

**Non-Paper on
Financial considerations, Financial Arrangements and Capacity
Building**
by the IP Co-Chairs

Explanatory Note No.1

The following text is a proposal for a streamlined text on the finance and capacity-building sections of the new framework instrument. The text builds upon the discussions of the intersessional process meetings and aims to facilitate the achievement of consensus at IP4.3. This newly developed text attempts to eliminate duplication and organize ideas more coherently. Nevertheless, the Intersessional Process Consolidated Document remains the basis of discussion at the resumed IP4 meeting in Bonn.

For capacity building, the revised text reflects its importance at a high level. Activities related to capacity building, including the ICCA match-making proposal are moved into an annex to facilitate updates as the implementation of the framework instrument progresses.

For financial considerations, the text emphasizes the three pillars of the integrated approach to financing including strengthening private sector involvement in addition to stressing the importance of mainstreaming and dedicated external financing. The proposal also suggests new arrangements to support improved implementation of the framework instrument. Some sections of the text have been transformed into targets for greater impact.

ALTERNATIVE TEXT PROPOSAL

Section VIII. Capacity building

1. Capacity building, including technical cooperation, is critical for the successful implementation of the framework instrument and the achievement of its vision, strategic objectives, and targets, so that all stakeholders are equipped with the necessary skills, knowledge, and resources to manage chemicals and waste in a safe and sustainable way.
2. Stakeholders will cooperate to provide, within their respective capabilities, timely and appropriate capacity-building and technical cooperation to assist in implementing the framework instrument.
3. Capacity-building and technical cooperation may be delivered through regional, subregional, and national arrangements, implementation programmes and other multilateral and bilateral means including alliances, partnerships, voluntary peer reviews and other creative approaches including with the private sector.

4. Where possible, stakeholders will align activities with those undertaken by other multilateral environmental agreements, multilateral development banks and other institutions, and investment initiatives to maximize the use of resources and increase the effectiveness of technical cooperation and its delivery including with areas that address climate change, biodiversity, health, labour and agriculture.
5. By its next session, the international conference will have developed and implemented a capacity-building strategy and also considered capacity building tools and initiatives. Thereafter, the international conference will on a regular basis:
 - (a) assess the impact of all existing tools and initiatives supporting capacity building;
 - (b) consider the capacity building needs of all stakeholders and make any necessary recommendations.

Section IX. Financial Considerations and Financial Arrangements

1. Adequate, predictable, and sustainable financing, technical assistance, capacity building, and technology transfer on mutually agreed terms, are essential to achieve the objectives and targets of the Strategic Approach and the sound management of chemicals and waste beyond 2020¹.
2. The integrated approach to financing the safe and sustainable management of chemicals and waste, is crucial to mobilize and strengthen financial resources for the implementation of the new framework instrument². This includes its three pillars: mainstreaming, private sector involvement and dedicated external financing.
3. The three components of the integrated approach are mutually reinforcing and are all important for the long-term and sustainable financing of the management of chemicals and waste. All stakeholders commit to leveraging their respective capabilities, resources, and expertise towards the evolution and operationalization of the integrated approach, thereby promoting the safe and sustainable management of chemicals and waste³.
4. Mainstreaming is key for ensuring that needs are met nationally and that support through national budgets, bilateral development assistance plans, and multilateral assistance framework processes is mobilized.
5. The private sector recognizes the need to take more responsibility for the environmental and social impacts of its products across the lifecycle and stands ready to work collaboratively with Governments and civil society to achieve the shared vision. There will be an increased commitment by the private sector to provide data and information on investment flows and project impacts which contribute to the safe and sustainable management of chemicals and waste.
6. The private sector commits to increase its financial contributions to the integrated approach

¹ This paragraph is taken without changes from the Intersessional Process Consolidated Document—outcome of IP4.2, Nairobi, Kenya. The paragraph has been agreed by stakeholders and does not have any brackets

² The integrated approach was welcomed by the [UNEA Resolution 1/5, 2014](#)

³ Findings and recommendations from "[Evaluation of the implementation of the integrated approach to financing the sound management of chemicals and waste](#)"

to financing the sustainable management of chemicals and waste, including but not limited to, the provision of financial and in-kind resources in relevant initiatives, development of innovative financing mechanisms, investment in sustainable research and adoption of sustainable production and consumption practices.

