



United Nations Environment Programme

Distr.: General
4 May 2011

English only

Consultative process on financing options for chemicals and wastes Fourth meeting

Glen Cove, United States of America, 4 and 5 May 2011

Report of the fourth meeting in the consultative process on financing options for chemicals and wastes

Introduction

1. The consultative process on financing options for chemicals and wastes was launched by the Executive Director of the United Nations Environment Programme (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, in May 2009.
2. The process was initiated with a meeting, held in Nairobi in July 2009, at which participants called upon UNEP to undertake a desk study to explore the funding and support needs of developing countries and countries with economies in transition and relevant ways to support compliance with chemicals-and-wastes-related multilateral environment agreements and capacity-building, including institutional strengthening and technical assistance for promoting the sound management of chemicals and wastes in broader terms. A preliminary desk study was produced for consideration at the second meeting in the consultative process with the aim of providing possible options for securing adequate financing in the areas of chemicals and wastes.
3. During the second meeting, which was held in Bangkok in October 2009, participants provided feedback on the preliminary desk study and requested UNEP to produce a revised version of it as the basis for further discussions on financing options for the chemicals and wastes agenda. The revised study outlines four options, referred to as tracks, for securing adequate financing for the chemicals and wastes areas.
4. By its decision SS.XI/8, the UNEP Governing Council welcomed the establishment of the consultative process and requested the Executive Director to continue leading it and to ensure that comments made and contributions submitted by Governments were incorporated into a revised note by the Executive Director on financing the chemicals and wastes agenda and an action-oriented summary of policy options for financing chemicals and wastes. It also requested the Executive Director to report to the Governing Council at its twenty-sixth session on the implementation of the decision.
5. The third meeting in the process was held in Pretoria, South Africa, on 10 and 11 January 2011. Participants made a number of requests for work to be undertaken by the secretariat and an outcome document known as the "Pretoria Road Map" was developed.
6. The Pretoria Road Map, among other things, called for the preparation of a comparative analysis of the four tracks further to streamline and integrate the elements and requested the Secretariat to undertake a further analysis of the tracks and of the effectiveness of relevant United Nations strategic coordination processes at the national level. It also outlined the timeline for the consultative process as set forth in decision SS.XI/8, including for the fourth and fifth meetings.

7. By its decision 26/7, the UNEP Governing Council requested UNEP to continue to provide support for the consultative process; reiterated its invitation to Governments and other interested parties, including the private sector, to provide financial and in-kind support for the process and for awareness-raising initiatives; and requested the Executive Director to submit to the Governing Council/Global Ministerial Environment Forum at its twelfth special session a final report on the implementation of decisions SS.XI/8 and 26/7.

I. Opening of the meeting

8. The fourth meeting in the consultative process on financing options for chemicals and wastes was held in Glen Cove, United States of America, on 4 and 5 May 2011. It was co-chaired by Ms. Johanna Lissinger-Peitz (Sweden) and Mr. Damaso Luna Corona (Mexico).

9. The proceedings were opened at 9.25 a.m. on Wednesday, 4 May 2011.

A. Opening statements

10. Opening statements were delivered by Mr. Bakary Kante, Director, UNEP Division of Environmental Law and Conventions, on behalf of Mr. Achim Steiner, Executive Director, UNEP; Ms. Lissinger-Peitz and Mr. Luna Corona.

11. Mr. Kante welcomed the participants to the meeting, noting in particular the increased representation of countries, United Nations agencies, business organizations and civil society compared to earlier meetings in the process, and suggested that it offered an excellent opportunity to provide continued momentum for 2011, during which a significant number of important events related to chemicals and wastes would take place. Stressing that the meeting was aimed at discussion rather than negotiation, he urged participants to be bold and innovative in working towards sustainable means of financing sound chemicals and waste management. The consultative process was open and all-inclusive; as such, no suggestions and ideas should be rejected outright. He drew attention to the possible usefulness of combining some of the four proposed tracks for securing adequate financing for the chemicals and wastes agenda.

12. Ms. Lissinger-Peitz said that the three previous meetings in the consultative process had afforded participants a better understanding of the importance and complexity of the issues at hand. The third meeting, in particular, had led to agreement that the four possible tracks, which were equally important, should be pursued. Discussions at the current meeting should bear in mind not only recent chemicals-related meetings, but also the goal of achieving the sound management of chemicals by 2020, as identified in the Plan of Implementation of the World Summit on Sustainable Development. Recalling that the outcome of the meeting would be submitted to the Executive Director for his final report to the Governing Council/Global Ministerial Environment Forum in 2012, she stressed that there were high expectations that the consultative process should inform the discussions at upcoming chemicals and wastes-related meetings throughout 2011 and beyond. It was therefore important to provide balanced inputs on the functions of all four financing tracks.

13. Mr. Luna Corona expressed the hope that participants would make substantial progress on the crucial issue of financing for chemicals and wastes management. Every effort should be made to provide meaningful input that reflected in a balanced manner the variety of views put forward by the participants in relation to the four tracks.

