

## Policy Analysis and Legal Analysis

Azul submits the following language suggestions on Article 11 regarding Financing Mechanisms in the international legally binding instrument on plastic pollution, including in the marine environment.

### Article 11: Financing Mechanism

1. This Article establishes binding obligations for each Party to mobilize resources, with correlation to each Party's impact on enabling plastic pollution, to implement national activities that are in line with the provisions of the Convention.
2. Each Party shall take concrete actions to align their national policies, priorities, plans, and programs with the objectives of the Convention, ensuring that these activities are adequately resourced and supported. Recognizing the differing capacities of Parties, particularly those in the Global South, the Article mandates that those Parties be provided with obligatory capacity-building, technical assistance, and financial support to enable them to meet their obligations under the treaty effectively.
3. In this context, the Article requires the creation of a financial and technical cooperation mechanism that will provide binding assistance to Parties in need of support. The flow support shall be in the form of enabling financial flows from developed to developing countries, correlated to the impacts on plastic pollution by both developed and developing countries.
4. This mechanism must include the establishment of a new fund, modeled on the structure and principles of the Global Environment Facility (GEF), which shall provide targeted financial support to Parties for the implementation of their obligations under the Convention. The new fund will be designed to provide new and additional resources for Parties to meet their treaty obligations, supplementing existing financial flows from domestic finance, multilateral entities, and private sector sources. This ensures that all Parties, especially those facing significant economic and technical barriers, receive the support necessary for full implementation of the Convention.
5. The new fund will be governed by a board of trustees, representing both developed and developing countries, and will operate under the principle of equity and common but differentiated responsibilities. The fund will focus on projects and initiatives that address the root causes and impacts of plastic pollution, prioritizing those regions and sectors most vulnerable to the effects of plastic waste.
6. The fund will be replenished through mandatory contributions from developed countries, international financial institutions, and private sector entities. Contributions to the fund will be based on a polluter-pays principle, ensuring that countries with the highest plastic pollution footprints contribute proportionally to the fund. These contributions will be subject to transparent accounting and auditing procedures, with all financial transactions made publicly available.

**7.** To ensure the effective and accountable implementation of these obligations, the Article mandates robust transparency and reporting mechanisms. Parties will be required to regularly report on the financial and technical support received, as well as on the progress made in implementing their national activities in line with the Convention's objectives. These reports will be subject to review by an independent body, which will assess the adequacy and efficiency of the support mechanisms and the effectiveness of national actions.

**(7.1)** Additionally, the financial and technical cooperation mechanism will operate with clear, publicly accessible records detailing the sources, allocations, and disbursements of financial contributions. This includes a commitment to disclose information on contributions from private sector entities and multilateral institutions, ensuring transparency in funding flows and the alignment of resources with the most pressing needs of Parties, particularly those with limited capacity to combat plastic pollution.

**(7.2)** Through these transparency measures, the Article aims to foster trust, ensure equitable resource distribution, and maintain the integrity of the Convention's implementation process, making sure that all Parties are held accountable for both the support they provide and the actions they take to address plastic pollution.

**8.** The financing mechanism established under this Article will operate as a mandatory system designed to ensure that all Parties, particularly those with limited resources, can meet their obligations under the Convention. The mechanism will be composed of one or more funds, managed by designated entities, that will provide financial and technical assistance to Parties in need. These funds will be replenished through mandatory contributions from multiple sources: first, from multilateral, regional, and bilateral financial institutions; second, through obligatory contributions from the private sector; and third, by ensuring the inclusion of additional resources from domestic finance within each Party. The funds will be specifically earmarked for capacity-building activities, technical support, and the implementation of the treaty's obligations, particularly in developing countries and countries with economies in transition. The financial mechanism will be monitored by the Conference of the Parties (COP), which will provide ongoing guidance and review the allocation of resources to ensure that financial flows are effectively directed toward fulfilling the Convention's objectives. The mechanism will also have built-in provisions for periodic assessments to evaluate its efficiency and the impact of the resources provided, ensuring that the financial support aligns with the evolving needs of the Parties and contributes to their long-term capacity to comply with the treaty's requirements.

**9.** The Conference of the Parties (COP) will be responsible for overseeing the financial mechanism, providing binding policies and guidance for its operation. At the first meeting of the COP, Parties will be required to review the effectiveness of the mechanism and assess whether it is adequately addressing the needs of developing countries and countries with economies in transition. The COP will evaluate the effectiveness of the funding, the performance of the entities managing the mechanism, and deter-

mine whether the mechanism is delivering on its obligations to assist Parties in fulfilling their commitments under the Convention. Additionally, the COP will ensure that the financial mechanism is aligned with the overarching goals of the Convention, which include human rights, sustainable development, and public health.

- 10.** In the interim period between the adoption of the Convention (DipCON) and the first meeting of the COP (COP1), the Article mandates the establishment of transitional arrangements. These arrangements will include clear guidance on the financial mechanism's operational modalities and will outline any additional measures required to ensure the effective implementation of the provisions. The COP will be responsible for ensuring that these obligations are met during this interim period, ensuring a seamless transition to full implementation once the Convention enters into force.