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**United Nations
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**Intergovernmental negotiating committee
to prepare a global legally binding
instrument on mercury**

Third session

Nairobi, 31 October–4 November 2011

Item 3 of the provisional agenda*

**Preparation of a global legally binding instrument
on mercury**

**Progress of the consultative process on financing options for
chemicals and wastes led by the United Nations Environment
Programme**

Note by the secretariat

1. At its meeting held in Bangkok from 19 to 23 October 2009, the ad hoc open-ended working group to prepare for the intergovernmental negotiating committee on mercury agreed on a list of information that the secretariat would provide to the committee at its first session to facilitate the committee's work. Among other things, the secretariat was requested to provide a note on the progress of the consultative process on financing options for chemicals and wastes led by the United Nations Environment Programme (UNEP). The present note is an updated version of document UNEP(DTIE)/Hg/INC.1/INF/5.

2. The consultative process was launched by Mr. Achim Steiner, Executive Director of the United Nations Environment Programme (UNEP), in recognition of the need for adequate resources in the field of chemicals and wastes management. The process was first announced at the fourth meeting of the Conference of the Parties to the Stockholm Convention on Persistent Organic Pollutants, held in Geneva in May 2009, as a response to difficulties encountered in reaching agreement on a compliance mechanism owing to concerns that the available capacity and resources for such a mechanism were inadequate. A further announcement of the process was made the following week, at the second session of the International Conference on Chemicals Management, held in Geneva. The purpose of the consultations would be to analyse the current situation with regard to financing for chemicals and waste management at the national level, including but not limited to the implementation of party obligations under chemicals-related multilateral environmental agreements, and to devise strategic, synergistic proposals for improving it. The consultations would also provide advice to the Executive Director on options that could be pursued to move forward in this area.

3. To initiate the process, a brainstorming meeting was held in Nairobi on 24 and 25 July 2009, during which participants called upon UNEP to undertake a desk study to explore the funding and support needs of developing countries and countries with economies in transition and relevant ways to support compliance with chemicals and wastes-related multilateral environment agreements and

* UNEP(DTIE)/Hg/INC.3/1.

capacity-building, including institutional strengthening and technical assistance for promoting the sound management of chemicals and wastes in broader terms.

4. A preliminary desk study was produced for consideration at the second meeting in the consultative process, which took place in Bangkok on 25 and 26 October 2009. It provided the background for participants' consideration of options to secure adequate financing in the areas of chemicals and wastes. The participants provided feedback on the preliminary desk study and requested UNEP to revise it so that it could become a reference document that would form the basis of further discussions on financing options for the chemicals and wastes agenda. The participants also requested UNEP to produce a paper on policy options for financing the chemicals and wastes agenda, with a focus on outlining advantageous paths and combinations of options to move the chemicals and wastes agenda forward.

5. The revised version of the desk study,¹ together with a note by the Executive Director on policy options for financing the chemicals and wastes agenda,² was presented to the UNEP Governing Council/Global Ministerial Environment Forum at its eleventh special session, held in Bali, Indonesia, from 24 to 26 February 2010. The revised desk study outlined a range of options for securing adequate financing in the areas of chemicals and wastes. Most of these options were not mutually exclusive and would be mutually reinforcing if implemented in a coordinated manner.

6. The Governing Council, by its decision SS.XI/8, welcomed the establishment of the consultative process and took note of the preliminary findings set out in the revised desk study. It requested the Executive Director to continue leading the consultative process and suggested drawing more on the experience of the multilateral environmental agreements and the work of the International Conference on Chemicals Management, the Global Environment Facility (GEF), the United Nations Development Programme, the World Bank and other relevant organizations. It also requested the Executive Director to report on the progress made and the direction of the consultative process to relevant intergovernmental processes, including the Commission on Sustainable Development at its nineteenth session, in 2011, and to participants in the preparatory meetings for the third session of the International Conference on Chemicals Management. It also recommended that the consultative process should consider the financial challenges faced by developing countries and countries with economies in transition to implement their chemicals and wastes agendas effectively.

