



## Contents

Introduction	1
Existing financial landscape	2
Financial resources	2
Financial mechanism	4
Conclusion	5
Annex I: Minamata Convention on Mercury	6
Annex II: Montreal Protocol on Substances that Deplete the Ozone Layer	7
Annex III: Basel Convention on the Control of Transboundary Movements of Hazardous Waste	8
Annex IV: Stockholm Convention on Persistent Organic Pollutants	8
Annex V: United Nations Framework Convention on Climate Change	9

## Introduction

**"Money talks"**

A global agreement on plastic pollution (ie, a convention) will require financial resources to achieve its objectives. At a minimum, financial resources will be required to cover the ordinary expenditures of a convention secretariat. From there, negotiators will need to determine what additional financial resources should be made available to developing countries and economies in transition as well as the financial mechanism(s) for delivering them.

Many models exist in other multilateral environmental agreements and the predominant consideration of negotiators should be to ensure the financial resources are employed strategically and the financial mechanisms are fit for purpose.

# Existing financial landscape

---

## The existing financial landscape to address plastic pollution requires significant improvement.

In its provisional review of financial resources and mechanisms, UN Environment found "little coordination in bilateral funding in overall funding strategies or in project funding at the national level", leading to redundancies and inefficiencies.<sup>1</sup>

Where multilateral funding is available, many countries encounter challenges in accessing it.<sup>2</sup> In addition, difficulties exist in coordinating national budgets and plans, where countries are increasingly dedicating their own funds, with various funds and initiatives, where countries are receiving significant international funds to combat plastic pollution.<sup>3</sup>

UN Environment also found the "need to increase private investment", highlighting the "continuing production of cheap virgin plastic and fossil fuel subsidies, which undercuts recycled plastics" and the "lack of implementation of market-based instruments and tax incentives to stimulate investment in facilities for environmentally and financially sustainable end-of-life treatment of plastic waste, especially in developing countries."<sup>4</sup>

These issues are further compounded by: limited donor attention to some sectors with significant plastic footprints, such as textiles and agriculture; limited explicit focus on gender despite disparate impacts on women, including the health effects of chemical additives and high exposure of women workers and female-owned businesses; limited engagement with informal waste-pickers; and limited funds for community-based initiatives and indigenous communities, including micro-finance and micro-credit to foster entrepreneurship.<sup>5</sup>

The picture painted is a financial landscape which does not necessarily appear to lack financial resources as such but lacks structure and coordination toward the achievement of clear objectives. In this context, a global agreement on plastic pollution can play a significant role.

# Financial resources

---

## I. Financial support to the secretariat

Any global agreement on plastic pollution will require a secretariat for its day-to-day operation. Typical expenses in this regard include employee salaries, office maintenance and services, conference services and travel, public awareness and communications and programme support.<sup>6</sup>

It is expected that developed countries will provide the bulk of the financial resources, with developing countries and economies in transition also contributing under the UN scale of assessments, relying on a general trust fund as the financial mechanism (see below).<sup>7</sup>

Budgets are periodically approved and, ultimately, do not constitute a significant part of the financial expenditure in any given year. For illustrative purposes, the approved 2020 budgets for various convention secretariats are as follows:

- Ozone Secretariat (Montreal Protocol, UNEP-hosted)<sup>8</sup> – \$5,322,308
- Basel Secretariat (Basel Convention, UNEP-hosted)<sup>9</sup> – \$4,856,141
- Minamata Secretariat (Minamata Convention, UNEP-hosted)<sup>10</sup> – \$3,052,243
- UNFCCC Secretariat (UNFCCC)<sup>11</sup> – \$29,919,688

## II. Financial support to developing countries and economies in transition

A global agreement on plastic pollution should also provide strategic and targeted financial support from developed countries (donor countries) to developing countries and economies in transition (recipient countries).

This section identifies the various areas where financial resources should be forthcoming, dividing them into: (i) enabling activities, and (ii) incremental costs. Sustainable financing mechanisms, developed and adopted at the national level as part of plastic pollution reduction plans to finance costs related to plastic-waste management, are discussed separately.

## A. Enabling activities

Enabling activities are those necessary to pave the way for, or enable, compliance. Following the collective experience of various multilateral environmental agreements, enabling activities should be considered as absolutely critical to delivering on the objectives of the agreement.

