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## United Nations Environment Programme

**Consultative process on financing  
options for chemicals and wastes  
First meeting**  
Nairobi, 24–25 July 2009

### **Report of the first meeting of the consultative process on financing options for chemicals and wastes**

#### **I. Opening of the meeting**

##### **A. Opening remarks**

1. In May 2009, during the high-level segment of the fourth meeting of the Conference of the Parties of the Stockholm Convention on Persistent Organic Pollutants and again during the second session of the International Conference on Chemicals Management, Mr. Achim Steiner, Executive Director of the United Nations Environment Programme (UNEP), proposed that there should be consultations during the run-up to the eleventh special session of the UNEP Governing Council/Global Ministerial Environment Forum and the simultaneous extraordinary meetings of the conferences of the Parties to the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade and the Stockholm Convention, which were to be held in Indonesia in February 2010. The purpose of the consultations would be to analyse the current situation with regard to financing for chemicals and waste management at the national level, including but not limited to the implementation of Party obligations under chemicals-related multilateral environmental agreements, and to devise strategic, synergistic proposals for improving it.
2. The first meeting in the consultative process proposed by the Executive Director was held at the headquarters of the United Nations Environment Programme (UNEP) in Nairobi on 24 and 25 July 2009. It was chaired by Mr. Bakary Kante, Director, UNEP Division of Environmental Law and Conventions, and facilitated by Mr. John Scanlon, Principal Adviser to the Executive Director of UNEP on Policy and Programme.
3. The meeting was opened by the Chair at 9.45 a.m. on Friday, 24 July 2009.
4. Mr. Steiner delivered an opening statement. Referring to the Basel, Rotterdam and Stockholm conventions, the Strategic Approach to International Chemicals Management and the International Conference on Chemicals Management, he welcomed what he said was a timely discussion on financing options for chemicals and wastes. He stressed that the current meeting was not a forum for negotiations but rather an opportunity to pool ideas on how to build a financing model based on the agreed objectives enshrined in the chemicals conventions, the Strategic Approach and the approved

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UNEP programme of work on chemicals and wastes, including support for the negotiation of a legally binding instrument on mercury. Noting that chemicals and wastes formed a major part of the UNEP agenda, he said that agreement on finance and technology support and transfer was vital to protecting millions of people from chemical and waste hazards globally.

5. He further posited that full private sector engagement in the form of private-public partnerships, the ability of UNEP and other key bodies to deliver on their objectives coherently and efficiently and the ability of individual countries and Parties to comply with internationally agreed goals all depended on adequate financing. He stressed that while more formal governmental processes would emerge in time the consultative process beginning with the current meeting was needed to bring together stakeholders and ideas to establish the best approach to making significant progress in the chemicals and wastes arena.

## **B. Adoption of the agenda**

6. The meeting participants adopted the following agenda for the meeting on the basis of the provisional agenda that had been circulated:

1. Opening of the meeting.
2. Addressing financing needs in the chemicals and wastes areas: defining the challenges and organizing the work of the Committee.
3. Strategic scope and positioning of the chemicals and wastes agendas.
4. Estimating the amount of financial resources required to implement the chemicals and wastes agenda.
5. Identifying sources of existing and future financial resources and in-kind contributions and identifying new partnerships, including defining the role of the private sector.
6. Strategic partnerships: global, regional and national.
7. Managing existing and additional financial resources.
8. Capacity-building at the national level to strengthen national fundraising efforts.
9. Next steps.
10. Other matters.
11. Closure of the meeting.

7. A detailed programme of work for the current meeting is set out in annex I to the present report.

## **C. Attendance**

8. The meeting was attended by representatives of the following States: Argentina, Australia, Brazil, China, India, Indonesia, Iran (Islamic Republic of), Jamaica, Japan, Kazakhstan, Mexico, Russian Federation, South Africa, Sweden, Switzerland, Thailand, Uganda, United States of America, Venezuela (Bolivarian Republic of).

9. The representative of the European Commission also attended the meeting.

10. The following United Nations bodies and specialized agencies were represented: Food and Agriculture Organization of the United Nations, Global Environment Facility Secretariat, United Nations Environment Programme, Secretariat of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, Secretariat of the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, Secretariat of the Stockholm Convention on Persistent Organic Pollutants, World Health Organization.

11. The following non-governmental organizations were represented: Basel Action Network, International POPs Elimination Network.

## **II. Addressing financing needs in the chemicals and wastes areas: defining the challenges and organizing the work of the committee**

12. The facilitator invited comments from the floor in response to the Executive Director's opening remarks.

13. Several representatives thanked the Executive Director for beginning an initiative on financing for chemicals and wastes and offered their Governments' full support. Some, however, said that they would have preferred to have earlier notice of the meeting, which would have facilitated discussions within Governments and the attendance of representatives of capitals and the private sector.

14. On the substance of the meeting, several representatives called for a creative, constructive and cooperative approach to discussions and others requested a summary of the chemicals conventions for the benefit of those unfamiliar with their contents. Several drew attention to the complexities of compliance and funding issues, saying that some regions faced greater challenges than others and stressing that solutions had to fit varying requirements. One representative said that care should be taken to ensure that any consultative process on financing for chemicals and wastes did not pose an additional financial burden for developing countries.

15. One representative set out three models of financing in the public sector: the first was that used by the Montreal Protocol on Substances that Deplete the Ozone Layer, where funding was tied to compliance; the second was that embodied in the Global Environment Facility (GEF), whose funding was tied to global environmental benefits; the third was what was termed the "mainstreaming" model, in which financing for chemical and waste issues was incorporated into financing for development as a whole. Referring to the linkages between chemicals and wastes and health, poverty reduction and other concerns of the Millennium Development Goals, she expressed the wish that the papers produced by UNEP and a number of developing countries and countries with economies in transition at the second session of the International Conference on Chemicals Management on the subject of mainstreaming (SAICM/ICCM.2/INF/46) should be included on the agenda for the consultative process. Other representatives supported the principle of mainstreaming, with one suggesting that it could unlock additional funding for developing countries.