7. The third meeting in the consultative process was held in Pretoria, South Africa, on 10 and 11 January 2011. The overall objective of the meeting was to develop an action plan intended to increase and facilitate the flow of available capacity and resources that would adequately support the sound management of chemicals and wastes at the global, regional and national levels. Participants made a number of requests for work to be undertaken by the secretariat and an outcome document known as the "Pretoria Road Map" was developed. The Pretoria Road Map, among other things, called for the preparation of a comparative analysis of the four tracks further to streamline and integrate the elements and requested the secretariat to undertake a further analysis of the tracks and of the effectiveness of relevant United Nations strategic coordination processes at the national level. It also outlined the timeline for the consultative process as set forth in decision SS.XI/8, including for the fourth and fifth meetings.

8. By its decision 26/7, the UNEP Governing Council in February 2011 requested UNEP to continue to provide support for the consultative process; reiterated its invitation to Governments and other interested parties, including the private sector, to provide financial and in kind support for the process and for awareness-raising initiatives; and requested the Executive Director to submit to the Governing Council/Global Ministerial Environment Forum at its twelfth special session a final report on the implementation of decisions SS.XI/8 and 26/7.

9. The fourth meeting in the consultative process was held in Glen Cove, United States of America, on 4 and 5 May 2011. The overall objective of the meeting was to further discuss and analyse four financing tracks: mainstreaming of sound management of chemicals and hazardous wastes; industry involvement, including public-private partnerships and the use of economic instruments at the national and international levels; a new trust fund similar to the Multilateral Fund for the Implementation of the Montreal Protocol; and introducing safe chemicals and wastes management as a new focal area, expanding the existing focal area for persistent organic pollutants under GEF or establishing a new trust fund under GEF. In particular, the participants discussed a comparative analysis of the above-mentioned tracks with the objective of determining the role that each element could have in contributing to an integrated approach to the sound management of

1 UNEP/GCSS.XI/INF/8, available at www.unep.org/gc/gcss-xi/info_docs.asp (English only).

2 UNEP/GCSS.XI/INF/8/Add.1, available at www.unep.org/gc/gcss-xi/info_docs.asp (English only).

chemicals and wastes. The participants agreed on further information to be developed for the fifth and last meeting in the process. That included a further analysis of how to operationalize each track, a matrix outlining the obligations under each of the conventions related to chemicals and wastes and the Strategic Approach to International Chemicals Management, with an indication of which track might fulfil the needs of parties seeking to meet those obligations, and a further analysis of a possible new trust fund for the chemicals and wastes sector similar to the Multilateral Fund. The report of the fourth meeting can be found in annex I to the present note.

10. The fifth meeting in the consultative process took place in Bangkok on 6 and 7 October 2011. The overall objective of the meeting was to finalize and submit the outcome of the process to the Executive Director of UNEP as input to his final report on the consultative process. The report will be submitted to the UNEP Governing Council for consideration at its twelfth special session, in 2012, with a view to achieving possible decisions at its twenty-seventh regular session, in 2013, and to the International Conference on Chemicals Management at its third session, in 2012.

11. An oral summary of the outcome of the fifth meeting will be provided to the committee. To support this presentation, the outcome document of the consultative process, which will form the basis of the Executive Director's report, can be found in annex II to the present note. Further information on the consultative process and all relevant documents are available at http://www.unep.org/dec/Chemical_Financing/index.asp.

Annex I

Report of the fourth meeting in the consultative process on financing options for chemicals and wastes

Introduction

1. The consultative process on financing options for chemicals and wastes was launched by the Executive Director of the United Nations Environment Programme (UNEP) in recognition of the need for adequate resources in the field of chemicals and wastes management. The process was first announced at the fourth meeting of the Conference of the Parties to the Stockholm Convention on Persistent Organic Pollutants, in May 2009.