B. Attendance

14. The meeting was attended by representatives of the following States: Argentina, Australia, Belgium, Brazil, Canada, Chile, China, Colombia, Denmark, Egypt, Finland, Germany, Hungary, India, Japan, Mexico, Netherlands, Norway, Russian Federation, South Africa, Sweden, Switzerland, Thailand, Uganda, United States of America, Uruguay.

15. The secretariats of the following multilateral environmental agreements were represented: Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, Stockholm Convention on Persistent Organic Pollutants.

16. The following United Nations bodies and specialized agencies were represented: Food and Agriculture Organization of the United Nations, United Nations Development Programme, United Nations Environment Programme.

17. The following intergovernmental organizations were represented: European Commission, Global Environment Facility.

18. The following non-governmental organizations were represented: Blacksmith Institute, International Council of Chemicals Associations, International Pesticides Elimination Network.

II. Organizational matters

A. Adoption of the agenda

19. The agenda was adopted on the basis of the following provisional agenda that had been circulated previously:

1. Opening of the meeting.
2. Organizational matters.
3. Discussion and development of format and key elements of the submission of recommendations arising from the consultative process to the United Nations Environment Programme Governing Council/Global Ministerial Environment Forum at its twelfth special session.
4. Conclusions and next steps.
5. Other matters.
6. Closure of the meeting.

B. Organization of work

20. It was agreed that the meeting would comprise a mix of plenary and breakout group sessions. It was also agreed that participants would divide into four breakout groups, with each group focusing on all four financing tracks outlined in the comparative analysis.

21. Responding to the co-chair's invitation for comments on the expected outcomes for the meeting, a number of participants, recalling that the information provided at previous meetings in other forums had facilitated the consultative process, stressed the importance of using the outcomes of the process to inform deliberations in other forums, including the United Nations Conference on Sustainable Development, to be held in Rio de Janeiro, Brazil, from 4 to 6 June 2012. One sought clarification of how the meeting would be reported on to ensure transparency. Several participants pointed out that financing and means of implementation were key issues for developing countries, upon which decisions at future meetings hinged. One cited the need to adopt a new strategic framework for the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal at the tenth meeting of the Conference of the Parties to that Convention, to be held from 17 to 21 October 2011 in Cartagena, Colombia, saying that it would be extremely difficult to do so without clarification of what means of implementation would be available.

22. One participant pointed out that, while the reports of the current meeting and others in the process could prove useful, there was no end product being negotiated during the process, as it fell to the Executive Director of UNEP to submit a final report to the United Nations Environment Programme Governing Council/Global Ministerial Environment Forum at its twelfth special session. Another participant suggested that that did not preclude the submission of progress reports.

23. In response, the representative of the secretariat gave an update on the consultative process and related developments since the third meeting in the process, held in Pretoria in January 2011. The co-chairs of the Pretoria meeting had reported to the intergovernmental negotiating committee to prepare a global legally binding instrument on mercury at its second session, held from 24 to 28 January 2011. Updates had been provided to the UNEP Governing Council at its twenty-sixth session, held from 21 to 24 February 2011 in Nairobi, and to the Conference of the Parties to the Stockholm Convention on Persistent Organic Pollutants at its fifth meeting, held from 25 to 29 April 2011 in Geneva. It was expected that updates would be provided to the Conference of the Parties to the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade at its fifth meeting, to be held from 20 to 24 June 2011 in Geneva; to the Conference of the Parties to the Basel Convention at its tenth meeting; and to the Open-ended Working Group of the Strategic Approach to International Chemicals Management at its first meeting, to be held in Belgrade from 15 to 18 November 2011.

24. The next step in the process would be for the Executive Director, as requested in decision SS.XI/8, to report on the progress and direction of the consultative process to relevant intergovernmental processes with the aim of providing a final report for consideration by the Governing Council at its twelfth special session, in 2012, and of achieving possible decisions at the

third session of the International Conference on Chemicals Management, in 2012, and at the twenty-seventh session of the Governing Council in 2013. The outcome of the current meeting and that of the fifth meeting would feed into the Executive Director's report.

25. The co-chair reiterated that the documents arising from the process were not negotiated documents and that progress reports would be submitted in various forums to assist deliberations.

26. One participant suggested that the four tracks under discussion could be elements of an integrated approach for sound management of chemicals and wastes, while another stressed the link between financing chemicals and wastes management and poverty eradication, calling for focus on that link during the current meeting.

III. Discussion and development of format and key elements of the submission of recommendations arising from the consultative process to the United Nations Environment Programme Governing Council/Global Ministerial Environment Forum at its twelfth special session

A. Updates on processes under way and the relationship with the consultative process

27. Mr. Jim Willis, Executive Secretary of the secretariats of the Basel and Stockholm conventions and of the UNEP part of the Secretariat of the Rotterdam Convention, gave a brief update on the outcome of the recently concluded negotiations during the fifth meeting of the Conference of the Parties to the Stockholm Convention. He said that extensive interest in and support for the consultative process had been expressed by parties, although it had been suggested that the process needed to run its course before it could be fed into the discussion of financing under the Convention. No specific decisions relating to the process had been taken. It was his expectation that similar discussions would take place at the meetings of the conferences of the parties to the Basel and Rotterdam conventions in 2011.

