TESS Forum on Trade Environment & the SDGs

## POLICY BRIEF Aid for Trade Priorities on Plastic Pollution

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#### Key Insights

- Aid for trade (AfT) is emerging as an important vehicle for supporting developing and least developed countries to transition towards sustainable trade while building the environmental resilience and economic diversification vital for sustainable development.
- Enhanced AfT targeted at addressing trade-related aspects of plastic pollution—a
  major and rising global threat to the environment, public health, and sustainable
  development—can support ongoing efforts in the Informal Dialogue on Plastic Pollution
  and Environmentally Sustainable Plastics Trade (IDP) at the WTO, which seek to bolster
  cooperation on trade and trade policies in ways that make a positive contribution to the
  global effort to tackle plastic pollution.
- Enhanced AfT focused on the trade dimensions of plastic pollution can also support the efforts of governments to boost cooperation through a new international instrument on plastic pollution.
- This policy brief identifies how AfT could be harnessed to support developing and least developed countries to address the trade-related aspects of the plastic pollution crisis in a manner that is aligned with their priorities and needs.
- Beyond AfT, a broader package of environmental financing, green economy investments, and development assistance is necessary to reduce plastic pollution and facilitate a just transition towards circular economies that serve sustainable development.
- A key challenge is the existing mismatch between inadequate flows of development assistance targeted at tackling plastic pollution and the far greater public and private financial flows directed towards the petrochemical and plastic sectors.
- This policy brief identifies a set of short- and medium-term "deliverables" on AfT and plastic pollution that WTO Members could pursued through the IDP and cooperation at the WTO.



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## 1. Introduction

Aid for trade (AfT) is an important component of the financing landscape needed to support developing countries in their efforts to harness international trade and trade policies for their sustainable development. Increasingly, AfT is also emerging as an important vehicle to support the transition of developing countries to more sustainable trade while building resilience to environmental challenges and the economic diversification vital to sustainable development.

Plastic pollution presents significant threats to environment, human health, and sustainable development. It generates important fiscal costs for governments and impacts livelihoods by disrupting sectors that are important from an economic and trade perspective for many developing countries, such as tourism, fisheries, and agriculture. As governments seek to reduce plastic pollution, they face important challenges of transition as the plastics sector is a source of economic growth and employment in many countries and produces a vast diversity of useful materials and products that are used across a broad range of sectors and value chains.

Despite these challenges, governments around the world recognize the urgent need to tackle plastic pollution across the life cycle of plastics, and AfT has an important role to play in supporting their efforts. The transboundary nature of plastic pollution means that no country can tackle this scourge alone, underscoring the need for trade-related cooperation as part of international efforts to reduce plastic pollution. According to Deere Birkbeck and Sugathan (forthcoming):

"the production and consumption of plastics involves internationally integrated supply chains linking businesses and consumers across the world. Further, there are important trade flows at each phase of the life cycle of plastics—from feedstock and primary plastics to a multitude of plastic consumer products and plastic waste. The import of plastic products and packaging adds to the accumulating volume of plastic waste countries that overwhelm the waste management capacity of many countries. In 2019, the value of international trade of plastics reached more than USD 1 trillion (around 5% of total merchandise trade). UNCTAD analysis underlines that the true value is higher; official trade statistics do not, for instance, capture data on cross border flows of plastics associated with of pre-packaged products, embedded in products (such as electronic goods, household goods and cars) or used for their international distribution."

At the World Trade Organization (WTO), enhanced capacity building and technical assistance on plastic pollution has been identified as an important focus for the Informal Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade (IDP). Meanwhile, the resolution by governments at the United Nations Environment Assembly (UNEA) on 2 March 2022 to launch negotiations for a new international instrument on plastic pollution also highlights the importance of increasing cooperation with developing countries on plastic pollution.

This policy brief introduces in section 2, the IDP process and issues identified for discussion under the proposed work streams, including the broad priority areas identified for technical assistance and capacity-building. Section 3 discusses the background for the AfT initiative, highlighting its relevance to the IDP process. Section 4 highlights some examples of technical assistance and capacity building needs related to addressing plastic pollution put forward by WTO members in the context of IDP discussions as well as those put forward by parties to the Basel Convention in the context of the Plastic Waste Partnership where official development assistance (ODA), including A4T, could play an important role. Section 5 examines the AfT and the broader ODA landscape, the key actors involved, and their relevance to addressing plastic pollution. It also notes wider plastic- and plastic pollution-related aid flow trends. Section 6 examines some of the trends in broader ODA flows to address plastic pollution. Section 7 highlights some important aspects of cooperation beyond AfT that policymakers and the broader aid community need to consider. Section 8 concludes with

## 2. The IDP Process and Issues for Proposed Work Streams

#### Areas for Capacity Building and Technical Assistance Identified in IDP Ministerial Statement

In November 2020, a group of 16 WTO members, led by China and Fiji, co-sponsored the launch of the IDP. Following months of informal deliberations, 67 WTO members subsequently adopted an IDP Ministerial Statement in December 2021. Now supported by 71 members (as of March 2022), and coordinated by Australia, Barbados, China, Ecuador, Fiji, and Morocco, ministers agreed in the statement to intensify their work with a view to identify actions to support global efforts to reduce plastics pollution and a transition towards environmentally sustainable plastics trade (WTO, 2021a). Among other objectives, ministers agreed to address trade-related capacity building and technical assistance needs of developing and least developing countries, including "considering plastic pollution and environmentally sustainable plastics trade in Aid for Trade with environmentally sustainable objectives" (WTO, 2021a). The statement calls for concrete, pragmatic, and effective outcomes on these actions and understandings at the latest by the Thirteenth WTO Ministerial Conference.

The IDP statement identifies trade-related technical assistance and capacity building needs towards supporting efforts of least developed members and vulnerable small island developing states (SIDS) to:

"(i) move towards more circular plastics economies (ii) improve the environmentally sound management, recovery and recycling of plastics (iii) facilitate access to key technologies (iv) expand trade in environmentally sustainable and effective substitutes and alternatives (v) encourage collaboration with the relevant stakeholders through, inter alia, the exchange of knowledge and experience relating to the development of and access to environmentally sustainable and effective (including cost and functionally effective) substitutes and alternatives to single-use plastics (vi) develop and strengthen local capacities to produce environmentally sustainable and effective substitutes and alternatives to single-use plastics and (vii) design and implement trade policies to address plastic pollution" (WTO, 2021a).

#### Roadmap for IDP Work

The IDP has established a roadmap for work that will centre on a series of plenary meetings preceded by work stream intersessional meetings focused on specific issues identified in the ministerial statement. There are three broad work stream clusters: (i) crosscutting issues including capacity building and technical assistance, (ii) promoting trade to tackle plastic pollution, and (iii) circularity and reduction to tackle plastic pollution.

