
**Open-ended Working Group of the International Conference
on Chemicals Management**

First meeting

Belgrade, 15–18 November 2011

Item 5 (b) of the provisional agenda*

**Implementation of the Strategic Approach: financial and technical
resources for implementation**

Financial and technical resources for the implementation of the Strategic Approach to International Chemicals Management

Note by the secretariat

1. By its resolution II/3 on financial and technical resources for the implementation of the Strategic Approach to International Chemicals Management, the International Conference on Chemicals Management reaffirmed that achieving the objectives of the Overarching Policy Strategy for the sound management of chemicals throughout their life cycle by 2020¹ depended in part on the financing of diverse action at all levels and on enhanced synergies and the complementarity of the multiple financial arrangements foreseen in the Strategic Approach for its implementation.
2. It requested the Quick Start Programme Executive Board to evaluate the Quick Start Programme, report on its effectiveness and the efficiency of its implementation and make recommendations in the light of its findings for the consideration of the Conference at its third session. It invited all relevant financial institutions, in particular existing international financial institutions, including the World Bank and regional development banks, other international, regional and subregional funding institutions and intergovernmental organizations, to strengthen their support for activities contributing to the achievement of the Strategic Approach objectives, including through in kind contributions, within their respective mandates.
3. Two reports on follow-up to resolution II/3, one by the Quick Start Programme Executive Board on the evaluation of the Quick Start Programme, which includes recommendations based on the Board's findings, and the other on the assessment of steps taken by all stakeholders mentioned in the resolution to implement the financial arrangements for the Strategic Approach, will be considered by the Conference at its third session.
4. The present note highlights recent developments relevant to the financial and technical resources for the implementation of the Strategic Approach, including progress in relation to the Global Environment Facility, the cost of inaction and implications for the health sector, the Global Chemicals Outlook project and the consultative process for financing options for chemicals and wastes launched by the Executive Director of the United Nations Environment Programme (UNEP), along with some preliminary considerations on the financing needs of the Strategic Approach until 2020.

* SAICM/OEWG.1/1/Rev.1.

1 The Plan of Implementation of the World Summit on Sustainable Development was adopted in 2002. The plan includes the goal that, by 2020, chemicals are used and produced in ways that lead to the minimization of significant adverse effects on human health and the environment. As stated in paragraph 13 of the Overarching Policy Strategy, the Strategic Approach adopted that goal, often referred to as the "2020 goal", as its overall objective.

I. Global Environment Facility

5. In its resolution II/3, the Conference invited all relevant financial institutions to strengthen their support for activities contributing to the achievement of the Strategic Approach objectives. One year later, at the fourth Global Environment Facility (GEF) Assembly, in May 2010, the outcomes of the fifth GEF replenishment were presented. The fifth replenishment calls for an allocation of \$10 million to contribute to the overall objective of the Strategic Approach, with an additional \$10 million for projects to complement and advance the negotiations on a global, legally binding mercury instrument. The goal of the GEF chemicals programme is the same as the overall objective of the Strategic Approach: to promote the sound management of chemicals throughout their life cycle in ways that lead to the minimization of significant adverse effects on human health and the global environment.

6. In keeping with its mandate, GEF will support the Strategic Approach's priority objectives that generate global environmental benefits, as outlined in the Global Plan of Action of the Strategic Approach. Activities and work areas that could receive GEF incremental support because of their transboundary aspects include those related to technology transfer and pollution prevention; pesticides management; capacity-building with regard to legislative and regulatory frameworks and enforcement; adaptation with regard to chemicals; protected areas; contaminated sites; heavy metals; waste minimization and disposal; information exchange and illegal traffic. The complete GEF strategy document includes a proposed list of projects that GEF could support. More information is available at www.thegef.org.

