IPEN Submission on Financial Considerations
13 November 2020

Key points

- A new chapeau in the finance section should indicate that adequate, predictable and sustainable financing is essential to achieving the goals and targets of the 2030 Agenda and the more specific objectives and targets of the new agreement.
- A financing clearing house should publicly track development aid and other financing for sound chemicals management and report back during each International Conference.
- A mechanism should be established to ensure regular review of financing and technical support mechanisms.
- Donor countries should enhance collaboration between international development cooperation agencies and authorities in charge of sound management of chemicals and waste to ensure that decisions in relation to development aid are aligned with the priorities identified in the new agreement and other chemicals agreements.
- The industry involvement pillar of the Integrated Approach should be operationalized through implementation of a coordinated tax or fee on the production value of basic chemicals.
- GEF financing for SAICM needs to be sharply increased as it currently represents 0.2% of the GEF-7 budget.
- Priority areas for GEF funding should include: elimination of lead in paint; progressive prohibition of highly hazardous pesticides; prohibition and substitution of single-use plastic; stopping hazardous waste imports; and prohibiting the export of banned substances.
- The Special Programme terms of reference should be modified to enable access by all relevant SAICM stakeholders; remove limitations on activities that fall outside the GEF mandate; and remove the 7-year time limitation.
- Capacity building principles should include funded chemical and waste units that also serve as coordinating multi-disciplinary national operations for implementation of SAICM, and the Basel, Rotterdam, Stockholm and Minamata Conventions.

Introduction
This submission is in response to a call for stakeholder submissions on Financial Considerations as part of the Virtual Working Group (VWG) on this topic in the Beyond 2020 process.

The co-facilitators of the Finance VWG requested comments on the following issues:

a) General overview
   (i) Views on the establishment of a clearing house mechanism to track development aid and other possible sources for the sound management of chemicals and waste;
   (ii) Views on the establishment of an arrangement, process or subsidiary structure comprising of finance and other relevant experts to keep sound management of chemicals and waste, capacity building, technology, finance and other resource mobilization sources and initiatives under review;
   (iii) Additional views on text SAICM/IP.4/2, page 14, paragraphs 1 - 3.

b) Mainstreaming
(i) What concrete mechanisms and actions could achieve mainstreaming for the sound management of chemicals and waste at the national level;
(ii) Views on text SAICM/IP.4/2, page 15, paragraphs 6 - 7.

c) Private sector involvement
(i) Gather views on how private sector involvement would support implementation of the sound management of chemicals and waste.

d) Dedicated external financing
(i) How can SAICM inform the GEF replenishment process to increase funding for the sound management of chemicals and waste and what are the priority areas for inclusion in the C&W focal area?
(ii) What concrete actions could support implementation of the beyond 2020 programme of work - for example operationalizing the Overall Orientation Guidance (OOG) - in line with the objectives of the UNEP Special Programme;
(iii) Views on text SAICM/IP.4/2, page 16, paragraphs 12 - 16.

e) Capacity building
(i) What are the concrete mechanisms and actions regarding capacity building across sectors to support the beyond 2020 programme of work (related to all sections above)?

This submission includes the following sections:

Key points
Introduction
General overview
Mainstreaming
Private sector involvement
Dedicated external financing
Capacity building

General overview

New chapeau
The current text would benefit from a chapeau to articulate that adequate, predictable and sustainable financing is essential to achieving the goals and targets of the 2030 Agenda and the more specific objectives and targets of the new agreement. An important lesson from the Independent SAICM Evaluation is that meeting the strategic objectives and targets of the new agreement will require sufficient financial resources to implement government and stakeholder actions. This includes the establishment of substantial new regulatory infrastructures and devotion of substantial resources to enforcement. More explicit recognition of this connection between adequate financial resources and achieving the agreement’s objectives and targets could be helpful in securing political support for adequate and sustainable financing.

