Study on industry involvement in the Integrated Approach to financing the sound management of chemicals and waste

16 September 2021
Agenda

• Welcoming remarks and housekeeping
• Opening remarks, Study process and way forward
• Presentation of report
• Q&A
Presentation of the report
Structure of the document

Summary
1. Introduction
2. Implementation modalities for industry involvement
3. Tracking progress
4. Way forward
References
ANNEX A. Selected survey responses
ANNEX B. Examples of policies for risk management
ANNEX C. Suggested indicators for measuring industry involvement
ANNEX D. Examples of sustainability reporting systems
1. Introduction
Objectives of the study

• Developed in response to the independent evaluation of the implementation of the Integrated Approach (2019) and to the independent evaluation of SAICM (2006–2015) that identified gaps in the component concerning industry involvement:
  • Lack of clarity of what counts as industry contributions
  • Absence of a mechanism for tracking activities and financial flows
  • Poor understanding of industry participation at the national level
1. Introduction
Objectives of the study

• Provide clarity on the scope and modalities for implementation of industry involvement

• Elaborate how it can be scaled up and monitored in conjunction with the Beyond-2020 Framework/Instrument.

• Provide helpful context and recommendations in supporting decision-making in preparing for ICCM5, in particular inform financing discussion

• Can serve as input for developing guidelines for operationalizing industry involvement

• Audience consist of all SAICM stakeholders that have a role in industry involvement: governments, industry/private sector, NGOs, IGOs and academia
1. Introduction

Methodology

• **Stage 1:** Survey (December 2020; 56 responses)

• **Stage 2:** Online consultations on the draft outline (March 2021; 14 responses)

• **Stage 3:** Literature review and interviews (22 semi-structured interviews with 35 experts)
  • 18 women and 17 men
  • Government: 4 developing countries or emerging economies, 4 developed countries and one Regional Economic Integration Organization; Industry (4); NGOs (4); IGOs (3); international financial institutions (IFIs); and, funding mechanisms (2).

• **Stage 4:** Webinar (September 2021, draft report posted online for comments to all SAICM stakeholders – deadline 6th October)
1. Introduction
Methodological challenges and limitations

• Was not possible to establish a baseline and mechanism to track progress, because there was not clarity what industry involvement constitutes.

• The study looks mainly into the role of industry involvement in SAICM and the Beyond-2020 Framework/Instrument
1. Introduction

Background on the Integrated Approach

- **2006:** Dubai Declaration, OPS and GPA
- **2012:** UNEP ED’s proposal on an Integrated Approach
- **2013:** UNEP Governing Council welcomed the Integrated Approach
- **2015:** ICCM4 welcomed the Integrated Approach, endorsed the OOG and launched the Intersessional Process
- **2020:** Report on cost recovery mechanisms
1. Introduction
How has industry involvement progressed?

• Evaluation of the implementation of the Integrated Approach (UNEP, 2019)
• Independent evaluation of SAICM (SAICM, 2019)
• Quick Start Programme
• SAICM progress reports for 2009-2010 and 2011-2013
• Second edition of the Global Chemical Outlook
1. Introduction
How is industry involvement linked to the other components?
2. Implementation modalities for industry involvement
2. Implementation modalities

Why have we detailed implementation modalities?

- Help interpret the industry involvement component
- Understand how to classify the activities
- Identify concrete ways to implement the activities
- Update and complement activities to address new developments
- Understand what is to be measured with indicators
- Understand how the activities contribute to financing
- Identify success factors, challenges, and barriers
- Understand their suitability for different development contexts
- Provide inspiration from models beyond chemicals and waste sector
- **Articulate options for action for different stakeholders**
2. Implementation modalities

Basis for classification

1. **Who leads?** Are the activities:
   A) *Industry-driven*
   B) *Government-driven*
   C) *Hybrid*

2. **What is the contribution to funding?** Do the activities:
   A) *Generate funds*
   B) *Reduce the overall costs for SMCW*

