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**Implementation towards the achievement of
the 2020 goal on sound chemicals management:
overall orientation and guidance on the 2020 goal**

**Report by the United Nations Environment Programme on the
integrated approach to financing of sound management of
chemicals and wastes: industry involvement**

Note by the secretariat

The secretariat has the honour to circulate, for the information of participants, a report received from the United Nations Environment Programme on industry involvement in the integrated approach to financing the sound management of chemicals and wastes. The report is reproduced in the annex to the present note as received by the secretariat, without formal editing.

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Annex

The integrated approach to financing of sound management of chemicals and wastes: Industry involvement

Introduction

1. A consultative process was launched by the Executive Director at the fourth meeting of the Conference of the Parties to the Stockholm Convention on Persistent Organic Pollutants, held in May 2009, with the aim of addressing the increased need for sustainable, predictable, adequate and accessible financing for the chemicals and wastes agenda while also increasing the political priority accorded to the sound management of chemicals and wastes.
2. The consultative process developed an integrated approach to financing of sound management of chemicals and wastes.
3. *The first session of the United Nations Environment Assembly* welcomed in its resolution 1/5 an integrated approach to address the financing of the sound management of chemicals and wastes, and underscores that the three components of an integrated approach, mainstreaming, industry involvement and dedicated external finance, are mutually reinforcing and are all important for the financing of the sound management of chemicals and waste at all levels.
4. The present information document covers the results of two regional workshops on industry involvement in the African and Asian Pacific regions.

Industry involvement under the integrated approach

5. The integrated approach underlines that:

To ensure that industry involvement becomes an effective component of meeting the chemicals and wastes targets, the integrated approach proposes a non-exhaustive list of actions for implementation by Governments, industry and other stakeholders, as appropriate:

 - a. Develop legislation and enforce and monitor industry compliance;
 - b. Develop legislation that clearly defines the responsibilities of Governments and industry in order to establish the authority and national ability to control chemicals with the aim of ensuring cost-efficient management efforts to protect human health and the environment;
 - c. Develop cost recovery measures at the national level to fund the administrative process of providing and maintaining systems for governing the marketing of chemicals at the national level, in order to shift the administrative and operational costs of activities from government budgets to producers and importers that benefit from those activities;
 - d. Further incorporate chemicals and wastes considerations into extended corporate responsibilities “downstream”, including corporate social responsibility initiatives such as the United Nations Global Compact and triple-bottom-line accounting;
 - e. Enhance private-public relationships and partnerships, including through in-kind contributions and partnerships that support the chemicals and wastes agenda internationally and nationally;
 - f. Promote and undertake voluntary industry and capacity-building initiatives;
 - g. Strengthen the role of industry as a capital investor through the transfer of technology, as appropriate, best practices and expertise, recognizing that technology transfer occurs through established legal structures taking into account intellectual property rights;
 - h. Promote increased resource-efficiency and process optimization through, for instance, best available techniques and green economy initiatives;
 - i. Undertake measures and develop incentives to strengthen the role of industry in financing research, development and innovation, co-financing projects and direct financial contributions to relevant funds;
 - j. Make use of existing tools and guidance to build legal and national infrastructures for the sound management of chemicals and wastes through cost recovery systems;

- k. Recognize industry activities that internalize the cost of complying with chemicals and wastes regulations and standards and adhering to international good practices and national laws and regulations.

6. Industry involvement through command and control, economic instruments and voluntary agreements will reduce the cost of the sound management of chemicals and wastes along the whole value chain. The main activity expected of industry is to take further measures to internalize costs, in accordance with the polluter pays principle, and to broaden and multiply voluntary agreements on the sound management of chemicals and wastes. Furthermore, financing contributions by industry through dedicated external financing as called for by the integrated approach would be strongly encouraged

Results of workshops in Africa and Asia-Pacific Regions.

7. Two workshops were held: 2-4 December 2104 (Nairobi, Kenya) for Africa and 9-11 December 2014 (Siem Reap, Cambodia) for Asia and the Pacific. A total of 38 participants from government and civil society participated in these works. An invited expert from the chemical industry was also present. The workshop was made possible by a financial contributions from the Government of Sweden.

8. The objectives of the workshops were to make governments and industry more aware of:

- what is included in industry involvement as part of the Integrated Approach
- the benefits of and the necessity to involve the industry in the sound management of chemicals and wastes (SMC)
- how industry involvement contributes to national long-term financing; and
- to identify issues for further consideration based on the workshop discussions.