Table 1 lists some issues that have been proposed for discussion under the three work streams, and their interactions. It is notable that capacity building and technical assistance will be addressed under the first work stream on crosscutting issues in support of the other two work streams. The list may change or be expanded as WTO members provide additional inputs as part of IDP deliberations.

IDP work stream	Proposed issues for technical discussions
Crosscutting issues	<ul> <li>Capacity building and technical assistance</li> <li>Fostering international cooperation on transparency and data</li> <li>Collaboration among IGOs and collective approaches</li> </ul>
Promoting trade to tackle plastic pollution	<ul> <li>Environmentally sustainable waste management technologies</li> <li>Environmentally sustainable and effective substitutes and alternatives</li> <li>Reused and recycled plastics, including by incentivizing increased reuse and recycling of plastics (considering evidence of their long-term impacts)</li> <li>Technologies for environmentally sustainable and effective substitutes and alternatives of interest to developing members and least developed members including SIDS which are especially vulnerable to marine litter and plastic pollution, opportunities for their micro, small, and medium-sized enterprises</li> </ul>
Circularity and reduction to tackle plastic pollution	<ul> <li>How trade-related cooperation could help to support efforts to reduce unnecessary or harmful plastics and plastic products, including single-use plastics and plastic packaging associated with international trade</li> <li>Sharing experiences of effective approaches to move towards more circular resource efficient and environmentally sustainable plastics trade</li> </ul>

#### Table 1. Indicative Issue Areas to be Discussed under Planned IDP Work Streams

## 3. Aid for Trade and its Relevance to the IDP Process

Aid for trade is an important component of ODA flows enabling developing and least developed countries to meet their sustainable development goals. The report of WTO's Task Force on Aid for Trade established in 2006 states that "the scope of Aid for Trade should be defined in a way that is both broad enough to reflect the diverse trade needs identified by countries, and clear enough to establish a border between Aid for Trade and other development assistance of which it is a part" (WTO, 2006). The report adds that "projects and programmes should be considered as Aid for Trade if these activities have been identified as trade-related development priorities in the recipient country's national development strategies".

Launched at the Hong Kong Ministerial Conference in 2005, the focus of the WTO-led Aid for Trade Initiative is to identify the needs within recipient countries, responding to donors and acting as a bridge between donors and developing countries. The work of the initiative is monitored through a periodic global review, hosted by the WTO and supported by data compiled by the Organisation for Economic Co-operation and Development (OECD) based on reporting by donors. The Eighth Aid for Trade Global Review is scheduled to happen in 2022. (WTO, n.d.-a).

Aid for trade activities are tracked in six monitoring categories:

- Technical assistance for trade policy and regulations helping countries develop trade strategies and policies, participate in negotiations, and implement trade policies and rules;
- (ii) Trade development including investment promotion, analysis and institutional support for trade in services, business support services and institutions, public-private sector networking, e-commerce, trade finance, trade promotion, market analysis, and development;
- (iii) Trade-related infrastructure—investing in roads, ports, telecommunication, and energy networks central to international trade;
- (iv) Building productive capacity including trade
   development such as assisting countries in strengthening

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and diversifying key economic sectors to be competitive in export markets;

- (v) Trade-related structural adjustment assisting developing countries and LDCs in meeting the costs associated with trade liberalization, such as preference erosion, loss of customs revenue, or declining terms of trade; and
- (vi) Other trade-related needs (WTO, 2006).

The Aid for Trade Task Force report considers that categories (i) and (ii) should follow the joint OECD-WTO Trade Capacity Building Database. The activities that fall outside, namely categories (iii) to (vi), should be reported as AfT only when these activities have been explicitly identified as trade-related priorities in the recipient country's national development strategies like the poverty reduction strategy papers (WTO, 2006).

OECD statistics on AfT draw from the Creditor Reporting System (CRS) and include all ODA activities pertaining to the above categories. It appears that subsequent to the first monitoring exercise, the CRS allows components of a productive capacity building project to be marked (using the "trade development policy marker") as relevant to trade development. It identifies trade development activities within the broader AfT category of building productive capacity (i.e. activities marked as contributing "principally" or "significantly" to trade development). Thus, at present, the CRS covers all ODA but only those activities reported under the first four categories. It is not possible to collect data on "other traderelated needs" from the CRS (OECD, n.d.-d).

"To estimate the volume of such 'other' commitments, donors would need to examine aid projects in sectors other than those considered so far—e.g. in health and education and indicate what share, if any, of these activities have an important trade component. A health programme, for instance, might permit increased trade from localities where the disease burden was previously a constraint on trade. Consequently, accurately monitoring aid for trade would require comparison of the CRS data with donor and partner countries' self-assessments of their aid for trade" (OECD, n.d.-d).

Most AfT is disbursed bilaterally by donors or is channelled through multilateral and regional finance and development organizations like the World Bank and regional development banks. Since 2006, the top 10 AfT donors collectively account for over 80% of total disbursements. Between 2006–2017 they comprised Japan, the European Union (EU), the World Bank, the United States, Germany, France, the United Kingdom, the African Development Bank (AfDB), the Asian Development Bank (ADB), and the Netherlands. In addition, other regional banks like the European Bank for Reconstruction and Development (EBRD), the Islamic Development Bank, the Arab Fund for Economic and Social Development, and the OPEC Fund for International Development also contribute towards aid for trade support (OECD & WTO, 2019).

Aid for trade financing from diverse donors is also disbursed through various multi-agency projects supported by the Doha Development Agenda Global Trust Fund,<sup>1</sup> the Enhanced Integrated Framework (EIF),<sup>2</sup> the Standards and Trade Development Facility (STDF),<sup>3</sup> and the International Trade Centre (ITC) (WTO, n.d.-b). In addition, the WTO undertakes its own technical assistance and training activities, including workshops around AfT for the benefit of developing countries, and accounts for a relatively small share of AfT flows (WTO, n.d.-b).

- 1. In Doha in 2001, WTO members endorsed the New Strategy for WTO Technical Cooperation for Capacity Building, Growth and Integration. The same year, the Doha Development Agenda Global Trust Fund was established to ensure long-term funding of the WTO's technical assistance activities. The fund relies on voluntary contributions from members (Birkbeck, 2005).
- 2. The Integrated Framework, initially established in October 1997, is a partnership of 51 countries, 24 donors, and eight partner agencies with six core partners (the WTO, International Monetary Fund, ITC, UNCTAD, UN Development Programme (UNDP), the World Bank) and two observer agencies (UN World Tourism Organization (UNWTO) and UN Industrial Development Organization (UNIDO)). A Task Force on an enhanced Integrated Framework provided recommendations in 2006, leading to the current EIF. The EIF works closely with governments, development organizations, civil society, and academia. The multilateral partnership is exclusively dedicated to assisting LDCs with the aim of mainstreaming trade into national development strategies, setting up structures needed to coordinate the delivery of trade-related technical assistance, and building capacity to trade. The EIF is supported by a Multi-Donor Trust Fund with contributions from 24 donors, with the UN Office for Project Services acting as the EIF Trust Fund Manager in support of the programme (WTO, n.d.-c).

