



**UNITED
NATIONS**

UNEP/PP/INC.5/5



**United Nations
Environment
Programme**

Distr.: General
17 October 2024
Original: English

**Intergovernmental negotiating committee to develop
an international legally binding instrument on plastic
pollution, including in the marine environment
Fifth session**

Busan, Republic of Korea, 25 November–1 December 2024
Item 4 of the provisional agenda*

**Preparation of an international legally binding instrument on
plastic pollution, including in the marine environment.**

**Ad hoc intersessional open-ended expert group to develop
an analysis of potential sources, and means that could be
mobilised, for implementation of the objectives of the
instrument, including options for the establishment of a
financial mechanism, alignment of financial flows, and
catalysing finance, for the consideration by the committee at
its fifth session¹**

Report of the Co-Chairs

1. Introduction

a. Mandate

1. At its fourth session (INC-4), the intergovernmental negotiating committee to develop an international legally binding instrument on plastic pollution, including in the marine environment (hereafter “the committee”) established two ad hoc intersessional open-ended expert groups.
2. Expert Group 1 (EG1) was established and mandated to develop an analysis of potential sources, and means that could be mobilised, for implementation of the objectives of the instrument, including options for the establishment of a financial mechanism, alignment of financial flows, and catalysing finance, for the consideration by the committee at its fifth session (INC-5) (hereafter “Expert Group 1”). Expert Group 1 was mandated to be co-

* UNEP/PP/INC.5/1.

¹ This document has not been formally edited.

chaired by Ms. Kate Lynch of Australia and Mr. Oliver Boachie of Ghana.² The committee also agreed that the outcomes of this expert group shall be without prejudice to national positions and the outcome of negotiations conducted by the committee.

3. Expert Group 1 was mandated by the committee to use as a basis for its work the reports from the Co-Chairs of contact group two from INC-4³ and the draft text on means of implementation (Part III Section 1) in the compilation document.⁴ It was open to the participation of all Members of the committee and was informed in its work by technical resource persons selected by the INC Secretariat in consultation with the Chair of the INC process.
4. In accordance with the mandate received from the committee to commence its work using electronic means, Expert Group 1 started its work with three virtual meetings, on 16 July, 1 August, and 15 August 2024 respectively.⁵ An in-person meeting, building on this earlier work,⁶ was then held in Bangkok from 24 to 28 August 2024.⁷ A Synthesis document prepared by the Co-Chairs was released ahead of the in-person meeting in Bangkok.

b. Purpose, scope and structure of the report

5. This report has been prepared by the Co-Chairs of the expert group for consideration by the committee and it reflects the outcomes of the work of the expert group in fulfilment of its mandate. It draws upon outcomes of its three virtual meetings and the in-person meeting in Bangkok.
6. The report is intended to facilitate a common understanding of the matters outlined in the mandate, and to draw together some of the key information, issues and opportunities which were discussed during meetings of the expert group.

c. Scope and magnitude of plastic pollution problem

7. The scope and magnitude of the plastic pollution problem, while not formally part of the mandate of the expert group, provided important context for the work of the group. A selection of reports⁸ on the plastic pollution challenge highlighted the macroeconomic costs of plastic waste generation and its mismanagement. Under a business-as-usual scenario, levels of mismanaged plastic waste could increase by 50% or more by 2040, fed by rapid growth in plastic production and rising waste management costs. One report noted that reducing plastics demand will ultimately moderate the cost of managing its waste and result in less plastic leakage to the environment. Waste reduction policies (including transitioning to alternatives) and additional investments in waste sorting and recycling could help to end plastic leakage by 2040, at a cost that is around 2% more (USD 50 billion) on top of business-as-usual costs. Costs to remediate legacy plastic pollution have been estimated as high as USD 13 billion annually and are not factored into the above costs.
8. Experts discussed the assumptions used in the reports, with several experts expressing the need for more comprehensive and disaggregated data from broader and varied sources to help in quantifying the scope and magnitude of the challenge. In addition, information on social costs including health and just transition, as well as the macroeconomic benefits of reducing plastic pollution, is needed.

² See the Concept Note for both expert groups at https://wedocs.unep.org/bitstream/handle/20.500.11822/45639/ISW_concept_note.pdf.

³ <https://www.unep.org/inc-plastic-pollution/session-4>.

⁴ UNEP/PP/INC.5/4.

⁵ See Work Programme at <https://wedocs.unep.org/bitstream/handle/20.500.11822/45901/WorkProgrammeEG1.pdf>.

⁶ See Co-Chairs' synthesis document, available at https://wedocs.unep.org/bitstream/handle/20.500.11822/46049/EG1_Synthesis_Paper.pdf.

⁷ See the meeting report, to be circulated.

⁸ Global Plastics Outlook of the Organisation for Economic Co-operation and Development (OECD); the Nordic Council of Ministers' report Towards Ending Plastic Pollution by 2040; and UNEP's Global Chemicals Outlook (2019).

2. **Analysis of Potential Sources and Means that Could be Mobilised for Implementation of the Objectives of the Instrument**

a. **Matrix of potential sources of financing for implementation of the objectives of the instrument⁹**

9. A wide range of financial sources considered relevant for eliminating plastic pollution could be mobilised in various ways and at different levels. Sources need to be fit for purpose, and in line with the eventual scope and set of obligations in the future instrument. Financial instruments need to be flexible in responding to changes occurring in plastic pollution, and the availability of solutions over time. An overview of the sources discussed by Expert Group 1 is provided in the table below.

Table 1. Matrix of potential sources of financing for implementation of the objectives of the instrument

Category	Potential Sources	Financial instruments and mechanisms	Details/Examples
Public Finance	National, Sub-national and Local Government Allocations	Government Budgets	Budget allocations to improve infrastructure, recycling facilities, waste segregation programs, and waste-to-energy plants; municipal involvement is critical. Government allocations can also align with international mandates, such as the UN's Sustainable Development Goals (SDGs), to create stronger incentives for reducing plastic waste.
	Public agencies and funds	Grants, subsidies, transfers	Financing the obligations of the instrument for ending plastic pollution and relevant programmes and projects through specific grants or subsidies supporting, for example, sustainable plastic alternatives.
	Development Finance Institutions, Aid Agencies (national, bilateral, multilateral)	Debt instruments, Investment guarantees	Development Finance Institutions (DFIs) and bilateral/multilateral aid agencies can utilise concessional loans and investment guarantees to fund projects aimed at reducing plastic pollution. Blended finance models, where public and private funds are combined, can unlock greater resources for impactful projects. Development Finance Institutions can support projects like waste management infrastructure in low-income countries, fostering collaboration between governments and private entities.
	Multilateral Environmental Funds	Co-financing, Project finance	Multilateral funds, such as the Global Environment Facility (GEF) and Green Climate Fund (GCF), provide support for large environmental projects, and for the implementation of different multilateral environmental agreements (see also Annex II).