16. Another representative said that it was necessary to acknowledge that there were inevitable limitations on financial support and suggested according priority to time-bound initiatives. She further proposed that any financing model should provide the ability to respond rapidly to developing countries' needs and that, while the private sector might be a supplementary source of funding, it could not replace government financing and commitment. She drew attention to the need for financial support for the intergovernmental negotiating committee to prepare a global legally binding instrument on mercury and stressed her country's commitment to the process.

17. The representative of GEF explained what he characterized as the organization's rapid response to the calls by the Stockholm Convention for GEF to help developing countries and countries with economies in transition to meet their obligations under the Convention. He looked forward to constructive discussions that would encompass all possible mechanisms and models in the quest for financing for chemicals and wastes.

18. The Executive Director acknowledged that the meeting had been arranged at short notice but pointed out that windows of opportunity were scant and expressed the hope that greater freedom to brainstorm with minimal central government guidance might bring its own rewards in terms of ideas and information. Expressing pleasure at the shared vision of a road map to guide direction and timing, he urged representatives not to be drawn too deeply into details at the current stage and instead to focus for the moment on finding an international political strategy for supporting national dynamism on the chemicals and wastes agenda.

## **III. Strategic scope and positioning of the chemicals and wastes agendas**

19. Mr. Peter Kenmore, Co-Executive Secretary of the Rotterdam Convention and Chief of the Plant Protection Service of the Food and Agriculture Organization of the United Nations, outlined the workings of the Rotterdam Convention, explaining that its focus was prior informed consent, sharing information and related issues pertaining to the movement of some hazardous chemicals and pesticides. Noting that pesticides were the most significant source of human and environmental chemical exposure, particularly in developing countries, he said that frameworks for their management, which included bans and clean-up of persistent organic pollutants, were well-established but often poorly implemented,

owing to a lack of capacity, resources and training. He drew attention to the organization's cooperation on pesticides with the World Health Organization, noting that worked focused on public health initiatives, and drew attention to the inclusion of the private sector and non-governmental organizations, in addition to Governments, in the International Code of Conduct on the Distribution and Use of Pesticides. He stressed that, although it had so far dealt principally with pesticides, new chemicals, including industrial chemicals, could be brought with the coverage of the Convention.

20. Mr. Donald Cooper, Co-Executive Secretary of the Rotterdam Convention and Executive Secretary of the Stockholm Convention, stressed that the varying requirements of the chemicals conventions and the geographical locations of the Parties thereto made it vital for financial mechanisms to be sufficiently flexible to take into account individual circumstances. He described the three-part funding structure of the Rotterdam and Stockholm conventions, explaining that their core budgets came from secure funding obtained directly through assessed contributions from the Parties, that additional voluntary contributions were made by Parties in response to identified priorities and that national implementation funding came chiefly through bilateral agreements between recipient countries and donor countries and their international aid programmes, sometimes in the form of loans and sometimes as grants. He identified key issues for exploration, such as how to obtain consistent and reliable funding from the conventions' trust funds, how to gain access to financing from other sources and the need to take on board not only the similarities between requirements for the implementation of various conventions, but also key differences.

21. Ms. Katharina Kummer-Peiry, Executive Secretary of the Basel Convention, explained that the Convention pertained to the control of transboundary movements of hazardous wastes and their disposal. Explaining that the notion of wastes rather than chemicals was the cornerstone of the Convention, and citing electronic wastes, used tyres and obsolete vessels as examples, she stressed the Convention's commitment to principles rather than a list of substances and likened the illegal trade in hazardous waste to the arms and drug trades, with significant resources required to combat it. Noting that the sources and structure of funding for the Convention were similar to those of the Rotterdam and Stockholm conventions, she emphasized the breadth of the wastes agenda and its links to chemicals, ozone depletion and other environmental issues, poverty reduction and health and labour and encouraged Parties to forge synergies in obtaining funding. She pointed out that sound waste management created economic opportunities and suggested that imaginative positioning of waste issues alongside other development and environmental concerns could yield greater access to funds, particularly in partnership with the private sector.

22. Mr. Per Bakken, Head, Chemicals Branch of the UNEP Division of Technology, Industry and Economics (UNEP Chemicals), provided an overview of work undertaken by UNEP Chemicals in four key areas: the Strategic Approach to International Chemicals Management; mercury; the mainstreaming of chemicals; and general support to multilateral environmental agreement implementation, including in particular the Stockholm Convention. He then outlined the development of the Strategic Approach, explaining that the International Conference on Chemicals Management at its second session had tackled emerging issues, all of which required specific follow-up actions to be undertaken by the Conference in cooperation with the Basel Convention, UNEP Chemicals, the World Health Organization and those participating in the present consultative process on financing options for chemicals and wastes, among others. In accordance with UNEP Governing Council decision 25/5 on chemicals management, UNEP Chemicals would be organizing the sessions of an intergovernmental negotiating committee whose members would negotiate a global legally binding instrument on mercury; it would also undertake mercury-related activities, mainly through the UNEP Global Mercury Partnership, while the mercury instrument was being negotiated. He drew attention to recent trends in chemicals manufacture and consumption: bulk chemical production sites were being moved from Western Europe and North America to developing countries; the European Union had introduced the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) system; and there was a move away from broad-spectrum chemicals, requiring greater specialization by laboratories and industry.

23. In the ensuing discussion, several representatives highlighted what they said was a need for strong and competent national institutions to cope with myriad national and international issues, including institutions that could help countries to gain access to new and existing sources of funding. One representative said that overly cumbersome procedures to gain access to existing resources should be simplified.