3. The STDF is a global partnership that promotes improved food safety, animal, and plant health capacity in developing countries (STDF, n.d.).

The joint OECD-WTO framework set up for reporting AfT relies on voluntary self-reported submissions of information from developing countries, regional economic communities, donors, and south-south partners. However, as discussed, not all relevant activities may be included for reporting in the database. Alongside activities that are specifically designated by donors as falling in the category of AfT, a range of development assistance activities can have direct and indirect impacts on trade flows and a country's capacity to trade, such as those directed at education, energy and infrastructure facilities, and environmental activities for example.

In addition, there is variation in how donors categorize the purpose and scope of their activities. This can make it difficult to discern trends in specific types of AfT such as those that have certain environmental objectives or "green" AfT (Deere Birkbeck, forthcoming). These issues need to be borne in mind when interpreting AfT flows as discussed in section 5.

Aid for trade activities are carried out within the framework of a biennial work programme that identifies areas of opportunity for partners and priority focus areas for directing AfT flows by donors. According to the WTO Secretariat, "the work programmes are intended to promote deeper coherence among Aid for Trade partners and an on-going focus on Aid for Trade among the trade and development community, with the emphasis on showing results. Work programmes have generated impetus for Aid for Trade activities on the ground" (WTO, 2020). The most recent work programme for 2020–22 also includes a focus on opportunities created by the digital economy and sustainability for economic and export diversification with a particular emphasis on women, youth and micro, small and medium-sized enterprises. The circular economy is another focus area in the work programme in the context of sustainable development objectives and green growth policies (WTO, 2020).

In 2015, the EIF Secretariat also identified the environment as one of the criteria used to assess the quality of a national trade strategy, stating that mainstreaming "gender and environmental consideration is an ongoing priority of the EIF" (EIF, 2015). The EIF has also underscored the importance of environmental conservation and management for successful trade strategies in the tourism and agricultural sectors, including resilience to natural disasters and climate change.

A monitoring and evaluation self-assessment exercise carried out by the OECD and the WTO in 2019 included reference to a number of sustainable development goals that AfT could help achieve. Among these goals, sustainable production and consumption that is relevant to addressing plastic pollution was identified 49 times in the 88 responses received from partner countries (amounting to 56%) and 16 times in the 36 responses received from donors (accounting for 46%) (WTO, 2020).

Taken together, there is a clear foundation for enhancing AfT that could contribute towards national and international efforts to tackle plastic pollution. Guidance on where such efforts could be channelled can also be drawn from discussions in the IDP as discussed in the next section.

# 4. Identifying Aid for Trade Needs and Priorities Related to Plastic Pollution

Identifying concrete deliverables on AfT that can support the efforts of countries to reduce plastic pollution will require the active engagement of developing countries to present their national plans, needs, and priorities, supported by data and research on specific bottlenecks. Some indication of these needs and priorities can be gathered from discussions and developing country interventions at the IDP, as well as from submissions to the Secretariats of the Basel, Rotterdam, and Stockholm (BRS) conventions. In 2021, a factual report on the IDP discussions prepared by the WTO Secretariat highlighted the emphasis of many developing country members on the need for AfT to support the design and implementation of trade policies related to plastic pollution (WTO, 2021b). The report also highlighted the following needs and priorities, as identified by WTO members and other participating stakeholders during the course of discussions both in the IDP and the WTO Committee on Trade and Environment:

- Incentivizing trade and investment opportunities in new markets for non-plastic substitutes and alternative plastics;<sup>4</sup>
- Building capacity with regard to clarifying product classification, identification, and regulatory definitions;<sup>5</sup>
- Supporting the development and implementation of circular economy national strategies,<sup>6</sup> including access to technologies;<sup>7</sup>
- Supporting the creation of sound domestic policy and regulatory frameworks to address plastic pollution; and
- Identifying and addressing challenges in the implementation of trade-related multilateral environmental agreement (MEA) obligations relevant to plastics.

Examples of the issues prioritized by developing countries in their submissions to the Basel Convention, in particular the Plastics Waste Partnership, are highlighted below.

- Information and transparency. Submission from Thailand on the creation of a database on plastic waste management and an inventory of plastic waste (Basel Convention, 2018a). Submission from the Basel Convention Secretariat to the World Customs Organization (WCO) for a proposal amending the Harmonized Commodity Description and Coding System to allow the identification of specific types of wastes including plastic wastes. (Basel Convention, n.d.-a).
- Legislation and regulatory frameworks.
   Submission from Algeria on the development of regulatory policies to tackle plastic pollution, and

also regulation and economic incentives for the use of recycled materials in the production cycle (Basel Convention, 2019a). Submission from Argentina on technical support for governments during the development of legislation including technical requirements and assessment of alternative materials and their waste management, among other issues. (Basel Convention, 2019b). Other priorities include support for the implementation of single-use plastic measures in place.

- Standards. Support the development of international and inclusive industrial standards on sorted plastic waste and recycled plastics. Development of standards for sorted plastic waste and recycled plastics (Basel Convention, 2019a). Submission from Trinidad and Tobago on standards for alternatives to single-use plastics that promote sound management, for example biodegradability and compostability (Basel Convention, 2019c).
- Support for/implementation of MEAs.
   Development of processes to restrict the intentional addition of microplastics to industrial products.
   Development of adequate verification tools for the control of additives in plastic products (Basel Convention, 2019a). Request from the Basel
   Convention Open-ended Working Group for the Secretariat to continue cooperation with MEA secretariats such as Stockholm and Rotterdam conventions and with international organizations like the International Maritime Organization, WCO, and WTO. Areas of cooperation identified include assistance to manage persistent organic pollutants as waste and other stockpiles of obsolete stocks of pesticides, including prevention of their
- 4. The following examples are drawn from interviews with IDP delegates. In the course of IDP discussions, an African LDC highlighted the need to reduce trade barriers for environmentally friendly products, including through a possible relaunch of, or discussion on, the Environmental Goods Agreement. A Caribbean developing country highlighted the need for improved access to cost-effective and environmentally friendly alternatives to plastics, in particular single-use plastics.
- 5. For example, Caribbean developing countries have emphasized the need for clear testing and categorization systems for plastic waste as a prerequisite for enhanced plastic wastemanagement capacity, as well as technical capacity building to meet the needs and challenges related to product classification, identification, and regulatory definitions, customerrelated challenges, and rapid digitalization.
- 6. For example, an interview with IDP delegates revealed that the use of a trade facilitative approach to support resource-efficiency, including to manage plastic waste and scrap, so that materials can be recovered, recycled, and returned to commerce was mentioned by an OECD country in the course of discussions at the Committee on Trade and Environment.
- 7. For example, an interview with IDP delegates also revealed that technology-transfer to small and poor countries with single-use plastic bags was mentioned by an Asian developing country in the course of discussions at the IDP.

accumulation, in an environmentally sound manner with the Stockholm Convention and to cooperate, inter alia, in preventing and monitoring illegal traffic and in providing training to enforcement personnel with the WCO and other relevant organizations (Basel Convention, n.d.-b).