⁹ Based on Expert Group 1 discussions, and information presented by technical resource persons Peter Borkey and Peggy Lefort (August 2024) on “How large is the challenge”, available at: <https://www.unep.org/inc-plastic-pollution/ioeeg>.

Private Finance	Corporate Social Responsibility (CSR)	CSR programmes where part of profits is allocated towards sustainability projects	This funding can be used to directly support innovation, development and application of recycling technologies, and invest in community-based waste management projects. Corporations may collaborate with governments and NGOs to co-fund initiatives that reduce plastic pollution. These partnerships may include grants or matching fund mechanisms to further scale up efforts.
	Institutional investors and Commercial Banks	Equity / Debt Financing, Impact Investment	Institutional investors and commercial banks can offer financial incentives to reduce plastic production through equity and debt financing instruments. Innovative instruments like green bonds and plastic credits are being adopted by financial institutions. These types of innovative financial products can incentivise companies to shift towards sustainable practices (see also Table 2 below).
	Philanthropic and Corporate foundations	Philanthropic Contributions; including grants, impact investment, co-financing	Philanthropic foundations and corporate donations can support initiatives such as community-based efforts to reduce plastic pollution.
Public-Private Partnerships (PPP) & other innovative financing sources (see also Table 2).	Blended Finance	Concessional Public Funds, combined with private sector investment	Combining public and private resources to maximise the impact initiatives, such as those for waste management. PPPs can tap into technological innovation in the private sector while leveraging the regulatory frameworks and funding of the public sector. Successful blended finance models from other environmental initiatives can be replicated to reduce plastic pollution.
	Social Impact Bonds	Performance-Based Bonds	Linking environmental outcomes to financial returns, focusing on waste management and collection. Such bonds can provide investors with an opportunity to fund waste reduction projects while earning returns based on success metrics.

b. Roles of the public and private sectors

10. Public and private sectors both have important roles to play in addressing plastic pollution.
11. The public sector, at national, sub-national and municipal levels, can create an enabling environment for private sector investments, through policy and legislative frameworks, as well as carrying out basic obligations under the future instrument. Funding may be required to help address capacity gaps and support countries to implement their obligations, as well as to de-risk investments.
12. Public financing, including official development assistance (ODA), can only partially address the funding gap, and therefore, broader financial sources are required. The public sector’s role in scaling up global funding, guiding regulations, and blending finance from various sources was emphasised as key to tackling plastic pollution at all levels.
13. The private sector’s involvement, while not as a party with direct obligations under a legally binding instrument, is seen as vital to achieving the instrument’s core objectives. Its role could be incentivised through national policy frameworks to encourage eco-friendly product design, promoting and designing alternatives, stimulating innovation, behaviour change and

sustainable investment. The private sector has a role in funding based on the polluter-pays-principle, with extended producer responsibility (EPR) and corporate social responsibility (CSR) initiatives as examples of means to foster private sector accountability and participation.

14. Collaboration between the public and private sectors, including through investment partnerships, capacity building and technology transfer, is critical to achieving global goals for eliminating plastic pollution.

c. Overview of innovative sources of financing

15. The following table provides an overview of innovative finance sources, offering a brief description and examples of their use. Experts noted that innovative sources of financing may not be easily accessible to developing countries, which often lack the necessary institutional capacity, financial markets and investor confidence to attract such private investments. Therefore, country-specific circumstances need to be considered.

Table 2. Overview of innovative sources of financing

Innovative Finance Sources	Description/Comment	Examples
Plastic Credits	<p>A transferable unit representing a specific quantity of plastic product that is collected and managed, recycled or avoided from use, collected and managed, or recycled.¹⁰</p> <p>A results-based financial tool that can connect public- and private- sector finance with specific activities that address plastic pollution.</p>	<p>PCX Solutions, BVRio CCM programs in Philippines</p> <p>Verra PPRS, BVRio CCM crediting programs in Indonesia¹¹</p> <p>Currently, four countries have incorporated plastic credits into their EPR schemes. These are India, the Philippines, Poland and the UK.</p>
Plastic Bond	<p>A green or sustainability bond, that raises capital specifically to fund projects aimed at reducing plastic pollution or supporting the development of sustainable alternatives to plastics.</p>	<p>Two Projects: ASASE Foundation, Ghana. Expansion of plastic collection and recycling sites to increase processing capacity</p> <p>SEArcular, Indonesia Installation of a food grade PET recycling production line</p>
Blue Bonds Green Bonds	<p>A blue bond is a debt instrument issued by governments, development banks or others to raise capital from impact investors to finance marine and ocean-based projects that have positive environmental, economic and climate benefits.¹²</p> <p>A green bond is any type of bond instrument where the proceeds or an equivalent amount will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Green Projects and which are aligned with the</p>	<p>Seychelles Blue Bond – the World’s First Sovereign Blue Bond</p> <p>Fiji Green Bond – the World’s First Sovereign Green Bond in Emerging Markets</p>

¹⁰ World Bank. 2024. Unlocking Financing to Combat the Plastics Crisis - Opportunities, Risks, and Recommendations for Plastic Credits. © Washington, DC: World Bank. <http://hdl.handle.net/10986/41866> License: CC BY-NC 3.0 IGO

¹¹ World Bank. 2024. Unlocking Financing to Combat the Plastics Crisis - Opportunities, Risks, and Recommendations for Plastic Credits. © Washington, DC: World Bank. <http://hdl.handle.net/10986/41866> License: CC BY-NC 3.0 IGO