Elements of a suggested text:
The extent to which this agreement can be effectively implemented in developing and transition countries depends on adequate, predictable and sustainable financial resources, technical assistance and technology transfer.
Clearing house mechanism
A financial clearing house would be an important addition to the financial mechanism. The clearing house should publicly track development aid and other financing for sound chemicals management and report back during each International Conference. This information would support countries in identifying and accessing new potential sources of funding for the sound management of chemicals and wastes as well as facilitate stock taking and course correction in the establishment of sustainable financing for Beyond 2020 implementation. To be reliable, submissions should be independently reviewed and verified through good accounting practices, and should distinguish wherever possible between pledges and disbursements.

Review mechanism
We see value in this proposal in ensuring regular review of financing and technical support mechanisms. However, the proposal would benefit from being further fleshed out, so as to guarantee that it is built to deliver effective proposals for systemic enhancement. The periodic financial needs assessments and effectiveness evaluations performed by the Stockholm Convention may serve as a useful model for similar evaluations in SAICM. The mechanism for reviewing financing and technical support could be placed in the finance section or under the governance part of the new agreement.

Views on SAICM/IP.4/2, paragraphs 1 - 3
In the text below, we have highlighted in yellow our preferences:

1. The implementation of the integrated approach to financing for the sound management of chemicals and waste, which was designed and agreed as a long term contribution beyond 2020, continues to be essential [to achieve the goals and targets of the 2030 Agenda for Sustainable Development] [and to bridge the widening gaps in the capacity to address sound management of chemicals and waste between developed and developing countries]. It is recognized that the sound management of chemicals and waste is necessary for countries, and [may] require[s] technical and financial support.

2. A clearinghouse mechanism should be established under the secretariat of (the agreement) to publicly track development aid for the sound management of chemicals and waste.

3. All stakeholders agree to establish an arrangement, process or subsidiary structure comprising of finance and other relevant experts to keep sound management of chemicals and waste, capacity building, technology, finance and other resource mobilization sources and initiatives under review. [to ensure adequate and sustainable financing of the chemical and waste cluster]

Mainstreaming

Mainstream mechanisms
UNEP should implement the recommendation in the UNEP evaluation of the integrated approach to, “make a formal request to donors to make an overt signal that chemicals and waste are a fundable component of development plans.” This request should include an explicit mention of the new chemical agreement as an example of a fundable component of development plans. Donor countries should enhance collaboration between international development cooperation agencies and authorities in charge of sound management of chemicals and waste to ensure that decisions in relation to development aid are aligned with the priorities identified in the new agreement and other chemicals agreements.

Views on SAICM/IP.4/2, paragraphs 4 – 6
The text in paragraphs 4 and 5 looks appropriate and useful. Text suggestion for paragraph 6:

6. Governments should implement actions to promote further mainstream the sound management of chemicals and waste in national development plans, domestic budgets and relevant sector policies. For developing countries and
countries with economies in transition, the mainstreaming of their national chemicals and waste priorities into the development planning processes for funding as part of official development assistance [may] [will] [should] increase their access to [significant] funding for national priorities in relation to chemicals and waste.

Private sector involvement
The Independent SAICM Evaluation provides information about how governments view the Integrated Approach and notes that, “Industry involvement was envisaged as meaning that industry internalizes the costs of complying with chemicals and waste regulations, with economic instruments (e.g. taxes and subsidies) used to shift the external costs of production, use and disposal of chemicals away from the public sector to the private sector.” However, this expectation of governments has not been met. The UNEP Evaluation of the Integrated Approach to Financing notes that, “deliberate instrumental use of the integrated approach by national governments at scale to trigger new financial and in-kind participation of industry and other partners is not strongly evidenced.” Clearly, a tangible implementation mechanism for this part of the Integrated Approach is needed to strengthen this key pillar – particularly since SAICM and the entire chemicals agenda is so grossly underfunded.