28. Mr. Fernando Lugris, chair of the bureau of the intergovernmental negotiating committee to prepare a global legally binding instrument on mercury, said that the financial mechanism of any future mercury instrument would be a key element of the mercury negotiations. He explained that co-facilitators had been appointed at the committee's second session to move the process forward, an idea that had proved extremely effective. Reports by the co-facilitator had been annexed to the report of that meeting. Subsequent to the committee's second session, a bureau meeting had been held in Geneva to discuss various issues and to guide the secretariat in the preparation of documents for the committee's third session, including one on health and one on a financial mechanism.

29. Mr. David Piper, Deputy Head, Chemicals Branch, UNEP Division of Technology, Industry and Economics, provided an update on the discussions under the Strategic Approach to International Chemicals Management. He reported that a number of preparatory meetings were scheduled to lay the groundwork for the first meeting of the Open-ended Working Group and the third session of the International Conference on Chemicals Management. The former was scheduled to take place in November 2011 rather than August as had originally been announced, while the latter would take place in 2012 after the United Nations Conference on Sustainable Development. He noted that the Strategic Approach had a temporary financing mechanism, the Quick Start Programme Trust Fund, which was to end in 2013. It was important therefore to consider whether a similar mechanism would be needed beyond 2013 and how the continued implementation of the Strategic Approach could be financed.

30. The representative of Colombia, speaking as the host country of the tenth meeting of the Conference of the Parties to the Basel Convention, invited all participants to attend that meeting and said that her country looked forward to receiving feedback from the consultative process that could contribute to the success of the meeting.

B. Introduction and discussion of the documents

31. The representative of the secretariat said that, in line with the discussions at the third meeting in the consultative process, several documents had been prepared and/or made available for discussion at the current meeting: a comparative analysis of four possible financing tracks that could contribute to an integrated approach to securing adequate financing for the chemicals and wastes agenda; a paper on mainstreaming sound management of chemicals and wastes; a paper on opportunities for integrating

sound chemicals management into development planning; a paper on integrating the sound management of chemicals into development planning based on the Millennium Development Goals; a paper reviewing the role and quality of the United Nations Development Assistance Frameworks; and a paper on enhancing the role of industry.

32. Mr. Steve Gorman, consultant, introduced the comparative analysis of the four possible financing tracks, concluding that there was a need to take advantage of all four options to secure adequate financing.

33. In the ensuing discussion, participants welcomed the background documents, particularly the comparative analysis, the general conclusion of which received broad support. Several participants expressed regret at what they said was a lack of information on the possibility of a new trust fund similar to the Multilateral Fund for the Implementation of the Montreal Protocol, and suggested that officials from the Fund or from the Ozone Secretariat could attend the fifth meeting in the process. One participant said that he would have liked further elaboration in the comparative analysis on the role to be played by industry. Another expressed the view that the first two tracks, involving mainstreaming and public-private partnerships, referred to more long-term, sustainable solutions, whereas the latter two, involving trust funds, were critical as short-term solutions and should focus on the provision of financing for capacity-building. In that regard, several participants endorsed the idea that some of the tracks could be merged, with many saying that it would be premature to discard any tracks completely at the current stage.

34. While most participants concurred that mainstreaming was crucial to any strategy to strengthen financing of chemicals and wastes management, several suggested that it should be regarded as a tool to attain the goal of the process, rather than a track in itself. A number of participants stressed the importance of good governance and the involvement of ministries of finance in mainstreaming the chemicals and wastes agenda. Others spoke of the need to link the chemicals and wastes agenda to national poverty reduction strategies and development plans, drawing particular attention to ties with the Millennium Development Goals. Several participants noted that Governments, especially those of developing countries, were often under pressure to consider a number of competing priorities, such as education and health, in developing policy and allocating funds. One participant emphasized the importance of raising the issue of the cost of inaction with Governments with a view to obtaining further support for the chemicals and wastes agenda.

35. In the discussion of public-private partnerships, a number of participants expressed support for the view that industries throughout the chemical sector value chain had a critical role to play in promoting the chemicals and wastes agenda. Several said that industry should internalize the cost of meeting national standards. Others expressed concern that Governments were reluctant to take steps that might inhibit national investment by the chemicals industry. One participant said that countries should take a balanced approach to the internalization of costs, featuring both regulatory mechanisms and voluntary participation by industry. Furthermore, he said, Governments must enforce national standards with a view to providing a level playing field for the private sector. He said that a profitable chemicals industry should be the foundation of the chemicals and wastes management agenda, as the profitability of the sector was the prerequisite to the generation of tax revenues that could fund chemicals and waste management policies, and that it fell to Governments to invest those revenues wisely. Capacity-building for industry, but also for governmental and intergovernmental organizations, was also a crucial factor.