¹² Sovereign Blue Bond Issuance: Frequently Asked Questions (worldbank.org) 2018

	<p>four core components of the GBP.¹³</p> <p>A green bond is a debt security that is issued to raise capital specifically to support climate-related or environmental projects.¹⁴</p>	
Sovereign Sustainable Development Goals (SDGs) Bond	A subset of thematic bonds that are anchored in the SDGs and can help governments finance their sustainable development priorities.	Mexico's seven-year SDG Bond for a total value of USD 890 million.
Extended Producer Responsibility (EPR)	<p>EPR schemes require plastic producers and importers to take responsibility for their products throughout their life cycle, from production to disposal and recovery.</p> <p>While producers can sometimes implement EPR individually, they commonly do so collectively, by paying fees to support collection, sorting and reprocessing, including where done by the informal waste sector. EPR fees may also be used to initiate investment in recycling facilities, and to fund studies of advanced recycling and material recovery methodologies.</p> <p>EPR can be used to incentivise improved design of plastics, reducing waste and improving recyclability, through eco-modulation of fees.</p> <p>Flexibility is needed to adapt EPR to the specific circumstances of each country, although it can be more efficient where they have some consistent common elements.</p> <p>Robust regulatory frameworks are needed to operationalise an EPR scheme and to enable country-specific circumstances to be taken into consideration.</p>	An example of EPR is the French CITEO system, which manages the EPR framework for household packaging, including plastic packaging. The system places the financial responsibility for the collection, sorting, and recycling of packaging waste on the companies that produce and place these products in the market. It has a system of eco-modulated fees to encourage producers to design more sustainable packaging. ¹⁵
Concessional finance	Financial resources provided at terms more generous than market conditions, typically by development banks, governments, or international organizations. It involves loans or grants offered with lower interest rates, longer repayment periods, or more favourable conditions than standard commercial loans.	The Green Climate Fund offers concessional finance to support the implementation of the Paris Agreement. It provides concessional loans, grants, and equity to finance climate change adaptation and mitigation projects in developing countries, particularly to build resilience and transition to low-carbon economies. Projects may focus on renewable energy, climate-smart agriculture, or reforestation.

¹³ Bonds to Finance the Sustainable Blue Economy: A Practitioner's Guide (icmagroup.org)

¹⁴ World Bank : What are green bonds 2015

¹⁵ See: <https://www.citeo.com/>.

Blended finance	Blended finance is a financial strategy that combines public and private sector resources to fund projects that deliver both financial returns and positive social, environmental, or developmental outcomes. The core idea behind blended finance is to use public or philanthropic capital to de-risk or leverage private investment in areas where private sector involvement might otherwise be limited due to perceived high risks or low returns.	This can be done by, for example, lowering the interest rate of loans or providing guarantees to cover various risks. Acumen, for example, uses blended finance to implement high-risk or low-return projects in support of hard-to-reach communities across the developing world. Providers of financial support include the African Development Bank and the Green Climate Fund. The company has implemented successful projects in agriculture, water and energy and could potentially support projects focusing on small and medium-sized enterprises in the plastics sector.
Plastic pollution fees and Environmental levies	<p>A plastic pollution fee could be levied on relevant businesses, and the proceeds used to support actions to reduce plastic pollution.</p> <p>One proposal is that a fee be levied on the production of plastic polymers. Countries under whose jurisdiction plastic polymer production takes place would be required to impose a levy on relevant businesses according to the volume of polymers they produce. A portion of the fee could be retained domestically for administrative and other purposes based on the special circumstances of the country. The remainder of the fees collected would be contributed to a global fund to address legacy pollution and other objectives of the instrument.</p>	The International Oil Pollution Compensation Funds (IOPC Funds) provide financial compensation for oil pollution damage that occurs in Member States, resulting from spills of persistent oil from tankers. The IOPC Funds are financed by contributions paid by entities that receive certain types of oil by sea transport. ¹⁶
Subsidy redirection	Shifting government subsidies away from environmentally harmful activities (e.g., fossil fuels, unsustainable agriculture, or industrial practices) toward activities that support the objectives of the instrument, such as plastic pollution reduction.	The Global Biodiversity Framework, under the Convention on Biological Diversity (CBD), aims to reduce subsidies that promote intensive, unsustainable agricultural practices (such as excessive pesticide or fertiliser use), instead redirecting these to support organic farming, agroforestry, and other practices that enhance biodiversity.

d. Other means of implementation

16. Strong support for other non-financial means of implementation was heard during the expert group meeting. This included capacity building, technology transfer, and other support mechanisms. Capacity building and technical assistance should be tailored to the specific needs of developing countries, with a focus on sharing best practices, addressing existing gaps, and ensuring inclusivity, particularly for marginalised groups such as women, youth, and Indigenous Peoples. Regional, South-South, and triangular cooperation could also be useful for sharing experiences and best practices. Annex I also provides examples on: “Provisions on Means of Implementation in other Multilateral Environmental Agreements (MEAs)”.

¹⁶ See: <https://iopcfunds.org/>.

- 3. Options for the Establishment of a Financial Mechanism**
- a. Overview and attributes of MEA Financial Mechanism**
17. There was strong convergence on the need for the financial mechanism to align with the priorities and objectives of the instrument, whereby form should follow function.
18. The activities supported by the financial mechanism could include specific obligations of Parties, such as reporting requirements, as well as broader actions aimed at reducing plastic pollution, such as improved waste processing facilities, the cleanup of legacy plastic pollution, and just transition. Some experts highlighted the importance of a financial mechanism providing dedicated resources for technology transfer, and core research.
19. Annex II, “Overview and Attributes of MEA Financial Mechanisms”, illustrates how other MEA processes have successfully aligned their financial mechanisms with the overall objectives of the instrument they support.
- b. Pros and cons of potential financial mechanisms**
20. The choice of institutional arrangements for the financial mechanism should be guided by the objectives of the instrument; the vision for the fund; and particularly its scope (in terms of intended activities, funding, and financial instruments); scale (in terms of expected financial resources); and architecture (staffing of the Secretariat and subsidiary or independent bodies, and the number and type of implementing entities).
21. There was broad convergence on the need for new, dedicated funding aligned with the objectives of the instrument, and general acknowledgement that developed countries should contribute to the funding. However, there was also recognition that public contributions alone would be insufficient, and that all avenues to maximise available resources must be explored to effectively address plastic pollution. It may be beneficial if the fund can accept contributions from other (e.g. private or philanthropic) sources.
22. While different views were heard on the institutional architecture under which the fund would operate, with clear pros and cons identified for each option, several themes emerged. These included:
- a. activities of the fund should be guided by direction from the Conference of the Parties (COP);
 - b. the preference for programmatic rather than solely project-based funding, as this will allow longer term, strategic action to address plastic pollution;
 - c. the benefits of dedicated resources for capacity building, similar to those provided by the Multilateral Fund under the Montreal Protocol;
 - d. a desire for the fund to be administratively efficient, to maximise the funds available for disbursement; and
 - e. a desire for balanced representation in governance arrangements.
23. Members discussed pros and cons of the options available, and they highlighted the need to seek data to shape informed views. Annex III: “Pros and Cons of Potential Financial Mechanisms” sets out a summary of this information for reference.
- 4. Alignment of Financial Flows and Catalysing Finance**
- a. Overview of the concepts**
24. Terms including the ‘financial landscape’, ‘alignment of financial flows’ and ‘catalysing finance’ were used throughout the Expert Group 1 discussions. This section aims to facilitate a consistent usage of such terminology, based on the discussions that took place during the intersessional period. This is intended to support negotiations of the committee during INC-5 and is without prejudice to the application of the terms in other contexts.