24. Another representative sought comments on the roles of the various stakeholders in chemicals and wastes management. Considerable variations in perception existed among stakeholders with regard to the role of the secretariats of multilateral environmental agreements. In her region, for example, a

great deal of importance was attached to the role of secretariats in reporting; there was concern that reporting levels were decreasing, thereby impeding a clear collective view of Parties' performances. Secretariats had an increasing role to play in demonstrating effectiveness: the Stockholm Convention was establishing a system to measure the levels of persistent organic pollutants in blood and in fatty tissues, which, it was to be hoped, would illuminate the effectiveness of the Convention. Secretariats were well placed to assist countries to build or strengthen their legislative and policy frameworks. Historically, European donors had been uncomfortable with the implementation of field projects by secretariats, owing to a lack of secretariat staff with appropriate skills and a reluctance to increase assessed contributions, she said.

25. One representative noted that the chemicals conventions were intended to guide national-level interventions and said that gaps existed in current chemicals and wastes management. She stressed the importance of considering both the global and national governance of chemicals and wastes management, providing more focused attention to the life-cycle approach, better monitoring and reporting and a clearer understanding of the chemicals and wastes agenda.

26. Other issues raised by individual representatives included the importance of the Multilateral Fund for the Implementation of the Montreal Protocol as a model of an efficient and effective financing instrument; exploiting synergies in the activities of multilateral environmental agreements; using budgets effectively; considering a wide range of options for financing without preconceptions; and warning people of specific links between chemicals and wastes and health.

#### **IV. Estimating the amount of financial resources required to implement the chemicals and wastes agenda**

27. Following an introduction to the item by the facilitator, discussions centred on two possible approaches to estimating the funding required for the chemicals and wastes agenda: the first, an accurate and comprehensive assessment of what was needed to achieve better chemicals management followed by an assessment of what it would cost to do what was needed, and the second, an assessment of funding available and the definition of priority actions based on that assessment. One representative asked whether UNEP could undertake a comprehensive needs assessment for chemicals and wastes and report thereon at the next meeting of the consultative process. Another suggested that the secretariat should provide a reference document identifying all of the entities involved in the chemicals and wastes agenda, including details of their respective agendas and available financing.

28. Several representatives highlighted work on financing undertaken in other forums; one cautioned against the duplication of efforts. Another drew attention to a useful assessment produced under the Rotterdam Convention, describing national needs for the implementation of the Convention, which, she said, had proven to be relatively modest. She noted that a basic needs assessment under the Stockholm Convention had provided little definition of priorities and surprisingly high figures for required funding. Other representatives suggested that existing assessments, including the Stockholm Convention needs assessment, constituted a good starting point for future work. A number of representatives pointed to the importance of co-financing. One representative noted that while needs assessments had been carried out for the Rotterdam and Stockholm conventions a comprehensive assessment was required for the Basel Convention.

29. Several representatives referred to the success of the Montreal Protocol and its Multilateral Fund and the importance of learning from their experience. A number stressed the need for a methodology to deal with chemicals and waste, several commending that of the Montreal Protocol's Technology and Economic Assessment Panel, which worked over significant periods and involved country negotiators and experts.

30. Other issues raised by individual representatives included the importance of identifying the amount of funding required for specific tasks under the various multilateral environmental agreements; understanding the intentions and expectations of developed and developing countries with regard to the implementation of the chemicals and wastes agenda; standardizing the various obligations under the various conventions; understanding common needs and those specific to each convention; capacity-building and technology transfer for specific conventions and specific regions, including to facilitate access to available funding; the role to be played by the private sector in the implementation of the chemicals and wastes agenda; a holistic harmonized approach to chemicals; common targets for donors and beneficiaries of financing; and coordinating the priorities of the various conventions and the overarching Strategic Approach.

## V. Identifying sources of existing and future financial resources and identifying new partnerships, including defining the role of the private sector

31. The meeting participants agreed to discuss agenda items V, “Identifying sources of existing and future financial resources and identifying new partnerships, including defining the role of the private sector”, and VII, “Managing existing and additional financial resources”, together.

32. The facilitator highlighted the role of new and existing partnerships and the private sector as sources of funding and invited representatives to offer their views on possible sources of funding. He referred to a background document on financing for chemicals that had been prepared in July 2009 and was before the participants for their consideration. He noted that the document outlined sources of funding, including voluntary and special funds and GEF funding, and suggested that it might be further developed to provide a more complete picture of the current financing scenario.

33. In the ensuing discussion, many representatives said that the background document should form the basis for an overview of sources of existing and future financial resources. Representatives highlighted the importance of considering a wide range of funding sources, including the private sector, either in a voluntary capacity or through user-pays fees, bilateral and multilateral assistance and in-kind support. In that regard, one representative suggested that the secretariat might engage in dialogue with multilateral organizations such as the Organization of the Islamic Conference and its Islamic Development Bank.

34. One representative noted that, in the light of recent calls for GEF focal areas to be expanded to include chemicals of global concern, it was crucial for GEF to be included in any overview of financing options for chemicals and wastes. Another pointed to the need to manage existing sources of funding efficiently to respond to countries’ needs.

35. One representative stressed the link between obligations, compliance and funding under multilateral environmental agreements; the Montreal Protocol model, she said, was based on funding being available for compliance, but its Multilateral Fund could not provide for activities that went beyond the Protocol’s obligations. She questioned whether the Multilateral Fund for the Implementation of the Montreal Protocol, GEF or mainstreaming models were appropriate for financing the chemicals and wastes agenda. She noted that, under the Strategic Approach’s Quick Start Programme, funding had been made available to countries for exploratory thinking on policy and, in particular, on how the successful chemicals industry could be made to bear the costs for safe chemicals management and possible systems of fees or charges that might be appropriate in a developing country situation to enable countries to finance their chemicals management agencies sustainably, noting that to date few such projects had been undertaken.

36. In response, a representative of a non-governmental organization suggested that a lack of political will, existing infrastructure or defined national processes might have impeded Governments’ consideration of sources of financing for regulatory agencies. It was crucial, he noted, to understand national processes and motivation.

