COMPARATIVE ANALYSIS OF FOUR POSSIBLE FINANCING TRACKS THAT COULD CONTRIBUTE TO AN INTEGRATED APPROACH TO SECURING ADEQUATE FINANCING FOR THE CHEMICALS AND WASTES AGENDA

Prepared for UNEP

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April 1, 2011

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SYNOPSIS

ISSUE

Comparative analysis of four possible financing tracks identified by the consultative process on financing options for chemicals and waste.

BACKGROUND

UNEP is leading a process entitled "Consultative Process on Financing Options on Chemicals and Wastes". At the recently held third meeting of the consultative process, the 30 Governments participating in the meeting reiterated the importance of the process taking into consideration the upcoming COPs (Basel, Rotterdam and Stockholm), the INC on mercury, CSD on chemicals, a GC focusing on chemicals, SAICM ICCM meetings and many other relevant chemicals and wastes events. Governments also see a close link between the consultative process and the upcoming Rio+20 and the ongoing synergies process in the chemicals and wastes cluster.

The outcome of the third meeting included the request to UNEP to undertake a further analysis of the four possible financing tracks identified by the consultative process and in particular, a comparative analysis of the four elements with the objective of determining the role of each element in contributing to an integrated approach on financing options for chemicals and wastes.

FOUR POSSIBLE FINANCING TRACKS

A comparison of four possible financing tracks is spelled out in the Table: PROS AND CONS OF FOUR COMPLEMENTARY ELEMENTS TOWARDS STRENGTHENING THE FINANCING FOR CHEMICALS AND HAZARDOUS WASTES in Annex I.

1) Mainstreaming of sound management of chemicals and hazardous wastes (See Annex II)
Mainstreaming or integrating chemicals and hazardous waste within international institutions and national plans, priorities and programs can address the role of chemicals and waste in sectors, their relationship to issues of vulnerability, poverty and equity as well as the lack of capacity for technical and institutional management that developing nations and countries with economies in transition (CEIT) often face.

While total financial envelopes for chemicals and waste may not increase, mainstreaming the chemicals and hazardous waste agenda in international institutions and through their development planning processes may provide substantial additional financial resources to support the agenda. For example, the total World Bank Environment and Natural Resources Management Portfolio was $12 billion USD as of January 2009. The GEF-5 Chemicals Strategy clearly links chemicals with all of the other GEF Focal Areas providing access to resources beyond those specifically set aside for chemicals. The World Bank, the Regional Development Banks, the UN Agencies and other international development agencies are also sources of funding through mainstreaming.

2) Industry involvement, including public-private partnerships and the use of economic instruments at national and international levels (See Annex III)
Industries at all stages of the chemical sector value chain (Production facilities (organics, petrochemicals, inorganics, fertilizers) Processing and Blending Facilities, Commercial and Consumer Use, Disposal and Recycling) have critical roles to play in supporting the chemicals and hazardous waste agenda. This is particularly true as developing nations are expected to lead the world in growth rates for high-volume industrial chemicals at the same time that these countries may not have the capacity to deal with the complex challenges associated with chemicals and waste.

While industry involvement through the use of economic instruments and Public-Private Partnerships is already providing some support to the chemicals and hazardous waste agenda, the largest untapped source of support in the chemical and waste agenda comes from industry internalising costs to meet national standards. As environmental and health standards rise for all parts of the chemicals and waste life cycle and are implemented and enforced by governments everywhere, businesses involved in chemical and waste will be required to internalise the costs of meeting the standards. Businesses will also innovate to reduce their costs and maintain or increase their profits in their own best interests. The key to accessing this private sector support will be in implementing the same high environmental and health standards for the chemicals and waste life cycle in developing countries and CEIT through the ratification by the governments of these nations of all current and future chemical and waste related international conventions and agreements. Capacity building support may be critical for developing countries and CEIT in their efforts to become Parties to international agreements.

New trust fund similar to the Multilateral Fund (See Annex IV)
The Multilateral Fund (MLF) has been a successful mechanism for compliance for the Montreal Protocol on Substances That Deplete the Ozone Layer. It has provided financial support to developing countries that are Parties to the Protocol in their efforts to meet their Protocol obligations. Financial support has been tied to compliance and the successful reduction of the ozone depleting substances targeted by the Montreal Protocol has resulted in praise for the MLF from both donor and recipient countries.

The keys to establishing a new trust fund similar to the MLF will be, firstly, achieving the agreement of donor countries to devote new financial resources to support compliance by Parties in developing countries and CEIT with an existing or new international convention or agreement. Secondly, to establish a trust fund that operates to support compliance with current or upcoming chemical or waste international agreements in a way similar to the MLF, it will be necessary to negotiate quantifiable chemical or waste obligations targets in the existing and future agreements. Finally, a new trust fund similar to the Multilateral Fund will be possible if, in a new agreement or a renegotiated existing agreement, the structure, operating principles and governance of a new fund can be negotiated to mirror the MLF as it exists today.

Introducing safe chemicals and wastes management as a new focal area, expanding the existing POPs focal area under GEF or establishing a new trust fund under GEF (See Annex V)
The fifth replenishment of the GEF – GEF-5 has expanded the existing POPs focal area with an increase of 25% to $420 million for 2010-2013. While the majority of the expanded funding is to consolidate the persistent organic pollutants and ozone layer depletion focal areas, there is a

limited strategic expansion to support the sound management of chemicals and to initiate work on mercury. In particular, the new work on mercury is intended to "prepare the GEF partnership and the international community for implementing the [mercury] treaty when it is adopted" as was done by the GEF in the years leading to, and during, the negotiations of the Stockholm Convention. Finally, the GEF-5 Chemicals Program explicitly recognizes the linkages between chemicals and hazardous waste and all other focal areas in the GEF, thereby opening another door to new financial resources for chemicals and hazardous waste activities in developing countries and CEIT.

CONCLUSION

A comparative analysis of four possible financing tracks identified by the consultative process on financing options for chemicals and waste demonstrates that taking advantage of all four of the financial options will be necessary and useful in efforts to secure adequate financing for chemicals and wastes.