- **Capacity-building and training.** Capacity-building and training are closely related to compliance, providing the skills, knowledge and tools to individuals and governments to implement their obligations and commitments competently and with greater effectiveness.<sup>12</sup> Given the range of issues related to plastic pollution and promoting a safe circular economy, capacity-building and training should feature prominently, and should also include organisational management, performance management, project development and management, financial management, supervision of national activities, partnerships and collaboration, professional networking, advocacy and negotiation, communication, access to information and resource mobilisation.<sup>13</sup> Capacity-building and training should be administered in an adaptive framework with regular reviews of effectiveness in design and implementation in order to remain responsive and relevant. In the report *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, widely considered to be the most successful.<sup>14</sup>
- **Institutional strengthening.** Institutional strengthening increases the ability of governments to perform their essential functions and has become synonymous with support provided to ensure consistent and dedicated staffing within governments, eg, focal points.
- **Policy development.** At the heart of the global agreement will be country-level plastic pollution reduction plans – national action plans – transposing international obligations and setting out the specific policies and measures taken or to be taken to reduce plastic pollution. The process for developing plastic pollution reduction plans can be broken down into three main phases: (i) preparatory activities, such as data-gathering to establish inventories, sources and pathways of plastic and plastic pollution; (ii) needs assessment and intervention opportunities, in particular as it relates to promoting a circular economy and preventing leakage; and (iii) policy development and implementation, for example market restrictions, separate collection and recycling, infrastructure improvements, measures promoting secondary markets and sustainable financing mechanisms. These plans should be periodically reviewed and updated.
- **Monitoring and reporting.** The global agreement will require a well-developed structure for monitoring and reporting with clear obligations and timeframes. Measuring progress toward the long-term elimination of discharge of plastics and microplastics to the oceans and the promotion of a safe circular economy for plastics will require a combination of reporting on oceanic monitoring (top-down) and national data reporting on the circular economy and leakage (bottom-up).<sup>15</sup> As countries develop their plastic pollution reduction plans, those too will need to be reported along with their periodic updates.
- **Pilot and demonstration projects.** A pilot project refers to the initial small-scale implementation of a larger project to work out issues and roadblocks before full-scale implementation. A demonstration project refers to those that promote technological innovations or best practices through development and analysis of a live project, building a body of evidence upon which to base future decisions. Pilot and demonstration projects should be used to support a wide variety of innovative approaches toward addressing plastic pollution at the sub-national, national and regional levels, informing decisions, policies and priorities.

## B. Incremental costs

Incremental costs refer to those extra expenses related to compliance with the new commitments.

In the context of plastic pollution, several costs could be considered incremental. For example, in order to reduce microplastic pollution from textiles, countries might commit to requiring new washing machines to contain filters to collect fibers during the washing cycle. This would, in turn, compel washing machine manufacturers to redesign their products to include new components and upgrade manufacturing facilities. This redesign and upgrade could be considered an incremental cost of compliance for developing countries.

Another example, a developing country might, in order to reduce macroplastic pollution from plastic bottles, make investments in separate collection and recycling infrastructure. These investments could be considered an incremental cost of compliance (although an alternative approach could be to promote extended producer responsibility schemes, discussed below). Policymakers should consider carefully the categories of incremental costs will be eligible. Typically, the text of the multilateral environmental agreement contains the general obligation to meet the "agreed incremental costs" with the actual list agreed and adopted via an early decision by the Parties.

EIA believes the incremental costs related to plastic waste management should be carefully circumscribed. It is unreasonable to expect developed (donor) countries to fund plastic waste management in perpetuity in developing

(recipient) countries. Instead, plastic waste management must become self-sufficient at the local and national levels, financed predominantly by the economic actors (industries) profiting from plastic use. This should not preclude developed countries from providing financial assistance for strategic interventions to kickstart a safe circular economy, such as through pilot and demonstration projects; rather, it reflects the notion that the financing of plastic waste management must become sustainable over the long-term and not dependent on outside funding.

### III. Sustainable financing

Sustainable financing herein refers to economic and other fiscal measures adopted by local and national governments to finance plastic-waste management. This includes common measures such as waste management fees on households and other end-users, but also includes less common approaches such as deposit-refund schemes, extended producer responsibility (EPR) schemes, plastic taxes and levies, advanced disposal fees, green public procurement and policies promoting secondary markets for recycled materials. In some instances, it may include joint public-private initiatives, blended finance and blue bonds to the extent those are designed to be sustainable. The specific sustainable financing mechanism will vary depending on the type of plastic product or waste as well as national circumstances and sensibilities.

The European Union (EU) is perhaps the most advanced jurisdiction in terms of promoting innovative and sustainable financing for plastic waste management, proposing and adopting several such measures as part of the European Strategy for Plastics in a Circular Economy and the Circular Economy Action Plan (CEAP).<sup>16</sup>

For example, the EU requires EPR schemes for plastic food containers, packets and wrappers, bottles and caps, beverage cups and lightweight plastic carrier bags with explicit provisions to cover the costs associated with waste collection in public collection systems, including infrastructure and its operation, and clean-up costs for littered plastic.<sup>17</sup>

The EU also requires EPR schemes for fishing gear, including covering the costs of separate collection at end-of-life and its transport and treatment.<sup>18</sup> Such tools serve multiple functions and objectives, including removing the onus of plastic waste management from local municipalities to manufacturers and brand owners while also promoting eco design.

Sustainable financing for plastic waste management, in particular, should be a critical component of plastic pollution reduction plans. In this regard, financial support from developed (donor) countries for enabling activities – policy development, capacity-building and training, in particular – in developing (recipient) countries will contribute to the development and implementation of policies and measures on sustainable financing. Implementing and bilateral agencies will also provide critical guidance and support.

