

**Third Meeting of the Consultative Process on Financing Options for Chemicals and Wastes  
Pretoria, South Africa, 10 – 11 January 2011**

**Background Document**

**Some Lessons Learned from  
Existing Financing Mechanisms and Practices for Chemicals and Wastes**

**1. Introduction**

This document aims at supplementing the desk study with a summary of some lessons learned from existing mechanisms and practices for chemicals and wastes related activities, projects and programmes. The points raised do not claim to be a comprehensive assessment and conclusive analysis.

In Section 2 some examples are given from experience with existing mechanisms and practices. In Section 3 lessons learned from past experience and efforts are described, and in the concluding Section 4 some points for consideration are summarized.

**2. Examples from existing financing mechanisms and practices**

**2.1 Green Economy**

The launch of the Global Green New Deal and the Green Economy Initiative present a unique opportunity to rethink the perception of chemicals and waste management. In the framework of these initiatives, efforts are made by UNEP and the MEA Secretariats to promote a shift from a mere “recipient mentality”, i.e. viewing chemicals and waste management as a costly operation for which funding has to be raised, to focusing more on the economic opportunities provided by the relevant operations. This is especially true for recycling and recovery of certain types of wastes, which generates secondary raw materials with a market value. Such waste streams are increasingly perceived as a resource and economic opportunity.

The fact that a market exists for certain types of recycled materials is evidenced by the existence of informal sectors for recycling specific waste streams, e.g. electrical and electronic wastes, and obsolete ships. Such informal sectors would not exist if there were no income to be derived from the operations. Opportunities should be sought to upgrade these informal sectors so as to make them consistent with the protection of human health and the environment. Improved procedures and infrastructure also allow the extraction of larger quantities and/or better quality of secondary raw materials, e.g. extraction of gold from end-of-life computers in the informal sector yields about 25 % recovery, while industrial extraction procedures can achieve more than 95 % gold recovery. Thus, additional economic benefit is an incentive for investing in such procedures and infrastructures. Here, a huge potential already exists for creating business and employment opportunities.

**2.2. Public-Private Partnerships**

Public-private partnerships have been initiated where they served as a vehicle to engage the knowledge and financial capacity of industry in areas of mutual interest. Rather than merely approaching the private sector with requests for funding, such partnerships are based on engaging the expertise and capacity of private companies in a way that is also beneficial for them. Benefits include public recognition gained for private sector activities that contribute to improved management of chemicals and wastes in concrete ways, and economic benefits which are identified in the framework of the Global Green New Deal /Green Economy. The Basel Convention currently has two such partnerships, both in the area of electronic wastes, comprised of representatives of personal computer manufacturers, recyclers, international organisations, academia, environmental groups and governments. One of these partnerships, the Partnership for Action on Computing Equipment (PACE) has recently introduced the concept of membership contributions from industry – another avenue to raise funds.

### **2.3 Integration of the sound management of chemicals into national policies and plans**

An important step on national level is to integrate sound management of chemicals into development plans such as poverty reduction strategy papers and strategies to meet the Millennium Development Goals (MDGs). The obvious link to the MDGs is in goal No. 7 which aims to ensure environmental security. However, sound chemicals and waste management contributes directly also to improving human health through e.g. health care and cleaning agents, treated bednets, etc., increasing economic securities and income opportunities for the poor through e.g. jobs in tack-back and recycling systems, and other MDG related issues.

Governments are the immediate stakeholders of the chemicals and waste conventions. For the purposes of public awareness, there is a need to expand the user-base of the conventions to a wider audience. Messages should be also targeted at sectors such as environment, industry, agriculture, and health as well as to public interest NGOs, donors, the media, educational institutions, other UN or international agencies and even at specific groups such as mothers, children, customs officers, etc.

### **2.4 National coordination**

In most developing countries and countries with economies in transition at least a basic administrative infrastructure exists with designated national authorities and focal points for chemicals and waste related conventions and institutions, as well as industry, trade, and import/export control. The chemicals and waste related infrastructure is summarized in many countries in the respective National Profiles or more specific in the National Implementation Plans for the POPs Convention. However, in many cases the legal framework for comprehensive control and enforcement as well as the governmental institutions are weak, have insufficient staff and logistical support and are not well connected to other national, regional and international institutions. To increase the efficiency of the scarce resources available, many governments started establishing or strengthening, as necessary, national processes or mechanisms for coordination.

