IPEN Submission on Financial Considerations
11 December 2020

Key points

- While we support the idea of strategic partnerships, it is critical to ensure their success and build trust in such mechanisms, that partnerships be completely transparent, and specifically advance the specific targets and objectives of SAICM.

- Partnerships should: Have a clear mandate, goals and targets; be timebound; serve the implementation of internationally agreed goals; be coherent with national law, development plans and strategies; respect international law and be in line with agreed principles and values; be transparent and accountable; provide an added value, and complement rather than substitute commitments made by governments; have a secure funding base; and be multi-stakeholder driven, with clear roles outlined for the different partners.

- A publicly available registry of partnerships should contain text of the agreements; ToRs; information about funders and funding levels; periodic updates, and reviews.

- Partnerships should only be operating with businesses that comply with UN Guidelines and Principles including UN Global Compact Principles and the UN Guiding Principles on Business and Human Rights.

- UNDP’s Guidelines for Private Sector Partner Risk Assessment Tool could provide SAICM with an easily transposable sets of criteria to assess partnerships.

- A portion of the costs raised by a coordinated fee on chemical feedstocks, as proposed by CIEL and IPEN, should be directed to financing the activities of the SAICM secretariat more completely and at no additional cost to public budgets.

- The providing of human resources by industry including through secondment should not be included as a mobilization strategy to avoid even the appearance of a conflict of interest.

- Industry financial contributions should not be earmarked, so as to provide greater flexibility in responding to financial needs for implementation.

- Three additional roles for the secretariat should be considered:
  - Management of a financial clearinghouse to publicly track development aid and other financing to support the implementation of the agreement;
  - Management of a periodic review system by overseeing the establishment of a multi-stakholder review panel, and manage its roster;
  - Management of the the partnership register.

- The resource mobilization strategy is much too narrow focusing only on Secretariat funding ignoring the bigger issue of financing implementation of the new agreement.
National cost recovery, extended producer responsibility and use of economic instruments are an important component of operationalizing the industry involvement pillar of the integrated approach. However, as the referenced document acknowledges, national cost recovery approaches have not to date completely funded any chemicals management agency and face many potentially insurmountable challenges in raising significant levels of funding in many countries, especially developing and transition economies. CIEL and IPEN have put forward a thought starter and concrete proposal on operationalizing a coordinated approach to cost recovery via economic instruments which we believe should be implemented to support the implementation of the agreement.

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) Strategic partnerships
   (i) Views on the purpose and objectives of strategic partnerships to support the implementation of the beyond 2020 programme of work;
   (ii) Views on text SAICM/IP.4/2, page 16, paragraph 17. Views are requested only on the brackets, noting that discussions on some of the brackets are taking place in other Virtual Working Groups.

   Paragraph 17: Stakeholders are encouraged to create and implement multi-sectoral [transparent and accountable] partnerships [linked to the 2030 Agenda] to effectively address specific chemicals and waste [issues of [international] concern]. Stakeholders are also encouraged to explore funding opportunities by engaging mechanisms in all sectors.1

b) Financing the secretariat
   (i) Views on the modalities (core budget and contributions of all stakeholders) for financing the Secretariat;
   (ii) Indicate your views on text SAICM/IP.4/2, page 16, paragraphs 18 - 22.

c) Resource mobilization
   (i) General views on the proposed resource mobilization strategy (SAICM/IP.4/6) so that it may be further developed for IP4/ICCM5. Include short statements or proposals on these sections:
      • Proposed role of the SAICM Secretariat Beyond 2020
      • Proposed strategy and mapping of stakeholder groups
      • Outreach and communications
      • Additional lessons learned to inform the further drafting of the proposed resource mobilization strategy

d) Cost-recovery mechanisms and other economic instruments
   (i) General views on the cost recovery mechanisms and other economic instruments for financing of the sound management of chemicals and waste (SAICM/IP.4/7) so that it may be further developed for IP4/ICCM5.

This submission includes the following sections:

1 Please note that the brackets [linked to the 2030 Agenda] and [issues of [international] concern] are subject to discussions in other Virtual Working Groups.
Key points

Introduction

Strategic partnerships

Financing the Secretariat

Resource mobilization

Cost-recovery mechanisms and other economic instruments

Strategic partnerships

Purpose and objectives
While we support the idea of strategic partnerships, it is critical to ensure their success and build trust in such mechanisms, that partnerships be completely transparent, and specifically advance the specific targets and objectives of SAICM. Previous partnerships, such as the one between the SAICM secretariat and the International Council of Chemicals Associations, were characterized by a troubling secrecy, including in relation to the activities of the secretariat officer sponsored through the agreement.