7. Recognizing the importance of the dedicated external financing component of the integrated approach to financing the safe and sustainable management of chemicals and waste, all stakeholders are encouraged to provide resources in support of the Global Environment Facility (GEF) and the UNEP Special Programme.
8. Improved awareness and access to novel funds, including philanthropic funds, in addition to existing sources of funding, are essential for the safe and sustainable management of chemicals and waste. Stakeholders must actively take actions to align financial flows through various mechanisms, including public-private partnerships, blended finance, and other innovative financial mechanisms, to leverage additional capital to ensure that initiatives addressing the safe and sustainable management of chemicals and waste are adequately supported and implemented.
9. Recognizing that existing sources for financing chemicals and waste are not sufficient, all stakeholders decide to develop new arrangements dedicated to the framework instrument activities on the safe and sustainable management of chemicals and waste. Such arrangements will be accessible to all stakeholders and could also build on the existing sources, and include:
 - a. The Global Environmental Facility Trust Fund through the Chemicals and Waste Focal Area, the Non-Grant Pilot Program and other initiatives
 - b. UNEP Special Programme
 - c. Private sector and industry sources
 - d. Philanthropic sources
 - e. Multilateral Development Banks and International Finance Institutions
10. For the purposes of the new framework instrument, these arrangements referred to in paragraph 9 will be invited to consider the guidance of the international conference and report back to it, as appropriate. The international conference, at its next session, will also provide guidance to new arrangements referred to in para 9.
11. The international conference invites all stakeholders to provide financial resources to meet needs in implementing the framework instrument.
12. The international conference will review, in the next following session, and thereafter on a regular basis, the level of funding, the guidance to entities providing financing for the safe and sustainable management of chemicals and waste and the impact of the funding on delivering the framework instrument.
13. The arrangements established by the framework instrument will support national chemicals management programmes and enabling activities in developing countries whilst also supporting the transformation of the private sector towards safe, sustainable and more resource-efficient practices, processes and products.

I. Financing the Secretariat

Explanatory Note No.2

The following text is a proposal and is extracted from the Intersessional Process Consolidated Document—outcome of IP4.2, Nairobi, Kenya. These paragraphs had been agreed by stakeholders and had no brackets except for the sentence regarding the UN scale of assessment—which is proposed to be kept. An alternative paragraph (Paragraph 21 Bis) on the provision of a list of areas where stakeholders could make contributions—has been removed as it was in brackets and had only been proposed and supported by one stakeholder.

14. A core budget for the beyond 2020 framework instrument is identified, covering staff costs for non-seconded staff, office costs and travel costs for the secretariat, conference services and meetings. The core budget is financed by voluntary contributions from the government, private sector, and all other stakeholders.
15. Before the start of each year, the secretariat invites each government, via its national focal point, to make a voluntary financial contribution and provides a figure showing what that contribution would be according to the UN scale of assessment. Countries are encouraged to contribute at least this amount.
16. All stakeholders support the work of the secretariat by voluntarily contributing financial and in-kind resources, as appropriate, including but not limited to:
 - a) voluntary financial contributions;
 - b) in-kind resources, such as secondment as appropriate, and sector-related work of the secretariat;
 - c) hosting meetings, sector participation at meetings, support for production and dissemination of outputs of the beyond 2020 framework instrument.

Where possible, the contributions are defined at the beginning of the budget cycle by an agreement between the respective organization and the secretariat.

Explanatory Note No. 3

The following text comes from Paragraph 10 of the Intersessional Process Consolidated Document and focuses on government actions and economic instruments to operationalize private sector involvement, while paragraph 12 covers financial policies for managing chemicals and waste. Both paragraphs have been transformed into specific targets to improve clarity and accountability.

The proposed targets on finance are proposed below.

Proposed targets on finance

1. Target E1– By 2030, countries together with financial institutions, have developed and implemented financial classification systems that enable better alignment of investment policies, decisions, and portfolios with the safe and sustainable management of chemicals and waste.
2. Target EX– By 2035, stakeholders have developed and implemented a comprehensive, harmonized set of recommendations for chemicals related sustainability disclosures and incorporated these into dedicated reporting frameworks for tracking the progress of public and private sector activities in support of the safe and sustainable management of chemicals. and waste.
3. Target E3 – By 2030, stakeholders have substantially and progressively increased the level of financial resources from all sources, including domestic, international, public, and private resources, in accordance with the integrated approach to finance; identified and reduced those financial incentives that cause harm to the environment or human health; and enhanced the effectiveness and efficiency of use of all resources.
4. Target EY– By 2030, countries have put in place fiscal policies, including Extended Producer Responsibility Schemes and Cost Recovery Mechanisms, to unlock financing domestically and incentivize the safe and sustainable management of chemicals and waste.
5. Target EZ– By 2030, countries have put in place innovative financing vehicles, such as green bonds and blended finance, to mobilize public and private capital towards investments that promote safe and sustainable management of chemicals and waste.