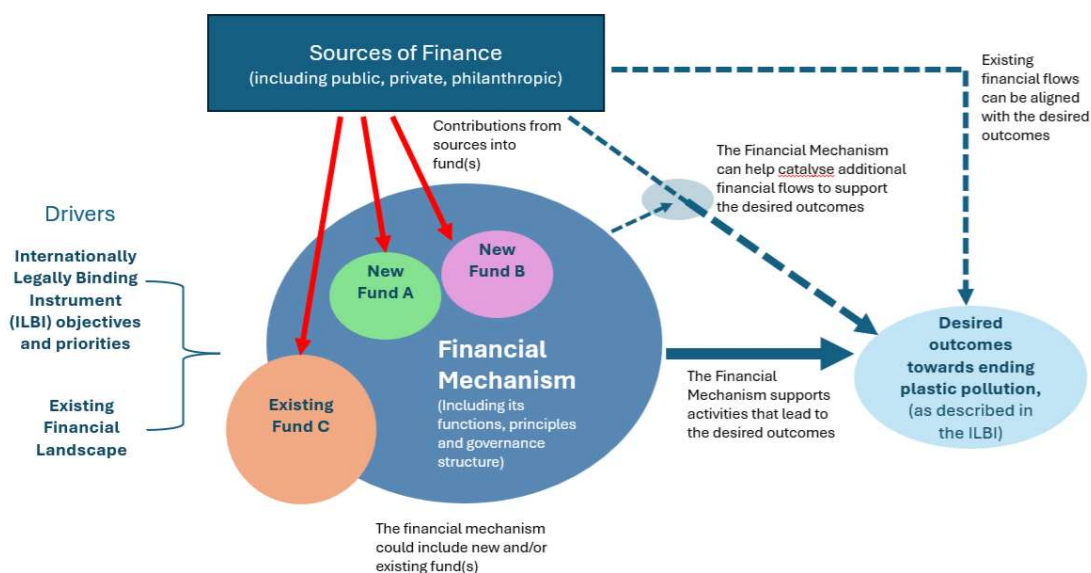


Figure 1. Conceptual illustration of the financial mechanism established within the overall financial landscape

25. Public funding could provide the core of predictable financial support within the mechanism. Given the scale of the challenge however, discussions highlighted the importance of bringing in funding from all possible sources to support the achievement of the objectives of the instrument.
 26. **Aligning financial flows** refers to ensuring that public and private financial flows are deployed as far as possible in line with the instrument's objectives. Alignment can include enabling a shift in private financing and investment, and, potentially, positive and negative incentives (e.g. subsidies and fiscal measures). Financial flows that are aligned by Parties towards an instrument's objective can be directly contributed to the instrument's financial mechanism and fund(s), but do not necessarily need to be. They could also be contributions through domestic programmes that are aligned with the instrument's goals or could be private sector contributions to research and development which support the objectives and priorities of the instrument.
 27. **Catalysing financing** involves generating additional financial resources towards the implementation of the instrument's objectives. It implies that a wide range of private and public sources of finance and products can be engaged to catalyse larger financial flows for addressing plastic pollution. This can include leveraging public funding to attract private investment, utilizing blended finance models, or incentivizing private sector involvement through public-private partnerships.
- b. Strategies for aligning financial flows**
28. Strategies to align financial flows in support of MEAs focus on integrating international obligations into national frameworks, mobilizing private sector involvement, utilizing innovative financing instruments, and ensuring multilateral funds provide targeted support for MEA objectives.
 29. Mobilizing financial resources from all sources at scale will be key to the success of the agreement, and this will require setting up a robust and harmonised enabling environment to reduce uncertainty and stimulate transparency. Environmental policy instruments can also play a significant role in aligning financing.
 30. Governments can create an enabling environment for the private sector by:
 - a. Providing clear and supportive policy and regulatory frameworks;
 - b. Establishing public-private partnerships;
 - c. Offering fiscal and other incentives which align with the objectives of the instrument;

d. Implementing extended producer responsibility (EPR) programmes.

c. Approaches to catalysing finance

31. Various strategies have been employed to leverage, unlock, and attract finance through MEAs. These strategies ensure that MEA objectives can be achieved by engaging public and private sector stakeholders, fostering partnerships, and utilizing innovative financial mechanisms.
32. Financing interventions to catalyse investment aim to make opportunities more appealing to investors by mitigating, transferring or compensating for various investment risks such as market uncertainty, technical and regulatory risks or sovereign risks. Minimising investment risks will be critical for generating funding to tackle plastic pollution due to the innovation risks of various projects (technical underperformance, unproven market demand, etc.) as well as typical risks associated with conventional investments in circular economy infrastructure (such as high capital expenditure requirements and long pay-back periods).
33. Various strategies are currently being employed to mobilise funding and resources for combating plastic pollution, such as concessional finance; public-private partnerships; blended financing; SDG bonds, sustainable taxonomies and green bonds; national development banks; and private sector engagement (see **Table 2** above).