36. Participants engaged in some discussion of tracks three and four, which referred to a new trust fund similar to the Multilateral Fund and financing options for the sound management of chemicals and wastes under the Global Environment Facility (GEF), respectively. Many participants highlighted the advantages of a trust fund similar to the Multilateral Fund, for example the fact that it was tied to compliance. One participant, however, noting that some parties to the Stockholm Convention had elected an opt-in approach to any chemicals listed under the Convention in the future, questioned the usefulness of a compliance-linked financial mechanism for such countries. She suggested that an arrangement similar to the Multilateral Fund should be tied to both compliance and ratification. In response, several participants said that developing countries strove to comply with their obligations under international conventions but were hampered by a lack of resources. One participant noted that even when developing countries had a number of funding opportunities they sometimes lacked the capacity to take on additional projects. Regarding the GEF-specific track, one participant bemoaned the length of time for the approval of projects and the lack of transparency as to the decisions of the GEF Council. That smaller developing countries were not able to participate meaningfully in the decision-making process was a source of concern. Another participant suggested that stakeholders should consider giving small island developing States privileged access to such a financial mechanism,

for instance through the relaxation of co-financing requirements and assistance with the development of proposals.

37. Another advantage of the Multilateral Fund, one participant pointed out, was that unlike the GEF Council the Executive Committee of the Fund was controlled to a great extent by the parties to the Montreal Protocol. A number of participants said that it was important to avoid a proliferation of funds; any mechanism akin to the Fund should therefore comprise a single fund serving multiple conventions, including relevant future conventions such as the global legally binding instrument on mercury. It would be crucial, however, to deal with the issues of accountability to its several clients that such a mechanism would face. Several participants suggested that a new financial mechanism might combine a compliance-linked approach modelled after the Multilateral Fund with the structure already established within GEF, thus creating synergies. It was also possible, said one participant, that such a set-up would trigger further discussion of funding with the broader donor community and other financial institutions. Another said that it was important to understand better the magnitude and types of financing needed before discussing further what type and structure of financial mechanism would be appropriate.

38. One representative outlined some elements that had played a key role in the success of the Montreal Protocol and the Multilateral Fund: a compliance regime with specific targets under the Protocol, which provided a basis for performance-based targets in projects financed by the Fund; a list of agreed incremental costs, defined by the parties to the Protocol and further refined by the Executive Committee of the Fund; equal representation of developed and developing countries on the Executive Committee; that the financial contributions to the Fund were based on the United Nations scale of assessment, which ensured a certain predictability and consistency of funding; that the Fund replenishment negotiations were based on technical analysis prepared for the parties by an independent panel of experts; that detailed processes under the Fund were in place to monitor, measure, assess and evaluate progress and results; that support was provided for national units in developing-country Governments directly responsible for the implementation of the Protocol and reporting to the Fund; and that the Fund process was continually adaptive in dealing with policy and operational issues.

39. One participant, speaking in response to an exhortation to be bold and daring, pointed out that the options being considered had to be realistic, lest the process become unworkable. It would be futile to spend much time discussing overly ambitious recommendations to be submitted to the Executive Director that would not bear fruit in practice. Another participant called for the process to develop faster and further and meet countries' needs.

40. The co-chair noted that representatives of the Multilateral Fund and of the Ozone Secretariat had been invited by the secretariat to attend the current meeting, in addition to those held previously, but had been unable to do so. It was hoped, however, that they would be able to provide input for the fifth meeting.

C. Establishment of breakout groups

41. Following the discussion of the four tracks and related matters, four breakout groups were established for focused discussion on the tracks, with each group to discuss all four tracks. Each group would select a rapporteur.

42. Subsequently, the rapporteurs of the breakout groups presented reports, prepared in an agreed format, on the groups' deliberations. The reports are set out in annex I to the present report, without formal editing.

43. Subsequently, the co-chairs produced a draft compilation of the breakout groups' discussions, which was further refined during discussions in the final plenary session.

IV. Conclusions and next steps

44. Subsequently, the co-chairs' draft summary of the Glen Cove discussions, including recommendations on the next steps in the process, was further refined during discussions in the final plenary session. A few participants were of the opinion that the draft summary, by making reference to only some of operational aspects for each of the four tracks, did not fully reflect the breath of the discussions both in plenary sessions and in the break-out groups. The co-chair explained that, although only three operational aspects had been selected, the text should be read in conjunction with the compilation of the discussions in the break-out groups as annexed to the draft summary and should not be considered to be setting priorities.