37. Many representatives drew attention to work undertaken in other forums. One recalled the considerable work on financing options and implementation in the context of the Strategic Approach and the Basel and Rotterdam conventions. Another suggested that work in other forums could be expanded, for example from persistent organic pollutants to cover other chemicals; opportunities existed to tap into resources from international development banks and United Nations entities by exploiting synergies and linkages.

38. One representative said that further consideration of the reasons for the Montreal Protocol’s success would be worthwhile; the Protocol’s funding was clearly linked to priorities whereas the Basel Convention, for example, had priorities whose cost exceeded the funding available. Another representative noted that the Rotterdam Convention’s needs assessment had yielded some surprising results; estimated implementation costs for larger, more developed countries tended to be lower than for smaller countries that required assistance to develop infrastructure. A third representative said that for the Stockholm Convention’s needs assessment Parties had been requested to estimate the total cost for implementing the Convention to 2015, which had been in the \$5 billion range; Parties had not been requested to describe their expectations regarding what funding would be available from donors and, indeed, had recognized that they themselves would have to provide most of the necessary funds.

39. One representative said that UNEP Chemicals was finalizing a study on the uses of fees and financial mechanisms to fund chemicals management. It had required in-depth interviews with Governments in developed and developing countries, of which an unforeseen number had had some kind of financing structure in place for chemicals. While a number of countries taxed harmful substances, however, they did not dedicate the revenue generated specifically to financing chemicals management activities.

40. Several representatives spoke of difficulties in engaging private sector support for chemicals and waste management. One said that it was important to recognize and not impede industry's *raison d'être*, which was to make money. One representative said that two public-private partnerships on electronic wastes were under way in the context of the Basel Convention. She had learned in the light of that experience, she said, that industry needed to know exactly what was expected of it and required public recognition of its role. The representative of the secretariat said that industry representatives had not taken up the invitation to participate in the current meeting and that UNEP Chemicals continued to consider industry's possible financial contribution to chemicals management. He suggested that a joint mechanism was required to tackle stockpiles of chemicals as they emanated from various private sector sources.

41. One representative said that the UNEP Global Mercury Partnership provided a good example of a public-private partnership that gave the private sector a clear understanding of what it was required to accomplish, a time frame and the amount of investment required, among other things. Another suggested that public-private partnerships complemented well existing legislation and that an equal and balanced representation of both sectors was crucial to achieving success in chemicals and waste management. One representative said that countries could put in place at the national level policies to provide incentives to industries for good behaviour or could impose user charges. She stressed the importance of basing market-based mechanisms on economic realities.

42. A number of representatives underlined the significant differences in obligations under the Basel, Rotterdam and Stockholm conventions. Several pointed to the importance of promoting and exploiting synergies and ensuring the efficient use of finances by the conventions. Other suggestions made by individual representatives included that emissions trading might provide a stream of revenue to fund safe chemicals management; that priorities should be identified before taking action; that charging for ecosystem disservices should be included in the international discussions on ecosystem services and a global green new deal; that financing chemicals or waste management should be based on what was termed "additionality"; that institutional strengthening would be required for enforcement of levies or taxes on specific products; and that capacity-building and cross-sectoral chemicals management were key in facilitating developing country compliance.

43. One representative added that consideration of the nature and number of financial instruments and a speedy response to country needs, among other things, remained important. Expressing his belief that strengthening national institutions helped to create national ownership and allow for a productive exchange between national focal points and authorities on implementation and enforcement, he raised the issue of how best to deal with several sources of funding for a single project in terms of minimizing transaction costs and accommodating the requirements of multiple donors.

## **VI. Strategic partnerships: global, regional and national**

44. In the discussions that followed the facilitator's introduction of the item, one representative said that the partnership between the private sector and the Basel Convention aimed to promote sound environmental management on a high-profile issue that leveraged contributions by the private sector through in-kind input, ideas and experience rather than money. She also suggested that private sector stakeholders might be willing to pay to join partnerships as a means of showcasing their concern for the environment and noted that opportunities for job creation existed in the dismantling and disposal of electronic waste.

45. One representative described the Earth Fund, a GEF initiative dedicated to private sector projects, noting that projects under the Fund did not have to go through the usual time-consuming GEF approval process. Stressing that GEF was seeking to fund creative and innovative projects, he said that the Earth Fund marked an important point in GEF cooperation with the private sector and would continue to have a place following the fifth GEF replenishment. Another representative said that public-private partnerships were often extremely costly in terms of the time devoted to management and implementation and by their nature required very specific targets.

46. One representative described the Africa Stockpiles Programme, which aimed to rid the continent of some 50,000 tonnes of obsolete pesticide waste and to manage the flow of pesticides into storage as a means of reducing toxic waste. The programme operated through a partnership established with bilateral and GEF funding and implemented by the private sector, including CropLife International, non-governmental organizations and various United Nations bodies. Another representative described two recent public-private partnerships under the Stockholm Convention aimed at, respectively, reducing DDT use in malaria management and eliminating polychlorinated biphenyls. Both were partnerships involving Governments, non-governmental organizations and businesses that aimed to involve the private sector in funding and implementation.

47. Several representatives stressed the importance of encouraging and strengthening regional and subregional partnerships, implementation plans and funding models and sources, perhaps through UNEP regional offices; others urged clarity on the particular kind of partnership that was most effective in attaining chemical and waste-related goals, the importance of setting out what was expected of the private sector and of ensuring that current information on chemicals and wastes was effectively disseminated.

48. One representative urged focus on issues that captured the public imagination, such as electronic wastes and ship dismantling, suggesting that private foundations such as the Bill & Melinda Gates or Bloomberg foundations might thus be encouraged to emerge as significant sources of funding in the chemicals and waste arena.

## **VII. Managing existing and additional financial resources**

49. The discussions under the present agenda item are reflected under agenda item V, "Identifying sources of existing and future financial resources and in kind contributions and identifying new partnerships, including defining the role of the private sector".