## Financial mechanism

---

Various financial mechanisms are used in multilateral environmental agreements to deliver financial resources; which financial mechanism is used relates to the intended purpose of the financial resources and the commitment from donor countries to assist recipient countries with compliance.

A general typology of financial mechanisms is provided below, with multilateral environmental agreements often including a mix of different types, and negotiators should seek to select the financial mechanism that will best promote the objectives of a global agreement on plastic pollution:<sup>19</sup>

- **General trust fund.** General trust funds are negotiated funds whose contributions are determined pursuant to a scale of assessment and are typically applied to ordinary expenditures associated with institutional support by convention secretariats. General purpose trust funds can also be used to support programmatic objectives.<sup>20</sup>
- **Specialised trust fund.** Specialised trust funds are donor-driven funds whereby countries determine separately how much to contribute and for what purpose. In general, all or most contributions are earmarked for specific purposes with restrictions on how funds are allocated in support of priorities.<sup>21</sup>
- **Partnership-based programme-specific trust funds.** These typically involve a single theme responding to a high priority global or regional need, established by key sponsors with invitations extended to other partners to contribute financially, such as government donors, private sector entities, NGOs and foundations. These types of trust funds are typically administered by an existing international institution with funding for the programme-specific trust fund accounted for separately.<sup>22</sup>

- **Donor-based programme-specific trust funds.** These typically involve a single or limited number of themes responding to a high priority global or regional need, established along with a multilateral environmental agreement for one programmatic theme with an agreed scale of assessment or contributions. These types of trust funds are typically administered by an existing legal entity such as an international institution with funding for the programme-specific trust fund accounted for separately.<sup>23</sup>
- **Dedicated multilateral fund.** This is a financial mechanism tailored to the implementation of a single multilateral environmental agreement, involving a negotiated replenishment pursuant to a scale of assessment with contributions allocated to priorities and activities as determined collectively by the governing body.<sup>24</sup> The Multilateral Fund to the Montreal Protocol is an example of a dedicated multilateral fund.
- **Multi-purpose multilateral fund.** These support projects implemented under more than one multilateral environmental agreement. The size of the fund is negotiated and agreed between donors, apportioned pursuant to a scale of assessment, and the financial mechanism has its own governance structure, operating procedures and guidelines applicable to all of its activities although the governing bodies of each of the agreements serviced provide overall guidance regarding the priorities that will be funded for that specific agreement and the eligibility requirements for accessing funds.<sup>25</sup> The Global Environment Facility Trust Fund (GEF) is an example of a multi-purpose multilateral fund.

Assuming a general trust fund is used for the secretariat, negotiators will then need to settle on the preferred financial mechanism or combination thereof for donor countries to assist recipient countries. On this, there is much to learn from previous experience. For example, on one end of the spectrum is the Basel Convention, which is served by two trust funds: the Basel Convention Trust Fund (a general trust fund) and the Technical Cooperation Trust Fund (a specialised trust fund). This combination has not worked well for the Basel Convention, in large part by not providing appropriate and predictable financial support, resulting in chronic shortages.<sup>26</sup>

At the other end of the spectrum is the Montreal Protocol, which is considered the world's most successful multilateral environmental agreement, in no small part due to its dedicated multilateral fund.

Somewhere in between lies the collective experiences of the multilateral environmental agreements which have relied on Global Environment Facility (GEF), which serves as the financial mechanism for the Convention on Biological Diversity (CBD), UN Framework Convention on Climate Change (UNFCCC), UN Convention to Combat Desertification (UNCCD), the Stockholm Convention on Persistent Organic Pollutants and the Minamata Convention on Mercury.<sup>27</sup>

There are costs related to the day-to-day operation of the fund secretariat, for example the following approved 2020 budgets:

- MLF Secretariat (Multilateral Fund for Montreal Protocol)<sup>28</sup> – \$1,734,468
- GEF Secretariat (Global Environment Facility, total)<sup>29</sup> – \$23,539,000

The Minamata Convention provides an example of how a recent financial mechanism was designed. In Article 13, the Minamata Convention references both GEF and an international programme, setting out their respective purposes and structure.

In respect of GEF, the Minamata Convention states it shall "provide new, predictable, adequate and timely financial resources to meet costs in support of implementation," as agreed by the Conference of the Parties (CoP), and "shall be operated under the guidance of and be accountable to [the CoP]."<sup>30</sup> GEF shall "provide resources to meet the agreed incremental costs of global environmental benefits and the agreed full costs of some enabling activities." The CoP provides "guidance on overall strategies, policies, programme priorities and eligibility for access to and utilisation of financial resources" as well as on "an indicative list of categories of activities that could receive support."

This arrangement was put into operation via a Memorandum of Understanding (MoU).<sup>31</sup> The international programme in the Minamata Convention is intended "to support capacity-building and technical assistance" under the guidance of the CoP,<sup>32</sup> operating as a partnership-based programme-specific trust fund.<sup>33</sup>

The text on financial resources and mechanisms found in different multilateral environmental agreements can be found in the annexes.

## Conclusion

---

The financial aspects of a global agreement on plastic pollution should be addressed head-on as an essential element to achieve its objectives.

