

VIRTUAL WORKING GROUP ON FINANCIAL CONSIDERATIONS

TOPICS: INTEGRATED APPROACH TO FINANCING THE SOUND MANAGEMENT OF
CHEMICALS AND WASTE AND CAPACITY BUILDING

Summary Report of the 1st Virtual Meeting on Financial Considerations 18 November 2020 from 14:00 – 16:00 CET

1) Welcome remarks

Welcome remarks were given by co-facilitators Jonah Davis Ormond from Antigua and Barbuda and Reggie Hernaus from the Netherlands.

2) Overview of the Virtual Working Group Process, Mandate and Dedicated VWG4 website.

The representative from the SAICM Secretariat gave a general overview of the process, reviewed the VWG4's mandate, as well as the [schedule](#) of the VWG4. He mentioned the [webpage](#) dedicated to the VWG that includes information such as the agenda for each virtual meeting, background documents, request for electronic feedback, stakeholders' inputs, video recordings of the meetings and summary reports of each meeting.

3) Open discussion on the Integrated Approach to Financing the sound management of chemicals and waste (SMCW)

The representative of the SAICM Secretariat noted that 13 stakeholders had submitted their electronic feedback prior to this discussion by the deadline of 13 November 2020: EU and its member states, IPEN, UNDP, UNEP, ICCA Industry, United-Kingdom, Japan, WHO, United States of America, Norway, Canada, the African Group and GRULAC.

General views on the Integrated Approach to Financing the SMCW

I. General views

In response to the findings from the SAICM Independent Evaluation, a stakeholder suggested adding a new chapeau to articulate that adequate, predictable and sustainable financing is essential to achieve the goals and targets of the 2030 Agenda and the specific objectives and targets of the new agreement. Another stakeholder suggested that the integrated approach should consider the multi-sectoral character of SMCW and ensure the participation of representatives of all involved sectors at the national, regional and global level was highlighted. The stakeholder noted that some sectors have received feedback from their respective sector representatives regarding the need to ensure balanced sectoral access and participation.

a. Clearing house mechanism for tracking development aid

There was general support for establishing a clearinghouse mechanism that would provide transparency to track development aid, potential sources of funding and sharing of information. However, some stakeholders requested more information and clarity on the need, functions, scale, scope and operating costs of the establishment and maintenance of such a mechanism. They also shared that the mechanism should be independently reviewed and verified through good accounting practices. Another

stakeholder asked for a better reflection of the multisectoral nature through text improvements. A participant also suggested the possibility to place the text on the clearinghouse in the section of the functions of the Secretariat (under Section V Institutional arrangements, sub-section C Secretariat).

b. Arrangement, process or subsidiary structure for review

On the establishment of the arrangement, process or subsidiary structure to keep SMCW under review there was broad range of views. It was considered that the timing of this proposal might be too early in the process, and as a first step to identify the need to establishing a new structure as well as the purpose, the areas of focus and the basis of the framework in line with Section VI E Subsidiary and ad hoc expert bodies. Learning from other processes such as the effectiveness evaluation of the IPCC or TEAP of the Montreal Protocol was mentioned. There was also a suggestion that the mechanism could perform a review function on financial and technical support that could either be placed in this section or under the governance section of the new instrument. In terms of the review mechanisms it was noted that different sources of funding have their own rules and procedures for their operations and their own review processes.

II. Mainstreaming

There was general support on considering mainstreaming as a crucial activity to implement SMCW and to achieve the SDGs. It was noted that the benefits of SMCW to sustainable development and costs of action are much less than the costs associated with in-action and this should be the main driving force for governments to ensure that SMCW is mainstreamed into national budgeting processes and in national development plans as well as, in international programmes. It was noted that actions related to mainstreaming are diverse at different levels of government. One stakeholder suggested actions at the national level should draw upon existing text on the OPS such as setting-up of an inter-ministerial forum involving all stakeholders and sectors.

