# Presentation: Financial Mechanism Options in the Plastics Treaty Compilation Document

By Dr Alexandra Harington

Transcript

**Slide 1**

0:02

Hello everyone, and welcome.

0:05

Thank you for joining in this part of our discussion today.

0:09

In this discussion, we will be addressing, at least an overview, of the financial mechanism options that are currently contained in the compilation document for the ILBI, for the the potential Future Plastics Treaty as it is colloquially called, as we have seen in the compilation document that was released by the INC Secretariat quite recently.

0:37

Again, it is a pleasure to join you.

0:38

I am Doctor Alexandra Harrington and I will be familiar hopefully to many of you at this point.

0:44

But please, as we are going along, obviously this is a recording, but I would encourage you to share at the end any questions or any concerns that you might have.

0:57

I also would encourage you if other questions come up later on to please always be in touch with the AFRIPAC team and especially feel free to reach out to me.

1:07

I am more than happy to talk to you at any point in the run up to either to the International Working Group meetings in August in Bangkok or of course to INC-5 in Busan.

**Slide 2**

1:21

I should mention that financing and the issue of financing and financial mechanisms will be covered at the INC or the Pre-INC intersessional works.

1:32

The Intersessional Working Group meetings that are happening both in the immediate late July, early

Funded by the Norwegian Agency for Development Cooperation (NORAD)

August meeting time online as well as in the in-person meetings that will take place from the 24th to the 28th of August in Bangkok in Thailand.

1:49
And as a reminder for those who might find April a long time ago, the end result of INC-4 in Ottawa was the decision to authorise 2 intersessional working groups to meet.

2:07
And one of those will focus on the question of criteria and non-criteria for various aspects of product design, and plastic products.

2:19
So product design, also chemicals of concern, and polymers, and plastics themselves.

2:26
And we certainly will talk about that in another slide presentation.

2:29
But the second topic that will be discussed is that of financing, and also financial mechanisms linked to capacity building as well.

2:41
So with this in mind, the presentation that we have today is a very brief overview of the current contents of the compilation document, and what it offers as suggestions and ways forward for having a financing mechanism within the context of the future Plastics Treaty.

3:03
Now, if you are looking at the compilation document itself, you will find this provision or the set of provision options in Part 3, subsection 1 or Section 1 itself (Part III.1), of the compilation document.

3:18
And as we start to look at this and we start to discuss this, one of the most important things to point out is that there are many proposals, there are many options and suboptions for what the financing mechanism might look like.

3:33
But it is important to note that in all of these there is a fundamental question of whether the financing mechanism will have binding commitments by parties, or voluntary commitments by parties in terms of providing funding to the funding mechanism. And also the ability to access the financing mechanism to receive funding and support.

3:58
Within these proposals, there is a great deal of focus on the question of whether developing countries, least developed countries, small island to developing states or SIDS, and other classifications of countries that have been offered.

4:15
Often those that focus on countries that are quite downstream in the process, those that are impacted by legacy plastic waste etcetera, should be absolved from providing funds.

4:26
So whether the requirement should be that only developed States and developed countries or countries that have been producers and created some of the problems initially should be required to provide funding.

4:41
Or whether there should be various indicator-based funding assessment, as many other funds use, for states to determine whether or not they should be required to provide funding for the plastics treaty financing mechanism.

4:58
The other question then of course is who will be eligible to receive funding under whatever system is used for the financing mechanism.

5:05
And here again we see a really important question of whether this should be developing countries, least developed countries, small island developing states, or whether there should be a larger pool of potential funding recipients.

5:21
So this is something that is quite open at this point and there are many different proposals, but these are the really core elements of discussion and debate in that context.

**Slide 3**
5:33
There are in terms of what the financing mechanism would look like itself, regardless of who it is financing and funding, there are three main options that are presented in the compilation document.

5:47
In part three, Section 1, subsection 4 (Part III.1 (4)), there is a proposal that the financing mechanism would officially be created under the auspices of the Treaty.