Significant resources are already being dedicated to marine and other plastic pollution – and will be for the foreseeable future – making the predominant issue how best to direct and deliver them in a coordinated, predictable and effective manner.

# For more information

---

## Tim Grabiels

### Senior Lawyer

Environmental Investigation Agency

timgrabiels@eia-international.org

## Christina Dixon

### Deputy Ocean Campaign Leader

Environmental Investigation Agency

christinadixon@eia-international.org

## Annex I

### Minamata Convention on Mercury

#### Article 13: Financial resources and mechanism

1. Each Party undertakes to provide, within its capabilities, resources in respect of those national activities 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 involvement.
2. The overall effectiveness of implementation of this Convention by developing country Parties will be related to the effective implementation of this Article.
3. Multilateral, regional and bilateral sources of financial and technical assistance, as well as capacity-building and technology transfer, are encouraged, on an urgent basis, to enhance and increase their activities on mercury in support of developing country Parties in the implementation of this Convention relating to financial resources, technical assistance and technology transfer.
4. The Parties, in their actions with regard to funding, shall take full account of the specific needs and special circumstances of Parties that are small island developing States or least developed countries.
5. A Mechanism for the provision of adequate, predictable, and timely financial resources is hereby defined. The Mechanism is to support developing country Parties and Parties with economies in transition in implementing their obligations under this Convention.
6. The Mechanism shall include:
  - (a) the Global Environment Facility Trust Fund;
  - (b) a specific international Programme to support capacity-building and technical assistance.
7. The Global Environment Facility Trust Fund shall provide new, predictable, adequate and timely financial resources to meet costs in support of implementation of this Convention as agreed by the Conference of the Parties. For the purposes of this Convention, the Global Environment Facility Trust Fund shall be operated under the guidance of and be accountable to the Conference of the Parties. The Conference of the Parties shall provide guidance on overall strategies, policies, programme priorities and eligibility for access to and utilisation of financial resources. In addition, the Conference of the Parties shall provide guidance on an indicative list of categories of activities which could receive support from the Global Environment Facility Trust Fund. The Global Environment Facility Trust Fund shall provide resources to meet the agreed incremental costs of global environmental benefits and the agreed full costs of some enabling activities.
8. In providing resources for an activity, the Global Environment Facility Trust Fund should take into account the potential mercury reductions of a proposed activity relative to its costs.
9. For the purposes of this Convention, the Programme referred to in paragraph 6 (b) will be operated under the guidance of and be accountable to the Conference of the Parties. The Conference of the Parties shall, at its first meeting, decide on the hosting institution for the Programme, which shall be an existing entity, and provide guidance to it, including on its duration. All Parties and other relevant stakeholders are invited to provide financial resources to the Programme, on a voluntary basis.
10. The Conference of the Parties and the entities comprising the Mechanism shall agree upon, at the first meeting of the Conference of the Parties, arrangements to give effect to the above paragraphs.

- 11.** The Conference of the Parties shall review, no later than at its third meeting, and thereafter on a regular basis, the level of funding, the guidance provided by the Conference of the Parties to the entities entrusted to operationalise the Mechanism established under this Article and their effectiveness, and their 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.
- 12.** All Parties, within their capabilities, are invited 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.

## **Annex II**

### **Montreal Protocol on Substances that Deplete the Ozone Layer**

#### **Article 10: Financial mechanism**

- 1.** The Parties shall establish a mechanism for the purposes of providing financial and technical co-operation, including the transfer of technologies, to Parties operating under paragraph 1 of Article 5 of this Protocol to enable their compliance with the control measures set out in Articles 2A to 2E and Article 2I, and any control measures in Articles 2F to 2H that are decided pursuant to paragraph 1 bis of Article 5 of the Protocol. The mechanism, contributions to which shall be additional to other financial transfers to Parties operating under that paragraph, shall meet all agreed incremental costs of such Parties in order to enable their compliance with the control measures of the Protocol. An indicative list of the categories of incremental costs shall be decided by the meeting of the Parties.
- 2.** The mechanism established under paragraph 1 shall include a Multilateral Fund. It may also include other means of multilateral, regional and bilateral co-operation.
- 3.** The Multilateral Fund shall:
  - a. meet, on a grant or concessional basis as appropriate, and according to criteria to be decided upon by the Parties, the agreed incremental costs;
  - b. finance clearing-house functions to:
    - i. assist Parties operating under paragraph 1 of Article 5, through country specific studies and other technical co-operation, to identify their needs for co-operation;
    - ii. facilitate technical co-operation to meet these identified needs;
    - iii. distribute, as provided for in Article 9, information and relevant materials and hold workshops, training sessions and other related activities for the benefit of Parties that are developing countries;
    - iv. facilitate and monitor other multilateral, regional and bilateral co-operation available to Parties that are developing countries;
  - c. finance the secretarial services of the Multilateral Fund and related support costs.
- 4.** The Multilateral Fund shall operate under the authority of the Parties, who shall decide on its overall policies.
- 5.** The Parties shall establish an Executive Committee to develop and monitor the implementation of specific operational policies, guidelines and administrative arrangements, including the disbursement of resources, for the purpose of achieving the objectives of the Multilateral Fund. The Executive Committee shall discharge its tasks and responsibilities, specified in its terms of reference as agreed by the Parties, with the co-operation and assistance of the International Bank for Reconstruction and Development (World Bank), the UN Environment Programme and the UN Development Programme or other appropriate agencies, depending on their respective areas of expertise. The members of the Executive Committee, which shall be selected on the basis of a balanced representation of the Parties operating under paragraph 1 of Article 5 and of the Parties not so operating, shall be endorsed by the Parties.
- 6.** The Multilateral Fund shall be financed by contributions from Parties not operating under paragraph 1 of Article 5 in convertible currency or, in certain circumstances, in kind and/or in national currency, on the basis of the UN scale of assessments. Contributions by other Parties shall be encouraged. Bilateral and, in particular cases agreed by a decision of the Parties, regional co-operation may, up to a percentage and consistent with any criteria to be specified by decision of the Parties, be considered as a contribution to the Multilateral Fund, provided that such co-operation, as a minimum:

