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Emerging policy issues: environment and development

**Co-chairs' summary of the discussions of the contact group on
finance and technical assistance: possible long-term financing
options for the Strategic Approach to International Chemicals
Management**

Note by the Executive Director

During its first meeting, held in Belgrade from 15 to 18 November 2011, the Open-ended Working Group of the International Conference on Chemicals Management established a contact group on finance and technical assistance. The annex to the present note sets out the co-chairs' summary of the contact group's discussions, which took place on 18 November 2011.

* UNEP/GCSS.XII/1.

Annex

Co-chairs' summary of the discussions of the contact group on finance and technical assistance: possible long-term financing options for the Strategic Approach to International Chemicals Management

1. The contact group on finance and technical assistance established by the Open-ended Working Group of the International Conference on Chemicals Management at its first meeting met on Friday, 18 November 2011, in Belgrade to consider possible long-term financing options for the Strategic Approach, in accordance with the agreed terms of reference (see appendix). It was co-chaired by Mr. Osvaldo Alvarez-Perez (Chile) and Mr. Greg Filyk (Canada).
2. The contact group first considered financing to implement activities until 2020. It then considered the links to and elements of the consultative process on financing options for chemicals and wastes as they related to the Strategic Approach.
3. The present summary reflects the options and views expressed during the discussions by participants in the contact group. The contact group suggested that the Open-ended Working Group should present the summary as a working document in the six official languages of the United Nations to the International Conference on Chemicals Management at its third session, in 2012.
4. The contact group further recommended that the President of the Conference, in his capacity as the President of the Open-ended Working Group, should transmit a copy of the summary to the Executive Director of the United Nations Environment Programme (UNEP) for his consideration in the preparation of his final report to the Governing Council at its twelfth special session, in February 2012.
5. The contact group discussed two interrelated topics: financing to implement activities until 2020; and the links with the outcome of the consultative process on financing options for chemicals and wastes and elements of an integrated approach to financing chemicals and wastes in relation to the Strategic Approach. There was significant convergence in the discussions.
6. The options and views expressed in the discussions are detailed below.

I. Financing to implement activities until 2020

7. Participants discussed options for financing the implementation of activities until 2020 in the context of the Dubai Declaration on International Chemicals Management; paragraph 19 of the Strategic Approach's Overarching Policy Strategy; the successes to date of the time-bound Strategic Approach Quick Start Programme; and the outcomes specific to financing from the Strategic Approach regional meetings held before the meeting of the Open-ended Working Group.
8. Many participants agreed that all sources of funding should be considered for the long-term funding of the Strategic Approach. Moving beyond government resources, the need to tap into resources in the private sector was mentioned by many participants. Furthermore, some participants highlighted the need to look at ways to use resources more efficiently.

A. Views expressed on mainstreaming chemicals management into national policy

9. There was broad support for the need further to strengthen efforts to mainstream chemicals management into national policy as a key means for supporting the long-term financing of the Strategic Approach. Past mainstreaming efforts were seen by many as not having gone far enough in placing sound chemicals management higher on the broader development agenda. Participants from both recipient and donor countries gave examples of occasions when the chemicals agenda and the overall environment agenda had been overshadowed by development topics that had been accorded higher political priority and were thus prioritized for funding.
10. A number of participants voiced support for the suggestion to collect and collate examples and best practices of successful mainstreaming programmes that had obtained funding, and to make efforts to share that information widely as part of a capacity-building initiative on mainstreaming. Current work on mainstreaming by UNEP and the United Nations Development Programme (UNDP) was mentioned as a source in that regard, in terms of both national mainstreaming efforts and collaborative

efforts with United Nations agencies. One participant cited a successful mainstreaming project in Uganda that could provide valuable lessons on the circumstances enabling mainstreaming activities. The project had initially been enabled through a Quick Start Programme grant and had subsequently been able to secure substantial additional UNDP funding for further implementation activities.

11. The participants agreed that mainstreaming would need to be discussed at the third session of the International Conference on Chemicals Management, specifically in terms of the prioritization of sound chemicals management on national policy agendas, and the triggers or mechanisms that would be necessary at the national and international levels to activate mainstreaming resources for the long-term financing of Strategic Approach implementation. In that regard, one participant also referred to the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action, which stated that priorities for aid were best set by recipient Governments as they had the best understanding of their countries' needs.