Coordinated tax or fee
CIEL and IPEN have put forward a thought starter and concrete proposal on how to best operationalize the private sector involvement pillar of the Integrated Approach to the Financing of Chemicals and Waste. This proposal makes the case for a globally coordinated tax of 0.5% on the production value of a small number of basic chemicals (or feedstock chemicals) to fund the sound management of chemicals and waste. Such a small (almost unperceivably small) coordinated tax, or fee, would have the potential to raise up to USD$11.5 billion annually, orders of magnitude above what is currently available, to support SAICM implementation globally. This proposal is available in all UN languages at https://ipen.org/site/international-coordinated-fee-basic-chemicals (together with an executive summary also available in all UN languages, as well as a FAQ and short explanatory video). The private sector financing proposal was also presented during two technical briefings organized by the secretariat on 9 November 2020 (Technical Briefing 2).

Under the private sector financing proposal, each country with a basic chemicals manufacturing industry physically located within its borders would agree to implement through national legislation a tax or fee on the production value of such chemicals and to send the revenues to an international fund. The fund would then make disbursements to initiatives by multiple stakeholders in developing countries and countries with economies in transition to safely manage or build capacity to safely manage chemicals and waste, as well as for risk reduction activities, much like the Quick Start Programme, but on a larger scale. Notably, a number of developing and transition countries would be eligible to be both donors to the fund and recipients of grants from it. Most of these countries would receive far more in disbursements than they put in.

The global fund
Revenues from the coordinated global tax or fee should either flow into an existing international fund or a new fund. The executive board of any new fund should contain representatives from all UN regions and from developed and developing and transition countries. The fund will need well designed access modalities for all relevant stakeholders, strong transparency requirements, and human rights safeguards. It is notable that at the Third Meeting of the Open-ended Working Group of the International Conference (OEWG3), a group of 94 countries submitted a conference room paper on financial considerations (SAICM/OEWG.3/CRP.2) calling for establishment of an International Fund to implement the sound management of chemicals and waste.

Advancing a coordinated tax or fee
The new agreement should specifically reference a private sector obligation to provide financial resources, including through globally coordinated levies (see below).

In addition, a decision at ICCM5 should state agreement among a group of countries to implement the coordinated tax or fee. The goal would be to reach agreement among every country with a basic chemicals industry. However, as with many international agreements, the inability to get consensus among all countries at first should not stop some countries from signing on. Countries have significant experience designing agreements that come into effect only upon certain conditions—e.g., when a certain number of countries representing a certain percentage of basic
chemicals production agree. These arrangements can allow trailblazing countries to signal commitment and then build sufficient consensus. If universal agreement were achieved, this vanishingly small tax would raise on the order or $11 billion annually — orders of magnitude higher funding than what is currently provided via the GEF and Special Programme. If just the right 10-12 countries agreed, a very sizable sum could still be raised.

Dedicated external financing

**GEF replenishment**

GEF-7 operates from 1 July 2018 – 30 June 2022 and discussions on the GEF-8 replenishment are recommended to conclude by April 2022. This calendar indicates that it will be very important for an ICCM5 decision to inform the GEF replenishment process to increase funding for the sound management of chemicals and waste and indicate priority areas for inclusion in the chemicals and waste focal area.

The GEF has consistently underfunded work under SAICM. In the GEF-6 replenishment, only **US$13 million** was earmarked for global SAICM implementation for the four period from 2014 – 2018. This represented only 2% of the Chemicals and Waste Focal Area budget and 0.3% of the GEF-6 replenishment. In GEF-7, SAICM funding remains the same at **US$13 million** for four years – 1.4% of the chemicals and waste budget and 0.2% of the GEF-7 replenishment. The miniscule GEF financing of SAICM starkly contrasts with the agreement’s broad scope – particularly for chemical safety issues that are most important in developing and transition countries. GEF financing of SAICM needs to be sharply increased.