5:59
So it would be created as part of the Treaty itself, and it would be created with the express intention that it would support the implementation of the Treaty's terms.

6:10
So this means that the funding and assistance that is provided under the financing mechanism would be dedicated solely to efforts that would further implementation of the Treaty's terms, its objectives, its goals, etcetera.

**Slide 4**

6:30
In Part three, Section 1, subsection 5 (Part III.1(5)) there is a proposal that the financing mechanism would operate under the oversight and control of the governing body of the treaty, which we are assuming will be referred to as the Conference of the Parties and will be a standard conference of the parties as we see in many other MEAs and in many other forms of international agreements, where this is the entirety of the party, the State party membership, meeting together.

7:02
And that very much like the INC, is the governing process for the implementation of the treaty.

7:09
And what we have seen in some proposals is that there would be an additional body created under the heading of the subsidiary bodies or the governance system for implementing the treaty.

7:25
This body is tentatively referred to as the Executive Committee, and it would be there to implement, to generate and to implement, and then to oversee the policies and practises that would be needed to administer and then have a compliance system for funding that would be given under the financing mechanism.

7:49
So in this view this is something that would be very much internal.

7:53
It would be an internal fund or a mechanism that would be under the direct control and supervision and day-to-day handling of the Secretariat and of the governing body itself, so the Conference of the Parties itself.

8:09
So it would be something that would be discreetly under the umbrella jurisdiction of the Plastics Treaty without involving any other entities or operations.

8:20
And we see this officially proposed as something that would be a dedicated entity within the treaty system in part 3, section 1OP6, I apologise for the very technical language.

8:35
I just want to make sure that if you're looking at the actual treaty text part of me, the compilation document text, you are looking at the correct sections.

**Slide 5**

8:44
There is, however, in part three, section 1 OP6 alt (Part III.1 OP6 alt), so this is the first alternative, a

proposal that, rather than creating a financing mechanism that would be solely under the jurisdiction of the (and implemented by and administered by) the Plastics Treaty and the Conference of the Parties, the financing mechanism would be placed under the jurisdiction of, for example, the Global Environment Facility, the GEF.

9:18
Or a similar international organisation that is empowered to, and would serve as an administering entity. The World Bank is another entity that is often mentioned in this context.

9:32
And if this were to be the case, 'OP7 Alt' makes a provision that there would be - and this is quite true legally, quite important in fact - there would be a requirement that the Conference of the Parties, the governing body, would have to agree to, and adopt, a Memorandum of Understanding with whatever international organisation might be hosting the financing mechanism.

10:02
So that would make a determination as to things like, who would have final control over a funding agenda, who would set funding priorities, who would have oversight over activities funded and funding recipients, etcetera.

10:19
I mentioned this for two reasons.

10:20
First of all, I mentioned it as a compliance tool.

10:24
I also mention it because this is something that would necessarily be another negotiation with another organisation and it would presumably take extra time.

10:36
So in terms of trying to understand the implications of when would the financing mechanism be able to be operational, something that involves other organisations may be beneficial because the Global Environment Facility (GEF), for example, has a great deal of track record and experience in working with administering funds.

10:56
But at the same time it would require a special agreement and so that will take extra time to negotiate.

11:06
Whereas saying that the Conference of the Parties would be the governing body and something would be done entirely under the umbrella of the Plastics Treaty, future Plastics Treaty.

11:14
This might allow some funding to be more quickly operationalized, although it wouldn't have the

same type of already existing administration and infrastructure that would be there for the Global Environment Facility.

11:31
So it is a very tricky discussion and set of priorities that we want to reflect and reflect upon as the decisions regarding what type of financing mechanism should be used are being made.

**Slide 6**
11:45
Which leads us to an additional proposal, which is in Part III.1 OP6 alt 2, of the compilation document, Section one, OP6, Alt 2.