Additional characteristics that partnerships should include:

- Partnerships are not a substitute for a functioning financial mechanism or the need to internalize costs within the chemical industry.
- Partnerships should: Have a clear mandate, goals and targets; be timebound; serve the implementation of internationally agreed goals; be coherent with national law, development plans and strategies; respect international law and be in line with agreed principles and values; be transparent and accountable; provide an added value, and complement rather than substitute commitments made by governments; have a secure funding base; and be multi-stakeholder driven, with clear roles outlined for the different partners.
- A publicly available registry of partnerships should contain text of the agreements; ToRs; information about funders and funding levels; periodic updates, and reviews.
- Partnerships should be consistent with the UN Secretary General’s principles: “Cooperation with the business sector must be transparent. Information on the nature and scope of major cooperative arrangements should be available within the concerned United Nations entity and to the public at large.”
- Partnerships should only be operating with businesses that comply with UN Guidelines and Principles including UN Global Compact Principles and the UN Guiding Principles on Business and Human Rights. These include relevant chemical safety principles such as, “Businesses should support a precautionary approach to environmental challenges.” and “Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.”
- UNDP adopted Guidelines for Private Sector Partner Risk Assessment Tool. This document is comprehensive and well adapted to guiding partnerships designed to support the implementation of the agreement. The guidelines contain a list of 11 exclusionary criteria. Criteria #7 is particularly relevant to the implementation of the agreement as it states that UNDP “will not under any circumstances engage with companies that manufacture, sell or distribute substances subject to international bans or phase-outs (can include e.g. pharmaceuticals, pesticides or herbicides, asbestos; ozone depleting substances; persistent organic pollutants (POPs) and mercury”).

2 https://business.un.org/en/assets/b7135525-c280-4021-a849-6e655e5065c.pdf&sa=U&ved=2ahUKEwjD3fWmqdzkAhVIXKwKHdpGDhkQFjAAegQIAxAB&usg=AOvVaw1_zrcI-5ZxS-uNTfnj0c8k
Views on SAICM/IP.4/2, paragraph 17

Paragraph 17: Stakeholders are encouraged to create and implement multi-sectoral [transparent and accountable] partnerships [linked to the 2030 Agenda] to effectively address specific chemicals and waste [issues of [international] concern]. Stakeholders are also encouraged to explore funding opportunities by engaging mechanisms in all sectors.³

Paragraph 17 bis: A publicly available partnership register, managed by the secretariat, includes the text of the agreements, ToRs, Budgets, information about funders, periodic updates, and reviews.

Financing the Secretariat

Modalities

The SAICM secretariat, like national implementation, has been characterized by a lack of access to adequate, sustainable, and predictable financing, as the Independent Evaluation of SAICM noted. The expectation that cash-strapped donor countries, with an ever-growing array of global threats to address, simply increase their contributions, does not appear like a sufficient long term plan to deliver adequate, sustainable, and predictable financing. Instead, a portion of the costs raised by a coordinated fee on chemical feedstocks, as proposed by CIEL and IPEN, could be directed to financing the activities of the SAICM secretariat more completely and at no additional cost to public budgets.

The providing of human resources by industry including through secondment should not be included as a mobilization strategy to avoid even the appearance of a conflict of interest.

Industry financial contributions should not be earmarked, so as to provide greater flexibility in responding to financial needs for implementation.

Views on SAICM/IP.4/2, paragraphs 18 – 22

Paragraph 18:

Given the above, we suggest the following changes:

“[A core budget for the beyond 2020 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 and industry stakeholders], as well as through contributions from the international fund mentioned at Paragraph 13.”

Paragraph 19:

Paragraph 20:

Paragraph 21:

³ Please note that the brackets [linked to the 2030 Agenda] and [issues of [international] concern] are subject to discussions in other Virtual Working Groups.
“Private sector stakeholders support the work of the secretariat through a substantial voluntary and financial contributions. Private sector stakeholders may also contribute in kind through human resources, including through secondments, hosting meetings, support for production and dissemination of outputs of the beyond 2020 instrument. The expected contributions are defined at the beginning of the budget cycle by a publicly available agreement between the respective organization and the secretariat.”