There are several priority areas for GEF-8 funding that build on established areas of international concern:

- **Lead in paint:** Elimination of lead paint provides a tangible way for governments to address a clear public health threat to intelligence and other health impacts. This issue has momentum and is considered to be one of the most successful issues SAICM has undertaken. GEF funding could include monitoring paints on the market and establishment of national regulations, among others. Elimination of lead paint is not covered under any other chemical agreement and work on this issue would contribute directly to SDG3 and 12.

- **Highly hazardous pesticides:** Highly hazardous pesticides are the substances that are most harmful to human health and the environment and a significant chemical safety issue in developing and transition countries. In 2020, FAO drafted a Global Action Plan (GAP) on Highly Hazardous Pesticides (HHPs) and presented it to the FAO/WHO Panel of Experts on Pesticide Management (JMPM). The plan includes a phase-out of highly hazardous pesticides from agriculture by 2030 and it is currently under discussion with support from most of the FAO and WHO experts, members and observers. GEF funding under this issue could include inventories of pesticides in use, monitoring, phase-out plans, identification of alternatives and national regulations, among others. Highly hazardous pesticides are not explicitly covered under any other chemical agreement, though some of them are governed under the Rotterdam and Stockholm Conventions. Funding on this topic provides a solid basis for involvement of the agricultural sector and ties directly to SDG2 and also contributes to SDG3, 8, 14, and 15.

- **Single-use plastic:** Prohibition of single-use plastic has captured global attention due to the growing awareness of environmental threat and potential human health impacts due to plastic pollution. GEF funding under this issue could include inventories of products, phase-out plans, identification of alternatives and national regulations, among others. This significant issue has been the focus of UNEP reports and an ad hoc process under UNEA, though it is not currently covered under any other chemical agreement. Prohibiting single-use plastic contributes to achievement of SDG11, 12, and 14.
• **Hazardous waste imports**: Prohibiting hazardous waste imports synergizes with the Basel Ban Amendment. This amendment entered into legal force in December 2019, but only about half of the Basel Convention Parties have ratified it. The Basel Ban Amendment could be included in work on this target, along with the broader effort of banning hazardous waste exports in all countries (not just Annex VII countries as required by the Basel Ban Amendment). GEF funding could include inventory work on hazardous waste imports, ratification of the Ban Amendment, training of Customs officials and establishment of regulations prohibiting hazardous waste imports, among others. This issue would help prevent one country from polluting another and contributes to achievement of SDG11, 12, 14.

• **Export of banned substances**: Prohibiting the export of substances that are banned nationally prevents export of harm. If a substance is deemed to be unsafe in a country, it not should be transferred to harm human health and the environment in another country. This issue could synergize with information provided under the Rotterdam Convention, but national prohibitions of this type are not currently covered under any other chemical agreement. GEF funding under this issue could include identifying banned substances that are exported, training of Customs officials and establishment of national regulations to prohibit the practice, among others. This issue would contribute to achievement of SDG3, 8 and 12.

**Supporting implementation through the Special Programme**

The Special Programme has contributed to the third pillar of dedicated external financing by raising over US$25 million to date and distributing roughly US$11.5 million. However, because this funding applies to work under the Basel, Rotterdam, Stockholm, and Minamata Conventions and SAICM, it is difficult to determine how much should be counted as flowing to SAICM implementation. Further, funding is limited to applications from governments for institutional strengthening and only for activities that fall outside the GEF mandate.

Three concrete actions to support implementation of Beyond 2020 work are modifications to the terms of reference of the Special Programme:

1. Enable access by all relevant SAICM stakeholders, include public interest NGOs, since the Programme is currently restricted only to governments. The UNEP evaluation of the Integrated Approach notes that, “Civil society has lost out from the closure of the QSP to which civil society could apply for funding” recommends that UNEP should “propose solutions to address civil society financing.”

2. Remove the limitation on activities that fall outside the GEF mandate, since this unnecessarily confines funding and undermines synergies with limited GEF funding.

3. Remove the time limitation of the Special Programme, which is currently confined to seven years with the possibility of a one-time extension of an additional five years.