2. The process was initiated with a meeting, held in Nairobi in July 2009, at which participants called upon UNEP to undertake a desk study to explore the funding and support needs of developing countries and countries with economies in transition and relevant ways to support compliance with chemicals-and-wastes-related multilateral environment agreements and capacity-building, including institutional strengthening and technical assistance for promoting the sound management of chemicals and wastes in broader terms. A preliminary desk study was produced for consideration at the second meeting in the consultative process with the aim of providing possible options for securing adequate financing in the areas of chemicals and wastes.

3. During the second meeting, which was held in Bangkok in October 2009, participants provided feedback on the preliminary desk study and requested UNEP to produce a revised version of it as the basis for further discussions on financing options for the chemicals and wastes agenda. The revised study outlines four options, referred to as tracks, for securing adequate financing for the chemicals and wastes areas.

4. By its decision SS.XI/8, the UNEP Governing Council welcomed the establishment of the consultative process and requested the Executive Director to continue leading it and to ensure that comments made and contributions submitted by Governments were incorporated into a revised note by the Executive Director on financing the chemicals and wastes agenda and an action-oriented summary of policy options for financing chemicals and wastes. It also requested the Executive Director to report to the Governing Council at its twenty-sixth session on the implementation of the decision.

5. The third meeting in the process was held in Pretoria, South Africa, on 10 and 11 January 2011. Participants made a number of requests for work to be undertaken by the secretariat and an outcome document known as the "Pretoria Road Map" was developed.

6. The Pretoria Road Map, among other things, called for the preparation of a comparative analysis of the four tracks further to streamline and integrate the elements and requested the Secretariat to undertake a further analysis of the tracks and of the effectiveness of relevant United Nations strategic coordination processes at the national level. It also outlined the timeline for the consultative process as set forth in decision SS.XI/8, including for the fourth and fifth meetings.

7. By its decision 26/7, the UNEP Governing Council requested UNEP to continue to provide support for the consultative process; reiterated its invitation to Governments and other interested parties, including the private sector, to provide financial and in-kind support for the process and for awareness-raising initiatives; and requested the Executive Director to submit to the Governing Council/Global Ministerial Environment Forum at its twelfth special session a final report on the implementation of decisions SS.XI/8 and 26/7.

I. Opening of the meeting

8. The fourth meeting in the consultative process on financing options for chemicals and wastes was held in Glen Cove, United States of America, on 4 and 5 May 2011. It was co-chaired by Ms. Johanna Lissinger-Peitz (Sweden) and Mr. Damaso Luna Corona (Mexico).

9. The proceedings were opened at 9.25 a.m. on Wednesday, 4 May 2011.

A. Opening statements

10. Opening statements were delivered by Mr. Bakary Kante, Director, UNEP Division of Environmental Law and Conventions, on behalf of Mr. Achim Steiner, Executive Director, UNEP; Ms. Lissinger-Peitz and Mr. Luna Corona.

11. Mr. Kante welcomed the participants to the meeting, noting in particular the increased representation of countries, United Nations agencies, business organizations and civil society compared to earlier meetings in the process, and suggested that it offered an excellent opportunity to provide continued momentum for 2011, during which a significant number of important events related to chemicals and wastes would take place. Stressing that the meeting was aimed at discussion rather than negotiation, he urged participants to be bold and innovative in working towards sustainable means of financing sound chemicals and waste management. The consultative process was open and all-inclusive; as such, no suggestions and ideas should be rejected outright. He drew attention to the possible usefulness of combining some of the four proposed tracks for securing adequate financing for the chemicals and wastes agenda.