## **VIII. Capacity-building at the national level to strengthen national fundraising efforts**

50. Following a brief introduction by the facilitator, one representative argued that those wishing to gain access to funds for environment-related causes needed to speak the language of aid and development since most funds were disbursed through a country-based approach. Another stressed that it was important to build the capacity of financial institutions in beneficiary countries, while others sought feedback from beneficiaries of capacity-building on successes and experiences, stressing that new ideas had to originate at the national level in developing countries.

51. One representative voiced his Government's frustrations, which included the unpredictability of funding and the time required to obtain it, which could make it difficult to achieve timely action at the national level. Another representative said that an array of problems often delayed the approval of projects to be funded under the Quick Start Programme of the Strategic Approach to International Chemicals Management, with weaknesses in Governments and institutions often worsening the situation. In contrast, he described the experience of one country that had succeeded in dramatically increasing the funds that it could obtain under the Montreal Protocol by linking its programme to the Clean Development Mechanism, demonstrating that information and coordination were crucial in bridging gaps in access to additional funds. One representative clarified that delays in approving Quick Start Programme projects were often associated with the way in which the programme was managed, as countries could have only a limited number of projects running concurrently, thus obliging them to prioritize. He further stressed the importance of ensuring that capacity-building efforts were directed at institutions rather than individuals.

52. One representative expressed the opinion that national institutions should be strengthened not only with regard to fundraising but also implementation, particularly in smaller developing countries that might lack national chemicals and waste authorities and might therefore find it difficult to gain access to funds.

53. While one representative said that capacity-building and technology transfer and cooperation would continue to be vital to developing countries, another said that the process of gaining access to funds was often onerous and urged a move to a model of financing more appropriate to the ambitious chemicals and wastes agenda. A third representative called for a switch to a more long-term and sustainable view of financing, while another urged realism in the context of the political need to demonstrate results in the short and medium term to donor nations. One representative sought recognition of the problems facing small countries, where an institution might consist of only one

person. He urged the development of practical toolkits for such countries that would assist them in formulating and implementing action plans to make the best use of funds.

## **IX. Next steps**

54. The facilitator invited general comments on a road map of suggested next steps that had been compiled by the secretariat during the current meeting and was before the representatives for their consideration, urging them to bear in mind that the current meeting marked only a beginning and that the next steps would form the foundation of future work and activities on financing chemicals and waste management.

55. Many representatives expressed appreciation for the road map. Several raised issues concerning, among other things, whether the road map would enjoy official status; how and to whom it would be distributed; a timeline for the desk study proposed in the road map; whether to include goals and outcomes; the need for increased emphasis on capacity-building and technical assistance for developing countries; means and methods of engaging the private sector; and the desirability of examining financial mechanisms in the light of a clearer understanding of the varying challenges of implementing the various chemicals conventions.

56. One representative repeated her plea that the mainstreaming approach to financing be given priority. Representatives expressed support for a three-part structure for the desk study, with the first addressing the scope and positioning of the chemicals and waste agenda; the second examining financing options, with particular emphasis on capacity-building and institutional support; and the third proposing a set of recommendations for future discussion and action.

57. The road map of next steps, including a brief background section, is set out in annex II to the present report.

## **X. Other matters**

### **A. Review of participation in the consultative process**

58. There was general agreement among the participants that while the meetings of the consultative process should be a manageable size they should also be big enough to allow for broad representation and consultation, transparency and balanced regional representation. The participants accordingly agreed that the bureaux of the various conventions, the Strategic Approach to International Chemicals Management and the intergovernmental negotiating committee for the preparation of a global legally binding instrument on mercury should be invited to nominate additional countries as participants and to inform UNEP of the names of those countries. The participants also agreed that future efforts to engage the private sector would continue through the chief executive officers of key organizations.

### **B. Distribution of desk study**

59. The meeting participants agreed that the desk study to be prepared in accordance with the road map document should be distributed to all participants in the first meeting, sent to Governments and posted on the UNEP website.

### **C. Organization of the second meeting of the consultative process**

60. The meeting participants agreed that the second meeting of the consultative process would be held on 25 and 26 October 2009 in Bangkok, back-to-back with the meeting of the ad hoc open-ended working group to prepare for the intergovernmental negotiating committee on mercury.

## **XI. Closure of the meeting**

61. The Executive Director explained that he had decided to initiate the consultative process on chemicals and waste financing better to fulfil the UNEP mandate to advise ministers on issues requiring urgent attention, observing that the chemicals and wastes agenda was unquestionably urgent. Expressing his belief that the simultaneous extraordinary meetings of the conferences of the Parties to the chemicals conventions to take place in Bali, Indonesia, in February 2009 offered a unique opportunity, he said that the process would give Governments a platform for greater synergies and effectiveness in their own work by helping them to understand the opportunities offered by the three conventions and to become both more ambitious and more realistic. Stressing that it was essential that developing countries saw

results and benefits from acceding to international conventions, he said that the sound analytical work emerging from the consultative process would give Governments a clear picture of the status quo with regard to financing the chemicals and waste agenda and would provide ministers vital information on how and where significant progress could be made.