5. Concluding remarks

34. The virtual and in-person intersessional meetings provided an excellent environment for a fruitful knowledge exchange among the members of Expert Group 1.
35. The active participation by experts, along with the helpful contributions from technical resource persons and the shared desire by members of the expert group to develop an objective understanding of the issues, enabled the successful completion of the expert group's mandate.
36. The Co-Chairs see many areas in which there is broad convergence, which serves as a source of optimism about the committee's negotiations in Busan.
37. Regarding to the means of implementation, the Co-Chairs highlight that it will be crucial to draw on best practice examples under existing MEAs.
38. The Co-Chairs of Expert Group 1 remain grateful to all members who participated in this expert group for their collaboration, generous contributions of expertise, and support throughout the intersessional period.
39. The Co-Chairs hope that the outcomes of the intersessional work, as set out in this report, can serve as a guide to Members during negotiations at INC-5 in Busan, without prejudice to national positions and to the outcomes of the negotiations.

Annex I: Provisions on Means of Implementation in other Multilateral Environmental Agreements (MEAs)

	Provisions on Means of Implementation in Other MEAs
Research and Development	UNFCCC, Article 4.1(g): "Parties shall (...) promote and cooperate in scientific, technological, technical, socio-economic, and other research (...) aimed at addressing the causes and effects of climate change."
	<p>BBNJ Agreement, Annex II: "capacity building and transfer of marine technology initiatives may include but are not limited to:</p> <ul style="list-style-type: none"> (a) Sharing of relevant data, information, knowledge and research (...) (b) Information dissemination and awareness-raising, including with regard to: <ul style="list-style-type: none"> (i) Marine scientific research, marine sciences and related marine operations and services; (ii) Environmental and biological information collected through research conducted in areas beyond national jurisdiction; (...) (c) The development and strengthening of relevant infrastructure, including equipment, such as: (...) (iii) The acquisition of the equipment necessary to support and further develop research and development capabilities, including in data management, in the context of activities with respect to marine genetic resources and digital sequence information on marine genetic resources of areas beyond national jurisdiction, measures such as area-based management tools, including marine protected areas, and the conduct of environmental impact assessments; (...) (d) The development and strengthening of human and financial management resource capabilities and of technical expertise through exchanges, research collaboration, technical support, education and training and the transfer of marine technology, such as: <ul style="list-style-type: none"> (i) Collaboration and cooperation in marine science, including through data collection, technical exchange, scientific research projects and programmes, and the development of joint scientific research projects in cooperation with institutions in developing States;
	Montreal Protocol, Article 9: " 1. The Parties shall co-operate, consistent with their national laws, regulations and practices and taking into account in particular the needs of developing countries, in promoting, directly or through competent international bodies, research, development and exchange of information."
Capacity Building and Technical assistance	Paris Agreement, Article 11.1: "Capacity-building under this Agreement should enhance the capacity and ability of developing country Parties (...) to take effective climate change action, including (...) adaptation and mitigation, and should facilitate technology development, dissemination, and deployment, access to climate finance, relevant aspects of education, training and public awareness, and the transparent, timely and accurate communication of information."
	Minamata Convention on Mercury, Article 14: "Parties shall cooperate to provide, within their respective capabilities, timely and appropriate capacity-building and technical assistance to developing country Parties, in particular Parties that are least developed countries or small island developing States, and Parties with economies in transition, to assist them in implementing their obligations under this Convention."
	BBNJ Agreement, Part V: Article 41: Cooperation in capacity building and the transfer of marine technology (omitted)

	Provisions on Means of Implementation in Other MEAs
	<p>Article 42: Modalities for capacity building for the transfer of marine technology</p> <p>1. Parties, within their capabilities, shall ensure capacity-building for developing States Parties and shall cooperate to achieve the transfer of marine technology, in particular to developing States Parties that need and request it, taking into account the special circumstances of small island developing States and of least developed countries, in accordance with the provisions of this Agreement.</p> <p>2. Parties shall provide, within their capabilities, resources to support such capacity- building and the development and transfer of marine technology and to facilitate access to other sources of support, taking into account their national policies, priorities, plans and programmes. (...)</p> <p>Article 44: types of capacity building and of the transfer of marine technology (omitted)</p> <p>Article 46: Capacity building and transfer of marine technology committee (omitted)”</p> <p>Stockholm Convention, Article 12: “The Parties shall, in accordance with their capabilities, cooperate to provide timely and appropriate technical assistance to developing country Parties and Parties with economies in transition, to assist them, taking into account their particular needs, to develop and strengthen their capacity to implement their obligations under this Convention.”</p>
Training Programs and Knowledge Sharing	<p>Convention on Biological Diversity, Article 12(a): " The Contracting Parties, taking into account the special needs of developing countries, shall:</p> <p>(a) Establish and maintain programmes for scientific and technical education and training in measures for the identification, conservation and sustainable use of biological diversity and its components and provide support for such education and training for the specific needs of developing countries."</p> <p>BBNJ Agreement, “Article 52 6. The special fund and the Global Environment Facility trust fund shall be utilised in order to:</p> <p>(a) Fund capacity-building projects under this Agreement, including effective projects on the conservation and sustainable use of marine biological diversity and activities and programmes, including training related to the transfer of marine technology (...)"</p> <p>BBNJ Agreement, Annex II: Under this Agreement, capacity-building and transfer of marine technology initiatives may include but are not limited to: (...) The development and strengthening of human and financial management resource capabilities and of technical expertise through exchanges, research collaboration, technical support, education and training and the transfer of marine technology, such as:</p> <p>(i) Collaboration and cooperation in marine science, including through data collection, technical exchange, scientific research projects and programmes, and the development of joint scientific research projects in cooperation with institutions in developing States;</p> <p>(ii) Education and training in:</p> <p>a. The natural and social sciences, both basic and applied, to develop scientific and research capacity;</p>