Paragraph 22:

Civil society stakeholders support the work of the secretariat inter alia by contributing human resources, including through secondments, hosting meetings or contribution for production and dissemination of outputs of the beyond 2020 instrument. The expected contributions are defined at the beginning of the budget cycle by a publicly available agreement between the respective organization and the secretariat.

Resource mobilization

Delegates at OEWG-3 called on the Secretariat, “To develop a proposal for a resource mobilization strategy to be presented at ICCM5 for its consideration.” However, the strategy developed by the Secretariat was not a resource mobilization strategy for SAICM as a whole, but instead narrowly focused only on funding for the Secretariat. As noted in SAICM/IP.4/6, “The primary objective of the proposal is to identify methods to ensure that the funding required for the secretariat to fulfil its role and deliver on its future mandate emerging from ICCM5 decisions for the future instrument are available.” While Secretariat financing is vital for supporting the new agreement, the agreement itself needs a robust resource mobilization strategy to ensure its successful implementation.

Proposed role of the SAICM Secretariat beyond 2020

The proposed role of the SAICM Secretariat is described in section VC of SAICM/IP.4/2 largely without brackets and includes the following:

1. The functions to be performed by the secretariat under the guidance of the international conference will be:

   (i) To promote the establishment and maintenance of a network of stakeholders at the national, regional and international levels;

   (ii) To promote and facilitate the implementation of the [beyond 2020 instrument] [sound management of chemicals and waste], including capacity-building and technical assistance;

   (iii) To continue to strengthen working relationships with participating organizations of the Inter-Organization Programme for the Sound Management of Chemicals (IOMC) and their networks, other United Nations bodies and the secretariats of relevant international agreements in order to draw upon their sectoral expertise;

   (iv) To facilitate and promote the exchange of relevant scientific and technical information, including the development and dissemination of guidance materials to support stakeholder implementation, as well as provide information clearinghouse services;

   (v) To facilitate the meetings and intersessional work of the international conference as well as regional meetings, and to disseminate the reports and recommendations of the international conference, including to relevant global and regional organizations and institutions;

   (vi) To support the functioning of technical, policy and scientific subsidiary and ad hoc expert bodies established by the international conference;

   (vii) To promote, enhance and support the participation of all sectors and stakeholders in the international conference and the programme of work, including in meetings of the international conference and regional meetings;

   (viii) To report to the international conference on implementation by all stakeholders of the beyond 2020 instrument.
(ix) To manage a financial clearinghouse to publicly track development aid and other financing to support the implementation of the agreement and report on the data collected during each International Conference.

(x) Manage a periodic review system by overseeing the establishment of a multi-stakeholder review panel, and manage its roster.

(xi) Manage the partnership register, described at Art 17bis.

Possible enhanced functions in SAICM/IP.4/6 seem appropriate. Additional functions may include management of a financial clearinghouse to publicly track development aid and other financing for the agreement, including report backs 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.

An additional Secretariat role would be managing a periodic review system for reporting. This system would report on implementation actions including comments from stakeholders. A multi-stakeholder expert panel would review the reports and propose recommendations and countries could come up for review every three years. The result would be an outcome report developed in cooperation with the Secretariat that summarizes the discussion of the national report on country implementation including responses from the country under review along with recommendations for implementation. These reports could form the basis of effectiveness evaluation along with assessment of financing, capacity building and other important elements of the agreement.

As mentioned in the previous section, the publicly available partnership register including the text of the agreements; ToRs, Budgets; information about funders; periodic updates, and reviews should also be managed by the secretariat.

**Proposed mapping of stakeholder groups**

**Civil Society organizations:**
As indicated by the SAICM evaluation final report, civil society plays “play an important role in the implementation of SAICM through their work in activities.”

The full extent of the role of NGOs should be recognized beyond the limited mention of “advocating for action, supporting information sharing and assist with aspects of SAICM implementation” in the resource mobilization document.