### **2.5 Regional coordination**

Regional economic integration organizations are established in many regions. Similar to the processes on national level, it is important on regional level to integrate sound management of chemicals into regional development plans and strategies to meet the Millennium Development Goals. Existing regional institutions with respective mandates are involved and advocate to a certain extent for chemicals management issues of relevance in their respective region, e.g. trade, health and pollution issues which reach beyond national borders. Regional Convention Centres and Regional offices of intergovernmental organizations are already established and support the process by raising the profile of the chemicals management agenda in regional political discussions and negotiations, and also by initiating and implementing local and regional projects and programmes.

### **2.6 Policy integration at the international level**

The sound management of chemicals and waste remains a critical factor in achieving sustainable development objectives and the Millennium Development Goals. As such it has been highlighted on the international political agenda since 1972 with the United Nations Conference on the Human Environment during which pollution with toxic and dangerous substances was a central issue. It was specifically addressed in 1992 by the United Nations Conference on Environment and Development with the adoption of Chapter 19 and 20 of Agenda 21 and again at the WSSD in 2002 paragraph 4 where the 2020 goal of producing and using chemicals in ways that lead to the minimization of significant effects on human health and the environment was established in the Plan of Implementation of the Johannesburg Summit, paragraph 23.

In response to the need for a comprehensive framework to chemicals management, the international community adopted at the International Conference on Chemicals Management in Dubai 2006 the Strategic Approach to International Chemicals Management (SAICM). Discussion of the need for additional financial resources and better use of existing resources to support chemicals management

objectives featured prominently in the negotiation of SAICM. A full range of financial arrangements to support the broad chemicals management objectives of SAICM are set out in its Overarching Policy Strategy. The second session of the International Conference on Chemicals Management provided a first opportunity to evaluate the performance of the financing of SAICM. While progress under all financial arrangements was apparent from the reporting received, it was clear that securing the resources envisaged under each arrangement would be an ongoing challenge. Options for the long-term financing of SAICM implementation were canvassed in.

With the rapid development of a significant number of international legal instruments and policies for the environment, there has been an increased competition for funds. The success of adequate policies will therefore be dependent on the capacity to continue raise awareness and maintaining a political and technical focus on the importance of sound management chemicals while demonstrating the contribution and relevance of its programme to the “UN Delivering as One” new set of priorities particularly within the context of the implementation of sustainable development policies.

## **2.7 Institutional cooperation on international level**

Bearing in mind the limited resources available and the low priority of chemicals and waste management, designated institutions in developing countries that enforce chemical management regimes, e.g. convention focal points and respective competent authorities, need assistance on a long-term basis. International institutions like World Customs Organization and Interpol are discussing a stronger enforcement infrastructure with a financial and institutional commitment from developed country governments and a cooperation commitment from developing country institutions to structure their international networks and enforcement cooperation programmes on a long-term basis. Respective institutional interactions already exist, but they work on time-limited project basis and have mainly advisory function when it comes to concrete actions in partner countries.

## **2.8. Existing, new and additional multilateral financial resources**

A variety of sources of financing for chemicals and waste programmes do exist on national, bilateral and multilateral level<sup>1</sup>. It is emphasised that quantitatively the bulk of financial support is provided through national and bilateral funding, with multilateral funding only supplementing national, bilateral and regional efforts.

## **3. Lessons learned**

In the following paragraphs, the lessons learned from past experience and efforts in the areas described in Section 2. above have been grouped according to a number of key aspects that are of critical importance to successful projects. These aspects have been formulated as main issues that need to be considered in the initiation, design and implementation of projects that aim at strengthening capacities for the sound management of chemicals and waste.

### **3.1 Initiation of projects**

Chemicals and waste management is a cross-sectoral issue and needs a multi-stakeholder approach from the outset. At the initiation of an activity it is important to discuss and take steps to develop political commitment for the work and a long-term vision of the activity’s contribution to the goals of environmentally sound chemicals and waste management. Only demand driven initiatives with broad ownership in the recipient country will lead to successful and sustainable programs and projects. The interests of all stakeholders must be considered carefully. The results of capacity building efforts must be integrated with the recipient country’s actions to achieve sustainable development.