ANNEX I

PROS AND CONS OF FOUR COMPLEMENTARY ELEMENTS TOWARDS STRENGTHENING THE FINANCING FOR CHEMICALS AND HAZARDOUS WASTES

Criteria	1. Mainstreaming (see Annex II)	2. Industry involvement (see Annex III)	3. New trust fund similar to Multilateral Fund (see Annex IV)	4. GEF: new focal area, expanding POPs focal area or new trust fund (see Annex V)
1. Experience and capacity in the field of Chemicals and Waste/ Complementarity and potential for synergies with the core business of the institutions • Knowledge, skills and experience in projects related to chemicals and hazardous waste • Complementarity and synergies with activities related to other global environmental issues which could allows for more effective project design, management and resource allocation	• International institutions have wide access to knowledge, skills and experience in chemicals and hazardous waste but may not make full use of access and miss opportunities to mainstream. • Synergies exist between chemical and wastes agenda and the MDGs, SAICM, related Conventions and Protocols and within the development assistance process. • Capacity building through mainstreaming is essential to raising environmental/ health standards for chemicals and wastes to as many nations as possible – particularly to developing countries.	• Industry's knowledge, skills and experience is largely untapped in achieving the chemicals and hazardous waste agenda. • Opportunities exist to make more use of industry expertise in public-private partnerships. • Industry is best placed to internalize and address environmental and health costs associated with the life cycle of chemicals and wastes and will do so to meet enforced local environmental and health standards that are comparable in stringency to what exists in OECD countries.	A new trust fund similar to the MLF would be: • Focused on compliance by Parties with quantifiable chemicals or waste related obligations in an existing renegotiated agreement or a new international agreement. • Limited in providing complementarity and potential for synergies with activities related to other global environmental issues but synergies are not precluded if guidelines were established by an Executive Committee. • Able to address specific issues for which compliance is an obligation for a Party to an existing or new international agreement.	• Large, diverse portfolio of chemicals and hazardous waste projects implemented through its Implementing Agencies (IAs). GEF-5 expands the POPs focal area, includes efforts on Sound Management of Chemicals and mercury in support of the global negotiations of a mercury agreement similar to the way GEF prepared for a POPs focal area to support Stockholm Convention. • Mandate includes building capacity of developing countries to address the adverse impacts of chemicals and hazardous waste • Strong potential for synergies in GEF-5.

Criteria	1. Mainstreaming (see Annex II)	2. Industry involvement (see Annex III)	3. New trust fund similar to Multilateral Fund (see Annex IV)	4. GEF: new focal area, expanding POPs focal area or new trust fund (see Annex V)
2. Decision making structures • Representation from developed and developing countries • Accountability • Capacity for strategic planning	• Developing countries are key players in development assistance processes of most international institutions working toward achievement of the MDGs, SAICM, and international chemical /waste agreements. • Development assistance agencies like the World Bank have their own strategic documents that lay out justification for assistance to a country based on the country's PRSP or national development plan and in which chemicals / waste can be linked to global agreements, specific sectors, governance, macroeconomic policy, environmental sustainability or poverty. • Capacity for strategic planning is limited by competing demands within the development agenda.	• Industry responds to national standards that change the costs of production by, for instance, internalizing costs if necessary, by changing processes to reduce costs or by transferring production to lower cost regions. • Industry participates in public-private partnerships on chemicals and waste when there are opportunities to promote their interests. • Industry is accountable to its corporate governance structure and the shareholders for decisions made and actions taken. • Industry stays abreast of international discussions on chemicals and wastes to plan strategically to protect the interests of the shareholder.	A new trust fund similar to the MLF could have the following characteristics: • Executive Committee: equal numbers of members from developing and developed countries. Members represent 14 different constituencies with recipient countries represented by 7 governments selected on a regional basis. • Chair and Vice-Chair subject to rotation on a yearly basis, between developing and developed countries. • Consensus based, 1 member-1 vote. • Directly accountable for compliance to Parties through independent evaluations and ongoing monitoring of implementation of the agreement obligations. • Strategic planning focused on compliance by	• GEF Council has 32 members: 18 from recipient countries, 14 from non-recipient countries. The 18 recipient constituencies are from: Africa (6), Asia and Pacific (6), Latin America and the Caribbean (4), Central, Eastern Europe and the former Soviet Union 2). • Decisions are made and votes are based on consensus, hybrid model so contributors' votes have more weight than the votes of recipient countries. • The GEF is accountable through independent evaluations. • Capacity for strategic planning in the GEF to prepare for future chemical or waste issues or to broaden the range of issues to respond to changing demands is significant.

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			Parties with the quantifiable and other obligations in the international agreement.	
3. Capacity to design and implement the chemical and waste agenda Capacity to • respond to Convention guidance • implement a country-driven approach • use effective implementation processes and procedures	• Although international development assistance and financial institutions are not directly accountable to COPs, they have the capacity to use Convention guidance in implementing/funding chemical and waste related projects. E.g. Equator Principle requires support from World Bank, IMF, RDBs for projects that meet national laws/regulations and where recipient countries are Parties to Conventions that are In Force, laws/regulations will reflect Convention obligations. • Country-driven approaches are important in UN projects (e.g. UNDG) and in World Bank funded projects. • Project processes/ procedures can be time	• Industry is accountable to governments in meeting their chemical and waste related regulations and standards. • The chemical industry, including every stage of the life cycle i.e. production facilities (organics, inorganics, petrochemicals, fertilizers) processing and blending facilities, commercial and consumer use, disposal and recycling, has expertise and technologies for effective operational processes and procedures . All of these could be the basis for valuable transfers of expertise, knowledge, information and experiences for recipient countries.	A new trust fund similar to the MLF would: • Respond directly to the COP (Meetings of the Parties). • Have the capacity to respond to convention guidance. Executive Committee would develop/ monitor implementation of operational policies. Implementing Agencies (IAs) could be World Bank, UNEP, UNDP, UNIDO and IAs would promote country ownership. Each would provide trust fund their comparative advantages. Recipient countries would be full participants in projects.	• Annual reports are provided to the COPs (UNFCCC, CBD, CCD and POPs) • GEF has demonstrated its capacity to respond to COP guidance through its network. A document entitled Institutional Relations is prepared to interpret and implement COP guidance. • 10 operational principles serve as the basis for project review criteria, one of which is country-ownership • Strategic priorities are developed for each focal area. • The STAR system provides a transparent allocation framework. • IAs are World Bank, UNEP, UNDP, UNIDO, IFAD, RDBs. IAs promote country ownership and each

