achieving the objective of the instrument*.

**OP7 quinquies.** In providing resources for an activity, the mechanism should take into account the potential for the proposed activity to reduce releases of plastic to the environment, relative to its costs, and the need to prioritize limited financial assistance towards Parties with limited domestic resources and significant capacity challenges.

8. The governing body* shall review [no later than at its [third][fourth] meeting, and thereafter] on a regular basis the level of funding [from all sources], [the additionality and complementarity of funding with respect to all financial flows in furtherance of the instrument*’s objectives,] the guidance provided by the governing body* [to the entities entrusted] to operationalize the Mechanism established under this article and its effectiveness, as well as its ability to address the changing needs of [developing country Parties][most in need][and countries with economies in transition][Parties with limited domestic resources and significant capacity challenges]. It shall, based on such review, [take relevant action] [give recommendations to be agreed by all Parties, that aim] to improve the effectiveness of the mechanism.*

9. Each Party [shall][is encouraged to] establish [where appropriate] a plastic pollution fee, to be paid by plastic polymer producers within its jurisdiction, and adopt the necessary legislative, regulatory and administrative measures for its collection. [The governing body*, at its first session,

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*Note: The fund could be established within an ‘existing fund’, such as the Global Environment Facility (GEF) (https://www.thegef.org/who-we-are/organization).

*Note by the co-facilitators: This text was originally submitted as an alternative to paragraph 9. It was highlighted during contact group 2 discussions that this could appear in paragraph 6.

*Note: Adapted from Minamata Convention, Article 13.11.
shall adopt modalities and procedures for the implementation of the global plastic pollution fee, including on the contribution of the fee to the financial mechanism established in paragraph 4.\textsuperscript{10}

**OP9 Alt.** No text.

**OP9 bis.** The global plastic pollution fee will provide ample funding to meet the unique costs of ending plastic pollution, including:

a. The high capital costs of investing in infrastructure essential for managing plastic waste in a safe and environmentally sound manner;

b. The remediation of legacy plastic pollution that bears heavily on the developing world;

c. Other aspects of implementation of the future treaty including, technology transfer, capacity building research, innovation, education and development;

d. Aiding the establishment, operationalization and scaling up of national EPR schemes, by making available consistent and predictable revenue flows to cover capital costs of establishing waste management systems (typically not covered by EPR schemes) and, if necessary, their operational costs;

e. 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.

**OP9 ter** Each Party shall compel extended producer responsibility schemes to provide technology for processing and recovery of plastic products.\textsuperscript{11}

10 Each Party shall [aim to] take measures to [make finance flows consistent with [[the goals of this instrument*]] a pathway towards ending plastic pollution, and related risks to human health and the environment by):

a. [[decrease][phasing out]] financial flows from all domestic and international, public, and private sources, towards [projects][activities] that result in emissions and releases to the environment from plastics and plastic products across the life cycle, including microplastics; and

b. [increase financial flows from all domestic and international, public, and private sources, towards [projects][activities] that prevent or reduce emissions and releases to the environment of plastics and plastic products across the life cycle, including microplastics, including for the development of [effective reuse and recycling system, and] adequate waste management infrastructure.]

**OP10 Alt.** Each Party is encouraged to increase financial flows from all domestic and international, public, and private sources, towards projects that prevent or reduce emissions and releases to the environment of plastics and plastic products across the life cycle, including microplastics, including for the development of adequate waste management infrastructure.

**OP10 Alt 2.** No text.

**OP10 bis.** The financial mechanism set out in this article is without prejudice to any future arrangements that may be developed with respect to other environmental issues.

\textsuperscript{10} Note: Modalities for the global plastic pollution fee could be established by the governing body. This fee could hold polymer producers accountable for the pollution costs of all of their plastics, irrespective of the country in which the plastics end their useful life, and of whether the plastics are ultimately destined for recycling or disposal. It could generate revenue to finance environmentally sound waste management and clean-up initiatives.

\textsuperscript{11} Note by the co-facilitators: This text was initially submitted in relation to Part III.2 (Capacity building, technical assistance [and technology transfer], it is suggested that it may be relevant in this paragraph.