62. The Chair declared the meeting closed at 2.35 p.m. on Saturday, 25 July 2009.

## Annex I

### **Consultative process on financing options for chemicals and wastes First meeting 24 and 25 July 2009, Nairobi**

#### **Summary of the discussions**

#### **Background**

1. The first meeting of the consultative process on financing options for chemicals and wastes was held in Nairobi on 24 and 25 July 2009, hosted by the United Nations Environment Programme. The meeting was chaired by Mr. Bakary Kante, Director, Division of Environmental Law and Conventions, UNEP, and opened and closed by Mr. Achim Steiner, Executive Director, UNEP.
2. Representatives from the Governments of Argentina, Australia, Brazil, China, India, Indonesia, Iran (Islamic Republic of), Jamaica, Japan, Kazakhstan, Mexico, Russian Federation, South Africa, Sweden, Switzerland, Thailand, Uganda, United States of America and Venezuela (Bolivarian Republic of), in addition to representatives of the Global Environment Facility, Food and Agriculture Organization of the United Nations, World Health Organization, European Commission, International POPs Elimination Network and the Basel Action Network attended the meeting. In May 2009, during the high-level segment of the fourth meeting of the Conference of the Parties of the Stockholm Convention on Persistent Organic Pollutants and again during the second session of the International Conference on Chemicals Management, the Executive Director of the United Nations Environment Programme (UNEP) proposed that there should be consultations during the run-up to the eleventh special session of the UNEP Governing Council/Global Ministerial Environment Forum and the simultaneous extraordinary meetings of the conferences of the Parties to the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade and the Stockholm Convention, which were to be held in Indonesia in February 2010. The purpose of the consultations would be to analyse the current situation with regard to financing for chemicals and waste management at the national level, including but not limited to the implementation of Party obligations under chemicals-related multilateral environmental agreements, and to devise strategic, synergistic proposals for improving it.
3. The objective of the initiative is to initiate an informal consultative process to advise the Executive Director on how to contribute to identifying existing, new and additional resources, including ways of gaining access to such resources for supporting the sound management of chemicals and wastes at the national level, including but not limited to the implementation of obligations under the chemicals and waste-related conventions mentioned above. The Executive Director made the proposal in response to a growing recognition of the urgent need to secure adequate financial means and provide strengthened capacity-building and technical assistance for the implementation of the chemicals and wastes agendas and in recognition of the importance of linking the treaty obligations of developing countries and countries with economies in transition to financial and technical assistance. The latter had been highlighted at the fourth meeting of the Conference of the Parties of the Stockholm Convention, where developing countries and countries with economies in transition stressed the importance of adequate financial and technical assistance as essential requirements for the establishment of an effective compliance mechanism.
4. The Executive Director began the proposed consultation process by convening a consultative meeting at UNEP headquarters in Nairobi on 24 and 25 July 2009. He said that the purpose of the meeting was to set the stage for the consultation process by defining the scope of the work to be undertaken and identifying the steps to be taken in the period leading up to the eleventh special session of the Governing Council/Global Ministerial Environment Forum and the extraordinary meetings of the conferences of the Parties to the Basel, Rotterdam and Stockholm conventions.
5. The meeting participants warmly welcomed and expressed support for the proposal to hold consultations on financing the chemicals and waste agenda. They stressed the importance of such consultations, saying that they needed to address the entire chemicals and wastes agenda, including

issues dealt with by UNEP, the Strategic Approach to International Chemicals Management and the chemicals-related multilateral environment agreements. Participants also said that they understood that the current meeting was only a beginning and that the consultation process would continue with participation by the full range of stakeholders.

6. Fruitful discussions were held during the meeting on several issues related to both substance and process and, based on those discussions, a road map listing next steps for moving the consultation process forward was laid out. It is set out below.

## I. Road map for moving the consultation process forward

7. UNEP will prepare a desk study to explore the funding and support needs of developing countries and countries with economies in transition, and relevant ways to meet those needs, both to support compliance with the chemicals and waste-related multilateral environmental agreements and to support capacity-building, including intuitional strengthening and technical assistance for promoting the sound management of chemicals and wastes. The desk study will be based on a comprehensive review of available studies and assessments with the objective of analysing existing information and assessing any gaps in the information available, in addition to providing an analysis for further discussion and identification of options for meeting the funding and support needs of developing countries and countries with economies in transition. The study will take place in the context of the chemicals and wastes agendas, as defined by the texts and relevant decisions of the Basel, Rotterdam and Stockholm conventions, including opportunities linked to the synergies decisions,<sup>1</sup> the Strategic Approach, UNEP Governing Council decisions 25/5 on chemicals management, including mercury, 25/8 on waste management and other relevant decisions regarding chemicals and wastes, in addition to the UNEP medium-term strategy 2010–2013, particularly as it relates to the thematic area of harmful substances and hazardous wastes.

8. The desk study will be organized around three main subjects:

- (a) The scope and strategic positioning of the chemicals and wastes agenda;
- (b) Issues related to financing needs, including for capacity-building and technical assistance;
- (c) Options for meeting such needs.

9. In particular, it will:

- (a) *Explore ways to position the chemicals and wastes agendas more strategically* in the broader context of sustainable development and achievement of the Millennium Development Goals, including by linking it to public health, poverty reduction and the creation of economic opportunities through the UNEP global green new deal initiative, with a view to enhancing access to financing;
- (b) Analyse the varying obligations and requirements under the various conventions and programmes relating to chemicals and wastes;
- (c) *Explore implementation and funding needs and challenges at the national level*, particularly those faced by developing countries and countries with economies in transition in seeking to implement effectively their chemicals and wastes agendas, and the need to prioritize;
- (d) *Map available financial resources* by identifying and analysing existing multilateral and bilateral aid mechanisms and other sources and the extent to which they respond to the needs of countries;
- (e) *Identify gaps in financial resources and other forms of support*, at both the national and international levels, that need to be filled to meet the needs of developing countries and countries with economies in transition and modalities for prioritization of those needs;

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<sup>1</sup> Decision IX/10 of the Conference of the Parties to the Basel Convention, decision RC-4/11 of the Conference of the Parties to the Rotterdam Convention and decision SC-4/34 of the Conference of the Parties to the Stockholm Convention are substantially identical decisions by which the conferences of the Parties to the three conventions called for greater cooperation and coordination among the conventions. They are referred to herein as the “synergies” decisions.