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	consuming but efforts such as UNDAF (UN Development Assistance Framework) are helpful.			provides GEF comparative advantages.
4. Feasibility of Supporting the Chemicals and Hazardous Wastes Agenda	• Large potential to influence funding currently in international institutions by integrating chemicals and waste agenda and piggy-backing on related and linked funding. e.g. World Bank now manages over 850 trust funds valued at over $9 billion yearly covering all major sectors. e.g. GEF-5 totals $4.25 billion from 2010-2013 and GEF-5 Chemical Strategy explicitly links chemicals and waste to all focal areas. • Opportunities exist for synergies within chemicals and wastes agenda and with related global development issues like poverty, gender, etc. • Opportunities exist to expand beyond current issues in the chemicals and waste agenda to those not yet recognized.	• Industry is unlikely to be the source of new funds for governments to use to address the chemicals and waste agenda. • However, industry will be required to internalise costs to meet environmental and health standards put in place to ratify international agreements and this private sector action will offset costs that the public sector would otherwise have to bear to address environmental and health costs related to chemicals and waste. • Industry has vast expertise and could lead the chemicals and waste agenda over time to a future where there are few or no environmental and health costs and no need for governments and international institutions to	• A new trust fund similar to the MLF would require: 1. New financial resources from donor countries. 2. Negotiated international agreements including quantifiable targets on the chemicals and waste agenda. 3. International agreements with sufficient numbers of Parties to Enter Into Force. 4. Developing countries and CEIT that are Parties to the international agreements so that they have access to the compliance funds. • A new trust fund similar to the MLF would	• GEF-5 has already expanded the POPs focal area with a 25% increase for chemicals in an expanded POPs focal area. • GEF-5 explicitly links chemicals to all other GEF focal areas which may set the stage for access to more financial support for the chemical and waste agenda. • GEF-5 explicitly sets the stage to support a future global mercury agreement in the way it currently supports the Stockholm Convention. • Opportunities for synergies with other focal area issues. • Opportunities exist through the GEF for recipient countries to be directly involved in design and implementation of

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	• Opportunities exist for recipient countries to be directly involved in design/ implementation of chemicals/ waste related projects and for capacities to improve in developing countries and CEIT to address issues. • Co-financing for projects is a requirement in UN and other international financial institutions and the bureaucracy involved in co-financing can slow project implementation. However, harmonization of procedures (e.g. through UNDAF) is ameliorating bureaucratic systems. • Although SAICM objectives can be and are supported through mainstreaming, another driver is the achievement of Party status by developing countries and CEIT to the Basel, Rotterdam and Stockholm Conventions and all future chemicals / waste related agreements. When a	fund remediation. • Achievement of Party status by developing countries and CEIT to the Basel, Rotterdam and Stockholm Conventions and all future chemical/ waste related agreements will be critical to obtaining industry involvement and support from international development assistance and financial institutions for any capacity required to meet the environmental and health standards of international agreements.	provide limited opportunity for synergies within chemicals and wastes agenda including expanding to address future chemicals and waste issues not yet recognized. • A new trust fund similar to the MLF would provide opportunities for recipient countries to be directly involved in design and implementation of chemicals and waste related projects and for capacities to improve in developing countries and CEIT to address issues. • A new trust fund similar to the MLF would have no issue of co-financing and have little bureaucracy in terms of project implementation. • While a new trust fund similar to the MLF could be the basis for financing compliance in developing countries and	chemicals and waste related projects and for capacities to improve in developing countries and CEIT to address issues. • Co-financing is a requirement in GEF projects and bureaucracy can slow project implementation. • The GEF might have the potential to financially support the Basel and Rotterdam Conventions and the GEF is beginning to explicitly support SAICM objectives through the GEF-5.

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	country is a Party, mainstreaming the chemicals and waste agenda within the development planning process will support implementation of international obligations. Integrating chemicals and waste in financial institutions will, through e.g. the Equator Principle, ensure that only projects that meet international and local chemical and waste related laws are supported. Also, development assistance processes will be linked to the chemical and waste agenda more easily.		CEIT with any quantifiable mercury obligations in a future mercury global agreement, the Basel and Rotterdam Conventions and SAICM do not have quantifiable targets that could lend themselves to the MLF trust fund financing model.	

Background to Annex I

Criteria for Comparing the Four Tracks

1. Experience and capacity in terms of Chemicals and Hazardous Wastes / The complementarity and potential for synergies with the core business of the institutions: The **first** criterion is meant to acknowledge each organization's knowledge, skills and experience in projects related to chemicals and hazardous waste. This analysis includes an assessment of the complementarity and

synergies with other global environmental issues, which could provide more effective project design, management and resource allocation.

2. Existing decision making structures: The **second** criterion allows the analysis of the strategic planning capacity, the level of flexibility, accountability and transparency in decision making structures and the assessment of the governing body's composition to evaluate its level of representation from developed and developing countries and economies in transition.

3. Program and project management: Capacity to design and implement This criterion addresses the capacity to design and implement (program and project management) including the capacity to respond to the COP/ COP/MOP guidance, to review, prioritize projects and design sustainable project criteria, to adopt a country-driven approach, to link inputs with outputs and outcomes, and to use effective implementation processes and procedures for the projects operations.

4. Feasibility for Supporting the Chemicals and Hazardous Wastes Agenda: This last category of information lists the pros and cons of each of the tracks for supporting the chemicals and hazardous wastes agenda including their potential for financing existing or new chemicals and/or waste related conventions or agreements.

ANNEX II
TRACK ONE: MAINSTREAMING OF SOUND MANAGEMENT OF CHEMICALS AND HAZARDOUS WASTES

The nature of chemicals which require a range of measures, capacities and knowledge to manage at local and global levels as well as the trends in chemical production and use are behind increasing efforts to "mainstream" or incorporate the sound management of chemicals and hazardous wastes in international and national institutions. Mainstreaming chemicals and hazardous waste within international institutions and national plans, priorities and programs by using a comprehensive and integrated approach can address the role of chemicals and waste in sectors, their relationship to issues of vulnerability, poverty and equity as well as the lack of capacity for technical and institutional management that developing nations and countries with economies in transition (CEIT) often face.

Four important elements to mainstreaming of chemicals and hazardous waste are:

1. International support for achieving the Millennium Development Goals (MDGs) – and especially the MDG goals on poverty and on environmental protection - is being leveraged to provide support for chemicals and hazardous wastes.
2. Support for the Strategic Approach to International Chemicals Management (SAICM) has influenced how international institutions are supporting chemicals and hazardous wastes.
3. Ratification of conventions and protocols on chemicals and hazardous wastes that have Entered Into Force raise the bar internationally and nationally as they provide the basis for mainstreaming chemicals and hazardous waste.
4. The international development planning process offers important entry points for mainstreaming sound management of chemicals and hazardous waste into national and local priorities, plans and programs.