45. One participant suggested that the proposed timing of the fifth meeting, immediately before the tenth meeting of the Conference of the Parties to the Basel Convention, left insufficient time for the

results of the discussions to feed into the third session of the intergovernmental negotiating committee to prepare a global legally binding mercury on mercury, which would take place some two weeks later. She also said that very few of the participants were involved in the negotiations under the Basel Convention, noting that most were responsible for issues under the Rotterdam and Stockholm conventions. She therefore suggested that an alternative date should be considered, notwithstanding the generous offer of the Government of Colombia to host the fifth meeting in the process back to back with the tenth meeting of the Conference of the Parties to the Basel Convention. Several other participants also queried whether the outcomes of the process could be available in the six official languages of the United Nations in time for the third session of the mercury negotiations.

46. Some participants said that the meeting should go ahead in Colombia as scheduled, given that there were no other meetings with which a meeting of the consultative process could be held back to back, a key consideration in the light of the need to cut costs. They said that in fact some of those present were involved in the negotiations under the Basel Convention and also noted that any document arising from the consultative process could be made available during the mercury negotiations as an information document in English only. One participant also suggested that the information could be fed into informal discussions in contact groups established during the third session, while the chair of the bureau of the intergovernmental negotiating committee said that the co-chairs of the current meeting would be afforded an opportunity to provide an oral report on the process during the session. One participant stressed that any meeting of the consultative process should not clash with the meeting of the Conference of the Parties, as was the case with the current meeting and the session of the Commission on Sustainable Development.

47. The participants agreed that the secretariat would undertake the necessary consultations and that the final date and venue would be confirmed at a later date taking the above-mentioned aspects and the financial constraints into consideration.

48. The participants expressed appreciation for the work of the co-chairs at the current meeting and agreed that they should continue in their roles at the fifth meeting.

49. The representative of GEF undertook to prepare for consideration at the fifth meeting a document providing information on the various trust funds managed by the GEF secretariat.

50. The draft conclusions, as revised by the co-chairs following the conclusion of the meeting, and including the compilation of the breakout groups' discussions, can be found in annex II to the present report. They are based on an interactive dialogue among the participants. As the intention was to compile the ideas presented and discussed at the meeting, the annexed material neither presents a full consensus view nor accords priority to any of the four tracks.

V. Other matters

51. No other matters were discussed.

VI. Closure of the meeting

52. Following the customary exchange of courtesies, the meeting was declared closed at 1.30 p.m. on Thursday, 5 May 2011.

Annex I

Group 1

Key Questions for Discussion

1. **Function:** Describe the main elements of the function to be delivered by a specific track. What need can each track serve best?
2. **Operationalization:** Identify elements to be considered to operationalize the potential of each track.

Track 1: Mainstreaming Sound Management of Chemicals and Hazardous Wastes

Function:

- Not a financial mechanism in itself
- Acts as a catalyst to bring complementary funding and increased funding share (not new and additional funding)
- Channels in existing funding
- Virtuous circle
- Covering most of the needs (e.g. capacity building, infrastructure, legislation enforcement)
- Links to aid objectives

Operationalization:

- Needs to be kick started (awareness, funding, NDPs,)
- Links to health, poverty eradication and other environmental priorities
- Bring into the agenda of international institutions and financing agencies (eg. WHO, WTO, RIO+20)
- National steps
- Secretariats as advocates
- Outreach, marketing

Track 2: Industry Involvement, including public-private partnerships and the use of economic instruments at national and international levels

Function:

- Addresses the whole value chain, demand feeds back into technology change in long term
- Internalizes costs of regulatory and voluntary initiatives
- Using the markets to change
- Has an incentive to reduce incremental costs
- Fees can generate additional targeted revenue providing that are proportionate, fair, transparent and applied to all

Operationalization:

- Clear and enforced regulations that are efficient, science and risk based
- Make incentives for voluntary initiatives and PPPs
- International cooperation

Track 3: New Trust Fund similar to the Multilateral Fund

Function:

- Compliance linked, available to multiple instruments
- Can target fulfillment of obligations under MEAs
- Dedicated to chemicals and wastes
- Directly responsive to COPs

Operationalization:

- Remains a challenge to raise funds
- Funds clearly linked to indicators and targets and based on agreed costing
- How do you keep constituency ownership and yet open to two or more COPs? Is GEF model?
- Governance? Joint decision making
- Replenishment process with assessed contributions

Track 4: Introducing safe chemicals and wastes management as a new focal area, expanding the existing POPs focal area, or establishing a new trust fund under GEF

Function:

- N/A

Operationalization

- N/A
-

Group 2**Key Questions for Discussion**

1. **Function:** Describe the main elements of the function to be delivered by a specific track. What need can each track serve best?
2. **Operationalization:** Identify elements to be considered to operationalize the potential of each track.

Track 1: Mainstreaming Sound Management of Chemicals and Hazardous Wastes**Function:**

- N/A

Operationalization:

- Strengthen the linkage between mainstreaming and existing global governance discussions/work.
- Raise awareness with a view to increasing political commitment to mainstreaming.