	Provisions on Means of Implementation in Other MEAs
	<p>b. Technology, and the application of marine science and technology, to develop scientific and research capacities;</p> <p>c. Policy and governance;</p> <p>d. The relevance and application of traditional knowledge”</p>
Policy and Regulatory Support	<p>BBNJ Agreement, Annex II: “(d) The development and strengthening of institutional capacity and national regulatory frameworks or mechanisms, including:</p> <ul style="list-style-type: none"> (i) Governance, policy and legal frameworks and mechanisms; (ii) Assistance in the development, implementation and enforcement of national legislative, administrative or policy measures, including associated regulatory, scientific and technical requirements at the national, subregional or regional level”
	<p>Minamata Convention on Mercury, Article 13: "The Parties shall cooperate to provide, within their respective capabilities, financial and technical assistance to developing country Parties, to assist them in the implementation of their obligations under this Convention, including the development and enforcement of national regulatory measures to control emissions and releases of mercury."</p>
Technology Transfer	<p>Basel Convention, Article 12: “Parties shall cooperate with one another in promoting, directly or through competent international bodies, the environmentally sound management of hazardous wastes and other wastes. To this end, they shall: (...) (b) cooperate in the transfer of technology related to the environmentally sound management of hazardous wastes and other wastes.”</p>
	<p>Minamata Convention on Mercury, Article 13: “3. Parties, in promoting the capacity-building, technical assistance and technology transfer to developing country Parties and Parties with economies in transition, shall facilitate, as appropriate, the development, transfer and diffusion of, and access to, up-to-date environmentally sound alternative technologies.”</p>
	<p>Paris Agreement, Article 10: “Support, including financial support, shall be provided to developing country Parties for the implementation of this Article, including for strengthening cooperative action on technology development and transfer at different stages of the technology cycle, with a view to achieving a balance between support for mitigation and adaptation.”</p>

Annex II: Overview and Attributes of MEA Financial Mechanism (FM)

MEA / Financial Mechanism	Objective	How the financial mechanism addressed the objective	Other activities supported by the financial mechanism
<p>Montreal Protocol on Substances that Deplete the Ozone Layer</p> <p><i>Multilateral Fund for the Implementation of the Montreal Protocol (operating under the institutional framework of the United Nations Environment Programme (UNEP))</i></p> <p><i>(Newly established fund in existing institution)</i></p>	<p>Protect the ozone layer by phasing out substances that deplete it, such as CFCs.</p>	<p>The Multilateral Fund was created as a standalone fund under the United Nations Environment Programme to support developing countries in covering the incremental costs of compliance. It provides grants and concessional loans for technology transfer, capacity building, and policy development.</p>	<ul style="list-style-type: none"> • Non-compliance, research, development, public awareness and information exchange provisions in the final text of the instrument. • Assistance to developing countries to phase out ozone-depleting substances (ODS). • Capacity building for institutions to manage the phase-out. • Technical assistance and training for alternative technologies. • Funding for pilot projects to test alternatives. • Compliance monitoring and reporting. • Public awareness campaigns. • Institutional strengthening.
<p>Minamata Convention on Mercury</p> <p><i>GEF Trust Fund and Specific International Programme (SIP)</i></p> <p><i>(Hybrid: two or more funds operating separately within</i></p>	<p>Protect human health and the environment from anthropogenic emissions and releases of mercury.</p>	<p>The Global Environment Facility (GEF) and a Specific International Programme (SIP) which was established as a trust fund by the United Nations Environment Programme, support capacity building and technical assistance with the aim to assist developing countries with the implementation of their obligations under the instrument. Together, the funds make up the financial mechanism of the Minamata Convention.</p>	<ul style="list-style-type: none"> • Implementation and compliance committee established as a subsidiary body. • Technical assistance for reducing and eliminating mercury emissions. • Capacity building for mercury management. • Support for the development of national action plans. • Public awareness and education campaigns. • Technology transfer. • Research and development of mercury alternatives. • Monitoring and reporting on mercury pollution. • Support for inventory development and impact assessments.

MEA / Financial Mechanism	Objective	How the financial mechanism addressed the objective	Other activities supported by the financial mechanism
<i>the financial mechanism)</i>			
<p>United Nations Convention on the Law of the Sea, Biodiversity Beyond National Jurisdiction (BBNJ)</p> <p><i>(Voluntary trust fund and special fund as well as GEF)</i></p> <p><i>(Funds within an existing multi-purpose fund and existing fund)</i></p>	<p>Conservation and sustainable use of marine biodiversity beyond national jurisdiction.</p>	<p>A voluntary trust fund and a special fund were created to support the participation of developing countries in the agreement. The GEF, together with the two new funds make up the financial mechanism aimed at utilizing the financial resources for capacity-building and marine technology transfer.</p> <p>The voluntary trust fund is intended to facilitate the participation of representatives of developing States Parties relevant BBNJ meetings.</p> <p>The special fund and the Global Environment Facility trust fund are intended to fund:</p> <ul style="list-style-type: none"> • capacity-building projects under the Treaty • assist developing States Parties to implement the BBNJ Treaty • support conservation and sustainable use programme by Indigenous Peoples and local communities as holders of traditional knowledge • undertake any other activities as decided by the COP. 	<ul style="list-style-type: none"> • Support to developing States Parties, in particular the least developed countries, landlocked developing countries, geographically disadvantaged States, small island developing States, coastal African States, archipelagic States and developing middle-income countries, through capacity-building and the development and transfer of marine technology. • Simplified procedures for accessing funding through the special fund for developing state parties. • Cooperation in capacity-building and transfer of marine technology. Establishment of a committee on capacity-building and transfer of marine technology. • Clearing house mechanism established. • Technical and scientific cooperation for marine biodiversity protection. • Assistance in implementing marine protected areas and marine genetic resource conservation. • Support for research and sustainable management of marine resources.
<p>Convention on Biological Diversity</p> <p><i>GEF (existing fund)</i></p>	<p>Conservation of biological diversity, sustainable use of its components, and fair sharing of benefits.</p>	<p>Developed countries are required to provide financial resources through the GEF and other international channels. Mechanisms focus on capacity building, biodiversity-related investments, and national biodiversity strategies.</p>	<ul style="list-style-type: none"> • Access to and transfer of technology to developing countries on favourable terms. • Exchange of information, technical and scientific cooperation. • Support for national biodiversity strategies and action plans. • Capacity building for biodiversity conservation. • Support for indigenous and local community participation. • Research and technology transfer related to biodiversity. • Awareness-raising and outreach on biodiversity issues.