3. **What is the linkage to the other IA components?**
   A) *Mainstreaming*
   B) *Dedicated external financing*
2. Implementation modalities

Main categories for industry involvement

- **Regulatory instruments**
  - Definition of responsibilities for chemicals control
  - Development of legislation and enforcement

- **Economic instruments**
  - Cost recovery fees
  - Taxes
  - Subsidy use
  - Removal of harmful subsidies
  - EPR
  - Trade permits
  - Liability

- **Mixed measures**
  - Sustainable and transparent value chains
  - Testing to support risk assessment and management
  - Standards and certification schemes

- **Voluntary measures**
  - Research, development and innovation
  - Knowledge base for action
  - Sustainable business models
  - Partnerships and coalitions
  - Engaging financial institutions
  - Support to developing countries
  - Programmatic support to SAICM
2. Implementation modalities

Activities that directly generate funding (in yellow)
2. Implementation modalities

Link to mainstreaming (in yellow)
and dedicated external financing (in green)
2. Implementation modalities

Regulatory instruments

- Definition of responsibilities for chemicals control
- Development of legislation and enforcement
2. Implementation modalities
Economic instruments

- Cost recovery fees
- Taxes
- EPR
- Liability
- Tradable permits
- Subsidy use
- Harmful subsidies
2. Implementation modalities
How does industry contribute to financing with economic instruments?
2. Implementation modalities
Mixed instruments

- Sustainable and transparent value chains
- Testing to support risk assessment and management
- Standards and certification schemes
- Due diligence
- Information disclosure
2. Implementation modalities

Voluntary measures

- Research, development and innovation
- Knowledge base for action
- Sustainable business models
- Partnerships and coalitions
- Engaging financial institutions
- Industry support for developing countries
- Programmatic support for SAICM
2. Implementation modalities

Summary of direct financial contributions

Economic instruments
- Cost recovery fees
- Taxes
- EPR
- Liability

Voluntary measures
- Support to developing countries
- Programmatic support to SAICM
3. Tracking progress

Adopt targets and indicators that encompass industry involvement

- The purpose of this section is to help identify indicators that could provide a representative trend in terms of industry involvement, aligned with the targets proposed in Document SAICM/IP.4/3 by the Technical Working Group on targets, indicators and milestones.

- A set of “Suggested indicators” (for companies and governments) to cover the modalities for industry involvement, both direct and indirect ones.

- Some indicators have a more explicit link to “financing”, others, although they may have a less explicit link, when evaluated over time, progress would imply a reduction in the financial resources needed.

- Together with the suggested indicator for each target, a related financial indicator is provided that should be jointly assessed.

- Examples of existing sources of related information are presented.
3. Tracking progress
Adopt targets and indicators that encompass industry involvement

**Objective A: Measures are identified, implemented and enforced in order to prevent or, where not feasible, minimize harm from chemicals throughout their life cycle [and waste]**

<table>
<thead>
<tr>
<th>Relevant targets</th>
<th>A4 By [xx], measures identified to prevent or, minimize harm from chemicals throughout their life cycle [and waste], are implemented by companies.</th>
</tr>
</thead>
</table>
| Indicator reported by Companies | **Suggested indicator:** Percentage of fulfilment of companies pledges within its actions plans and roadmaps to achieve sound management of chemicals [and waste].  
**Related financial indicator:** Volume of investment destined to comply with actions plans and roadmaps to achieve sound management of chemicals [and waste].  
OBS: It is recommended to develop guidelines for the design of such action plans and roadmaps by industries, identifying concrete measures that would be considered effective for preventing or, minimize harm from chemicals throughout their life cycle [and waste]. |
| Indicator reported by Governments | **Suggested indicator:** Number of compliance and non-compliance cases resulting from the enforcement of measures identified to prevent or, minimize harm from chemicals throughout their life cycle [and waste] by companies. |