Track 2: Industry Involvement, including public-private partnerships and the use of economic instruments at the national and international levels**Function:**

- PPP can incentivize and facilitate the transfer of environmentally sound technologies, knowledge and expertise
- PPP can increase public awareness of waste and chemicals agenda

Operationalization:

- Helpful to have similar national legislative frameworks that are science-based and enforceable.
- Add PPP to agenda for Rio +20
- The concept of Extended Producer Responsibility can be a valuable tool for engaging the private sector across the value chain.
- Encourage more public private partnerships at the global level for both chemicals and wastes.

Track 3: New Trust Fund similar to the Multilateral Fund

- (Combined discussion of Track 3 and 4)

Track 4: Introducing safe chemicals and wastes management as a new focal area, expanding the existing POPs focal area, or establishing a new trust fund under GEF (Combined discussion of Track 3 and 4)**Function:**

- N/A

Operationalization:

- GEF will meet in May to set up guidelines for setting up new trusts, countries may wish to ensure these guidelines remain flexible.

Follow up issue: Document requested in Pretoria regarding Tracks 3 and 4 are still not available.

Group 3

Key Questions for Discussion

1. **Function:** Describe the main elements of the function to be delivered by a specific track. What need can each track serve best?
2. **Operationalization:** Identify elements to be considered to operationalize the potential of each track.

Track 1: Mainstreaming Sound Management of Chemicals and Hazardous Wastes

Function:

- Could serve as basis for building other options
- Short term route to implementing other tracks; may be seen as means of implementation
- Demonstrates government commitment to chemical agenda
- Identifying priorities and funding sources
- Access much larger amounts of money ever assigned to chemicals and wastes area
- Country-defined fulfillment of needs
- Increases ownership
- Sustainable option
- Raise political profile of chemicals agenda

Operationalization:

- Need link to economic and health consequences
- Term of thinking; benefits may be longer term
- Possibility of being seen as threat or competitor to other priorities
- Once priorities set; can use to justify means to get money from other sources
- Possible victim of fashion; domestic and/or international
- Clash with other serious priorities; hunger, disease, others; chicken and egg problem
- Example of using zero waste approach; appeal to governments and private sector
- Need for political leaders to be “relevant”; making the connections
- Vicious circle; they do not ask, we do not give; role of donors in communicating and educating

Track 2: Industry Involvement, including public-private partnerships and the use of economic instruments at national and international levels

Function:

- Share responsibility
- Share gains
- Share knowledge
- Deep financial resources; largest source untapped funding
- Already utilized in GEF co-financing e.g. PCBs
- Engagement with private sector opportunity to advance issues

Operationalization:

- Need mechanism to access
- Strong political will
- Concern over limited use for developing countries; applicability of polluter pays complicated by weak legislation
- Industry personnel more knowledgeable
- Difficult to deal with companies in developing countries, especially multi-nationals
- Corruption problem on both sides
- Practical example mobile phone partnership; Basel; need for resources so get from private sector
- Company principles profit and costs; playing countries or provinces off against each other; national circumstances; location of headquarters
- Industry not in territory if transboundary; difficult to regain cost
- Argument for global cost recovery; level playing field
- Concern over level of influence in guiding which items funded or ignored

Track 3: New Trust Fund similar to the Multilateral Fund

Function: (need)

- Object: resolve mismatch obligations on one side vs. poor resources
- Means to comply
- Compliance – finance link
- Suitable for compliance with quantifiable obligations but not all needs are quantifiable
- Funding for mandatory elements
- Transparent; time and financing
- Enhance capacity of participating countries
- Enable access by reducing bureaucracy
- Predictability

Operationalization:

- Expectation from donors?
- How promote tools; possibility of pilot projects
- Possible synergy concern
- Possible sustainability concern; take away money; fish not fishing rod? Other view has multiplying effect
- Role of incremental cost
- Equitable allocation of resources and distribution by using existing resources

Track 4: Introducing safe chemicals and wastes management as a new focal area, expanding the existing POPs focal area, or establishing a new trust fund under GEF

Function:

- Can supply compliance function if Parties request
- Improve image building
- Ability to increase contribution of some donors if focal area widened
- Delivers ability for synergies
- Flexibility to accommodate different types of funds
- Recognized by financial ministers

Operationalization:

- Various trust funds already exist; general + climate change + adaption; soon add another
- Concern over bureaucracy,
- Concern over access to all Parties; LDCs and SIDS
- Concern over decision-making
- STAR extension to chemicals; not yet sufficient indicators for country allocations
- Possible role in administering MLF
- How increase in number of agencies and national agencies affect access and use
- Direct access of countries is in the pilot stage; if certain standards met
- Timing with replenishment schedule
- Work with Convention personnel for better coordination
- Administration; disconnect Council vs. others in governments

Other topics

- Ministry outsourcing to get expertise; nothing to show donors as result; need for tools value for money
 - Need to ID obligations with ripple effect for benefits; prioritizing steps within countries; e.g. law needed first?
 - Need to start at national level
 - Funding incremental cost
 - Success stories; mainstreaming , cost recovery, synergies
 - Public awareness-raising and communication strategies
 - Desirable elements: predictability, national unit reporting, panel of experts
-

Group 4

Key Questions for Discussion

1. **Function:** Describe the main elements of the function to be delivered by a specific track. What need can each track serve best?
2. **Operationalization:** Identify elements to be considered to operationalize the potential of each track.