7. Recently, GEF commissioned a study on emerging chemicals management issues in developing countries and countries with economies in transition, which will identify and evaluate 22 emerging chemicals management issues in relation to the probable chemicals management needs of developing countries and countries with economies in transition. The additional resources and support made available by GEF within its mandate as a result of the study will anticipate, prevent, reduce and minimize adverse impacts on human health and the environment. The four emerging issues receiving focused attention under the Strategic Approach are included in the study. A side event on the outcome of the study will be held during the first meeting of the Open-ended Working Group.

II. Cost of inaction and implications for the health sector

8. In its resolution II/3, the Conference encouraged additional research on the economic and social costs of unsound chemicals management, including the cost of inaction and the implications for the health sector, at the national, regional and international levels, to facilitate appropriate priority being given to the implementation of the Strategic Approach objectives;

9. In response, in 2010 UNEP initiated a study of the cost of inaction on sound management of chemicals with input from, among others, the World Health Organization (WHO) and the Organization for Economic Cooperation and Development (OECD). The first phase of the study is an assessment of existing knowledge on the economic cost of the lack of sound management of chemicals. The study will be published in late 2011 or early 2012 as a baseline assessment of the cost of inaction.

10. The study's preliminary results show, as expected, a highly fragmentary and limited pool of information on the cost of inaction, meaning that no single global figure can be obtained. There is, however, information on the cost of inaction in respect of sound pesticides management for a number of African countries, from which the cost of inaction regarding broader chemicals management may be extrapolated. A joint UNEP/WHO side event will be held during the first meeting of the Open-ended Working Group on the cost of inaction and the burden of disease of unsound chemicals management.

11. In relation to implications for the health sector, in 2011 WHO published an analysis of the burden of disease attributable to chemicals.² The estimated global impact of acute poisonings and long-term exposure to asbestos, selected occupational carcinogens and particulates, outdoor and indoor air pollution, lead and arsenic in 2004 amounted to 4,376,000 deaths (8.3 per cent of all deaths) and 75,317,000 disability-adjusted life years. This would appear to underestimate the total disease burden from chemicals, as it is limited to selected chemicals for which the data support global estimates.

12. Nonetheless, important conclusions can be drawn from the data available. For example, between 2000 and 2004, the proportion of persons with blood lead levels above 10 ug/dl globally fell from 20 per cent to 14 per cent, alongside similar reductions in the disease burden of lead. This reduction stems mainly from the phase-out of leaded gasoline in most countries, providing a powerful

2 Available from www.ehjournal.net/content/10/1/9.

example of the impact that risk management can have in a relatively short time. The WHO disease burden data, in addition to the WHO work and database on choosing interventions that are cost-effective (known as “WHO CHOICE”),³ provide the basis for the health information used in the above-mentioned UNEP report on the cost of inaction. Additional WHO information on this issue is being prepared, including new global disease estimates.

III. Global Chemicals Outlook project

13. The shift in production and use of chemicals from developed to developing countries is increasing the potential for negative impacts on human health and the environment in developing countries. UNEP is developing a global chemicals outlook project to provide a thorough assessment of the consequences of these changes. Building on previous assessments by OECD, it will consist of an analysis of the expected changes in the production and use of chemicals from developed to developing countries in the coming decade, the economic and financial implications of these changes if the management of chemicals is not improved and, lastly, an assessment of potential policy responses. It is expected to be published in early 2012 and to be available for consideration at the third session of the Conference.

IV. Consultative process on financing options for chemicals and wastes

14. A consultative process on financing options for chemicals and wastes was launched by the Executive Director of UNEP in recognition of the need for adequate resources in the field of chemicals and wastes management. The process was first announced at the fourth meeting of the Conference of the Parties to the Stockholm Convention on Persistent Organic Pollutants, held in Geneva from 4 to 8 May 2009. The process is focusing thinking on how to strengthen financial support for the chemicals and waste agenda and, in particular, for the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, the Stockholm Convention on Persistent Organic Pollutants, the Strategic Approach and a future legally-binding instrument on mercury. The process focuses in broad terms on identifying possible policy options for more secure financing for activities related to chemicals and wastes.