B. Views expressed on the role of industry

12. A number of participants identified the potential of industry to contribute further to the long-term financing of sound chemicals management and the Strategic Approach through a balanced approach of both regulatory and voluntary frameworks. They also highlighted that it fell primarily to Governments to establish appropriate frameworks within which to engage industry for the sound management of chemicals.

13. One participant emphasized the importance of industry, saying that profit-oriented enterprises produced social and economic benefits but must equally take responsibility to ensure that environmental costs would be internalized. Some mentioned industry's role in the development of technology to support the sound management of chemicals. One participant also noted the importance of the green design concept.

14. It was mentioned that there was a need to share technology and transfer it to developing countries and countries with economies in transition, including through mechanisms such as regional centres.

15. It was highlighted that the sound management of chemicals could be linked with other areas within the environmental agenda, including climate, for example by using the Clean Development Mechanism under the United Nations Framework Convention on Climate Change. Reference was also made to initiatives in which industry worked with UNEP and others to harmonize regulations, including by sharing information on regulations.

C. Views expressed on external funding options

16. A number of participants referred to the role of external funding options to implement activities until 2020. The new Global Environment Facility (GEF) window for Strategic Approach funding was praised.

17. In the context of funding for chemicals currently available in various funds, including GEF, several participants suggested that those amounts should be considered together in a more strategic and reinforcing manner so as to find ways to strengthen implementation. It was suggested that that could be done through clear policies or even a platform established with buy-in from all countries.

18. Comments were also made by several participants on the merits of putting forward a consolidated chemicals and wastes portfolio to raise funds from donors so as to gain access to more overall funds, as opposed to the current fragmented fund-raising approach that was specific to individual conventions, frameworks, issues or mechanisms within the broader field of sound management of chemicals and wastes.

D. Views expressed on a specific mechanism for the Strategic Approach

19. Some participants identified the need for a stable mechanism for funds for the Strategic Approach after the time-limited Quick Start Programme. Ideally, that mechanism would be in place until 2020 and have characteristics similar to the current Programme in terms of its governance structure, eligibility criteria and scope of work (broadened to include implementation plans); receive voluntary contributions; include performance targets for review; and be independent, accountable and transparent. One participant said that there was a need to consider the practicalities of building a possible future funding mechanism on the basis of an existing structure, as opposed to setting up a new structure.

20. One participant highlighted the usefulness of such a funding mechanism supporting continued capacity-building activities in developing countries and countries with economies in transition to

prioritize and mainstream sound management of chemicals into national development plans and move towards the attainment of the 2020 goal on chemicals.

21. Some participants commented on the Strategic Approach's specific role in triggering funding for issues that needed time to become fully understood as priorities, such as the link between health and chemicals. It was mentioned that, at times, developed and developing countries did not accord the same priority to such linkages, and that the Strategic Approach had an important role to play in bringing that issue forward to decision makers.

II. Outcome of the consultative process on financing options for chemicals and wastes, and the elements of the integrated approach in relation to the Strategic Approach

22. A representative of the UNEP secretariat described the timeline of the next steps envisaged following the final meeting of the consultative process, in October 2011. That included the preparation of a report by the Executive Director to the Governing Council at its twelfth special session, in February 2012. The report would form the basis of discussion by the Governing Council on the way forward, including a possible decision on the nature of the process and the timetable and organization of work, to prepare for reaching possible decisions at the third session of the International Conference of Chemicals Management, in 2012, and the twenty-seventh session of the Governing Council, in 2013.

23. Another representative of the UNEP secretariat noted that the Executive Director was encouraged by the outcome of the consultative process and the proposal for an integrated approach. In his informal consultations with both developed and developing countries, a need for new, innovative and less fragmented ways to finance the chemicals and wastes agenda, including the Strategic Approach, had been expressed. He also noted that the biodiversity multilateral environmental agreements were interested in the consultative process and how a similar process might assist them in meeting their financing needs.

24. A number of participants observed that there was significant overlap in the options identified in the recently concluded discussion on financing implementation activities until 2020, and in the elements of the integrated approach as identified in the consultative process. Moreover, various participants noted that the elements of the integrated approach were broadly aligned with the scope of work under the Strategic Approach. In that regard, some highlighted that the integrated approach, which included explicit reference to the Strategic Approach, lent itself well to the broad scope of work of the Strategic Approach.