Track 1: Mainstreaming Sound Management of Chemicals and Hazardous Wastes

Function:

- Raise awareness , educate and outreach to governments to help them with:
 - How to identify potential chemical issue
 - Economic analysis of the impact of the chemicals
 - Models on how to tackle these issues (funding, regulatory approaches)
 - Educate countries on how to set priorities
 - Mainstreaming issues e.g. poverty and chemicals
 - Show how it could attracts additional funding

Operationalization:

- It should be a priority to feed in the results of this discussions into the Rio+20 process

Track 2: Industry Involvement, including public-private partnerships and the use of economic instruments at national and international levels

Function:

- Identify roles and responsibilities (industry, value chain, governments)
- Capacity building / training for SMEs and governments
- Economic instruments as one element to improve chemicals management
- Help countries to find incentives for more environmental friendly solutions

Operationalization:

- Needs for regulatory systems in developing countries
- Look into best practices on how “green taxes” could be used to improve chemicals management
- Industry has a role to play as partner (instead as seen as polluter)

Track 3: New Trust Fund similar to the Multilateral Fund

Function:

- Useful for Production and consumption issues
- Implementation oriented
- Measurable, metrics based results
- Could be useful to conduct projects outside of the conventions

Operationalization:

- Regulatory aspects as precondition to be in place before funding
- Performance based compliance plans– payment only in case they perform
- Stand alone funding that does not require mandatory co-funding but accounts for the potential of co-funding

Track 4: Introducing safe chemicals and wastes management as a new focal area, expanding the existing POPs focal area, or establishing a new trust fund under GEF

Function:

- GEF is useful for the incremental cost
- Identify synergies, address cross sectional issues with broader usability
- Punch list of specific activities versus ad hoc projects
- Develop general best practices e.g. for customs trainings to multiply impact
- Link between funding and compliance

Operationalization:

- Single instead of multiple funds (cluster e.g. chemicals / waste) but still keep it under the GEF (infrastructure available)
- Fund needs to be easily accessible, no cumbersome procedure

- Majority would have to go to developing countries
- Timely funding (e.g. new inventories submission of new NIP)
- Continue to improve existing GEF procedures

Annex II**Summary of the Glen Cove discussions**

Fourth meeting in the consultative process on financing options for chemicals and wastes,
Glen Cove, United States of America, 4 and 5 May 2011

Introduction

1. The fourth meeting in the consultative process on financing options for chemicals and wastes was held in Glen Cove, United States of America, on 4 and 5 May 2011, pursuant to decisions SS.XI/8 and 26/16 of the Governing Council of the United Nations Environment Programme (UNEP) and the outcome of the third meeting in the consultative process (held in Pretoria, South Africa, in January 2011), which is set out in the Pretoria Road Map.
2. At the meeting the valuable contribution of the consultative process to an integrated approach to financing chemicals and wastes management was underlined and said to be a critical element in achieving the objectives of the chemicals and wastes agenda at all levels. The participants noted the importance that was being attached to the process in other intergovernmental processes on chemicals and wastes, as reflected in the discussions during the second session of the intergovernmental negotiating committee to prepare a global legally binding instrument on mercury, the twenty-sixth session of the UNEP Governing Council and the fifth meeting of the Conference of the Parties to the Stockholm Convention on Persistent Organic Pollutants.
3. It is anticipated that participants at upcoming meetings, such as the nineteenth session of the Commission on Sustainable Development, the meeting of the Open-ended Working Group of the Strategic Approach to International Chemicals Management to be held in December 2011, the fifth meeting of the Conference of the Parties to the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, the tenth meeting of the Conference of the Parties to the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, and the third session of the mercury negotiations, will be informed on the progress of the consultative process also with a view to assist advancing their negotiations and the implementation of activities at the national, regional and global levels.
4. The participants welcomed the document entitled "Comparative analysis of four possible financing tracks that could contribute to an integrated approach to securing adequate financing for the chemicals and wastes agenda" as useful starting point for the meeting's discussions.
5. The discussions took place in plenary session and in breakout groups. Each breakout group comprised some 10 members and held thorough discussions on each of the four tracks based on predefined questions with the aim of exploring the tracks' functions and operational aspects. The outcomes of the breakout groups were presented to and discussed in plenary session.