- Recycling and circular economy. Establishment
  of pilot projects in SIDS on the cost-effective
  use of recycled plastics on a small-medium scale
  (innovation-driven and involving research and
  development) (Basel Convention, 2019c). Submission
  from Zimbabwe on the assessment of options that
  enable industries to adopt better and recyclable
  designs of packaging materials (Basel Convention,
  2019d).
- Waste-management capacity including cleanup and ecosystem recovery. Assessment of best alternatives for pollution mitigation and cleaning measures based on socioeconomic analysis. Evaluation of the benefits and challenges of integrating the informal sector within different waste management schemes (e.g. extended producer responsibility programmes, product takeback schemes, deposit-refund, waste collection and sorting) and assessment of best environmental practices. Identification and listing of the hazardous plastic waste streams requiring proper management, identification of best existing and emerging technologies and best available practices among countries, and assistance for countries to establish and develop these technologies and practices (Basel Convention, 2019b).
- Plastic substitutes. Assessment of alternatives to plastic use (Basel Convention, 2019d).

In addition, the statement issued at the Ministerial Conference on Marine Litter and Plastic Pollution in September 2021 in Geneva contains the following elements that could also serve as guiding principles for AfT efforts in the IDP (UNEA, 2021):

 Cross-sectoral and holistic approaches that address the whole life cycle of plastics and sustainable alternatives aiming at circularity;

- Adequate and predictable means of implementation to support developing countries, including technological support and improving their policies and legal frameworks;
- Tailoring solutions for technical and financial assistance to national circumstances building on best available techniques and environmental practices with approaches being sustainable, science-based, and pragmatic, and promoting preventive and precautionary measures; and
- Because of the transboundary nature of plastic pollution, and to ensure traceability and transparency, developing and using common methods, definitions, and standards as a reference for implementing domestic policy, including internationally recognized environmental information to address global information gaps, with the aim of developing an efficient, coordinated global effort to combat all types of plastic pollution including marine litter and microplastics.

Finally, the IDP statement itself already sets out some core areas for support, as noted in section 2:

"(i) move towards more circular plastics economies (ii) improve the environmentally sound management, recovery and recycling of plastics (iii) facilitate access to key technologies (iv) expand trade in environmentally sustainable and effective substitutes and alternatives (v) encourage collaboration with the relevant stakeholders through, inter alia, the exchange of knowledge and experience relating to the development of and access to environmentally sustainable and effective (including cost and functionally effective) substitutes and alternatives to single-use plastics (vi) develop and strengthen local capacities to produce environmentally sustainable and effective substitutes and alternatives to single-use plastics and (vii) design and implement trade policies to address plastic pollution" (WTO, 2021).

## 5. Aid for Trade and Other Official Development Assistance Initiatives Relevant to Trade and Plastic Pollution

Official development assistance initiatives to address plastic pollution can broadly be classified in two groups: (i) Aid for trade initiatives related to addressing plastic pollution that fall under the AfT categories discussed above and are reported accordingly; and (ii) broader ODA initiatives that specifically address plastic pollution but could also be traderelated or have either direct or indirect trade impacts.

#### Key Aid for Trade Actors and Entities

A broad array of actors are involved in the delivery of AfT. A number can be categorized as significant AfT donors and entities based on their exclusive focus on AfT or the size of their total contribution to AfT from 2005–2019. These include bilateral OECD country donors, international organizations (including the WTO, ITC, UNCTAD, UNDP, UNIDO, WCO, UNWTO, FAO, and WHO), development banks (notably the World Bank, ADB, AfDB, Inter-American Development Bank, and Islamic Development Bank) (OECD, n.d.-a),<sup>8</sup> as well as China, which provides considerable ODA not captured through the official reporting of the AfT initiative. Some international organizations engage in AfT mainly through their contributions to multiagency initiatives, while others also have stand-alone AfT-related initiatives (highlighted in Annex I).

These main AfT donors engage in a wide variety of trade-related initiatives ranging from technical assistance, training, and analysis (e.g. WTO and UNCTAD) to the creation of economic infrastructure and building productive capacity (bilateral donors, World Bank, regional development banks, UNDP, UNIDO, and UNWTO).

Certain types of AfT assistance, such as that delivered by the WTO-EIF, the WTO Secretariat, UNCTAD, and ITC, can be identified more easily as related to trade. These AfT activities and outputs range from analytical studies and training of trade officials (WTO and UNCTAD) to building capacity among small and medium-sized enterprises and responding to sustainability standards (ITC), training of customs officials (WCO), and supporting policy analysis (UNCTAD).

8. The top 10 are listed in the OECD (n.d.-a) Interactive Aid for Trade Database.

A review of the activities of various UN-system actors in the area of marine litter and microplastics also highlights specific examples of circular economy and plastic pollution-related projects and initiatives. For example, UNCTAD has specific initiatives that provide analytical support on the impacts of plastic pollution, trade-related solutions to plastic pollution reduction (including through a switch to plastic substitutes), and circular economic activity and sustainable manufacturing under its Oceans Economy and Fisheries Programme and Programme on Sustainable Manufacturing and Environmental Pollution. (UNCTAD, n.d.-a; UNCTAD, n.d.-b). UNIDO has activities on plastics and the circular economy in Bangladesh, Egypt, Ghana, and South Africa that focus on capacity building and technology transfer to encourage the adoption of circular economy practices, including product design for reduction, reuse, redistribution, and recycling, that aim to create enabling environments for minimizing waste (UN Environment Management Group (UNEMG), 2022).

#### Broader ODA Initiatives Specifically Addressing Plastic Pollution (With Direct or Indirect Trade Linkages)

A broad range of bilateral donors and many international and regional organizations, aid agencies, civil society organizations, and the private sector (including those active in AfT) are engaged in a vast array of activities including technical and financial cooperation and assistance along the life cycle of plastics with a view to addressing plastic pollution and marine litter (UNEMG, 2022). Identifying plastics-related ODA relevant to trade is challenging. The OECD's CRS database reveals that of the 100,265 projects listed for 2020, 92 were related to the circular economy and 77 to plastics. However, only 2 of the 77 plasticsrelated projects identified had a trade component, with \$0.06 million worth of funds being disbursed (OECD, n.d.-b). The first project involved financial support by the Swedish Research Council for a study to explore the manufacturing of bioplastics from agro-waste, specifically rice husks in Uganda, and optimize the parameters necessary to sustainably produce packaging products. The second project involved support by the Austrian

Development Agency for the revival of the willow and basket weaving sector in Serbia according to fair trade principles to secure income and jobs for marginalized groups (Roma and Sinti) (OECD, n.d.-b).