In that respect, responding to the conclusions of the SAICM evaluation report which notes that “Relatively few civil society projects were funded but their impact was high. Partnerships between NGOs and government were found to be very effective in ensuring good outcomes as well as the sustainability of projects”. Ensuring adequate financing of civil society projects should be identified as a priority in the resource mobilization document, since those projects deliver high impacts and generally provide an excellent value for the money.

**Industry associations and Businesses**
Measures of cost internalization, are identified by the original SAICM OPS and the Integrated approach as essential elements to ensure just contribution of the industry and businesses to the sound management of chemical and waste. The resource mobilization document should specifically mention cost internalization as a critical way to increase the impact of all other sources of funding.
While we support the idea of strategic partnerships, it is critical to ensure their success and build trust in such mechanisms, that partnerships be completely transparent, and specifically advance the specific targets and objectives of SAICM. Previous partnerships, such as the one between the SAICM secretariat and the International Council of Chemicals Associations, were characterized by a troubling secrecy, including in relation to the activities of the secretariat officer sponsored through the agreement.

Additional characteristics that partnerships should include:

- Partnerships are not a substitute for a functioning financial mechanism or the need to internalize costs within the chemical industry.
- Partnerships should: Have a clear mandate, goals and targets; be timebound; serve the implementation of internationally agreed goals; be coherent with national law, development plans and strategies; respect international law and be in line with agreed principles and values; be transparent and accountable; provide an added value, and complement rather than substitute commitments made by governments; have a secure funding base; and be multi-stakeholder driven, with clear roles outlined for the different partners.
- A publicly available registry of partnerships should reveal funders and funding levels; text of the agreements; periodic updates and reviews.
- Partnerships should be consistent with the UN Secretary General’s principles: “Cooperation with the business sector must be transparent. Information on the nature and scope of major cooperative arrangements should be available within the concerned United Nations entity and to the public at large.”
- Partnerships should only be operating with businesses that comply with UN Guidelines and Principles including UN Global Compact Principles and the UN Guiding Principles on Business and Human Rights. These include relevant chemical safety principles such as, “Businesses should support a precautionary approach to environmental challenges.” and “Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.”

Outreach and communications

The SAICM communications plan should clearly acknowledge that chemicals are an incontrovertible component of society, however promoting the positive benefits of the industry’s products is the job of the industry, not the SAICM Secretariat or UNEP as global bodies whose mission is to ensure sound management and mediate health and environmental harms from the industry’s products. Industry adoption of the precautionary principle; the need to avoid regrettable substitutions, implementation of right-to-know; disclosure of hazardous chemicals, labelling, and actions to improve transparency should have a place in the communications plan.

Public interest NGOs are well positioned to contribute substantially to communications. Public interest NGOs throughout the world have driven scientific sampling and research exposing issues of concern, raised public awareness on issues of concern, engaged governments for action on sound policy for chemical safety and waste management, and are instrumental in implementation and enforcement.

Additional lessons learned to inform the further drafting of the proposed resource mobilization strategy

One missing lesson learned in the Secretariat’s summary is the need for a broader resource mobilization strategy that goes beyond the narrow focus on Secretariat funding to the bigger issue of financing implementation of the new agreement. This is a very large, disappointing gap in the document.

---

Cost-recovery mechanisms and other economic instruments

National cost recovery, extended producer responsibility and use of economic instruments is an important component of operationalizing the industry involvement pillar of the integrated approach. However, as the referenced document acknowledges, national cost recovery approaches have not to date completely funded any chemicals management agency and face many potentially insurmountable challenges in raising significant levels of funding in many countries, especially developing and transition economies (pp. 9-10). These challenges are worth highlighting briefly. Clearly “fee for service” models cannot fund the many activities of chemicals agencies that do not take the form of a discrete, compensable service—such as responding to emergencies at chemical manufacturing and disposal sites. And many developing countries do not have a large enough domestic base of manufacturers or importers on which to impose annual fees or taxes—or may be worried such companies will relocate in response to unilateral imposition of such fees and taxes. Furthermore, in many countries, chemicals management challenges result from chemicals in products or waste streams as well as chemicals such as POPs or nanomaterials that migrate far from their introduction to the environment. For all of these reasons, a coordinated approach to the use of economic instruments is required.

CIEL and IPEN have put forward a thought starter and concrete proposal on operationalizing a coordinated approach to cost recovery via economic instruments. This proposal makes the case for a globally coordinated tax or fee 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. Under the 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.