1. Millennium Development Goals

The MDGs are an important driver in the incorporation of the sound management of chemicals and hazardous wastes into UN activities. Since the adoption of the Millennium Declaration by all member states of the United Nations in 2000, the 8 MDGs—which range from halving extreme poverty to ensuring environmental sustainability, all by the target date of 2015—have provided a framework for the entire UN system to work together towards a common end. The first MDG: Eradicate Extreme Poverty and Hunger and MDG 7: Ensure Environmental Protection are recognized to be tied irrefutably to the sound management of chemicals and hazardous wastes.

Among the UN Partners working to achieve the MDGs are the UNDP (United Nations Development Programme), World Bank, UNEP (UN Environment Programme), WHO (World Health Organization), IMF (International Monetary Fund), FAO (Food & Agriculture Organization), IFAD (International Fund for Agricultural Development), ILO (International Labour Organization), UNCTAD (UN Conference on Trade and Development), UNDG (UN Development Group), UNIDO (UN Industrial Development Organization) and the WTO (World Trade Organization).

Examples of international institutions that are mainstreaming chemicals and hazardous waste in the context of the MDGs are as follows.

- To support achievement of MDG7: Ensure Environmental Protection, UNIDO and UNEP have cooperated to establish and support National Cleaner Production Centres (NCPCs) in developing and transition economies. Since 1994, NCPCs have been launched in 37 countries. The Centres work with the private sector and government agencies in their home countries to implement Cleaner Production to reduce the use of energy, water and other natural resources, while also reducing the generation of waste and emissions, in particular from small and medium sized enterprises.
- The UNDG has set the MDGs at the centre of its efforts. On the ground in virtually every developing country, UN staff and UN Country Teams (UNCTs) work closely with partners who are supporting developing nations with practical advice and assistance in designing and implementing policies and programmes, building capacity and testing innovations, as these countries work to achieve the MDGs.
- The vulnerability of poor people in particular to chemical risks is evident and has been emphasized in a number of studies. The World Bank's 2002 study, *Toxics and Poverty*, made the link between the risk to chemical exposure for the most vulnerable groups of society - women and children in developing countries - through household air pollution, work in the informal sectors, and poor sanitation. The study showed that poverty and environmental degradation is intertwined and the relationship is often complex due to where poor people find their homes and the types of livelihoods in which they are engaged. Systemic problems in developing countries having to do with governance, macroeconomic policies and capacity were often shown to be behind toxic chemical risks faced by the more vulnerable population of society.

2. The Strategic Approach to International Chemicals Management (SAICM)

The adoption of SAICM at the International Conference on Chemicals Management held in Dubai from February 4-6, 2006 has provided a global framework for countries aiming to achieve the World Summit on Sustainable Development (WSSD) goal of sound chemicals management by 2020. SAICM is comprised of a High Level Declaration (the *Dubai Declaration on International Chemicals Management*), an Overarching Policy Strategy, and a Global Plan of Action.

SAICM explicitly recognizes that part of improved Sound Management of Chemicals (SMC) governance is the need to mainstream SMC priorities within national development policies and plans, including MDG-based development plans, to mobilize the national and international resources needed to advance capacities within developing countries and CEIT.

Examples of international institutions that are mainstreaming chemicals and hazardous waste in response to the SAICM are as follows.

- The GEF-5 Replenishment is providing limited but strategic financial support for sound chemicals management activities that generate global environmental benefits in response to the challenges posed by the Strategic Approach to International Chemicals Management (SAICM).
- The World Bank's Environment Strategy outlines the priority actions the World Bank is taking to help its clients address the environmental challenges of development. The

Environment Strategy gives priority to issues where the links between poverty and the environment are particularly strong, focusing on the way environmental conditions and resources affect people. For instance, in the Bank's Strategic Framework Matrix, where the Development Objective is To Improve the Quality of Life, the Objective is broken down into components, one of which is "Protect people's health from environmental risks and pollution to reduce the disease burden" by reducing "Exposure to toxic substances" through reducing "the generation and impacts of industrial wastes and toxic materials".[1]

3. Conventions and Protocols on Chemicals and Hazardous Wastes

When national governments become Parties to international conventions and protocols on chemicals and hazardous wastes, that fact as well as the national requirements developed to ratify the international agreements and implement the commitments can become factors in determining financial support for projects in these countries if they seek financing from an international institution such as the World Bank, the International Monetary Fund or a Regional Development Bank.

Examples of international institutions that are mainstreaming chemicals and hazardous waste on the basis of convention and protocol obligations related to chemicals and hazardous waste are as follows.

- The July 2006 "Equator Principles": A financial industry benchmark for determining, assessing and managing social & environmental risk in project financing (www.equator-principles.com) is a policy that financial institutions including the World Bank, the IMF and Regional Development Banks follow when approving project funding. The Equator Principles require the borrower to covenant in financing documentation that all relevant host country social and environmental laws, regulations and permits in all material respects will be complied with.
- In the World Bank's Africa Stockpiles Programme, a condition for funding of projects is ratification by the country of a major chemicals-based convention.
- Bilateral trade agreements between developed and developing countries can be limited by whether a country is a Party to an international convention. For instance, the EU uses the Generalized System of Preferences (GSP), which is aimed at developing countries, to provide duty-free access for all products from 'countries with special development needs' that implement international conventions on the environment.

4. The Development Planning Processes

The development planning process is another important mechanism for mainstreaming chemicals and hazardous wastes. Generally, the development planning process will, depending on the country circumstances and the institution leading the development planning, culminate in different forms of development planning and policy documents including, for example, Poverty Reduction Strategic Papers (PRSPs), National Development Plans (NDP), MDG-Based Development Plans, etc. The country's overarching development plan and the process to

[1] THE WORLD BANK. Making Sustainable Commitments: An Environment Strategy for the World Bank. Table 1. Strategic Framework Matrix.

develop it provides several entry points for cross-sectoral and sectoral initiatives that address and incorporate chemicals and hazardous wastes management issues.

Capacity-building is a key element in implementing the sound management of chemicals at the global level and capacity-building for countries without effective regulatory systems is an overriding strategic need, especially with the ongoing shift in production of high volume chemicals from developed to developing countries and CEIT. In particular, when a developing country or CEIT is a signatory to an international chemical or hazardous waste convention but requires support to develop the capacity to implement the obligations, the development planning process can be the avenue through which to develop the capacity to create the legislation, regulations or enforcement programs to bring the signatory to ratification and Party status.