One stakeholder noted that the inter-ministerial forum to address mainstreaming could consider a multistakeholder approach to (i) establish environmental and social safeguards for chemical safety and circular economy in the different plans and programs; (ii) identify potential synergies through coordinated and joint implementation of plans and programs; (iii) consider the SMCW in the work of governing bodies of intergovernmental organizations – given the tools developed by UNEP, by governments and ministries that can help guiding developing countries notably, in setting up basic systems (will elaborate further on the private sector engagement); and (iv) consider the benefits of action in SMCW. The role of the private sector and finance sector was also highlighted to support mainstreaming and ensure the SMCW throughout the life cycle of chemicals including waste, starting with the design of chemicals and products and leading up to their use and the treatment of waste. The representative from industry noted that the most significant way to achieve mainstreaming is through the establishment of the fee based chemical management systems in each country.

A key element identified in the UNEP evaluation of the integrated approach was a recommendation 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 could include an explicit mention or include some request *to enhance collaboration between international development cooperation agencies and authorities in charge of SMCW* to ensure to ensure that decisions in relation to development aid are aligned with the priorities identified in the new agreement and other chemicals agreements. The internalization of costs, the inclusion of these topics in national budgets, the distribution of these funds and the implementation of new and innovative financial strategies require time. International cooperation (for example North-South or South-South) and the institutional strengthening are all vital in order to achieve mainstreaming, so the other components of the integrated approach are crucial to achieve mainstreaming. One stakeholder suggested the development of methodological guidelines especially for developing countries, drawing on lessons learned and best practices from the private sector, OECD, and other fora. One donor stakeholder note that they are increasing financing for SMCW through bilateral and regional

development assistance, which signals its importance. Progress through mainstreaming can complement and even enhance the other aspects of the integrated approach.

III. Private sector involvement

There was general agreement that private sector involvement is necessary for achieving the sound management of chemicals and waste. The stakeholders highlighted that industry contributions from all sectors have to be strengthened and that governments should encourage the private sector to assume greater responsibility and increase their contributions, through concrete mechanisms such as developing legislation on cost recovery, as well as implementing incentives and appropriate economic instruments for the industry to internalize external costs. In addition, the participants expressed the necessity to define responsibilities for chemical safety at production sites and in the supply chain, and to implement the principles of extended producer responsibility, the polluter pays principle, as well as to implement the GHS and the payment of fees and taxes for the private sector. Both voluntary actions by users of chemicals to replace hazardous chemicals with safer alternatives as well as, mandatory actions should be quantified and mapped to identify existing contributions and related actions.

However, some stakeholders raised concerns for standardising policies as would restrict the flexibility of the country in implementing these policies in accordance with their national circumstances, legislation and regulatory policies. This level of details would be better suited in a resource mobilization strategy. In addition, a portion of the participants asked for more clarity and further elaboration regarding paragraphs 11 and alt 11 notably on what is called upon on developing the guidance or on who we are targeting with “financial sector” or “investors”.

A detailed proposal by ICCA was made for a capacity-building clear house mechanism. The stakeholder noted that many capacity-building efforts are already being undertaken by various stakeholders, but they lack coordination and a common place to meet and to be visible. This mechanism will serve as a common marketplace to bring together these initiatives, for mapping existing capacity-building efforts and to help track progress and generate additional funding. The detailed proposal can be found on the [SAICM website](#). As participants saw merit in having an in-depth discussion on ICCA’s proposal, the co-facilitators suggested the establishment of a small working group with interested participants, organized in close cooperation with the SAICM Secretariat, to discuss the proposal of a capacity-building clearing house mechanism led by ICCA and to timely report back to the VWG on the outcomes of the work of the group.

IV. Dedicated external financing

a. GEF

The GEF and UNEP Special Programme provide direct support to SAICM, but it is important to also keep in mind that overall the SMCW agenda is supported by others financial mechanisms of the MEAs including the Montreal Protocol’s Multilateral Fund, Minamata Specific International Programme and trust funds of various conventions and protocols. There is also a need to explore synergies with a number of other areas such as circular economy , climate change, biodiversity and the green recovery to Covid-19 that require significant financing that either has been or will be dedicated to them for which chemicals and waste plays an important role. It was noted that the GEF and the Special Programme have specific governing bodies that take decisions and it will be important that ICCM5 provides clear guidance to these two funding mechanisms on what SAICM or the new framework is expecting from them and the priority actions to be funded.