Integrated approach to financing chemicals and hazardous wastes: from functions to operationalization

6. Based on an interactive dialogue the present document summarizes ideas presented and discussed by the participants. It is not intended to present a full consensus view nor prioritize among the four tracks.
7. The annex sets out the participants' views on the main functions to be delivered by each track combined with actions needed to make them operational. It is a consolidated document based on the presentations of the four breakout groups. It does not seek to prioritize the actions that need to be taken.
8. Having defined the main functions of the four tracks in the breakout groups, the participants underlined in plenary that they should be operationalized in a coordinated manner. The importance of the tracks complementing one another with a view to meeting financing needs at the national, regional and global levels was also mentioned.
9. It was further recognized that all tracks should contribute to an integrated approach to mobilization of financial resources to support countries' implementation of and compliance with internationally agreed commitments, while also providing means of implementation of the long-term objectives for 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.

10. It was suggested that, to optimize the tracks' use and impact at all levels, it was necessary to identify the role that each track could play in facilitating compliance with obligations under multilateral environmental agreements and implementation of the chemicals and wastes agenda.
11. Possible key actions needed to make each track operational are listed below. The suggestions below, as presented by the co-chairs, do not, however, seek to prioritize the actions that need to be taken and that are further described and elaborated in the document entitled "Compilation of breakout group discussions".

Track 1 – Mainstreaming of sound management of chemicals and hazardous wastes

- Countries to integrate the sound management of chemicals and wastes into national and international development planning processes with the active involvement of international organizations, international financial institutions (IFIs) and others, as appropriate;
- Increase awareness of and the priority accorded to the sound management of chemicals and wastes among policymakers and decision makers at the national, regional and global levels;
- Identify links between the sound management of chemicals and wastes and key development issues such as health and poverty eradication.

Track 2 – Industry involvement, including public-private partnerships and the use of economic instruments at the national and international levels

- Identify areas for industry involvement, including public-private partnerships;
- Promote a clear division of responsibility between Governments and industry by developing national institutional frameworks intended to creating comparable conditions at all levels;
- Enhancing industry support for knowledge- sharing, capacity- building and technology transfer.

Track 3 – New trust fund similar to the Multilateral Fund

- Countries and funding agencies to continue to explore the possibility of establishing a multi-purpose trust fund to assist parties that are developing countries and countries with economies in transition in the implementation of agreed commitments for the sound management of chemicals and wastes in order to ensure their compliance with these commitments;
- Identify quantifiable and measurable targets or indicators in existing and future legally binding instruments;
- Outline the structure, operating principles and governance of a new trust fund.

Track 4 – Introducing safe chemicals and wastes management as a new GEF focal area, expanding the existing persistent organic pollutants GEF focal area or establishing a new trust fund under GEF

- At the national level, Governments to develop policy options for expanding the use of GEF for the implementation of the chemicals and wastes agenda, including analysis of the use of GEF as a compliance- based financing mechanism;
- The UNEP Governing Council/Global Ministerial Environment Forum to invite GEF to strengthen its capacity to support the chemicals and wastes agenda;
- Governments to explore possibilities of introducing a new focal area for the sound management of chemicals and wastes, expanding the existing POPs focal area and/or establishing a new trust fund under GEF.

Next steps and final outcomes

12. UNEP should further develop the elements on how to operationalize each track, including a list of the appropriate decision-making bodies to make use of each track and related timing.
13. UNEP should prepare a matrix outlining the obligations under each convention in the chemicals and wastes cluster, in addition to the Strategic Approach (even though it is not a legally binding instrument), with an

indication of which track can fulfill the needs of parties seeking to meet those obligations. As input to the document, countries will be invited to submit ideas on how the tracks complement one another.

14. In preparing the above documents, UNEP should seek input from the meeting participants on areas that they wish to see covered in the further analysis of the operational aspects of each track. Such questions should be submitted to the secretariat in a timely manner.
15. The participants welcome the offer from the GEF secretariat to prepare an information document on the various types of funds that that secretariat is managing, including the role of GEF in administering the Adaptation Fund.
16. The UNEP secretariat was requested to provide, working in close cooperation with the MLF and related experts, further analysis on a new trust fund for the chemicals and wastes sector similar to the Multilateral Fund.
17. UNEP should organize a fifth meeting of the consultative process and should seek financial support to convene it. UNEP will work with Governments in determining the date and location of the meeting, taking into consideration the availability of funds. It should take place before the third session of the intergovernmental negotiating committee to prepare a global legally binding instrument on mercury.
18. Based on the discussions at the fifth meeting, the participants should finalize and submit the outcome of the process to the Executive Director of UNEP as input to his final report for consideration at the twelfth special session of the Governing Council/Global Ministerial Environment Forum, in February 2012, and with a view to achieving possible decisions at the third session of the International Conference on Chemicals Management, in 2012, and at the twenty-seventh session of the Governing Council/Global Ministerial Environment Forum, in 2013.
19. The Executive Director of UNEP should ensure that the deliberations of the consultative process are fed into the United Nations Conference on Sustainable Development, as appropriate.
20. To ensure continuity, the participants agreed that the co-chairs for the current (Ms. Johanna Lissinger-Peitz (Sweden) and Mr. Damaso Luna Corona (Mexico)) should remain in office for the fifth meeting. It was further agreed that the co-chairs would work with the UNEP secretariat in preparing background documents for that meeting.