The mechanics of the process to develop the development planning documents are important to understand in order to see the potential entry points for mainstreaming chemicals and hazardous wastes. Poverty reduction strategy papers (PRSPs), for example, are considered by most in the international development community as the main vehicle for prioritizing development assistance to low-income countries. Depending on the country, the PRSP assesses and diagnoses a country's policies, institutions and capacity, including poverty and its key determinants. Diagnosis is based on "upstream work" by the country or development partners which includes sector analyses and strategies, such as impact assessments and evaluations from prior or ongoing operations. Priorities are then identified in consultation with all relevant stakeholders, including civil society and donors and the poverty reduction strategy is subsequently laid out with attention to: macroeconomic policies, governance, sector policies, and, costing and budget for proposed programs, as well as a monitoring and evaluation approach (along with proposed indicators). The nature and level of stakeholder participation has a significant impact on proposed priority actions in a PRSP and thus on the degree of mainstreaming.

Recognition during development planning of the important relationship of chemicals management with many development priorities appears to hinge on:

1. analytical and diagnostic work (upstream work) to increase awareness
2. country buy-in from relevant government ministries, in particular ministries of finance
3. the mobilization of environment and health constituencies, including civil society
4. the institutional and technical capacity for coordination, decision-making and monitoring
5. overall coordination and partnerships at various levels.

Examples of international institutions where the mainstreaming of chemicals and hazardous waste can occur through development planning processes are as follows.

- The United Nations Development Assistance Framework (UNDAF) is intended to simplify, harmonize and rationalize rules and procedures for United Nations system field-level operational activities for development in order to facilitate their integration into national development strategies and programmes. The UNDAF sets the stage for more streamlined and collaborative United Nations system programming and operations at both the Headquarters and field levels through sharing of the common country assessments, harmonizing programming cycles and programming procedures of the United Nations programmes, funds and agencies, bearing in mind their mandates, promoting a country driven, collaborative and coherent response by the United Nations system to achieve

greater impact at the country level fully consistent with and in support of national priorities.

- The World Bank prepares 2-3-year country assistance strategies (CASs) for all its clients, including medium-income countries that do not have PRSPs. The CAS mirrors the PRSP in many ways including the participatory process, although the Bank's own strategic priorities and principles are interwoven in the strategy. In general, the management of risks posed by chemicals continues to be an important part of the World Bank's regular development work. Through safeguard policies, sound chemicals management is needed when the Bank lends for agriculture, energy, construction or transportation work, for example. The chemicals issue is present in many aspects of Bank client country assistance programs, not only in terms of development requirements, but also for mitigating chemical risks, such as conducting risk assessment, strengthening legislative frameworks, or improving the working conditions in certain sectors of society.

ANNEX III
TRACK TWO: INDUSTRY INVOLVEMENT, INCLUDING PUBLIC-PRIVATE PARTNERSHIPS AND THE USE OF ECONOMIC INSTRUMENTS AT NATIONAL AND INTERNATIONAL LEVELS

Industry and Developing Countries and Countries with Economies in Transition (CEIT)

Industries at all stages of the chemical sector value chain (production facilities (organics, petrochemicals, inorganics, fertilizers) processing and blending facilities, commercial and consumer use, disposal and recycling) have critical roles to play in the chemicals and hazardous waste agenda especially as the chemical and waste industries move away from OECD countries to developing countries and CEIT. In 2001, 80% of the world's total output of chemicals was produced by 16 countries, with production concentrated in OECD countries. However, by 2020, developing nations are expected to lead the world in growth rates for high-volume industrial chemicals (i.e. those produced at more than 1000 tonnes per year), increasing their share of the world's chemical production to 31%. Chemicals consumption in developing countries is likewise growing much faster than in developed countries and could account for a third of global consumption by 2020.

The global economy is simultaneously seeing a rapid increase in generation of hazardous waste. Reflecting the continued increase in global consumption, waste volumes are predicted to grow at a rate similar to GDP in the foreseeable future. Moreover, available figures do not reflect the true scale and impact of illegal waste movements and dumping. These effects can be particularly severe in developing countries and CEIT.

Opportunities for Support through Industry Involvement

1. Industry Internalising Environmental and Health-related Costs

Industry has a key role to play in supporting the principles of sound management of chemicals moving forward. Of all of the players in the chemicals and waste agenda, industry has the expertise to fundamentally change the agenda from one that is inherently costly in terms of its environmental and health consequences to one that proactively protects and preserves environment and health.

The basis for decision-making in business is economic gain. As environmental and health standards rise at all stages of the chemical sector value chain from production through to waste and are implemented and enforced by governments throughout the world, businesses involved in chemical and waste will be required to internalise the costs of meeting the standards no matter where they are located. Industries will also innovate to improve their competitiveness and reduce costs in their own best interests. At a minimum, when industry meets environmental and health standards by internalising the costs of doing so, this private sector action reduces the cost that must be borne by public funding from governments and international financial institutions. The key to industry internalising environmental and health costs will be implementing high environmental and health standards for chemicals and waste in developing countries and CEIT through their ratification of international conventions and agreements and support for capacity building that may be necessary to ensure the necessary standards are developed, implemented and enforced.

The GEF and other international financial institutions provide support to nations that have signed international conventions and protocols on chemicals and hazardous wastes to develop the necessary capacity to create and enforce national standards that allow for ratification of the agreements they have signed and to become Parties. Another example of efforts toward establishing the conditions where industry will be required to meet environmental and health standards for chemicals and waste in developing countries and CEIT is as follows.

- Strategic Approach to International Chemicals Management (SAICM) Under SAICM, the UNEP-administered Quick Start Programme (QSP) has been established as a voluntary, time-limited trust fund to support initial enabling capacity and implementation activities (such as national chemical profiles, strengthening institutions, etc) in developing countries, least developed countries, small island developing states and CEIT. The aim of QSP is to provide dedicated, readily accessible support for capacity building initiatives related to SAICM objectives. The QSP had disbursed $16 million by 2010, funding which was provided by various governments. The effectiveness of the QSP will be evaluated in 2012 and it is expected to expire in 2013.

2. Economic instruments

Economic instruments are policy instruments whose use is intended to influence behaviour in ways that help to achieve better policy outcomes and avoid unintended consequences. Economic instruments may take a wide variety of forms, some providing positive incentives and others negative ones and include the following categories:

- property rights (e.g. fishing quotas, water quotas);
- market creation (e.g. emissions trading schemes);
- fiscal instruments and charge systems (e.g. taxes, fines, charges, licence fees, subsidies, grants, tax credits);
- financial instruments (e.g. soft loans, revolving funds);
- liability instruments—using the threat of legal action to recover the cost of damages to provide firms with an incentive to internalise the costs associated with the risk (e.g. environmental damage, health or property damage to consumers);
- performance bonds—this requires regulatees to post a security deposit which is redeemable on satisfactory completion of a task (e.g. when a mining company has undertaken rehabilitation of the land); and
- deposit refund systems (e.g. deposit refund system for used beverage containers).