There was agreement that ICCM5 could communicate to the GEF on its needs to support the implementation of the beyond 2020 ahead of the GEF8 replenishment, especially focusing on elements which contribute to global benefits. Options would be to highlight the need to operationalize the Overall Orientation Guidance elements, as well as the strategic objectives and targets currently under discussion. It was noted that the current chemicals and waste focal area includes funding for the chemicals and waste conventions (Stockholm and Minamata

Conventions) and the Montreal Protocol. There should be a call to increase the portion of GEF funding available for SAICM implementation.

There are also a number of priorities areas for GEF8 funding that should build on established areas of international concern such as lead in paint, highly hazardous pesticides, single-use plastic, hazardous waste imports and the export of banned substances.

b. Special Programme and other multilateral, regional and bilateral programmes

There was overall support from the participants to extend the duration of the Special Programme. Many participants also showed their interest in exploring resource mobilization strategies to raise different types of external financing and ways to increase the multi-stakeholder and multi-sectoral access to funding. One stakeholder provided their views on concrete actions to support the implementation of the Beyond 2020 framework, including (i) mapping of guidance through the development assistance and programmes' landscape based on document IP.3/8 prepared by UNEP ; (ii) regular exchange with relevant programs and funds to mainstream and better incorporate SMCW activities; (iii) implementation of the proposals made with regard to mainstreaming (listed above); the prolongation of the Special Programme as well as, promoting synergies with funding in other sectors, for example climate change.

A number of participants supported the creation of a new International Fund but some stakeholders noted that the effective operation of the Special Programme, which can receive financial contributions from governments and non-government actors should be given the priority rather than creating a new financial mechanism which will require additional costs for its management.

Regarding the Special Programme, one stakeholder pointed out two elements limiting its impact and would like to send a signal to the upcoming UNEA. The first suggestion would be to allow all SAICM stakeholders to have access to the fund to notably "*propose a solution to address civil society financing*". Indeed, the current draft focusing mainly on financing the Secretariat and the Beyond 2020 instrument and leave a gap on financial resources needed for stakeholders to implement the actual instrument (cf. UNEP written proposal). The second suggestion is to broaden the scope of activities currently concerning only those falling outside of the GEF mandate which is confining funding and undermining synergies. The duration of the Special Programme should also be addressed. Another comment made was that the GEF and the Special Programme should be invited to attend and participate in the evaluation processes.

4) Open discussion on Capacity Building

The stakeholders all agreed that capacity building requires information exchange and resources and suggested some proposals of actions and mechanisms for capacity building. One stakeholder suggested the establishment of internationally recognized tiers of achievement as a way to incentivize more robust implementation of core chemicals management by countries to make further advancements in their efforts and their ability to manage chemicals and to implement SAICM. Another proposal is to increase the coordination at the national level and to use the existing Montreal Protocol units that could be broadened to include and address chemicals and waste issues, so they can coordinate multi-disciplinary national operations for the implementation of SAICM, and the Basel, Rotterdam, Stockholm, and Minamata Conventions. A stakeholder noted that in this context, the work done by the IOCM organizations since 2006 in providing capacity building actions through various programmes and guidance materials, as well as the EU and its member states programmes to support countries in capacity building could be communicated and used as references. The detailed content of these proposals can be found in the stakeholders' inputs section on the [SAICM website](#).

5) Explanation of the next Electronic Input Request

The second round of electronic feedback of the VWG4 will start from Friday, 20 November to Friday, 11 December 2020. The topics covered under this request are strategic partnerships; financing the Secretariat; resource mobilization; cost-recovery mechanisms and other economic instruments. To provide your electronic input, you may use the set of questions provided by email or on the [SAICM website](#). The next virtual meeting is scheduled for Wednesday, 16 December 2020 14.00-16.00 CET.