9. Participants expressed their appreciation of the relevance of an integrated approach to ensuring the successful adoption of SMC and recognised the importance of SMC as critical to achieving the SDGs and to the achievement of the 2020 goal.

10. Participants also noted that the mainstreaming initiative is a key factor that can help integrate SMC into the Green Economy Agenda.

11. In order to make a Green Economy a reality, the participants recognised the importance of the involvement and engagement of various sectors of industry and other stakeholders and of the need to establish and/or strengthen a collaborative framework in between sectors and the public authorities to foster the sound management of chemicals and ensure sustainability.

12. Participants were also made aware of various opportunities where the outcome of these deliberations could influence decision makers: the up-coming session of African Ministers of the Environment, the next Inter-Ministerial Conference on Health and Environment in Africa, the 3rd International Conference on Financing for Development, and the 4th International Conference on Chemicals Management.

13. Taking into account the LIRA Guidance, pilot countries' experiences, relevant recommendations from the GCO related to the role of the private sector government, and various approaches to promote collaboration and promote SMC, participants of the workshop made the following remarks, suggestions and recommendations.

14. The outcome of the workshops was a set of recommendations that are relevant to the situation in participating countries and each region as a whole. The observations below provide an overall synopsis of the overarching findings from the two workshops.

General Observations

A multi-stakeholder approach is needed

15. There were a good understanding that the sound management of chemicals can only be achieved when all stakeholders who are involved at each stage of the life cycle of a chemical and products containing chemicals participate fully to ensure the appropriate manufacture, handling, transportation, use and disposal of chemicals and other products. While chemical producers have a specific responsibility, it is equally important to ensure that all others involved in the value chain recognise their responsibility and act accordingly. This highlighted the need to engage importers, distributors, retailers, industrial and commercial users, workers and consumers.

Chemical producers have an important role in facilitating engagement of other industrial and commercial sectors, small and medium-sized enterprises in particular. Trade unions can raise awareness among workers and consumer organisations and other civil society organisations are well positioned to reach out to the general public.

Legacy issues still need to be addressed

16. While new economic and other instruments can help prevent future environmental damage, there are still many legacy problems that have not been fully mitigated or remediated that are not adequately funded.

Regional collaboration can increase effectiveness

17. Regional or sub-regional frameworks and harmonized approaches can lower the cost of implementation of SMC in various ways such as through economies of scale, making it easier for industry to comply and reducing the opportunities for illegal traffic.

Industries contribution to sound management of chemicals

18. Participant observed that chemical producers already contribute to the sound management of chemicals in various ways, including:

- i. Testing substances to establish their hazard characteristics
- ii. Development of generic exposure scenarios to help assess the risk under various use scenarios
- iii. Developing material safety data sheets and meeting labelling and packaging requirements, including providing this information to downstream users in the language of the local user, and through
- iv. Voluntary product stewardship initiatives which can include self-assessments or independent audits to ensure that downstream users meet or exceed sound management requirements such as those outlined in Responsible Care Charter or other programmes.

Need for further contributions from industry

19. It was noted that existing contribution of producers, and recognising that there are still significant gaps in practice, participants acknowledged that that SMC can only be successful with the involvement and cooperation of industrial partners. Participants also identified some approaches that could foster the more widespread adoption of SMC through the direct in-kind or financial contributions from industry:

- a. Establishment of initiatives that encourage permanent the cooperation between national authorities and companies through trade or other associations
- b. Involvement of stakeholders directly in national advisory and statutory committees;
- c. Encouragement of best practices through voluntary peer reviews, such as is done under Responsible Care initiatives, green certification and/or the use of independent audit firms, which could be established as regional or transnational entities
- d. Encouragement of the uptake of product stewardship practices among distributors, retailers, chemical users, and consumers through information transfer, awareness raising and training programmes and the use of peer reviews to monitor compliance along the distribution chain, monitoring and prevention of illegal trade in chemicals and waste, and creation or enhancement of trust funds or other mechanisms to provide resources for improved environmental management, emergency response and/or addressing past contamination or damages
- e. The creation of industry-government partnership/collaborative action plans framed by legal and institutional frameworks
- f. Exploration of the use of eco-labelling and other certification schemes to differentiate products and companies that adhere to higher environmental and health standards and establish “green awards” that can act as an incentive for the adoption of improved practices.