- a. strictly relates to compliance with the provisions of this Protocol;
  - b. provides additional resources;
  - c. meets agreed incremental costs.
7. The Parties shall decide upon the programme budget of the Multilateral Fund for each fiscal period and upon the percentage of contributions of the individual Parties thereto.
  8. Resources under the Multilateral Fund shall be disbursed with the concurrence of the beneficiary Party.
  9. Decisions by the Parties under this Article shall be taken by consensus whenever possible. If all efforts at consensus have been exhausted and no agreement reached, decisions shall be adopted by a two-thirds majority vote of the Parties present and voting, representing a majority of the Parties operating under paragraph 1 of Article 5 present and voting and a majority of the Parties not so operating present and voting.
  10. 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.

### **Annex III**

#### **Basel Convention on the Control of Transboundary Movements of Hazardous Waste**

##### **Article 14: Financial aspects**

1. The Parties agree that, according to the specific needs of different regions and subregions, regional or sub-regional centres for training and technology transfers regarding the management of hazardous wastes and other wastes and the minimisation of their generation should be established. The Parties shall decide on the establishment of appropriate funding mechanisms of a voluntary nature.
2. The Parties shall consider the establishment of a revolving fund to assist on an interim basis in case of emergency situations to minimise damage from accidents arising from transboundary movements of hazardous wastes and other wastes or during the disposal of those wastes.

### **Annex IV**

#### **Stockholm Convention on Persistent Organic Pollutants**

##### **Article 13: Financial resources and mechanisms**

1. Each Party undertakes to provide, within its capabilities, financial support and incentives in respect of those national activities that are intended to achieve the objective of this Convention in accordance with its national plans, priorities and programmes.
2. 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 Convention as agreed between a recipient Party and an entity participating in the mechanism described in paragraph 6. Other Parties may also on a voluntary basis and in accordance with their capabilities provide such financial resources. Contributions from other sources should also be encouraged. 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. Developed country Parties, and other Parties in accordance with their capabilities and in accordance with their national plans, priorities and programmes, may also provide developing country Parties and Parties with economies in transition to avail themselves of financial resources to assist in their implementation of this Convention through other bilateral, regional and multilateral sources or channels.
4. The extent to which the developing country Parties will effectively implement their commitments under this Convention will depend on the effective implementation by developed country Parties of their commitments under this Convention 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.
5. The Parties shall take full account of the specific needs and special situation of the least developed countries and the small island developing states in their actions with regard to funding.

6. A mechanism for the provision of adequate and sustainable financial resources to developing country Parties and Parties with economies in transition on a grant or concessional basis to assist in their implementation of the Convention is hereby defined. The mechanism shall function under the authority, as appropriate, and guidance of, and be accountable to the Conference of the Parties for the purposes of this Convention. Its operation shall be entrusted to one or more entities, including existing international entities, as may be decided upon by the Conference of the Parties. The mechanism may also include other entities providing multilateral, regional and bilateral financial and technical assistance. Contributions to the mechanism shall be additional to other financial transfers to developing country Parties and Parties with economies in transition as reflected in, and in accordance with, paragraph 2.
7. Pursuant to the objectives of this Convention and paragraph 6, the Conference of the Parties shall at its first meeting adopt appropriate guidance to be provided to the mechanism and shall agree with the entity or entities participating in the financial mechanism upon arrangements to give effect thereto. The guidance shall address, inter alia:
  - (a) the determination of the policy, strategy and programme priorities, as well as clear and detailed criteria and guidelines regarding eligibility for access to and utilisation of financial resources including monitoring and evaluation on a regular basis of such utilisation;
  - (b) the provision by the entity or entities of regular reports to the Conference of the Parties on adequacy and sustainability of funding for activities relevant to the implementation of this Convention;
  - (c) the promotion of multiple-source funding approaches, mechanisms and arrangements;
  - (d) the modalities for the determination in a predictable and identifiable manner of the amount of funding necessary and available for the implementation of this Convention, keeping in mind that the phasing out of persistent organic pollutants might require sustained funding, and the conditions under which that amount shall be periodically reviewed;
  - (e) the modalities for the provision to interested Parties of assistance with needs assessment, information on available sources of funds and on funding patterns in order to facilitate coordination among them.
8. The Conference of the Parties shall review, not later than its second meeting and thereafter on a regular basis, the effectiveness of the mechanism established under this Article, its ability to address the changing needs of the developing country Parties and Parties with economies in transition, the criteria and guidance referred to in paragraph 7, the level of funding as well as the effectiveness of the performance of the institutional entities entrusted to operate the financial mechanism. It shall, based on such review, take appropriate action, if necessary, to improve the effectiveness of the mechanism, including by means of recommendations and guidance on measures to ensure adequate and sustainable funding to meet the needs of the Parties.