Some of these ODA activities can be linked more clearly to trade. They include, for example, the Green Customs Initiative, established in 2004. This initiative is a multi-agency partnership of the Secretariats of the BRS conventions with the WCO, which works, among others, to enhance the capacity of customs officials. The initiative's goal is to prevent illegal trade in environmentally and health-sensitive commodities and substances, including plastic wastes, and to facilitate their legal trade. In addition, the Basel Convention established the Plastic Waste Partnership to mobilize business, government, academic, and civil society resources and expertise. The aim of the partnership is to improve and promote the environmentally sound management of plastic waste at the global, regional, and national levels, and to prevent and minimize its generation, including through pilot projects. So far, 23 pilot projects have been selected for implementation in 22 countries in Africa, the Asia Pacific, the Caribbean, and Latin America, with budgets ranging from \$65,000–80,000. Financing is provided by the governments of Germany, Norway, and Switzerland. (Basel Convention. n.d.-d).

Of the 75 OECD-CRS plastic projects in 2020 not identified as related to trade, support towards reducing plastic use and promoting the circular economy, plastic substitutes, wastemanagement, and clean-up could directly or indirectly have an impact on trade-related capacities and trade flows.

In addition, there may be many activities not reported under OECD-CRS database that are technical assistance-oriented and analytical in nature. Such activities can involve guidance on the use of market-based instruments or trade-related recommendations, studies, and guidelines that contribute to improving domestic regulatory frameworks on plastics.9 Examples include: the development of tools by the BRS Secretariat to guide parties to develop new legislation or to review existing legislation (OECD, n.d.-c); work undertaken by the UN Environment Programme (UNEP) across the life cycle of plastics (UNEP, 2016; UNEP et al., 2020); OECD work on trade, plastics, and the circular economy (OECD, 2022); and country case studies produced by the World Economic Forum's Global Plastic Action Partnership (GPAP, 2021). Many regional initiatives are also active in this area, including through the various UN regional commissions and UNEP's Regional Seas Programmes. In addition, there are regional programmes on the circular economy that are relevant to plastics. There are also private sector efforts and alliances like the Alliance to End Plastic Waste (Alliance to End Plastic Waste, n.d.).

Actors that deliver direct financial support for projects on plastic pollution are more limited. A notable player is the Global Environment Facility (GEF), which supports implementation of MEA mandates. On plastic pollution, GEF intervenes to finance projects along the life cycle of plastics,<sup>10</sup> and also engages in co-financing projects through partnerships.<sup>11</sup> Some of these projects can have trade-related implications, for example GEF's endorsement of a \$2 million investment to build a global alliance across the plastics value chain that includes major plasticproducing and plastic-using corporations as well as governments and processing companies. Through its programmes around chemicals and waste,<sup>12</sup> GEF also provides implementation support for three chemicals and waste conventions.<sup>13</sup> These programmes enable parties to meet their obligations under the conventions and "to use the entry point of the Conventions to transform their management of chemicals and ultimately use and produce chemicals without suffering their harmful impacts"

9. For example designing extended producer responsibility schemes or framing regulations around single-use plastics or plastic substitutes.

- 11. For example GEF is collaborating with the Global Plastic Action Partnership on co-financing projects in Ghana, Indonesia, and Southeast Asia led by UNIDO and the ADB and funding a marine litter/plastic-related project in the Latin America and Caribbean region in collaboration with UNEP (UNEMG, 2022).
- 12. These include: (i) the Industrial Chemicals Program that seeks to eliminate or significantly reduce chemicals subject to international agreements; (ii) the Agricultural Chemicals Program that addresses the agricultural chemicals that are listed as persistent organic pollutants under the Stockholm Convention and agricultural chemicals that contain mercury or its compounds; (iii) the Least Developed Countries and Small Island Developing States Program that addresses the sound management of chemicals and waste; and (iv) the Enabling Activities Program that supports enabling activities under the Stockholm Convention and global monitoring of chemicals (GEF, n.d.).
- 13. The Stockholm Convention on Persistent Organic Pollutants, the Minamata Convention on Mercury, and the Montreal Protocol on Substances that Deplete the Ozone Layer.

<sup>10.</sup> The GEF Small Grants Programme, for example, has supported 782 community projects globally for a total grant amount of \$23 million, focusing on innovative product redesign, communitybased solid waste management, awareness-raising, community engagement, and a bottom-up approach to policy influence (UNEMG, 2022).

(GEF, n.d.). In addition, GEF supports the sound management of chemicals and waste through the Strategic Approach to International Chemicals Management, the UN policy framework to promote chemical safety globally (GEF, n.d.). Other specific GEF initiatives could also have trade-related implications, including a global project to support green chemistry with the objective of reducing the use of hazardous chemicals across the industrial life cycle or a \$18 million project with the EBRD called the Circular Economy Regional Initiative.

At the World Bank, a global multi-donor trust fund launched in 2018 combines investments, guarantees, grants, and long-term financing with a focus on four themes relevant to addressing marine litter: (i) the management of fisheries and aquaculture; (ii) the threats posed to ocean health by marine pollution, including litter and plastics; (iii) the sustainable development of key oceanic sectors such as tourism, maritime transport, and off-shore renewable energy; and (iv) building the capacity of governments to manage their marine and coastal resources in an integrated fashion, including the role of nature-based solutions to climate change (UNEP, 2020). The World Bank also collaborates closely with the International Finance Corporation (IFC) on private sector engagement along the plastics value chain, from scaling up innovations on material design to recycling and helping to develop new business models that avoid plastic becoming waste (UNEMG, 2022). Many of these circular economy and plastic projects could be indirectly related to trade or have an impact on trade flows, but such assistance is difficult to identifying through existing AfT reporting initiatives.

Another example of financial support that could have trade implications is the support provided by the International Fund for Agricultural Development to developing countries in designing projects related to agriculture, aquaculture and fisheries. The fund addresses agricultural waste through these projects (which could be relevant to commercialization of plastic substitutes based on such agro-waste). The fund also invests in technologies and develops certain services and infrastructure required across the fisheries value chain, including the upgrading of fishing gear. It also addresses waste management as a key focus of sustainable production systems linked to agricultural systems and marine litter and microplastics (UNEMG, 2022).