Division of responsibilities of governments, industry and civil society at each chemical life-cycle stage

20. The participants made the following suggestions and proposal related to both roles and responsibilities of Governments, industry and other stakeholders along the life cycle of the management of chemicals, from the extraction of raw materials to the management of wastes:

- a. Design stage (development of new products or chemicals)
 - i. **Governments:** Set and enforce performance standards (for example, minimum recycling content or requirement, maximum content limits for certain chemicals);
 - ii. **Industry:** Consider the whole lifecycle, “design for recycling”, undertake research, perform risk assessments, and ensure product safety;
 - iii. **Civil society and academia:** Provide input into the development of SMC policies.
- b. Market entry point (which can occur through raw material extraction, chemical production, or product importation)
 - i. **Governments:** Set and enforce performance standards (for example, training, education, provision of information, including MSDDS)
 - ii. **Industry:** Ensure product labelling, provide accurate and easily understood material safety data sheets (MSDS), provide training to distributors and others, adhere to regulations and permitting requirements, undertake environmental impact assessments (as appropriate), provide financial guarantee to the state (government) where industry is located
 - iii. **Civil society and academia:** Raise awareness among workers, professionals, and other users of chemicals including the general public.
- c. Distribution, storage and transportation
 - i. **Governments:** Set and enforce performance standards (for example safety, training and liability requirements; obligations for performance bonds)
 - ii. **Industry:** Adhere to good practices (including accurate and appropriate labelling and packaging, provision of MSDS) and promote good practice among their customers (for example through training, education and audit programmes)
 - iii. **Civil society:** Monitors adherence to good practice.
- d. Point of sale (to industrial and commercial users and consumers)
 - i. **Governments:** Set and enforce performance standards (such as training, safety and licensing requirements); provide an enabling environment for the adoption of best practices
 - ii. **Industry:** Ensure end users including consumers are aware of safe practices and encourage their adoption; promote safer alternatives when available
 - iii. **Users and consumers:** Select the least toxic or hazardous product possible.
- e. Use (industrial, commercial and consumer)
 - i. **Governments:** Set and enforce performance standards (for example safety, training and liability requirements; obligations for performance bonds), adopts procurement policies that factor in SMC considerations
 - ii. **Industry:** Ensure users and consumers are aware of best practices (training and educational programmes); include SMC considerations in purchasing policies
 - iii. **Other users, civil society and the education sector:** raise awareness among their peers and adhere to best practices including following label instructions; advocate and opt for less hazardous products.
- f. Disposal (including reducing, reusing and recycling)
 - i. **Governments:** Set and enforce performance standards; create a framework that promotes the sound management and disposal of wastes, which can include economic and cost recovery measures

- ii. **Industry:** Adopt product stewardship policies and programmes at the facility, company and industrial sector levels, such as specialized collection and recycling programmes
- iii. **Users and consumers:** Minimize use and dispose products in an appropriate way; reuse products when feasible and recycle them where possible
- iv. **Civil society and the education sector:** Raise awareness of the sound disposal of chemicals and products containing chemicals, including encouraging recycling, and other waste reduction methods.

Economic instrument, incentives etc.

21. Participants recognised that when fees, taxes, or other economic measures are weighted to give preferential treatment to more desirable and less hazardous or toxic substances, products or processes, this can act as an incentive for using more environmentally sound practices, technologies or products.
22. Participants suggested that the use of performance bonds or other sureties could be one way to provide an incentive for the adoption of SMC. These bonds would provide funds to address negative impacts if they occurred and could be released upon verification of compliance with requirements, such as mitigation measures identified in an environmental impact assessment. They could be applied for activities at various points in the lifecycle to address risks from manufacture, storage, transportation, distribution, use, and disposal. Companies could be required to post bonds to obtain permits for their operations, such as import, distribution, facility or for environmental approvals, such as environmental impact assessments.
23. Participants encouraged green technology transfer and preferential treatment to investments that use cleaner production methods and facilities that incorporate safe and green business practices, which could include investment tax allowances and grants and giving value to waste; participants recognised that fees, taxes, or other economic measures can act an incentive for using more environmentally sound technologies or products when they differentiate between less and more hazardous or toxic substances or products or practices representing more or less risks so that they;
24. Participants mentioned exploration of the use of eco-labelling and other certification schemes to differentiate products and companies that adhere to higher environmental and health standards and establish “green awards” that can act as an incentive for the adoption of improved practices.

Need for awareness raising

25. Continued awareness raising among all stakeholders, including, decision-makers, importers and distributors, small and medium-sized enterprises, workers, and other users, on the potential risks posed by chemicals and the benefits of SMC, and involving the education sector and the news media in this effort; in particular, improving the analysis of cost and benefits of SMC to assist decision-makers in better understanding the implications of their decisions on health and well-being;

Views from industry

26. The industry representative noted that when promoting the SMC it is important to assess the potential impact of rules or regulations on innovation and the adoption of safer practices and substances to ensure that they do not become barriers to the adoption of greener technology. It is also important to design approaches that will support preferred products and practices and deter less desirable ones. At the same time factual and objective information from NGOs, consumer associations, academia, and the media can provide important insights and contribute to better adherence to the principles of SMC.