Economic instruments are best suited to use in countries that have well established legal and governance infrastructures that support contractual arrangements and where market forces underpin societal and business enterprise. Which economic instrument is most effective depends on context and an assessment of the likely effects of the use of the instrument. An advantage to the use of economic instruments is that they can influence people's behaviour through price signals or market systems without the need for direct government intervention in the affairs of individuals or firms. For example, clear and enforceable property rights for water with a commercial value encourage users to conserve water or to sell their supply to more efficient producers. Economic instruments also encourage firms and individuals to go beyond minimum levels of compliance – something that regulations and standards may not do. Finally, the use of economic instruments may reduce a government's enforcement costs as well as an individuals' or firms' compliance costs. For example, emissions trading programs have been proven to result

in firms internalising the costs of externalities of pollution while also incentivizing innovation with the effect that firms create less pollution at lower costs to themselves and governments.

Economic instruments may not always work well however. Individuals and businesses do not always act in an economically rational way, which can make economic instruments less dependable than direct regulation. Similarly, taxes affect the poor disproportionately and subsidies can restrict innovation and efficiency in certain circumstances and may not operate equitably across different levels of industry and the community. Finally, some economic instruments can generate significant direct costs to government, for example, subsidies and grants.

3. Public Private Partnerships

In the international sphere the term "Public-Private Partnerships" (PPPs) encompasses a wide range of relationships between the private and public sectors. The fundamental characteristic of these partnerships is that they exist to provide direct social benefit. As a result PPPs are by their inherent nature thematic structures, being well suited to crosscutting issues. It is not essential, and often not desirable for PPPs to supplant a commercial profit motive; in many cases the goal is to use commercial incentives to provide direct social benefits. Because of this, PPPs must be carefully implemented or they may simply result in a transfer of funds from the public to the private sector, or at worst undermine the social benefits they promote.

Public –Private Partnerships may be classed according to the following characteristics, although they may include elements of all of these:

a) Corporate philanthropy – voluntary measures undertaken by the private sector to provide benefits not only to their shareholders but to other stakeholders;

b) Service provision – directly using public funds to engage the private sector in undertaking activities where the private sector has superior expertise or resources, that are economically sustainable but have high start up costs, or that otherwise can only be achieved by partnership.

c) Corporate responsibility – aligning commercial interests with social interests, through promoting a longer-term view of 'profit', incentivizing investment in socially responsible areas, and/or using regulation and economic instruments to make it commercially attractive to engage in activities that promote social benefit.

The chemicals and wastes management sector is particularly amenable to PPPs, as a number of characteristics of these two industries provide multiple opportunities for 'no regrets' investments that provide both private and public benefits. These characteristics include:

a) The relative concentration of the chemicals industry and the ongoing shift in chemical production and waste management from the global north to the global south.

b) The proportionally low labour cost as compared to energy costs in the production of chemicals providing opportunities for technical improvements through technology transfer, as the energy intensity of chemicals production in the global south is many times higher than in the global north.

c) Lower labour costs in developing countries providing opportunities for development of more labour-intensive green waste management programmes.

Examples of PPPs are as follows.

- Global Mercury Partnership The Global Mercury Partnership is a voluntary public/private collaborative that aims to protect human health and the global environment from the release of mercury and its compounds by minimizing and, where feasible, ultimately eliminating global, anthropogenic mercury releases to air, water and land. Current areas of focus include: artisanal and small-scale gold mining, mercury cell chlor-alkali production, mercury air transport and fate research, mercury in products, mercury releases from coal combustion, and mercury waste management.
- Water Efficient Maize for Africa (WEMA). The African Agricultural Technology Foundation is leading a public-private partnership called WEMA to develop drought-tolerant African maize using conventional breeding, marker-assisted breeding, and biotechnology. The long-term goal is to mitigate drought risk, stabilize crop yields, and encourage small-scale farmers to adopt best management practices by making drought-tolerant maize available royalty-free to small-scale farmers in Africa through African seed companies. Efforts are being undertaken in Kenya, Mozambique, South Africa, Tanzania, and Uganda. Biotech trials began in 2010 and will continue through 2011. The Triple Bottom Line Benefits are: improved food security: new varieties of maize are expected to increase yields by 24% to 35% compared to current varieties without this form of drought tolerance; improved income security due to agricultural yield increases; reduced need for pesticides and chemicals and associated human health benefits; reduced soil erosion; and improved soil health.
- The Earth Fund. The GEF and the International Finance Corporation (IFC), a member of the World Bank Group, established the Earth Fund in 2007 as a partnership open to the private sector, foundations, and other partners to support innovative and market-based solutions for the most pressing environmental challenges in developing countries. The GEF and IFC designated financial resources to the fund and expected to attract partners from the private sector companies, foundations, NGOs, and other development agencies, thereby leveraging much larger financial support. To maximize its impact, the fund used a wide array of financial instruments, including grants, soft loans, and equity participation, as well as inducement prizes that reward environmental innovation in such areas as second generation biofuels, water treatment, or clean energies. In particular, the inducement prizes were to mobilize private investment in the search for solutions and to secure new partnerships that bring investment into developing countries.

ANNEX IV
TRACK THREE: NEW TRUST FUND SIMILAR TO THE MULTILATERAL FUND

The Multilateral Fund (MLF)

The Multilateral Fund was established by a decision of the Second Meeting of the Parties to the Montreal Protocol on Substances That Deplete the Ozone Layer (London, June 1990) and began its operation in 1991. The main objective of the MLF is to assist developing country Parties to the Montreal Protocol to comply with the control measures of the Protocol. To receive support from the MLF, a developing country's annual per capita consumption and production of ozone depleting substances (ODS) must be less than 0.3 kg. Currently, 147 of the 196 Parties to the Montreal Protocol meet these criteria. They are referred to as Article 5 countries.

Contributions to the MLF from the industrialized countries, or non-Article 5 countries, are assessed according to the UN scale of assessment. As at November 2010 the contributions made to the MLF by some 45 countries (including Countries with Economies in Transition (CEIT)) since 1991 totalled over US$ 2.76 billion.

The Fund has been replenished seven times: US $240 million (1991-1993), US $455 million (1994-1996), US $466 million (1997-1999), US $440 million (2000-2002), US $474 million (2003-2005), US $400.4 million (2006-2008) and US $400 million (2009-2011). The total budget for the 2009-2011 triennium is US $490 million: US $73.9 million of that budget is from the 2006-2008 triennium and US $16.1 million will be provided from interest accruing to the MLF during the 2009-2011 triennium.