## 6. Trends in Official Development Assistance Flows To Address Plastic Pollution

At around \$25–30 billion per year, AfT accounted for an estimated 30% of ODA between 2006 and 2016 (OECD & WTO, 2019). In 2019, the total amount of ODA related to AfT as indicated by donors amounted to some \$46.6 billion, representing roughly one quarter of ODA for that year (Cattaneo, 2021). Africa received the largest amount of AfT that year with nearly \$21 billion. Since the launch of the Aid for Trade Initiative, LDCs have benefited from around 30% of the total flows (OECD, n.d.-c). During its first decade, over 75% of the initiative's total AfT disbursements were directed at four sectors: transport and storage, energy generation and supply, agriculture, and banking and financial services. In 2019, the majority of AfT flows went for building infrastructure (55%) followed by productive capacity (43%) (OECD, n.d.-c). According to OECD and WTO (2019), only 2% went to support trade policy and regulations, including trade facilitation, and a very small share was earmarked for traderelated adjustment (Deere Birkbeck, forthcoming).

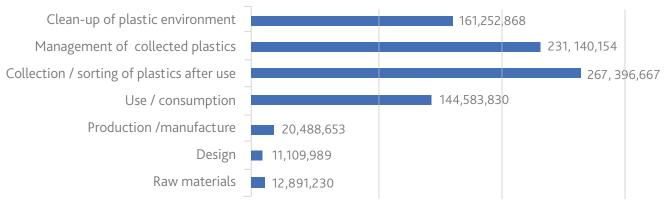
As previously discussed, data on ODA flows that are trade-related and aimed at plastic pollution are difficult to track. Key challenges include the difficulty in ascertaining the direct and indirect trade linkages or impacts of specific ODA flows and the fact that not all trade-related ODA may be reported by donors as AfT. A review of the OECD-CRS database shows that in 2020, \$53 million in disbursements were tagged as specific to plastic pollution, of which only \$0.06 were specified as trade-related (OECD, n.d.-b).

According to the OECD (2022), ODA commitments specifically targeting plastic pollution increased from around \$27 million in 2014 to \$149 million in 2019. Over the same period, commitments to more general solid waste management increased from \$224–327 million. However, the share of ODA commitments that were related to plastics and solid waste management accounted for only 0.2% of total gross commitments from 2017–19, compared to 18.6% for climate mitigation and adaptation and 4.6% for biodiversity. As of 2022, annual ODA covers only 2% of financial needs for basic waste management in developing countries (OECD, 2022).

However, ODA commitments targeting plastic pollution specifically have significantly increased from an annual average of \$34 million in 2008–16 (0.02% of global ODA) to \$147 million in 2019 (0.07% of global ODA). Bilateral donors accounted for 75% of plastic pollution-related ODA flows over 2017–19. Asian countries were the largest recipients of these flows with a quarter of overall funds. This reflects their position as a plastic pollution hotspot. A quarter of plastic pollution-related ODA flows were provided through regional or cross-regional allocations targeting transboundary issues and multi-country solutions for marine pollution and ocean plastics.

Moreover, since 2017, there is a growing number of projects specifically focused on plastic pollution as opposed to waste management more broadly. These projects, for example, support public awareness raising and the development of national strategies for plastics management in developing countries, finance recycling and clean-up, and support for research into the sources and impacts of plastic pollution (OECD, 2022). However, an inventory of financial resources to support countries in addressing marine plastic litter and microplastics prepared by UNEP (2020) shows that most funding is concentrated on the downstream or waste management segment of the plastics life cycle (Figure 1).



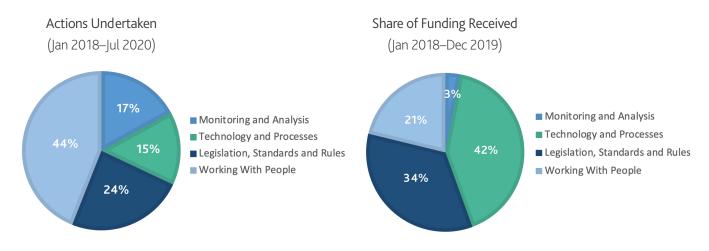


#### Source: Results of stocktaking survey conducted by UNEP (2020).

Figure 2 illustrates the findings of the UNEP (2020) stocktaking survey of actions (initiatives) undertaken compared to total funding received (by type of action to address marine plastic litter and microplastics). It reveals that technology and processes represented the smallest share of actions (15%) but the largest share of financing (42%).<sup>14</sup> This is probably an indication of the relatively high cost of such interventions. Actions related to legislation, standards, and rules represented the second largest share of reported funding (34%). This could be a reflection of the importance of establishing rules, standards, and legislation to \$ millions

enable and support all other types of actions. Actions related to working with people accounted for the largest share of actions (44%) but a smaller share of funding (21%).<sup>15</sup> This could reflect the comparatively lower cost of such initiatives. Monitoring and analysis received the lowest share of financing (3%) despite representing 17% of actions.<sup>16</sup> While all or most of these initiatives may not be directly related to trade, they provide trade policymakers with a useful picture of where efforts are currently focused to address plastic pollution in relation to financial flows.

- 14. Technology and processes includes research and development, new product design, new materials and processes, and changes in practice, operations, environmental management, and planning.
- 15. Working with people includes encouraging or enabling others through education, training, communication, awareness raising, and behaviour change programmes among others.
- 16. Monitoring and analysis includes collecting evidence around plastic discharge to the ocean and waterways.



#### Figure 2 Actions To Address Plastic Pollution and Share of Funding Received

Source: Results of stocktaking survey conducted by UNEP (2020).

## 7. Critical Aspects of Cooperation Beyond Aid for Trade

Discussion of AfT flows to address plastic pollution would be incomplete without reference to a broader package of measures related to the green economy like financing, technology cooperation, and technical assistance and capacity building. Such measures need to be in place to facilitate a just transition for developing countries towards a safe, circular economy that serves their sustainable development priorities. Some examples are listed below.

- Debt relief measures. Debt relief could be provided to developing countries and LDCs, including SIDS, particularly in the aftermath of the economic strains imposed by Covid-19, to enable these countries to better channel their resources towards addressing pollution across the life cycle of plastics and invest in economically viable and sustainable alternatives.
- Climate-related finance. This could include supporting industry-related decarbonization through access to technologies and finance, as well as support for a just transition from dependence on fossil fuels and fossil fuel-based sectors. Such measures could be complemented by reform of fossil fuel subsidies that contribute to keeping prices of plastic feedstocks low.
- Social assistance packages for disruptions caused in brown sectors like plastics. These packages would enable a smooth transition of workers in developing countries and LDCs towards alternative greener sectors where feasible. Given that the plastic-oriented industries are an important source of revenue and livelihoods in a number of developing countries, financial packages will be needed to soften impacts on income and employment caused by domestic regulations and trade-related policies that favour plastic substitutes or a switch to more circular business models. This would require more than the trade-related adjustment assistance considered under AfT.
- Broad assistance package on digital technologies. Access to such packages could be facilitated for developing countries and LDCs, including for measures supportive of a circular economy. They could cover technologies that enable better monitoring and tracking of plastic flows (including embedded plastics), plastic types, and plastic pollution, as well as digital technologies that contribute to the easier realization of the nine Rs.<sup>17</sup>