#### **Article 14: Interim financial arrangements**

The institutional structure of the Global Environment Facility, operated in accordance with the Instrument for the Establishment of the Restructured Global Environment Facility, shall, on an interim basis, be the principal entity entrusted with the operations of the financial mechanism referred to in Article 13, for the period between the date of entry into force of this Convention and the first meeting of the Conference of the Parties, or until such time as the Conference of the Parties decides which institutional structure will be designated in accordance with Article 13. The institutional structure of the Global Environment Facility should fulfill this function through operational measures related specifically to persistent organic pollutants taking into account that new arrangements for this area may be needed.

#### **Annex V**

#### **United Nations Framework Convention on Climate Change**

#### **Article 11. Financial mechanism**

1. A mechanism for the provision of financial resources on a grant or concessional basis, including for the transfer of technology, is hereby defined. It shall function under the guidance of and be accountable to the Conference of the Parties, which shall decide on its policies, programme priorities and eligibility criteria related to this Convention. Its operation shall be entrusted to one or more existing international entities.
2. The financial mechanism shall have an equitable and balanced representation of all Parties within a transparent system of governance.

3. The Conference of the Parties and the entity or entities entrusted with the operation of the financial mechanism shall agree upon arrangements to give effect to the above paragraphs, which shall include:

  - (a) modalities to ensure that the funded projects to address climate change are in conformity with the policies, programme priorities and eligibility criteria established by the Conference of the Parties;
  - (b) modalities by which a particular funding decision may be reconsidered in light of these policies, programme priorities and eligibility criteria;
  - (c) provision by the entity or entities of regular reports to the Conference of the Parties on its funding operations, which is consistent with the requirement for accountability set out in paragraph 1 above;
  - (d) determination in a predictable and identifiable manner of the amount of funding necessary and available for the implementation of this Convention and the conditions under which that amount shall be periodically reviewed.
4. The Conference of the Parties shall make arrangements to implement the above mentioned provisions at its first session, reviewing and taking into account the interim arrangements referred to in Article 21, paragraph 3, and shall decide whether these interim arrangements shall be maintained. Within four years thereafter, the Conference of the Parties shall review the financial mechanism and take appropriate measures.
5. The developed country Parties may also provide and developing country Parties avail themselves of, financial resources related to the implementation of the Convention through bilateral, regional and other multilateral channels.