- (f) *Analyse the various models of funding* and relevant arrangements available, including dedicated financial mechanisms tied to compliance (such as the Multilateral Fund for the Implementation of the Montreal Protocol), funding for global environmental benefits (such as the Global Environment Facility (GEF)) and the mainstreaming of chemicals and wastes priorities into national development agendas and official development assistance funding, and *identify the types of funding mechanisms or combinations thereof* that are appropriate for various purposes;
- (g) *Identify and analyse specific financing options* available to finance the chemicals and wastes agenda, taking into account the need to promote synergies and efficient and effective cross-cutting solutions while responding to the diverse needs of conventions and programmes, including legal issues and donor criteria associated with the various options;
- (h) *Analyse approaches to securing and channelling resources* into funding mechanisms or directly to recipient countries for implementation, including through new and innovative funding avenues;
- (i) *Analyse ways to generate resources at the national level*, including through policy and legal mechanisms to promote the internalization of externalities such as fees, taxes and other market-based incentives;
- (j) *Identify ways to provide systematic, sustainable and effective capacity-building*, including institution strengthening and technical assistance for the implementation of the chemicals and wastes agendas, including through existing arrangements, mainstreaming of the chemicals and wastes priorities into other agendas and ways to strengthen capacity to generate and provide access to financial resources and explore how this can be facilitated and coordinated by UNEP and other organizations;
- (k) *Define relevant methodologies* to assess the resources to be leveraged for meeting the needs identified, including through mainstreaming, building on experience with existing mechanisms such as the Multilateral Fund, GEF and others;
- (l) *Review existing and identify new strategic partnerships* at the global, regional and national levels, including with the private sector, and their contribution to attaining environmental goals, in particular the objectives of the chemicals and wastes agendas, and *identify criteria for successful partnerships* (e.g., issue-based versus regional partnerships) with a view to increasing access to financial resources;
- (m) *Identify issues on the agenda* of the first meeting of the consultative committee on financing options for chemicals and wastes that will require more focus in discussions in subsequent phases of the consultative process.

## II. Review of participation in the consultative process

10. With a view to ensuring wide participation in the consultative process while keeping the number of meeting participants at a manageable level, the following aims will be pursued regarding participation in the consultative process:

- (a) To encourage the continued participation of those who participated in the first meeting of the consultative process;
- (b) To ensure further regional balance in government representation through consultations with the bureaux of the chemicals and waste-related multilateral environment agreements, the Strategic Approach and the interim bureau of the intergovernmental committee for the preparation of a legally binding instrument on mercury;
- (c) To ensure participation by a wide array of international organizations;
- (d) To ensure participation by the private sector, including both individual companies and private sector foundations and associations;
- (e) To ensure continued participation by representatives of civil society;
- (f) To ensure that ample time (a minimum of three weeks) is allowed to invitees to enable participation by all key stakeholders at the most appropriate level, including from capitals in the case of Governments.

### **III. Distribution of a preliminary version of the desk study**

11. A preliminary version of the desk study will be distributed to provide information and guidance to participants for the discussions to take place during the second meeting of the consultative process, as indicated below, at least three weeks in advance of the meeting.

### **IV. Organization of a second meeting of the consultative process**

12. A second meeting of the consultative process will be held back to back with the meeting of the ad hoc open-ended working group to prepare for the intergovernmental negotiating committee on mercury that will be held in Bangkok from 19 to 23 October 2009. Participants at the meeting will be able to review the findings of the preliminary desk study and formulate options for strengthening the financial basis for the sound management of chemicals and waste.

## Annex II

### Consultative process on financing options for chemicals and wastes

#### First meeting

24–25 July 2009, Nairobi (United Nations complex, Gigiri)

Venue: Conference room 3

#### Provisional timetable

Agenda item	Running time	Time	Suggested topics
<b>Day I: 24 July 2009</b>			
The following session will be chaired by Mr. Bakary Kante, Director, Division of Environmental Law and Conventions, UNEP.			
1. Opening <ul style="list-style-type: none"> <li>▪ Mr. Achim Steiner, UNEP Executive Director</li> </ul> 2. Addressing financing needs in the chemicals and wastes areas: defining the challenges and organizing the work of the committee <ul style="list-style-type: none"> <li>▪ UNEP Executive Director</li> </ul>	1 hour	9.30–10.30 a.m.	<ul style="list-style-type: none"> <li>▪ Welcoming of the participants</li> <li>▪ Introduction to and support for the rationale of the initiative</li> <li>▪ Describing the challenge</li> <li>▪ Fundamental role of Governments in defining the scope and modalities of this exercise and in taking the process forward</li> <li>▪ Expected contribution from participants and desired outcome</li> <li>▪ Initial reactions from participants</li> <li>▪ Adoption of the agenda</li> </ul>
The following sessions will be chaired by Mr. Bakary Kante and facilitated by Mr. John Scanlon, Principal Advisor to the Executive Director, Policy and Programme, UNEP.			
3. Strategic scope and positioning of the chemicals and wastes agendas <ul style="list-style-type: none"> <li>▪ Interactive discussion</li> </ul>	1 hour	10.30–11.30 a.m.	<ul style="list-style-type: none"> <li>▪ How is the chemicals and waste agenda defined? Can it be defined in a more attractive manner by better linking it to health, agriculture, jobs, etc.?</li> <li>▪ How is the chemicals and waste agenda dealt with by the United Nations system? Is it working as one in delivering on the agenda?</li> </ul>