**List of suggested measures:**
- Develop a list of chemicals of concern / restricted substances list (RSL) / a manufacturing restricted substances list (MRSL) for reduction beyond regulatory requirements.
- Require suppliers to eliminate chemicals from a restricted substances list (RSL) in products, parts, or components.
- Routinely tests parts, components, or products to assure conformance with chemical requirements.
- Have financial incentives for senior management to meet corporate sustainability goals related to chemicals [and waste] and/or assign member(s) of senior management responsibility for meeting chemical [and waste] policy goals and objectives.
- Reduce / eliminate substances of very high concern (SVHC) within product portfolio.
- Reduce / eliminate hazardous substances within product portfolios.
- Calculate company’s chemical footprint and reduce it over periods.
- Have a strategy with (timed) phase-out plans for existing hazardous chemicals beyond regulatory compliance.
- Participate in Responsible Care (RC) or similar initiatives and reporting RC KPIs.
3. Tracking progress
Identify who should report

- **Industry**: Companies through International trade associations or companies or national associations to report directly

- **Governments

- **Other institutions**: to avoid duplication and increase reporting rates
  - UN bodies, e.g. the chemicals and waste MEAs, IGOs, scientific institutions and NGOs
  - international environmental reporting systems that are governed by institutions such as ISO, UNEP-FI and OECD
  - sustainability (ESG) or corporate social responsibility (CSR) using internationally agreed standards
  - Reporting mechanisms on financial material sustainability
  - Annex D further elaborates on reporting systems

The role of the Beyond-2020 Framework/Instrument could be to mobilize and influence standardized reporting mechanisms so that they enable better tracking of industry performance with specific chemicals and waste indicators and metrics, as adopted by ICCM-5 or future ICCMs, and work to harmonize methodologies for data collection to ensure the availability of comparable information.
3. Tracking progress

Initiate tracking – identifying actors

- **The SAICM Secretariat**—or another institution to be specified—could facilitate data collection from stakeholders in conjunction with regular reporting. In addition, the Secretariat could encourage other institutions to provide data in a systematic manner, to fill in data gaps on relevant targets and indicators agreed by ICCM5 or future ICCMs.

- A **broad range of institutions** could function as champions or custodians for data collection of specific indicators, as adopted by ICCM-5 or future ICCMs, including UN bodies - including the chemicals and waste MEAs-, IGOs, scientific institutions and NGOs. Relevant multilateral bodies can be involved and empowered through resolutions adopted by ICCM and UNEA, or by their respective governing bodies.

- A **multi-stakeholder task force and/or partnership** could be established to analyse and synthesize data of specific indicators of groups of indicators. For instance, by analysing voluntary initiatives it is possible to build on lessons learned, collect relevant data to consolidate a baseline and evaluate an integrated system where reporting mechanisms on place could be interconnected for the exchange of data.

- A **group of countries** may wish to volunteer pioneering data collection to understand how useful data can be most effectively collected and collated. Ideally, this will include countries from both developed and developing countries. This necessitates close collaboration with the national finance ministries and statistical agencies.
3. Tracking progress
Initiate tracking and report back to stakeholders

- The SAICM Secretariat—or another institution to be specified
- A broad range of institutions could function as champions or custodians for data collection of specific indicators
- A multi-stakeholder task force and/or partnership could be established to analyse and synthesize data of specific indicators of groups of indicators.
- A group of countries may wish to volunteer pioneering data collection to understand how useful data can be most effectively collected and collated.

Regular feedback on the reporting system should be provided to all stakeholders to clarify expectations about what it does and does not do, to encourage reporting, to gather observations on how to improve it, and to socialize outcomes and results.
4. Way forward

Calls for action put forward to guide decision-making at ICCM5

**ICCM5**

- Operationalize the industry involvement component by defining modalities.
- Develop of a baseline and indicators
- Agree on concrete measures to achieve the sound management of chemicals and waste.
- Promote the design of model regulations, trainings and toolkits for each measure
- Carry out a global assessment to estimate unsound management of chemicals and waste, accompanied with country pilots to estimate domestic cost, building on work carried out by UNEP and the World Bank.
- Decide on the establishment of a capacity-building clearing house mechanism or marketplace and outline Terms of Reference for its operationalization.
- Launch an initiative for the development of chemicals-related financial disclosures
- Establish a global commitment platform to generate a systematic approach to develop, implement, monitor and communicate partnerships and other voluntary commitments
4. Way forward
Calls for action put forward to guide decision-making at ICCM5