11:55
And this is the proposal for essentially a hybrid model.

11:59
And in this hybrid model at the very beginning.

12:02
So when things are starting off, when the Conference of the Parties will be most likely quite overwhelmed with a number of different functions that it will have to do.

12:11
As we look at the compilation document, the financing mechanism would be administered by an international organisation, so for example by the Global Environment Facility.

12:22
But there would also be the requirement that other funds, so a dedicated Plastics Implementation Fund as well as a dedicated Plastics Remediation Fund, have been suggested.

12:35
And these are things that would overtime be able to migrate from the international organisation to directly being controlled and managed and overseen by the Conference of the Parties and by the Plastics Treaty jurisdictional entity itself.

12:52
Once that is operational and once there is a feeling that these infrastructure would be in place to allow this to happen.

13:00
So the hybrid looks at basically the short term. And says short term we should propose going with an existing organisation that has the structure to perhaps more quickly fund something.

13:13
Although would require an MOU and it would require a separate negotiation of that.

13:18
But the goal in the long term is to transfer control over the financial mechanism fully back - carefully to - the Plastics Treaty and its oversight bodies, once it becomes a bit more mature and once the other critical questions that the Conference of the Parties will be facing in its early years, have presumably been handled.

13:40
Now this is something that is a bit less precedent-based than other funds.

13:47
So we have seen much more recently of a focus on having funding go through the Global Environment Facility (GEF).

13:54
But there certainly are examples, such as the Montreal Protocol and many aspects of the Basil, Rotterdam and Stockholm (BRS) Convention implementation in terms of financing, where we do see, either a mix because of time period, and coming into existence before the Global Environmental Facility, where the treaty body itself has to administer some elements of its funding.

14:19
And this does work.

14:20
So there are some potential examples that could be used in guiding the financing mechanism if the hybrid route were to be selected.

**Slide 7**
14:31
Additionally, it just points to think about and some things to point out as we're thinking about the issue of financing and the financing mechanism for the Plastics Treaty.

14:41
And there are a number of different variants that would allow the financing mechanism, wherever it is located, whoever has control over it, whether it is the Conference of the Parties and the treaty system, whether it is the Global Environment Facility, where funds could be received from public actors.

15:05
So international banks, regional banks, regional development banks, etcetera, as well as from private actors and private funds.

15:15
And the private fund element is often argued to be quite critical.

15:20

It's often also potentially somewhat controversial in terms of who is providing the funding, and how, and why, etcetera.

15:27
So there is that to be mindful and aware of.

15:31
And the other thing just to point out quite quickly is that in Part three, Section 1, Subsection 9 (Part III.1 (9)), there is the proposal which we did see from the revised zero draft.

15:43
It has been retained.

15:44
And this proposal is regarding the idea of a global plastics fee.

15:49
And in essence the global plastics fee as it has been developed is something which would require or recommend, again depending on the language used, that plastic producing countries - so countries that have producers of primary plastic polymers within their jurisdiction - would impose a fee of some type on those entities...

16:13
...those actors that are within their jurisdiction, and that that fee would then be collected by that state and in many iterations would then be advanced to the financing mechanism to generate additional funds that could be used by the financing mechanism to support its activities.

16:36
This is a very controversial piece of the overall financing puzzle.

16:41
It is something that certainly does not have yet universal support, but it is something that I like to highlight when we have the discussion of the financial mechanism because if it is adopted, it could be an important component.

16:54
If it isn't adopted, it also then forecloses a certain aspect of both legal and also just practical ability to have funding and financing.

17:05
So it is certainly something to think about as we go through into the discussions in August and certainly in Bangkok, and then beyond as we go into Busan.

**Slide 10**

17:17
So again, thank you for your time.

17:18
Thank you for your attention.

17:20
Please do let me know should there be any questions at all about this.

17:24
I am more than happy to have a longer conversation.

17:28
Take care.

17:28
Thank you.