MEA / Financial Mechanism	Objective	How the financial mechanism addressed the objective	Other activities supported by the financial mechanism
<p>Kunming-Montreal Global Biodiversity Framework</p> <p><i>(Global Biodiversity Framework Fund (GBFF) under GEF)</i></p> <p><i>(Newly established under the facility)</i></p>	<p>Halt and reverse biodiversity loss by 2030, protecting 30% of the world’s land, sea, and inland water ecosystems. Goals include to restore degraded ecosystems, reduce harmful subsidies, and ensure sustainable use of biodiversity.</p>	<p>The GEF-managed GBFF aims to help countries achieve the Kunming-Montreal Global Biodiversity Framework goals and targets with a strategic focus on strengthening national-level biodiversity management, planning, policy, governance, and finance approaches. Eligible countries have been invited to participate in the first GBFF programming tranche, which is making \$211 million available for programming.</p>	<ul style="list-style-type: none"> • Goals included on strengthening capacity-building, technology transfer, and scientific and technical cooperation for biodiversity (target 20). • Mobilise \$200 Billion per year for biodiversity from all sources, including \$30 Billion Through International Finance (target 19). • Ensure that knowledge is available and accessible to guide biodiversity action (target 21).
<p>UNFCCC – Paris Agreement</p> <p><i>Global Environment Facility (GEF); Green Climate Fund (GCF), and others</i></p>	<p>Limit global warming to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels. It seeks to strengthen the global response to climate change through adaptation, mitigation, and resilience-building efforts.</p>	<p>The financial mechanism of the Paris Agreement supports its objective by providing resources to developing countries to mitigate and adapt to climate change. The financial mechanism helps countries meet their Nationally Determined Contributions (NDCs), which are essential for achieving the overall goal of limiting global temperature rise to well below 2°C.</p> <p><u><i>Additional funds under the Paris Agreement:</i></u></p> <p>The Special Climate Change Fund (SCCF) (GEF-managed) finances projects relating to: adaptation; technology transfer and capacity building; energy, transport, industry, agriculture, forestry and waste management; and economic diversification. This fund should complement other funding mechanisms for the implementation of the Convention.</p> <p>The Least Developed Countries Fund (LDCF) (GEF-managed) supports a work programme to assist Least Developed Country Parties (LDCs) to carry out, inter alia, the preparation and implementation of national adaptation programmes of action (NAPAs).</p>	<ul style="list-style-type: none"> • Capacity-building through, inter alia, enhanced support for capacity building actions in developing country Parties and appropriate institutional arrangements. • Climate change education, training as well as public awareness. • International cooperation on climate-safe technology development. • Participation and access to information. • Assistance to developing countries to implement nationally determined contributions (NDCs). • Support for adaptation, mitigation, and resilience-building projects. • Alignment of financial flows: Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.

MEA / Financial Mechanism	Objective	How the financial mechanism addressed the objective	Other activities supported by the financial mechanism
<p>UNFCCC - Loss and Damage Fund <i>(Separate newly established fund)</i></p>	<p>Address climate change mitigation, adaptation, and support developing countries in managing loss and damage.</p>	<p>The Adaptation Fund (AF) (stand-alone fund) was established in 2001 to finance concrete adaptation projects and programmes in developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change.</p> <p>The Loss and Damage Fund was established to provide financial support to developing countries particularly vulnerable to climate change, to addressing loss and damage to assist developing countries that are particularly vulnerable to the adverse effects of climate change in responding to economic and non-economic loss and damage associated with the adverse effects of climate change, including extreme weather events and slow onset events.</p>	<ul style="list-style-type: none"> • Recognition of Common but differentiated responsibilities (CBDR). • Technical assistance for vulnerable countries facing climate-related loss and damage. • Capacity building to assess and respond to climate risks and impacts. • Support for early warning systems and disaster risk management. • Enhancing knowledge-sharing and best practices on addressing loss and damage.
<p>Stockholm Convention on Persistent Organic Pollutants (POPs) <i>(GEF) (Existing window within the GEF fund)</i></p>	<p>Eliminate or restrict the production and use of persistent organic pollutants (POPs).</p>	<p>The Stockholm Convention financial mechanism (GEF) provides assistance to developing countries in managing operational measures related specifically to persistent organic pollutants and complying with the convention's provisions on POPs elimination and reduction.</p>	<ul style="list-style-type: none"> • Support for the elimination or reduction of POPs production and use. • Capacity building for POPs management and safe disposal. • Technical assistance to develop alternatives to POPs. • Support for national action plans and monitoring frameworks. • Research and development for alternative chemicals and safer substitutes. • Monitoring and reporting on POPs levels in the environment. • Assistance with public awareness campaigns regarding POPs and their impacts.

Annex III: Pros and Cons of Potential Financial Mechanisms

Type of Fund <i>With examples*</i>	PROs	CONS	Examples from other Funds
<i>Standalone/dedicated</i>			
<p><u>Sub-types:</u></p> <p><u>New institution</u> <i>Example: Green Climate Fund (GCF)</i></p> <p><u>Newly established in existing institution</u> <i>Example: Multilateral Fund for the Implementation of the Montreal Protocol (MLF), Fund Responding to Loss and Damage (FRLD)</i></p>	<ul style="list-style-type: none"> • Flexibility in terms of design, operational policies, access modalities, project cycle, governance arrangements, and contributing sources • Allows for focused approach with donor funding mobilised at scale to address core objectives and obligations • A standalone fund may have greater political visibility and provide a strong signal of priority • Operates under authority of the COP, designed by parties for purpose, including in relation to: <ul style="list-style-type: none"> ○ access, adequacy and predictability of funding (including replenishment process) ○ representation of various groups (e.g. local communities, municipalities, Indigenous Peoples, private sector, etc) ○ Administration, oversight and management ○ transparency and monitoring • Investment strategy unaffected by other funds • Option to allow contributions from a range of sources and to introduce innovative financing mechanisms 	<ul style="list-style-type: none"> • Time required to design, establish, and launch (charter, policies, staffing, operating procedures, fiduciary and safeguards standards, etc.) • Costs for operationalization as well as for operation may be higher (use of existing institution as host can help mitigate). Requires significant upfront investment, including creating new infrastructure, governance structures, and operational rules. • May increase fragmentation and complexity of coordination • Could lead to duplication of existing efforts as it is harder to integrate with programmes led by other institutions • Risk of access becoming more difficult • Procedures may still pose barriers to access through co-financing, project preparation requirements, etc. • Risk of reduced resource mobilization due to lower donor confidence in a new fund or the experience of the host institution • With greater visibility there is greater risk of disillusionment if expectations are not met 	<ul style="list-style-type: none"> • The timeline between the decision to establish the GCF and the establishment of the GCF Secretariat was approximately three years, with an interim secretariat in place until then. After the establishment of the GCF Secretariat in 2014, the first set of projects was approved in 2015 (4 years total). • The London Amendment in June 1990 adopted a financial mechanism for the Montreal Protocol. The Interim Multilateral Fund was established on 1 January 1991. The first projects were approved in June 1991 (1 year). The Multilateral Fund was established on a permanent basis in 1994 (4 years).