Redirecting ODA flows. Plastics are forecast to account for 20% of oil consumption and 15% of the annual carbon budget by 2050 (Barra & Leonard, 2018; WEF, 2017; CIEL, 2017).<sup>18</sup> As of 15 June 2021, total active state financial flows to the petrochemical sector stood at around \$38 billion globally.<sup>19</sup> Governments can consider redirecting these flows away from the expansion of fossil fuel intensive virgin plastic production towards sectors and activities that support reduced plastic pollution and greenhouse gas emissions and a more circular plastics economy. Governments, investors, banks, insurance companies, development banks, and export credit agencies provide significant financing, subsidies, and insurance that enable the expansion of the plastics sector, including through subsidies to fossil fuels that underpin the plastics economy. It is estimated, for example, that between January 2015 and September 2020, banks provided loans and underwriting of more than \$1.7 trillion to 40 key plastic value chain actors (Portfolio Earth, 2021). There is a strong case for donors, development banks, and the financial sector to review their financing and investment decisions aimed at the expansion of conventional plastics production. Some of this financing could be redirected to plastic substitutes and/or be made

conditional upon manufacturers taking steps towards sustainability (e.g. better designed products or using only recyclable plastic material).

#### *Relevance of the UN Environment Assembly Resolution on a Global Treaty to Address Plastic Pollution*

In March 2022, 175 nations endorsed a historic resolution at UNEA in Nairobi to end plastic pollution and forge a legally binding international agreement by 2024. The resolution addresses the full life cycle of plastics, including their production, design, and disposal.

Among other aspects, the resolution calls for the anticipated agreement to "specify arrangements for capacity-building and technical assistance, technology transfer on mutually agreed terms, and financial assistance, recognizing that the effective implementation of some legal obligations under the instrument is dependent on the availability of capacity building and technical and adequate financial assistance" (UNEA, 2022, Para 3(n)) and "promote research and development of sustainable, affordable, innovative and cost-efficient approaches" (Para 3(o)). The resolution also calls for the intergovernmental negotiating committee on the instrument to consider the "need for a financial mechanism to support the implementation of the instrument, including the option of a dedicated multilateral fund" (UNEA, 2022, Para 4(b)).

## 8. Suggestions for Aid for Trade Discussions in the IDP

This policy brief has presented the landscape of AfT and broader ODA flows, focusing on the key actors, initiatives, and trends relevant to addressing plastic pollution. It has highlighted some of the issues and challenges involved in identifying the linkages between much of this assistance to trade despite the existence of direct or indirect trade impacts. It has also highlighted some of the important needs and priorities related to plastic pollution that have been identified by developing countries and stakeholders within the context of the IDP and in other international processes. As implementation of the IDP work agenda advances, governments and stakeholders have an opportunity to consider options for meaningful deliverables on AfT at the Twelfth WTO Ministerial Conference (MC12) and the Thirteenth WTO Ministerial Conference (MC13), and also in the context of the 2022 Aid for Trade Global Review and follow up.

<sup>18.</sup> The carbon budget is the amount of CO2 that humanity can emit while still having a chance to contain global warming within 1.5 degrees centigrade compared with pre-industrial levels, as advocated by the Paris Agreement (Neri, 2021).

<sup>19.</sup> The majority was provided by central bank activities (\$25.9 billion), followed by direct government finance directly funnelled to greenfield projects (\$4.9 billion), export and multilateral development banks (\$6.5 billion), and sovereign wealth funds (\$1.6 billion) (Barrowclough & Finkell, 2021). While accounting for a relatively small share of overall finance (15%) compared to private sector financial flows, state finance provides assurance and investor confidence that can help leverage additional private sector investment.

In the short term, IDP co-sponsors could work towards the following deliverables:

- Integration of priorities for addressing pollution across the life cycle of plastics in the next work programme of the Aid for Trade Initiative. This could include information and transparency-related initiatives to ensure that AfT directed at tackling plastic pollution is better reflected in OECD-WTO monitoring and evaluation reports. A key immediate step to realize this objective is for developing country members and stakeholders to present specific proposals and priorities for support in this area that could be reflected in a recommendation of the IDP.
- Launch of specific technical assistance and training initiatives on trade rules relevant to plastic pollution by the WTO Secretariat. This could include advice on the design of policies and regulations to address plastic pollution that are consistent and compatible with WTO rules. These initiatives could be implemented in collaboration with the BRS Secretariat and UNEP's Environmental Law Division.
- Launch of training initiatives around the design of policies and regulatory frameworks for a circular economy that services sustainable development.
   This could be undertaken by organizations like UNCTAD, UNEP, and UNIDO. The WTO could share its expertise on the trade aspects of these policies and frameworks.
- Enhanced AfT support for customs authorities related to plastic pollution. This could include training activities on issues like Harmonized System classifications across the life cycle of plastics and monitoring at the border.<sup>20</sup>
- Assess the links between plastic pollution and the services sector. This could include e-commerce sectors that rely on plastic packaging for delivery purposes, the use of plastics and the impact of plastic pollution in tourism, as well as private sector best practices to reduce unnecessary plastics.

In the medium term, IDP co-sponsors could call for the following deliverables on the road to MC13:

- Enhanced support for implementation of the Basel
   Convention and for trade-related activities as part of the Plastic Waste Partnership agenda. This could be undertaken by the WCO, including in partnership with the WTO and the Secretariats of the BRS as required. Training initiatives could also be launched with Interpol to combat illegal trade in plastic waste.
- Enhanced support for UNCTAD's work on trade and plastics. This could include the organization's work on plastic substitutes, sustainable plastic manufacturing, and the transfer of technologies.
- Enhanced support from GEF, the World Bank, and bilateral donors to address trade-related aspects of plastic pollution. This could include the creation and enhancement of customs-related infrastructure such as the use of digital technologies and systems. It could also cover measures to prevent leakage of plastics during transport of international cargo by land, air, and sea.
- Call for trade-related support to be included in provisions on international cooperation on financing in the context of negotiations for an international instrument on plastic pollution.

IDP co-sponsors could also call for the following deliverables:

- Specific AfT to create infrastructure that enables environmentally sound waste management. This could be funded by bilateral donors and entities like the World Bank and GEF. It could cover infrastructure necessary for ensuring that plastic waste trade occurs in compliance with amendments of the Basel Convention, for example based on best available environmentally sound technologies and practices.
- Specific AfT measures to enable a transition across economic sectors. This could include a shift to preferable plastics (e.g. single polymer materials and recyclable polymers), the development of infrastructure

20. The Harmonized System is a standardized numerical method of classifying traded products. It is used by customs authorities around the world to identify products when assessing duties and taxes and for gathering statistics (International Trade Administration, n.d.).

for recycling, and support for alternative business models (e.g. promoting re-use). These measures could be significant in terms of building productive capacity that enables circular trade flows. The funders of such initiatives could include the World Bank, GEF, UNIDO, IFC, and ITC.