Agenda item	Running time	Time	Suggested topics
<ul style="list-style-type: none"> <li>▪ Brief interventions by executive secretaries and head of UNEP Chemicals, introducing funding needs in their respective areas</li> <li>▪ Interventions by participants highlighting their views of areas that need additional funding or other support</li> </ul>			<ul style="list-style-type: none"> <li>▪ What are the benefits associated with taking into account synergies with other priorities, such as climate change, biodiversity, health and poverty reduction?</li> <li>▪ Can the implementation of the chemicals and wastes agenda be supported through the creation of economic and job opportunities?</li> <li>▪ How can this be linked to the UNEP green economy initiative and similar initiatives led by countries or other organizations?</li> </ul>
<p>4. Estimating the financial resources required to implement the chemicals and wastes agenda</p> <ul style="list-style-type: none"> <li>▪ Interactive discussion</li> <li>▪ Interventions by participants on financing challenges and the resources required to implement the chemicals and wastes agenda</li> </ul>	1 hour	11.30 a.m.–12.30 p.m.	<ul style="list-style-type: none"> <li>▪ What are the financing needs in the chemicals and wastes areas and what are the major challenges faced in meeting them?</li> <li>▪ Are there areas that are not adequately covered by existing funding mechanisms and available resources, both within and outside the scope of the multilateral environment agreements?</li> <li>▪ What types of interventions need increased funding in the short, medium and long term?</li> <li>▪ Should the focus only be on the implementation of international commitments, or also on national priorities?</li> <li>▪ What is the estimated amount of financial resources required to implement the chemicals and waste agenda and how can this be assessed?</li> <li>▪ Is there a need for a preliminary assessment of the above as a follow-up to the meeting?</li> </ul>
<p><i>Lunch will be available for all participants between 12.30 and 2.30 p.m. at Savanna, United Nations Recreation Centre.</i></p>			
<p>5. Identifying sources of existing and future financial resources and in kind contributions and identification of new partnerships, including defining the role of the private sector</p> <ul style="list-style-type: none"> <li>▪ Interactive discussion</li> <li>▪ Intervention by Director, Resource Mobilization Section</li> <li>▪ Interventions by participants on existing and potential sources</li> </ul>	1 hour	2.30–3.30 p.m.	<ul style="list-style-type: none"> <li>▪ What are the existing funding sources that support the chemicals and wastes agenda?</li> <li>▪ What additional sources of funding and other forms of support are potentially available?</li> <li>▪ What can be the role of the private sector and other non-traditional donors?</li> <li>▪ What is the extent of other forms of support (e.g. capacity-building, partnerships, information networks) that are needed?</li> <li>▪ Donor-beneficiary relations versus partnerships. What are advantages and disadvantages of these approaches?</li> <li>▪ What could be ways to increase availability of technical support in the conduct of specific activities, know-how, equipment and other forms of in-kind contribution for developing countries and countries with economies in transition?</li> <li>▪ What other forms of support can be envisaged to advance the objectives of the chemicals and wastes agenda?</li> </ul>
<p>6. Strategic partnerships: global, regional and national</p> <ul style="list-style-type: none"> <li>▪ Interactive discussion</li> </ul>	30 minutes	3.30–4 p.m.	<ul style="list-style-type: none"> <li>▪ Could there be benefits in creating more sustainable partnerships among entities with shared responsibilities?</li> <li>▪ What role could United Nations organizations play in facilitating access to existing resources?</li> </ul>

Agenda item	Running time	Time	Suggested topics
<ul style="list-style-type: none"> <li>▪ Examples of successful partnership, e.g. the Basel Convention e-waste partnership</li> </ul>			<ul style="list-style-type: none"> <li>▪ How could the private sector be engaged?</li> </ul>
<p>7. Managing existing and additional financial resources</p> <ul style="list-style-type: none"> <li>▪ Interactive discussion</li> <li>▪ Interventions from participants presenting their views on the current availability, accessibility and efficiency of current funding systems</li> </ul>	1 hour	4–5 p.m.	<ul style="list-style-type: none"> <li>▪ How to ensure that institutional arrangements, managing structures and procedures that respond to the following needs:               <ul style="list-style-type: none"> <li>○ Quickly respond to country needs;</li> <li>○ Create genuine impact;</li> <li>○ Ensure national ownership;</li> <li>○ Ensure accountability;</li> <li>○ Make efficient use of limited resources;</li> </ul> </li> <li>▪ What are the strengths and weaknesses of the management structures of existing financial arrangements?</li> <li>▪ Is there a need for additional, strengthened or modified arrangements?</li> <li>▪ What mechanisms could facilitate, within and outside existing financial mechanisms, the meeting of demand and supply of financial resources? What role could UNEP play?</li> </ul>
<p><b>Day II: 25 July 2009</b></p>			
<p>The following sessions will be chaired by Mr. Kante and facilitated by Mr. Scanlon.</p>			
<p>8. Capacity-building at the national level to strengthen national fund-raising efforts</p> <ul style="list-style-type: none"> <li>▪ Interactive discussion</li> <li>▪ Introduction to the work of the regional centres by the relevant multilateral environment agreement executive secretaries</li> </ul>	1 hour	9.30–10.30 a.m.	<ul style="list-style-type: none"> <li>▪ Should this exercise look at strengthening the capacity of countries to gain access to existing funds and technical assistance programmes in addition to looking at directly funding and supporting the implementation of chemicals and waste related activities?</li> <li>▪ What capacity-building efforts are needed at the national level to implement specific activities?</li> <li>▪ What capacity-building is needed at the national level to strengthen the national fund raising efforts?</li> <li>▪ How can existing capacity-building structures, including under multilateral environment agreements, be best used to meet these needs?</li> </ul>

Agenda item	Running time	Time	Suggested topics
The following sessions will be chaired by Mr. Kante.			
9. Review of draft road map* for the future work of the consultative committee <ul style="list-style-type: none"> <li>▪ Interactive discussion</li> <li>▪ Finalization of a road map</li> </ul>	1 hour	10.30–11.30 a.m.	<ul style="list-style-type: none"> <li>▪ Studies to be undertaken as a follow-up to the first meeting</li> <li>▪ Identification of participation, scope and modalities of future discussions in the context of the consultative process</li> <li>▪ Contribution to the chemicals and wastes synergy process and in particular to the extraordinary meetings of the conferences to the Parties to the Basel, Rotterdam and Stockholm conventions, to be held in February 2010</li> <li>▪ Number, timing and venues of future meetings</li> <li>▪ Intersessional work</li> <li>▪ Adoption of the provisional agenda for the second meeting.</li> </ul>
10. Other matters  11. Closure of the meeting <ul style="list-style-type: none"> <li>▪ UNEP Executive Director</li> </ul>	30 minutes	11.30 a.m.–noon	

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\* To be developed during the course of day one to reflect discussions.