	<p>which could potentially expand the donor base and fill financial gaps</p> <ul style="list-style-type: none"> • Could deliver a country-based programmatic approach and country-driven strategy • Funds could be directed for capacity building, including prior to ratification • Can accommodate scientific, technical panel(s) to better inform the interventions 		
Type of Fund <i>With examples*</i>	PROs	CONs	
<i>Fund within an existing multi-purpose multilateral fund</i>			
<p><u>Sub-types:</u></p> <p><u>Existing focal area within the Fund</u> <i>Examples: Stockholm Convention</i></p> <p><u>New fund established under the facility</u> <i>Examples: Global Biodiversity Framework Fund (GBFF)</i></p> <p><u>Multiple funds within the facility</u> <i>Examples: UNFCCC: Capacity-building Initiative for Transparency (CBIT), Least Developed Country</i></p>	<ul style="list-style-type: none"> • Can draw upon existing knowledge and expertise and build upon available programming support • Funds could be directed for capacity building, including prior to ratification • Time to establish is minimal, with Fund already operational, implementing entities already in place; a new fund under the institution may be operationalised quickly (12-15 months) using existing staff resources and capacity • Established relationships with private sector, may make engagement and leveraging co-financing easier • Policies, procedures, fund management, governance, safeguards already in place as well as scientific and technical advisory body • Governing body balanced between donors and recipients, frequently convened to respond to flexibility needs 	<ul style="list-style-type: none"> • Instrument's core obligations are not the focus of the existing institution • Competition for resources among the priorities in the fund • Existing funds have addressed plastic but not at scale • If funding is disbursed on project basis, this may not cover plastics whole life cycle • Access and governance perceived by some Members as inequitable • Policies, procedures, fund management, governance already in place may mean there is less scope for flexibility; major governance and fund earmarking changes may need to be negotiated for entire institution • Where existing benchmarks exist for risk-adjusted returns, these may prevent funds from reaching regions or countries most in need • Ability to accommodate country-programmatic approaches (similar to 	<ul style="list-style-type: none"> • After adoption of the Kunming-Montreal Global Biodiversity Framework in Dec 2022, the GEF Council approved establishment of the new GBF Fund in mid-2023 and it was established later that year. The first selection round for resources was held Feb-Mar 2024 (2 years). • The BBNJ agreement was adopted Jun 2023. In late June, the GEF Council authorised the use of up to \$34 million for ratification support and early action activities and requested the GEF Secretariat develop initial guidelines for enabling activities and ratification support projects. The first project was approved on June 14, 2024 (1 year)

<p><i>Fund (LDCF), Special Climate Change Fund (SCCF)</i></p> <p><i>Biodiversity Beyond National Jurisdiction (BBNJ): GEF Trust Fund and two future new funds</i></p>	<ul style="list-style-type: none"> • Flexibility to respond to COP guidance and decisions; operates under guidance of the COP, responsive to objective and goals of the instrument through MOU and guidance and can be responsive to compliance needs. • Replenishment process can address the long-term financial outcomes needed from a fund and provide the flexibility to respond to changing needs. • Avoids fragmentation. May foster integration across planetary challenges for multiple environmental benefits • Maximises reach of contributions, efficiency, and mobilization of the broader financial landscape; initial resource mobilization can be from all sources • Can accommodate capacity-building, strategic planning and programmatic approaches.¹⁷ • A new fund within the fund can simplify access and co-financing requirements 	<p>that used under the Montreal Protocol's MLF) may not be as clear.</p> <ul style="list-style-type: none"> • May be less likely to attract voluntary contributions, including from private or philanthropic sources 	
<p>Type of Fund <i>With examples*</i></p>	<p>PROs</p>	<p>CONs</p>	
<p><i>Hybrid of existing and newly established</i></p>			
<p>Sub-types:</p> <p><u>Two or more different funds operating</u></p>	<ul style="list-style-type: none"> • Carries some advantages of both standalone and existing • An interim arrangement may capitalise on momentum in the short term, while longer term arrangements are developed 	<ul style="list-style-type: none"> • Carries some disadvantages of both standalone and existing, partially mitigated by combining • Requires extended effort to establish arrangements for more than one fund type 	<ul style="list-style-type: none"> • The Minamata Convention adopted in 2013 agreed a financial mechanism consisting of GEF Trust Fund and a specific international programme (separate fund), with decisions on hosting institution of an existing

¹⁷ Regarding programmatic approaches, see e.g. GEF ‘Circular Solutions to Plastic Pollution Integrated Program’, <https://www.thegef.org/projects-operations/projects/11197>.

<p><u>separately within the financial mechanism</u> <i>Examples: Minamata Convention: GEF Trust Fund and Specific International Programme (SIP)</i></p> <p>An interim (typically existing) fund used, while a permanent fund is established</p>	<ul style="list-style-type: none"> • Preserves opportunity to leverage private sector at scale and complexity levels appropriate to plastics pollution, and at all enterprise sizes. • Avoids fragmentation by coordination of funds within the financial mechanism. 	<ul style="list-style-type: none"> • Some governance aspects of existing funds outside direct guidance of COP • May increase fragmentation and could lead to duplication of efforts – requires strong coordination between the funds • Interim arrangement’s transition period may be difficult and potentially long; could delay the development of the long-term fund. • May lead to protracted discussions during early COPs. 	<p>agency, guidance, and duration decided at COP-1 in 2017.</p> <p>The Specific Trust Fund became effective on 1 January 2018, and encourages contributions from a broad range of sources, including all parties to the Minamata Convention with the capacity to contribute, as well as other relevant stakeholders There were five projects selected for First Round funding in October 2018. (5 years total).</p>
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ADVANCED