15. The fourth meeting in the consultative process took place in the margins of the nineteenth session of the Commission on Sustainable Development in Glen Cove, United States of America, on 4 and 5 May 2011. The participants reiterated the importance of an integrated approach to financing chemicals and wastes management as a critical element in achieving the objectives of the chemicals and wastes agenda at all levels. This integrated approach became the centre of the discussions and the further development of four elements, or tracks: mainstreaming sound management of chemicals and hazardous wastes; industry involvement, including public-private partnerships and the use of economic instruments at the national and international levels; a new trust fund similar to the Multilateral Fund for the Implementation of the Montreal Protocol; and introducing safe chemicals and wastes management as a new focal area, expanding the existing persistent organic pollutants focal area under GEF or establishing a new trust fund under GEF.

16. The participants agreed that the tracks should contribute to the mobilization of financial resources to support countries' implementation of and compliance with internationally agreed commitments, while also providing means of implementation for the long-term objectives of the sound management of chemicals and wastes. The four tracks should further contribute to attaining the Millennium Development Goals, in particular the goal on poverty alleviation, while enhancing access by least developed countries and small island developing States to financial resources.

17. The UNEP secretariat was requested further to analyse the four elements and identify possible key actions needed to make each track operational. The resulting paper, “A proposal for an integrated approach to financing the sound management of chemicals and wastes”, will form the basis for discussions at the fifth and final meeting in the consultative process, to be held on 6 and 7 October 2011 in Bangkok. It provides an analysis of the financing requirements of the Basel, Rotterdam and the Stockholm conventions, in addition to the Strategic Approach, and suggests how each track could be applied to meet those needs. It examines the elements of the structures and operational procedures of the four financing tracks and provides a proposal for an integrated approach that would employ all four financing tracks in a complementary manner. It concludes that, while Governments could

3 www.who.int/choice/en/.

continue political efforts to develop the details of the proposal through intergovernmental processes and forums, they could at the same time initiate other steps to operationalize the proposed approach to financing the chemicals and wastes agenda.⁴

18. The outcomes of the consultative process, including recommendations, will be submitted to the Executive Director of UNEP, who in turn will provide a final report to the UNEP Governing Council at its twelfth special session and to the International Conference on Chemicals Management at its third session, both in 2012.

19. An oral summary of the outcome of the fifth meeting in the consultative process will be provided to the Open-ended Working Group at its first meeting in preparation for the third session of the Conference with a view to informing a possible decision on the future of financing for the chemicals and wastes agenda, including the Strategic Approach.

V. Financing the implementation of the Strategic Approach: towards 2020

20. The Strategic Approach differs from the three chemicals Conventions in that it is a voluntary, multi-stakeholder and multisectoral initiative. Although there are no legally binding requirements to support its implementation, the Strategic Approach received the endorsement of Heads of State and Government at the World Summit on Sustainable Development in Johannesburg in 2002 and in the 2005 World Summit in New York. In Paragraph 11 of the Dubai Declaration, ministers, heads of delegation and representatives of civil society and the private sector further confirmed unwavering commitment to promoting the sound management of chemicals and hazardous wastes throughout their life-cycles in accordance with Agenda 21 and the Plan of Implementation of the World Summit on Sustainable Development. The adoption of the Overarching Policy Strategy in Paragraph 12 of the Dubai Declaration constitutes a firm commitment to the Strategic Approach and its implementation.

21. Understanding the financial requirements for the implementation of the Strategic Approach is critical to ensuring that adequate resources are available to attain its policy goals and objectives. Implementation involves actions at the national, regional and global levels and is supported by a number of institutional arrangements, some of which have different technical and financial requirements. Assessment of these requirements, however, could prove challenging given the voluntary nature of the Strategic Approach. Some elements of its Overarching Policy Strategy could be helpful in determining some of the immediate funding requirements to support the implementation of the Strategic Approach. In addition, the work that has been done to date on implementation could provide an indication of what needs to be done in the future to have a positive impact on the sound management of chemicals.

