In the framework of the Contact Group 2, regarding Provision 1 of Part III of the Zero Draft (FINANCING), please, find attached the text drafting proposal by the European Union and its Member States.

**ZD Part III – Provision 1 – FINANCING**

1. **Parties shall provide the necessary resources for national activities intended to implement this instrument*. The mobilisation of resources for tackling plastic pollution should include all sources, domestic and international, public and private, in line with AAAA and 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 IMF, are invited to consider supporting implementation of the instrument, including by partnering with the Global Environmental Facility.**

   Such resources may include domestic and international funding, as well as facilitation of private sector financing, including voluntary contributions.

2. **Parties should, and multilateral organizations, agencies and funds are encouraged to provide adequate, increase their support, including through finance, capacity-building and technology transfer, for the implementation of this instrument* by developing country Parties.**

3. **Parties shall, and other stakeholders are encouraged to, in implementing paragraph 2 of this Article, take into account of the specific needs and special circumstances of Parties that are Small Island Developing States (SIDS) or least developed countries.**

4. **There shall be a Mechanism for the provision of predictable, sustainable, adequate, accessible and timely financial resources is hereby established to support the implementation of this instrument* by developing country Parties, particularly prioritising Parties that have the largest capacity and governance gaps, especially SIDS and least developed countries. The Mechanism shall include financial resources from all sources, domestic and international, public, and private.**

5. **The Mechanism shall operate under the guidance of and be accountable to the governing body* which shall provide guidance on overall strategies, policies, programme priorities and eligibility for 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.**

   **Option 1**

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

   7. **The governing body* shall, at its first session, adopt the arrangements for the operation of the newly established dedicated fund(s).**

   **Option 2**

   6. **The Mechanism shall consist of a dedicated Fund within an existing financial arrangement*.**

   6. **The Mechanism shall be the Global Environment Facility Trust Fund, in the view of fostering synergies with other environmental issues.**

   7. **The governing body* shall, at the latest at its first session, conclude arrangements with the governing body* of the Global Environment Facility existing financial arrangement* for the operation of the Mechanism.**
8. The governing body* shall review on a regular basis the level of funding, the guidance provided by the governing body* 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. It shall, based on such review, take relevant action to improve the effectiveness of the Mechanism. 73

9. [Each Party shall establish 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, 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. 74]

10. Each Party shall take measures to make finance flows consistent with 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 increasing 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 adequate waste management infrastructure.