### **3.2 Project planning and implementation**

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<sup>1</sup> A separate background paper on Mapping of Existing Funds, Tools and Instruments for Financing is provided to the consultative process.

It is important to ensure that all stakeholders are involved in formulating the project proposal, as well as in implementing the project and monitoring its progress. Longer term and flexible approaches, based on experience gained in the implementation of a project, are preferred to allow for the activities to be phased and if necessary to be modified as the project proceeds.

### **3.3 Chemicals and waste management in relation to a broader agenda**

Important chemicals and waste management achievements can be further realized when they are integrated into other development programs such as poverty reduction, income generation, employment schemes, literacy improvement, and broader environmental and workers and general population health quality schemes, and community education. The development of a clear sense of ownership of such activities is a prime condition for success.

It is critical to know the agenda of economic interests of the stakeholders operating in the area of the project or initiative. An important factor is to seize the momentum of specific international interests and agendas, such as accessing to regional economic integration organisations and ensuring synergies with goals and processes of MEAs.

## **4. Conclusions**

The fundamental problem to be addressed by the Consultative Process is the status of chemicals and waste management as the “poor cousins” of more prominent issues such as poverty eradication, education, health, and climate change.

The undesired side effects of chemicals, and all aspects of waste management, are generally considered unattractive. Dealing with these issues is often perceived as a necessary evil, an unwelcome burden that is costly and unrewarding. Even with strong international advocacy since Agenda 21, Chapter 19 and 20 were adopted in 1992, chemicals and waste management remains at the very bottom of any political agenda at the international, national and even local level, and consequently receives only limited financial support.

Hence, the Consultative Process should take into account the root cause of the problem, i.e. low priority and absence of political interest, and should develop realistic options for financing chemical issues based on the current situation.

A huge variety of stakeholders is involved in the production, handling, use and disposal of chemicals and wastes, as well as the respective legal, control and enforcement structures. Each stakeholder group has its own interests to engage in environmentally sound chemicals management. There is a common, but very much differentiated responsibility among the stakeholders involved. The process of looking for a more sustainable financial basis for chemicals and waste management should take into account not only the responsibilities, but should also acknowledge and systematically support the interests and potential incentives for the different stakeholders.

Based on lessons learned from projects and programmes, some points for consideration to better attract interest and identify potential incentives for stakeholders to engage in environmentally sound chemicals and waste management are as follows:

- Life-cycle approach

Environmentally sound chemicals and waste management has a huge potential for economic benefits when applying life-cycle approaches, e.g. minimisation of harmful substances in production, recycling, etc. Strengthening the systematic introduction of green economy approaches through partnerships between suppliers and clients will substantially reduce costs of undesired side-effects.

- Enforcement partners

In the case of legal measures, control and enforcement, partners with shared responsibilities and interests are needed, not donors providing financial resources only. It is necessary that the stronger partners support the weaker partners with the understanding that both sites benefit from joint efforts and that joint efforts have to continue as long as necessary to achieve sufficient control and enforcement worldwide.

- Linkage to priority areas

Increasing political and financial support could be achieved by linking chemicals and waste management with issues that already benefit from a high public and political recognition, such as climate change, energy, and biological diversity. Better coordination on national level and less overlapping directions from different Conferences of Parties will positively affect the synergies between the different but interlinked regimes.

- Support for development agenda

Additional financial resources will be needed to establish comprehensive chemicals and waste management schemes in developing countries and countries with economies in transition, but should be seen as supplement to the international development agenda, carefully considering other support programmes and avoiding duplication or overlap of projects. Sound chemicals and waste management should be recognized and promoted not as a stand-alone task, but as direct contribution to improving human and increasing economic securities and income opportunities for the poor and other MDG goals.

- Promotion of dialogue

Organizations working on chemicals and waste related issues should strengthen their dialogue with bilateral, regional and international development assistance institutions (e.g. bilateral donors, regional development banks, UNDP, World Bank) with the goal of integrating chemicals and waste issues as supplementing and supporting efforts into the poverty reduction and national sustainable development strategies and relevant project activities.