# References

---

1. UN Environment, Draft Provisional Summary of the Inventory of Technical and Financial Resources and Mechanisms for Supporting Countries in Addressing Marine Plastic Litter and Microplastics, ¶ 53(a), available at [http://wedocs.unep.org/bitstream/handle/20.500.11822/31980/DRAFT%20UNEP\\_AHEG\\_2020\\_4\\_3\\_Inventory%20of%20technical%20and%20financial%20resources%20and%20mechanisms.pdf?sequence=5&isAllowed=y](http://wedocs.unep.org/bitstream/handle/20.500.11822/31980/DRAFT%20UNEP_AHEG_2020_4_3_Inventory%20of%20technical%20and%20financial%20resources%20and%20mechanisms.pdf?sequence=5&isAllowed=y)
2. UN Environment, Draft Provisional Summary of the Inventory of Technical and Financial Resources and Mechanisms for Supporting Countries in Addressing Marine Plastic Litter and Microplastics, ¶ 53(d), available at [http://wedocs.unep.org/bitstream/handle/20.500.11822/31980/DRAFT%20UNEP\\_AHEG\\_2020\\_4\\_3\\_Inventory%20of%20technical%20and%20financial%20resources%20and%20mechanisms.pdf?sequence=5&isAllowed=y](http://wedocs.unep.org/bitstream/handle/20.500.11822/31980/DRAFT%20UNEP_AHEG_2020_4_3_Inventory%20of%20technical%20and%20financial%20resources%20and%20mechanisms.pdf?sequence=5&isAllowed=y)
3. UN Environment, Draft Provisional Summary of the Inventory of Technical and Financial Resources and Mechanisms for Supporting Countries in Addressing Marine Plastic Litter and Microplastics, ¶ 53(e), available at [http://wedocs.unep.org/bitstream/handle/20.500.11822/31980/DRAFT%20UNEP\\_AHEG\\_2020\\_4\\_3\\_Inventory%20of%20technical%20and%20financial%20resources%20and%20mechanisms.pdf?sequence=5&isAllowed=y](http://wedocs.unep.org/bitstream/handle/20.500.11822/31980/DRAFT%20UNEP_AHEG_2020_4_3_Inventory%20of%20technical%20and%20financial%20resources%20and%20mechanisms.pdf?sequence=5&isAllowed=y)
4. UN Environment, Draft Provisional Summary of the Inventory of Technical and Financial Resources and Mechanisms for Supporting Countries in Addressing Marine Plastic Litter and Microplastics, ¶¶ 13 and 53(b), available at [http://wedocs.unep.org/bitstream/handle/20.500.11822/31980/DRAFT%20UNEP\\_AHEG\\_2020\\_4\\_3\\_Inventory%20of%20technical%20and%20financial%20resources%20and%20mechanisms.pdf?sequence=5&isAllowed=y](http://wedocs.unep.org/bitstream/handle/20.500.11822/31980/DRAFT%20UNEP_AHEG_2020_4_3_Inventory%20of%20technical%20and%20financial%20resources%20and%20mechanisms.pdf?sequence=5&isAllowed=y)
5. UN Environment, Draft Provisional Summary of the Inventory of Technical and Financial Resources and Mechanisms for Supporting Countries in Addressing Marine Plastic Litter and Microplastics, ¶ 53(f)-(h), available at [http://wedocs.unep.org/bitstream/handle/20.500.11822/31980/DRAFT%20UNEP\\_AHEG\\_2020\\_4\\_3\\_Inventory%20of%20technical%20and%20financial%20resources%20and%20mechanisms.pdf?sequence=5&isAllowed=y](http://wedocs.unep.org/bitstream/handle/20.500.11822/31980/DRAFT%20UNEP_AHEG_2020_4_3_Inventory%20of%20technical%20and%20financial%20resources%20and%20mechanisms.pdf?sequence=5&isAllowed=y)
6. See e.g. United Nations Environment Programme (UNEP), Proposed Budgets for 2020 and 2021 of the Trust Fund for the Montreal Protocol on Substances that Deplete the Ozone Layer: Note by Secretariat, UNEP/OzL.Pro.31/4 (29 June 2019), available at <http://conf.montreal-protocol.org/meeting/mop/mop-31/presession/English/MOP-31-4E.pdf>; United Nations Environment Programme, Report of the Conference of the Parties to the Minamata Convention on Mercury, UNEP/MC/COP.1/29 (22 November 2017), pp. 54-60, available at [http://www.mercuryconvention.org/Portals/11/documents/meetings/COP1/English/1\\_29\\_e\\_report.pdf](http://www.mercuryconvention.org/Portals/11/documents/meetings/COP1/English/1_29_e_report.pdf).
7. United Nations General Assembly, Resolution 73/271: Scale of Assessments for the Apportionment of the Expenses of the United Nations, A/RES/73/271 (22 December 2018), available at <https://undocs.org/en/A/RES/73/271>.
8. Decision XXXI/17: Financial reports and budgets for the Montreal Protocol, Paragraph 1, available at <https://ozone.unep.org/treaties/montreal-protocol/meetings/thirty-first-meeting-parties/decisions/decision-xxxi17>.
9. BC-14/29: Programme of work and budget for the Basel Convention for the biennium 2020–2021, Paragraph 1, available at <http://www.basel.int/TheConvention/ConferenceoftheParties/ReportsandDecisions/tbid/3303/Default.aspx>.
10. MC-3/12: Programme of work and budget for the biennium 2020–2021, available at [http://www.mercuryconvention.org/Portals/11/documents/meetings/COP3/English/UNEP-MC-COP-3-23-Report\\_Advance.English.pdf](http://www.mercuryconvention.org/Portals/11/documents/meetings/COP3/English/UNEP-MC-COP-3-23-Report_Advance.English.pdf).
11. Decision 17/CP.25 Programme budget for the biennium 2020–2021, available at [https://unfccc.int/sites/default/files/resource/cp2019\\_13a02\\_adv.pdf](https://unfccc.int/sites/default/files/resource/cp2019_13a02_adv.pdf)
12. Joint Inspection Unit, Post-Rio+20 Review of Environmental Governance within the United Nations System, JIU/REP/2014/4 (Geneva, 2014), p. 14, available at <https://www.undocs.org/en/jiu/rep/2014/4>.
13. See e.g. United Nations Environment Programme, Environmental Rights and Governance: National Ozone Officers Capacity Building (website), available at <https://www.unenvironment.org/ozonaction/national-ozone-officers-capacity-building>.
14. Joint Inspection Unit, Post-Rio+20 Review of Environmental Governance within the United Nations System, JIU/REP/2014/4 (Geneva, 2014), p. 26, available at <https://www.undocs.org/en/jiu/rep/2014/4>.
15. UNEA Resolution 3/7, Paragraph 1; see also UNEA Resolution 4/6, Recital 3.
16. European Commission, A European Strategy for Plastics in a Circular Economy (16 January 2018), available at <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1516265440535&uri=COM:2018:28:FIN>; European Commission, Communication from the Commission: A New Circular Economy Action Plan for a Cleaner and More Competitive Europe (11 March 2020), p. 15 available at [https://eur-lex.europa.eu/resource.html?uri=cellar:9903b325-6388-11ea-b735-01aa75ed71a1.0017.02/DOC\\_1&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:9903b325-6388-11ea-b735-01aa75ed71a1.0017.02/DOC_1&format=PDF).
17. Directive (EU) 2019/904 ("Single-Use Plastics Directive"), Article 8 and Annex, Part E, Section I; see also Directive 2008/98/EC ("Waste Framework Directive"), Articles 8 and 8a.
18. Directive (EU) 2019/904 ("Single-Use Plastics Directive"), Article 8(9).
19. Basel Secretariat, Examination of Article 14 of the Basel Convention, with a View to Determining the Legal and Institutional Feasibility of Appropriate and Predictable Financial Mechanism of the Basel Convention (28 July 2006), UNEP/CHW.8/INF/25, Annex 3, available at <http://www.basel.int/Portals/4/download.aspx?d=UNEP-CHW.8-INF-25.English.pdf>.
20. Basel Secretariat, Examination of Article 14 of the Basel Convention, with a View to Determining the Legal and Institutional Feasibility of Appropriate and Predictable Financial Mechanism of the Basel Convention (28 July 2006), UNEP/CHW.8/INF/25, Annex 3, p. 51.
21. Basel Secretariat, Examination of Article 14 of the Basel Convention, with a View to Determining the Legal and Institutional Feasibility of Appropriate and Predictable Financial Mechanism of the Basel Convention (28 July 2006), UNEP/CHW.8/INF/25, Annex 3, pp. 19-20 and 51.