25. Some participants advocated the continuation of a separate funding mechanism under the Strategic Approach for implementation, whereas another questioned whether there was a need for an independent financial mechanism under the Strategic Approach, suggesting that a single approach might make more efficient use of resources and available funding.

26. Numerous participants called for a solution to long-term Strategic Approach funding as part of the wider chemicals and wastes cluster. They argued for integrating resources into one solution to, among other things, reduce administrative costs so as to make more resources available for implementation activities. They called for a broad approach, rather than one of separating available funds for chemicals into distinct parcels. One participant said that in the current financial climate pursuing separate funds could carry a risk and that for some traditional donors a larger pooled envelope would probably have more chance of success. The need for seed money for specific initiatives notwithstanding, a number of participants favoured that integrated envelope for the chemicals and wastes agenda.

27. Some participants referred to the growing momentum of the discussions on financing the overall chemicals and wastes agenda, particularly in the light of financing discussions as part of the negotiations towards a global legally binding instrument on mercury. Some highlighted that the current context of discussions on an overall strategy for financing the chemicals and wastes agenda was helpful.

28. One participant said that there was a need to give voluntary approaches such as the Strategic Approach their due consideration in funding discussions, even in times of scarce resources when priority might otherwise only be accorded to activities that supported legally binding obligations. Another noted the importance of in kind contributions, saying that there was a need to make the best use of resources by focusing on priority issues. It was deemed important to continue identifying key gaps and to mobilize the most suitable type and variety of resources for those efforts.

29. One participant expressed concern that, while the country-driven consultative process on financing options had its distinct merits, the outcomes of discussions on an integrated approach to the overarching strategic direction of funding for the chemicals and wastes agenda and any new or modified structures that that might entail establishing, including possible added activities in the sixth replenishment of GEF, would not come in time to secure funding for implementation activities for 2020. By the time a new trust fund had been established, or the sixth replenishment completed, there would be only between three and five years until 2020. In that regard, one participant asked whether part of the integrated approach could be fast-tracked for early action.

30. In the light of the above, one participant called for more specific reference in the future discussions on the integrated approach to a time-limited mechanism for the Strategic Approach. A number pointed out that they did not want the good experiences of the Programme to be lost, while expressing the hope that the future funding mechanism would incorporate and/or build on the successes of the current system. To that end, one encouraged the sharing of experiences by Programme recipients with GEF, to assist continued efforts by GEF to improve Programme services. The possibility of a mechanism such as the Quick Start Programme under GEF was also raised.

31. The additional funds for chemicals made available by GEF was roundly welcomed, and some participants expressed the hope that that window could be broadened even further, recognizing nevertheless that GEF alone could not meet the entire funding needs for the chemicals arena. It was asked whether other funds within the participating organizations of the Inter-Organization Programme for the Sound Management of Chemicals could be linked to the implementation of the Strategic Approach. On the issue of broader involvement of stakeholders in the Strategic Approach implementation, a representative of the GEF secretariat said that the GEF Council had adopted a private-sector strategy that had set aside funds for private-sector activities. That work was being conducted with development agencies and could also be expanded to the chemicals arena.

32. The possibility was also raised of tapping into funds available in the field of health that could be of immediate benefit to the chemicals agenda.

33. One participant remarked that possibilities for in kind contributions for the sound management of chemicals had not yet received their due consideration in the consultative process and suggested that they merited further discussion.

Appendix

Terms of reference for the contact group on financing and technical assistance of the Open-ended Working Group of the International Conference on Chemicals Management at its first meeting

Format: contact group with two co-chairs

Issues for discussion:

Possible long-term financing options for the Strategic Approach:

- (a) Financing to implement activities until 2020;
- (b) Links with the outcome of the consultative process on financing options for chemicals and wastes;
- (c) Elements of an integrated approach for financing sound management of chemicals and wastes in relation to the Strategic Approach, namely:
 - (i) Mainstreaming of sound management of chemicals and wastes;
 - (ii) Industry involvement, including public-private partnerships and the use of economic instruments at the national and international levels;
 - (iii) A new trust fund similar to the Multilateral Fund for the Implementation of the Montreal Protocol;
 - (iv) Options between the establishment of a new GEF focal area on sound chemicals and wastes management; the expansion of the existing GEF chemicals focal area, or the establishment of a new GEF trust fund.

Outcome:

Co-chairs' summary of the options and views expressed during the contact group for further consideration at the third session of the International Conference on Chemicals Management.