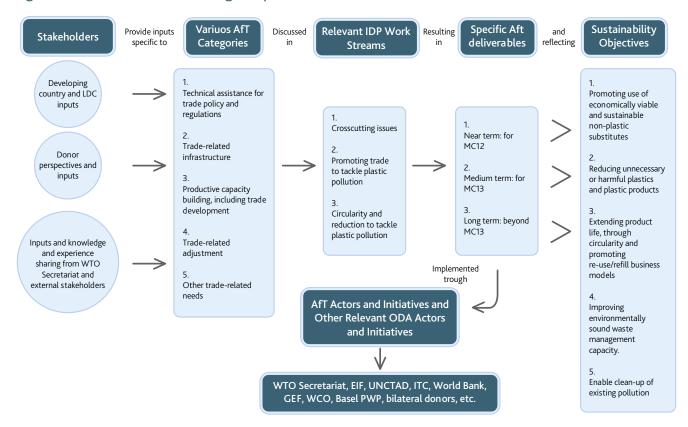
- Specific AfT measures that enhance the manufacturing capacities for environmentally sound and economically effective plastic substitutes in developing countries and LDCs. These measures would include access to relevant technologies among other objectives. They could be funded by the World Bank, UNIDO, GEF, and bilateral donors.
- Specific AfT measures to enable compliance of firms with emerging standards across the life cycle of plastics. These measures could be targeted at standards related to reducing unnecessary plastics and packaging, boosting use of plastic substitutes, and promoting a circular economy through redesign, repair, remanufacture, and reuse business models. UNIDO and

ITC could play a role and the STDF could possibly be given an expanded mandate for assistance in this area.

Finally, a key process-related consideration for all of these suggestions is to ensure that AfT priorities reflect the needs expressed by developing country and LDC delegations as well as the inputs provided by external stakeholders. Consideration of the lessons learned from existing ODA and other cooperation initiatives on plastic pollution will be important. In addition, AfT issues could be mainstreamed in the IDP work stream discussions building on specific themes under the four main AfT heading categories. This process is illustrated in Figure 3.

This policy brief has shown that there are numerous pathways for cooperation through AfT that can be harnessed to enable developing and least developed countries to address the plastic pollution crisis. Discussions on AfT in the IDP can help ensure that these pathways are pursued in a holistic and synergistic manner to effectively and sustainably help tackle plastic pollution in developing and least developed countries.

#### Figure 3 . A Process for Advancing Cooperation on AfT Priorities in the IDP



Note: The examples of sustainability objectives and of AfT actors and initiatives are not exhaustive. Basel PWP stands for Basel Convention Partnership on Plastic Waste.

### ABBREVIATIONS

ADB	Asian Development Bank
AfDB	African Development Bank
AfT	Aid for Trade
BRS	Basel, Rotterdam, and Stockholm
CRS	Creditor Reporting System
EBRD	European Bank for Reconstruction and Development
EIF	Enhanced Integrated Framework
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
GEF	Global Environment Facility
IDP	Informal Dialogue on Plastic Pollution and Environmentally Sustainable Plastics Trade
IFC	International Finance Corporation
ITC	International Trade Centre
LDC	Least Developed Country
MC12	Twelfth WTO Ministerial Conference
MC13	Thirteenth WTO Ministerial Conference
MEA	Multilateral Environmental Agreement
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
SIDS	Small Island Developing States
STDF	Standards and Trade Development Facility
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEA	United Nations Environment Assembly
UNEMG	United Nations Environment Management Group
UNEP	United Nations Environment Programme
UNIDO	United Nations Industrial Development Organization
UNWTO	United Nations World Tourism Organization
WCO	World Customs Organization
WHO	World Health Organization
WTO	World Trade Organization

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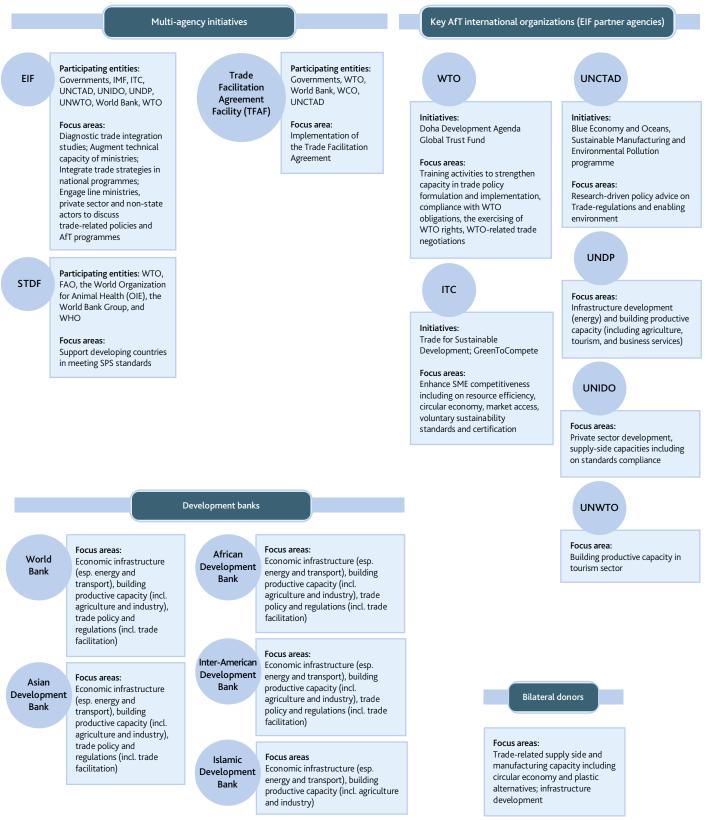
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## ANNEX I. AfT Initiatives and Organizations Relevant to Trade and Plastic Pollution



Source: Deere Birkbeck, C. (2022); WTO (2020); WTO (n.d.-b), WTO (n.d.-d); OECD (n.d.-a).

## ANNEX II. Other ODA Initiatives Addressing Plastic Pollution With Possible Trade Relevance or Impact

#### Key ODA initiatives

Basel Plastic Waste Partnership Global Plastic Action Partnership Green Customs Initiative Key entities active in ODA and environmental funding related to plastic pollution

BRS Secretariat GEF UNEP World Bank UNWTO UN regional commissions UN Oceans World Economic Forum Future financial mechanism under UNEA? (i.e. Para 4(b) of UNEA resolution launching negotiations for a global plastics treaty)

# TESS Forum on Trade Environment & the SDGs

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