The Fund has approved activities including industrial conversion, technical assistance, training and capacity building. The Fund is managed by an Executive Committee with equal membership from developed and developing countries assisted by the Fund Secretariat. Projects and activities supported by the Fund are implemented by four international implementing agencies (IAs) - UNEP, the World Bank, UNDP and UNIDO. In addition, 12 bilateral agencies (Australia, Canada, Czech Republic, France, Germany, Israel, Italy, Japan, Portugal, Spain, Sweden, and Switzerland) support bilateral projects by using up to 20% of their contribution.

The Executive Committee has held 62 meetings since the establishment of the MLF in 1990. During these meetings, the Executive Committee has approved expenditures to support over 6,200 projects and activities in 148 countries implemented through the four implementing agencies and by bilateral agencies.

Of the 457,445 ODP tonnes to be eliminated once all these projects have been implemented, a total of 446,173 ODP tonnes had already been phased out by the end of December 2009 (consumption of 249,494 ODP tonnes and the production of 196,679 ODP tonnes).

To facilitate the phase-out by Article 5 countries, the Executive Committee has approved 143 country programmes, and has funded the establishment and the operating costs of ozone offices in 143 Article 5 countries. The MLF has also funded capacity support to countries, including a

global network of national ozone units and regional ozone networks. These networks have been credited with significantly facilitating implementation of and reporting under the Protocol.

The Fund is directly accountable to the Parties to the Montreal Protocol through its Meeting of the Parties. The MLF is recognized to fully operate under the authority of the Conference of the Parties (COP). The Executive Committee is composed of an equal number of Article 5 countries and non-Article 5 countries. The MLF Chairman and Vice-Chairman are selected from the members of the Executive Committee. The Office of the Chairman is subject to rotation on a yearly basis, between Article 5 and non-Article 5 Parties. The MLF voting structure is designed to ensure that neither donors nor recipients dominate, and consensus is the basis of decision-making within the Executive Committee.

By funding capacity building in Article 5 countries and working through implementing and bilateral agencies the Fund has representation in most recipient countries which facilitates country ownership in project design and implementation.

Accountability for program effectiveness takes place through independent evaluations and ongoing monitoring of implementation. The MLF has increasingly moved to disburse funds on the basis of independent verification of ODS reduction targets being achieved by Parties.

Potential Characteristics of a Fund Similar to the MLF

- International agreements on chemicals /or hazardous waste to which developing countries and CEIT are Signatories or Parties and for which a fund has been established as a compliance mechanism.
- Predictable and consistent funding from developed countries using a UN scale of assessment for example.
- Governance with equal representation of developed and developing countries/economies in transition and decision-making on the basis of consensus.
- Performance-based targets for chemicals and hazardous wastes to provide the basis for funding tied to achievement of targets.
- Direct accountability of fund operations to the "Parties" – if the fund is implementing an international agreement - or all of the donors and recipient governments.
- Secretariat that can set in place processes to monitor, measure, assess and evaluate progress and results.
- Science and technical expertise and advice to the governing body and Secretariat on which to base decisions and monitoring and evaluation.

ANNEX V
TRACK FOUR: INTRODUCING SAFE CHEMICALS AND WASTES MANAGEMENT AS A NEW FOCAL AREA, EXPANDING THE EXISTING POPS FOCAL AREA UNDER GEF OR ESTABLISHING A NEW TRUST FUND UNDER GEF

The Global Environmental Facility (GEF)

The Global Environment Facility (GEF) is an independent financial organization that brings 182 member governments together with international institutions, nongovernmental organizations, and the private sector to address global environmental issues.

Established by the World Bank as a pilot project in 1991 with a fund of $1 billion, the GEF was restructured in 1994 to provide for universal membership and to serve as the financial mechanism for the implementation of the Convention on Biological Diversity, the United Nations Framework Convention on Climate Change, the Stockholm Convention on Persistent Organic Pollutants and the UN Convention to Combat Desertification. The GEF, although not linked formally to the Montreal Protocol on Substances That Deplete the Ozone Layer, supports implementation of the Montreal Protocol in countries with economies in transition (CEIT). The GEF functions under the guidance of, and is accountable to, the Conferences of the Parties in terms of policies, program priorities and eligibility criteria for the purposes of the conventions.

The GEF also is the Secretariat for the Least Developed Countries Fund (LDCF), the Special Climate Change Fund (SCCF) and the Adaptation Fund.

Nations contribute financially to the GEF Trust Fund, committing every four years through a process called the "GEF Replenishment" that has gradually increased from $2 billion in 1994 to $ 4.25 billion for 2010-2013 (GEF-5).

The GEF is the largest funder of projects to improve the global environment, providing grants to developing countries and CEIT for projects related to biodiversity, climate change, international waters, land degradation, the ozone layer, and persistent organic pollutants. The GEF has allocated $9.2 billion, supplemented by more than $40 billion in co-financing, for more than 2,700 projects in more than 165 developing countries and CEIT. Through its Small Grants Programme (SGP), the GEF has also made more than 12,000 small grants directly to nongovernmental and community organizations, totalling $495 million.

Update on GEF-5 replenishment

Negotiations for the GEF-5 replenishment came to a successful conclusion on May 12, 2010. Thirty-five donors pledged $4.34 billion for the GEF-5 period (July 1, 2010, to June 30, 2014), of which 425 million will be programmed under the chemicals focal area. The Russian Federation joined as a new donor to the GEF, and Brazil, following on its pledge to GEF-4, re-engaged as a donor with a significant GEF-5 contribution. Contributing participants significantly increased their contributions with the result that the total new donor funding for the GEF increased by 54 percent over GEF-4.

At its June 2010 meeting, the GEF Council approved implementation measures for the following key GEF-5 reforms:

a. A reformed Country Support Program to (i) facilitate greater coordination among national officers responsible for the GEF, (ii) provide greater visibility and recognition of GEF support to countries, and (iii) refocus the different components of the Country Support Program to help countries undertake new or redesigned GEF activities.
b. Provision of resources to countries to undertake on a voluntary basis National Portfolio Formulation Exercises (NPFE) as a basis for programming GEF resources. The GEF Secretariat will directly provide resources for the preparation of the NFPEs to countries.
c. Eligible countries, at their choice, to apply for and receive GEF resources via direct access for the preparation of National Communications (including NIPs). Parties, therefore, be able to have a choice whether to access resources directly or through GEF Agencies to review and update their National Implementation Plans.
d. Further streamlining of the project cycle to reduce the number of processing steps, and also a new type of programmatic approach that will enable certain qualifying GEF Agencies to use a more streamlined approach.
e. Placement of the entire GEF-5 Programming Strategy within a RBM Framework in which the focal area results frameworks (containing clear objectives and targets) are aligned with the GEF corporate results framework.
f. Introduction of the System for Transparent Allocation of Resources (STAR) to replace the Resource Allocation Framework (RAF) that was implemented during GEF-4. Under the STAR, all countries have an allocation for three focal areas (climate change, biodiversity, and land degradation), which will enable them to better plan how they will use their resources. POPs and International Waters Focal area remain outside of the STAR for the time being.