**ICCM tasking UNEP and/or the Secretariat of the Beyond 2020 Framework/ Instrument**

- Elaborate a strategy for outreach and involvement of private sector
- Conducting an in-depth assessment of information that is currently collected or could potentially be obtained through existing mechanisms
- Engage with relevant organizations that currently measure industry involvement but lack capacity to do so in relation to chemicals and waste, promote the inclusion of specific indicators and metrics, aligned with those decided by ICCM-5, and work to harmonize methodologies for data collection to ensure the availability of comparable information.
- Map current standards and certification schemes to identify opportunities for harmonization and addressing gaps.
4. Way forward
Calls for action put forward to guide decision-making at ICCM5

ICCM providing necessary operative guidance for UNEA:

• Support implementation through its Regional Centres,

• Support follow-up through the Digital Transformation enabling programme.

• Create a group of friends and/or technical expert group to expedite the mobilization of funds needed to address severe funding shortages for achieving sound management of chemicals and waste in developing countries focusing on innovative forms of financing that involve primarily the private sector, including but not limited to, blended financing, a global coordinated tax, and an international fund for chemicals and waste.
4. Way forward

Calls for action - What’s expected from Industries:

• Actively support governments on their institutional strengthening and setting up of regulatory systems
• Increasingly allocate resources to support developing economies
• Communicate more efficiently the precise nature, extent and impact of private sector actions and in-kind and monetary contributions
• Scale up voluntary measures as means to go beyond regulatory compliance
• Ensure that health and safety information about toxic substances is never confidential and disclose information through voluntary initiatives across the product life cycle.
• Set targets and report to measure progress through the Beyond-2020 Framework/Instrument. Work through a range of approaches and partnerships
• Finance the costs of, and among others, domestic chemicals management schemes
• Support harmful subsidy reform
• Provide in-king commitments to innovation, training, safety and sustainability
• Develop, pledge and showcase actions plans and roadmaps for achieving the sound management of chemicals and waste.
4. Way forward

Calls for action - What’s expected from governments:

• Set up national coordination mechanisms to enable dialogue
• Map private sector stakeholders so that all relevant sectors and value chain actors at all scales are represented.
• Assess the cost of externalities arising from unsound management of chemical waste
• Channel funding to support research, development, and innovation in field of sustainable chemistry and enhance the educational curricula to train a new generation of toxicologist.
• Adopt legislation to force, guide and incentivize the private sector to assume greater responsibility and increase their contributions, and monitor compliance.
• Implement appropriate economic instruments for the industry to internalize external costs and incentive behavior
• These contributions and other provided through a range of approaches, including partnerships and dedicated external finance, should be used to support domestic chemicals and waste management
4. Way forward

Calls for action - What’s expected from UN Bodies:

- UN bodies Secretariats should engage directly and strategically with businesses and industries
- Update HS codes for hazardous chemicals following the example of ozone depleting substances to enable customs to better track movement of chemicals in international commerce. (World Customs Organization)
- Harmonize risk assessment methods and procedures to create efficiency for companies and manufacturers, building on existing initiatives, including OECD’s Mutual Acceptance of Data (OECD)
- Provide continues support advancement of eco-industrial parks and promote chemical leasing (UNIDO)
Next steps for the SAICM Community

1. Solidify the knowledge base
   - Work intersessionally and conduct necessary studies to inform future decision-making

2. Engage in UN fora
   - Consider how UNEA 5.2 and/or the Stockholm+50 Conference can be used as a steppingstone for ICCM-5

3. Adopt new modalities
   - Agree on modalities for industry involvement and initiate tracking by embedding relevant indicators in the monitoring framework of the Objectives and Targets of the Beyond-2020 Framework/Instrument
Q & A
THANKS!