**22.** Basel Secretariat, Examination of Article 14 of the Basel Convention, with a View to Determining the Legal and Institutional Feasibility of Appropriate and Predictable Financial Mechanism of the Basel Convention (28 July 2006), UNEP/CHW.8/INF/25, Annex 3, pp. 17-19 and 52.

**23.** Basel Secretariat, Examination of Article 14 of the Basel Convention, with a View to Determining the Legal and Institutional Feasibility of Appropriate and Predictable Financial Mechanism of the Basel Convention (28 July 2006), UNEP/CHW.8/INF/25, Annex 3, p. 52.

**24.** Basel Secretariat, Examination of Article 14 of the Basel Convention, with a View to Determining the Legal and Institutional Feasibility of Appropriate and Predictable Financial Mechanism of the Basel Convention (28 July 2006), UNEP/CHW.8/INF/25, pp. 20-22.

**25.** Basel Secretariat, Examination of Article 14 of the Basel Convention, with a View to Determining the Legal and Institutional Feasibility of Appropriate and Predictable Financial Mechanism of the Basel Convention (28 July 2006), UNEP/CHW.8/INF/25, Annex 3, pp. 22-35 and 52.

**26.** See generally Basel Secretariat, Examination of Article 14 of the Basel Convention, with a View to Determining the Legal and Institutional Feasibility of Appropriate and Predictable Financial Mechanism of the Basel Convention (28 July 2006), UNEP/CHW.8/INF/25, available at <http://www.basel.int/Portals/4/download.aspx?d=UNEP-CHW.8-INF-25.English.pdf>.

**27.** Global Environment Facility, Conventions (webpage), available at <https://www.thegef.org/partners/conventions>.

**28.** Executive Committee of the Multilateral Fund for the Montreal Protocol, Approved 2019, 2020 and 2021, and Proposed 2022 Budgets of the Fund Secretariat (2 December 2019), UNEP/OzL.Pro/ExCom/84/8, Annex I, available at <http://www.multilateralfund.org/84/English/1/8408pdf.pdf>.

**29.** Global Environment Facility (GEF) Council, GEF Business Plan and Corporate Budget for FY21 (5 May 2020), GEF/C.58/03, ¶ 3, available at [https://www.thegef.org/sites/default/files/council-meeting-documents/EN\\_GEF\\_C.58\\_03\\_GEF%20Business%20Plan%20and%20Corporate%20Budget%20for%20FY21.pdf](https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF_C.58_03_GEF%20Business%20Plan%20and%20Corporate%20Budget%20for%20FY21.pdf).

**30.** Minamata Convention, Article 13(6)-(8).

**31.** Minamata Convention, Article 13; see also MC 1/5: Guidance to the Global Environment Facility, available at [http://www.mercuryconvention.org/Portals/11/documents/meetings/COP1/English/1\\_29\\_e\\_report.pdf](http://www.mercuryconvention.org/Portals/11/documents/meetings/COP1/English/1_29_e_report.pdf).

**32.** Minamata Convention, Article 13(6) and (9).

**33.** MC 1/6: Specific International Programme to Support Capacity-Building and Technical Assistance, available at [http://www.mercuryconvention.org/Portals/11/documents/meetings/COP1/English/1\\_29\\_e\\_report.pdf](http://www.mercuryconvention.org/Portals/11/documents/meetings/COP1/English/1_29_e_report.pdf).