VI. Conclusions

22. The implementation of the Strategic Approach has entered a significant phase in which specific actions are being taken to achieve the sound management of chemicals in developing countries, in particular least developed countries and small island developing States, and countries with economies in transition. Progress reports on projects implemented under the Quick Start Programme demonstrate that coordinated efforts are being made to improve sound management of chemicals at the national level and to define priorities, address regional concerns and implement the requirements of multilateral environmental agreements. Available resources are thus being used to achieve a more coordinated and efficient result. The current challenging economic climate has resulted in a decrease in the availability of funding, which may affect the further implementation of the Strategic Approach and hinder progress towards attaining the 2020 goal. New and non-traditional sources of funding may have to be sought to ensure that momentum is maintained.

23. There are lessons to be learned from the experience of the Strategic Approach in its use of an integrated approach to implementation. Through its multi-stakeholder and multisectoral nature, the Strategic Approach already integrates the various tracks envisaged by the consultative process, including the mainstreaming of chemicals and wastes concerns into national development plans, an

4 Further steps could involve integrating the sound management of chemicals and wastes into national and international development planning processes; increasing awareness of the sound management of chemicals and wastes to enhance the priority accorded to that area; continuing to explore the possibility of establishing a multi-purpose trust fund; developing policy options by Governments for expanding the use of GEF for the implementation of the chemicals and wastes agenda; expanding the persistent organic pollutants focal area, creating a chemicals and wastes focal area or establishing a new trust fund under GEF; and requesting the UNEP Governing Council to invite GEF to strengthen its capacity to support the chemicals and wastes agenda.

active role for industry and other non-traditional stakeholders and, more specifically, partnerships in the implementation of sound chemicals management, and a dedicated trust fund to support initial enabling activities.

24. The four tracks proposed in the consultative process support an attractive integrated approach to financing. It should be noted that the consultative process will seek to design a structure for stable financing for the chemicals and wastes cluster and will not itself mobilize resources. Moreover, it is expected that discussions on the implementation of any recommendations arising from the process will take some time. It is therefore important to consider the immediate funding requirements of the Strategic Approach and to devise a mechanism for ensuring that they are met until those discussions are concluded.

25. Financial support should ensure broad sharing of responsibility in resource mobilization from all types of donors and stakeholders and be sustainable, effective when it comes to implementing projects and activities, responsive to stakeholders' particular needs and focus on attaining the 2020 goal. As the implementation of the Strategic Approach continues, new issues will be nominated for inclusion in the Global Plan of Action, new emerging policy issues proposed and new initiatives undertaken, such as the implementation of the Strategic Approach's health sector strategy. While it is important to tackle those issues, resources must be available not only for those new activities but also to complete activities relating to existing, previously identified issues. Sustained resources to support the secretariat's work are also vital for it to be effective in completing the tasks assigned by the Conference.

VII. Possible action by the Open-ended Working Group

26. Considering that the third session of the International Conference on Chemicals Management will be held after the twelfth special session of the Governing Council and the United Nations Conference on Sustainable Development, where the financing options for the chemicals and wastes agenda are expected to be discussed, the Open-ended Working Group may wish:

- (a) To take note of the information provided in the present report;
 - (b) To consider the outcome of the consultative process for financing options for the chemicals and wastes agenda based on the information provided;
 - (c) To request the Executive Director of UNEP to include in his report on the outcomes of the consultative process to the Governing Council of UNEP at its twelfth special session a discussion of how those outcomes bear on the financing needs of the Strategic Approach;
 - (d) To request the secretariat to develop for consideration by the Conference at its third session a summary of the progress and outcomes of the consultative process and the United Nations Conference on Sustainable Development and their relevance to financing the implementation of the Strategic Approach.
-