RECOMMENDATIONS

27. Participants noted that the above remarks and suggestions complement and support the recommendations found in the GCO. With respect to the role of industry SMC, participants identified actions or initiatives that could strengthen SMC and made the following recommendations in a non-prioritised order:
28. Specifically for governments:
 - a. Encourage governments as part of their SMC strategy to create a climate of trust and win-win cooperation between stakeholders, including industry, government, civil society and other partners that will encourage industry to take its full own responsibility for SMC

- b. Increase the capacities of health and environment agencies to use economic analysis in the development of sound chemicals management policies
- c. Integrate the environmentally sound management of chemicals in social and economic development processes through greater use of economic decision-making tools and methods
- d. Adopt and implement legal instruments that define the responsibilities of the public and private sector in the sound management of chemicals and improve administrative coordination for compliance and enforcement
- e. Strengthen or develop a single national coordinating chemical management entity.
- f. Adopt a full policy chain of instruments and approaches that stretch across the lifecycle from the entry of chemicals onto the market to the management of chemicals at their disposal.
- g. Use regional approaches to increase the efficient use of resources for risk assessment and management of chemicals and to prevent illegal trafficking
- h. Strengthen national capacity to facilitate the appropriate use of economic instruments to internalize the cost of chemical management and create financial incentives to improve chemical management strategies and promote safer alternatives when available
- i. Encourage countries to study the creation of a national fund for SMC which would receive funds from performance bonds deposited by industries that have the potential to pollute or cause environmental damage due to hazardous or toxic chemicals; these bonds could, for example, provide a surety for remediation or rehabilitation of a site or for the sound management and disposal of packaging and other waste; in the event that the funds so deposited are insufficient to meet the costs of reparation, increased contributions from the responsible industry could be required; the interest income from this national fund could be used for monitoring and evaluation

Specifically for Industry

- a. Foster the incorporation of sound management of chemicals in corporate policies and practices
- b. Involve small and medium-sized enterprises (SMEs) in the sound management of chemicals and encourage industry to cooperate with governments to fairly share the responsibility and costs for social and economic development
- c. Further develop and improve chemical management programmes throughout the value chain including communication about chemical hazards and risks, both for chemicals as such and chemicals in articles

Specifically For UNEP

- a. Encourage UNEP to convey to national authorities the relevance of UNEP's Mainstreaming Initiative and the need to implement it at the national level as soon as possible, as an essential means to achieving the SAICM 2020 goal
- b. Encourage UNEP to develop, in close consultation with countries and industry associations, the terms of reference for a regional framework or action plans for enhancing the involvement of the industry and private sector in the implementation of the integrated approach for financing SMC
- c. Encourage UNEP to convey to national authorities the relevance of UNEP's mainstreaming initiative and the need to implement it at the national level as soon as possible, as an essential means to achieving the SAICM 2020 goal
- d. Encourage UNEP and relevant partners to draft consolidated guidance for Mainstreaming of SMC

Specifically for chemicals stakeholders

- a. Call upon UNEP and industry associations, IGOs and civil association partners to continue their work on development of guidance, simplified product information summaries, examining their potential/possible complementarities and the possibilities to target them to specific actors and stakeholders to address challenges and opportunities related to industry involvement at all levels of the value chain (not only producers but also users)
- b. In recognition of the need for multi-stakeholder involvement, invite UNEP and industry associations to foster twinning arrangements between industries and industry associations to foster exchange of knowledge and experience to promote adoption of SMC in countries with

- less capacity with specific attention to SME and the distribution network, for example through some specific initiatives
- c. Invite Governments, international and regional financial institutions, and UNEP through its Special Programme on Hazardous Substances and Waste to give priority to funding SMC as an integral part of achieving the SDGs
 - d. Foster public private partnerships to promote the implementation of sound chemical management policies and strategies as a contribution to economic development plans and processes
 - e. Encourage UNEP and industries associations to disseminate and make accessible its mainstreaming related documents and tools to all countries in the region, including network and platforms such as the UNEP Live and the Chemical Information Exchange Network (CIEN)
 - f. Invite UNEP and industry associations to foster twinning arrangements between industries and industry associations to foster exchange of knowledge and experience to promote adoption of SMC in countries with less capacity.
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