GEF-5 Chemicals Strategy

The GEF-5 replenishment expands efforts on chemicals and hazardous wastes from those in GEF-4. This expansion is in part a response to recommendations by the Ad-Hoc Joint Working Group on enhancing cooperation and coordination among the Basel, Rotterdam and Stockholm conventions that had been adopted by the Basel, Rotterdam, and Stockholm Conference of the Parties (COP). The Ad-Hoc Joint Working Group recognised that *"actions taken to enhance coordination and cooperation should be aimed at strengthening implementation of the three conventions at the national, regional and global levels, promoting coherent policy guidance, enhancing efficiency in the provision of support to Parties […]" and invite[d] the GEF, "within its mandate, […] to carry out projects aimed at cooperation and coordination in support of implementation of the three conventions[…]"*. [2]

The goal of the Chemicals Program in the GEF is 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. The GEF-5 replenishment strategy for

[2] Global Environmental Facility. GEF 5 Focal Area Strategies. Chemicals Strategy. (page 73)
http://www.thegef.org/gef/sites/thegef.org/files/documents/document/GEF-5_POPs_strategy.pdf

chemicals intends to consolidate the persistent organic pollutants and ozone layer depletion focal areas, as well as to broaden the scope of GEF's engagement with the sound management of chemicals and to initiate work on mercury.

The GEF-5 replenishment expands the existing POPs focal area with an increase of 25% to $420 million compared to the GEF-4 allocation, with the following distribution of resources:

(a) Persistent organic pollutants: $375 million;
(b) Ozone layer depletion: $25 million; and
(c) Sound chemicals management and mercury reduction: $20 million.

The limited but strategic support for mercury and sound chemicals management is intended to support:

- sound chemicals management activities that generate global environmental benefits in response to the need to extend GEF support to other chemicals of global concern beyond POPs and to the challenges posed by the Strategic Approach to International Chemicals Management (SAICM); and
- the development of the mercury treaty to "prepare the GEF partnership and the international community for implementing the [mercury] treaty when it is adopted"[3] as was done by the GEF in the years leading to, and during, the negotiations of the Stockholm Convention.

Chemicals and waste activities will also be supported through continued efforts in the GEF-5 to strengthen capacity aimed at building institutional and legislative frameworks for chemicals management, including POPs. Emphasis will be put on countries that lag the farthest behind at putting in place the constituent elements of a governance framework for chemicals, notably least developed countries and small island developing states.

Finally, linkages between the Chemicals program and all other focal areas of the GEF will support efforts on chemicals and hazardous waste, either because chemicals are a driver for ecosystem degradation or removal of chemicals reduces the stress on those ecosystems, because interventions in one focal area can have co-benefits in the other, or because interventions can be complementary. GEF-5 programs and objectives with the greatest potential for such linkages are Climate Change Mitigation Adaptation to Climate Change, Land Degradation, Biological Diversity and International Waters.

Governance of the GEF

The Assembly is the highest political body of GEF in which representatives of all 182 member countries participate at the Ministerial level. Meeting every four years, the Assembly is responsible for reviewing and evaluating the GEF´s general policies, strategies and operations, although most of these functions are delegated in practice to the Council. The Assembly keeps the membership under review and admits new members and approves the financial

[3] Global Environmental Facility. GEF 5 Focal Area Strategies. Chemicals Strategy. (page 82)
http://www.thegef.org/gef/sites/thegef.org/files/documents/document/GEF-5_POPs_strategy.pdf

replenishment process of the organization. It is also responsible for considering and approving proposed amendments to the GEF Instrument.

The Council is the main governing body of the GEF. It functions as an independent board of directors with primary responsibility for developing, adopting and evaluating the operational policies and programmes for GEF financed activities. Council Members representing constituencies (16 from developing countries, 14 from developed countries and 2 from CEIT) meet twice a year for three days and also conduct business by mail. Formal votes by the Council are decided by a double weighted majority – i.e. both 60% of the total number of participants and 60% majority of the total financial contributions.

A Co-Chair is elected by the Council at every meeting, alternating between donor and recipient countries. He/she conducts the deliberations on issues related to the Council responsibilities, including the appointment of the CEO, the approval of the administrative budget, the regular evaluation of programmes and the relations with the Conference of the Parties of the Conventions. The GEF CEO is the Chairman of the Council and conducts the deliberations on issues related to the review and approval of the work programme; guidance to the GEF agencies, the utilization of GEF funds and mobilization of financial resources and the operational modalities of the organization, including strategies and directives for project selection, preparation and execution.

The GEF Agencies consist of the three implementing agencies that were at the origin of the establishment of the GEF, namely: the World Bank (which acts also as Trustee), the UNDP and UNEP, to which have been added seven executing agencies: the EBRD (European Bank for Reconstruction and Development), IADB (Inter-American Development Bank), AsDB (Asia Development Bank), AfDB (African Development Bank), IFAD (International Fund for Agricultural Development), FAO (Food and Agriculture Organization) and UNIDO (United Nations Industrial Development Organization). These agencies are responsible for preparing project proposals for GEF funding within their respective areas of comparative advantage and for managing GEF projects. The Agencies are accountable to the Council for their GEF financed activities.

The GEF Secretariat acts as the focal point for the coordination of all GEF financed activities of the Agencies.

The Scientific and Technical Advisory Panel (STAP) is mandated to provide strategic, scientific and technical advice to the Council on its strategy and programmes. The Panel consists of six members who are internationally recognized experts in the GEF´s Focal areas of work.

UNEP provides the STAP´s secretariat and operates as the liaison between GEF and the STAP.

The Evaluation Office (EO), established as an independent body from the GEF Secretariat, conducts periodic reviews of GEF´s work and publishes lessons learned so that the GEF´s effectiveness can be enhanced. Although not mentioned in the Instrument, it is supportive of governance in the GEF.

CONSULTATIONS IN PREPARATION OF THE COMPARATIVE ANALYSIS:

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