**Views on SAICM/IP.4/2, paragraphs 12 – 16**

Our preferences and suggestions are noted below (preference highlighted in yellow, suggested addition in bold and Suggested deletion with “deletion”):

12. [Stakeholders should secure funds] further strengthen the component of dedicated external financing, including development assistance aid, from innovative donor sources, which can be facilitated by mainstreaming at the national level.

13. [All stakeholders agree to the establishment of an International Fund to implement the Sound Management of Chemicals and Waste, which should be accessible to all relevant stakeholders and sectors and should provide support to developing countries, in the form of grants, guarantees and loans, comprised of financial resources provided by the private sector, including through globally coordinated
levies, governments in a position to do so, development banks, philanthropic entities, venture capital, and all other stakeholders.

14. [All stakeholders agree to initiate the process of setting up and implementing the International Fund at ICCM5.]

15. [Donors should continue to provide dedicated external financing, including, for example, resources to support the Global Environment Facility and other multilateral, regional and bilateral sources of financing, and to support the effective implementation of the Special Programme to support institutional strengthening at the national level for the implementation of the Basel, Rotterdam and Stockholm conventions, the Minamata Convention and the Strategic Approach to International Chemicals and Waste Management.]

16. [All stakeholders recommend to UNEA that the Special Programme should be reformed to adjust to the multi-stakeholder, multi-sectoral nature and scope of the Strategic Approach.]

**Capacity building**

First it is crucial to recognize that capacity building requires resources along with knowledge. All mechanisms and activities will require adequate and sustainable financing—the cumulative scale of such needs reinforces that what is necessary is a globally coordinated approach to cost recovery from the actors privatizing profits while socializing harms.

Specific comments on the capacity building principles include:

**Coordination**

Broaden Montreal Protocol units to funded chemical and waste units that also serve as coordinating multidisciplinary national operations for implementation of SAICM, and the Basel, Rotterdam, Stockholm and Minamata Conventions

Rationale: The Independent SAICM Evaluation notes that, “External financing was envisaged to involve two components. Firstly, the establishment of national chemicals waste units in all recipient countries, and secondly the creation of an integrated chemicals and wastes focal area under the GEF.” The Evaluation explains that the chemicals and waste units, “would enhance capacity in recipient countries, serve as a focal point for the BRS conventions, promote and enhance the mainstreaming of chemicals and wastes into national development plans and priorities, regional development plans, and international development assistance plans. The units would also be responsible for and reporting on industry compliance with legislative, regulatory and administrative requirements.”

The Montreal Protocol supported the development and operation of national ozone units in 147 countries, including a peer support system and regional networks. These units have been generally acknowledged to have played a key role in the successful implementation of the Protocol. These ozone units could be broadened and serve as focal points for implementation of SAICM, and the Basel, Rotterdam, Stockholm, and Minamata Conventions. Colombia suggested this approach in an intervention at IP3 and the delegate from the Montreal Protocol Secretariat supported the proposal.

**Collaboration**

Country driven process, including mutually beneficial partnerships.

Take a multistakeholder and multisectoral approach, including partnership and mechanisms for technical cooperation that incorporates all relevant disciplines.

North-South and South-South networking and sharing of experiences to facilitate learning by doing.
Collaborate with existing initiatives on chemicals and waste management, including multilateral environment agreements, United Nations bodies, private sector, civil society and academia, to fill gaps and build upon their work while avoiding duplication.

**Knowledge and information**

Recognition and sharing of knowledge and expertise **nationally and within and among regions**

Recognize the need to **provide comprehensive information about chemicals and** promote coordination of and access to information for the sound management of chemicals and waste in all relevant aspects.

Ensure the full use of national, subregional and regional information and knowledge, as appropriate, to inform global decision making.

**Participation**

Full and effective participation of all **relevant government ministries and stakeholders nationally** and balanced regional representation and participation.

**Gender**

Recognize the need for gender **equality equity** in all relevant aspects of its work.

(Note that SDG5 is “Achieve gender equality and empower all women and girls.”)