12. Ms. Lissinger-Peitz said that the three previous meetings in the consultative process had afforded participants a better understanding of the importance and complexity of the issues at hand. The third meeting, in particular, had led to agreement that the four possible tracks, which were equally important, should be pursued. Discussions at the current meeting should bear in mind not only recent chemicals-related meetings, but also the goal of achieving the sound management of chemicals by 2020, as identified in the Plan of Implementation of the World Summit on Sustainable Development. Recalling that the outcome of the meeting would be submitted to the Executive Director for his final report to the Governing Council/Global Ministerial Environment Forum in 2012, she stressed that there were high expectations that the consultative process should inform the discussions at upcoming chemicals and wastes-related meetings throughout 2011 and beyond. It was therefore important to provide balanced inputs on the functions of all four financing tracks.

13. Mr. Luna Corona expressed the hope that participants would make substantial progress on the crucial issue of financing for chemicals and wastes management. Every effort should be made to provide meaningful input that reflected in a balanced manner the variety of views put forward by the participants in relation to the four tracks.

B. Attendance

14. The meeting was attended by representatives of the following States: Argentina, Australia, Belgium, Brazil, Canada, Chile, China, Colombia, Denmark, Egypt, Finland, Germany, Hungary, India, Japan, Mexico, Netherlands, Norway, Russian Federation, South Africa, Sweden, Switzerland, Thailand, Uganda, United States of America, Uruguay.

15. The secretariats of the following multilateral environmental agreements were represented: Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, Stockholm Convention on Persistent Organic Pollutants.

16. The following United Nations bodies and specialized agencies were represented: Food and Agriculture Organization of the United Nations, United Nations Development Programme, United Nations Environment Programme.

17. The following intergovernmental organizations were represented: European Commission, Global Environment Facility.

18. The following non-governmental organizations were represented: Blacksmith Institute, International Council of Chemicals Associations, International Pesticides Elimination Network.

II. Organizational matters

A. Adoption of the agenda

19. The agenda was adopted on the basis of the following provisional agenda that had been circulated previously:

1. Opening of the meeting.
2. Organizational matters.
3. Discussion and development of format and key elements of the submission of recommendations arising from the consultative process to the United Nations Environment Programme Governing Council/Global Ministerial Environment Forum at its twelfth special session.
4. Conclusions and next steps.

5. Other matters.
6. Closure of the meeting.

B. Organization of work

20. It was agreed that the meeting would comprise a mix of plenary and breakout group sessions. It was also agreed that participants would divide into four breakout groups, with each group focusing on all four financing tracks outlined in the comparative analysis.

21. Responding to the co-chair's invitation for comments on the expected outcomes for the meeting, a number of participants, recalling that the information provided at previous meetings in other forums had facilitated the consultative process, stressed the importance of using the outcomes of the process to inform deliberations in other forums, including the United Nations Conference on Sustainable Development, to be held in Rio de Janeiro, Brazil, from 4 to 6 June 2012. One sought clarification of how the meeting would be reported on to ensure transparency. Several participants pointed out that financing and means of implementation were key issues for developing countries, upon which decisions at future meetings hinged. One cited the need to adopt a new strategic framework for the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal at the tenth meeting of the Conference of the Parties to that Convention, to be held from 17 to 21 October 2011 in Cartagena, Colombia, saying that it would be extremely difficult to do so without clarification of what means of implementation would be available.

22. One participant pointed out that, while the reports of the current meeting and others in the process could prove useful, there was no end product being negotiated during the process, as it fell to the Executive Director of UNEP to submit a final report to the United Nations Environment Programme Governing Council/Global Ministerial Environment Forum at its twelfth special session. Another participant suggested that that did not preclude the submission of progress reports.

23. In response, the representative of the secretariat gave an update on the consultative process and related developments since the third meeting in the process, held in Pretoria in January 2011. The co-chairs of the Pretoria meeting had reported to the intergovernmental negotiating committee to prepare a global legally binding instrument on mercury at its second session, held from 24 to 28 January 2011. Updates had been provided to the UNEP Governing Council at its twenty-sixth session, held from 21 to 24 February 2011 in Nairobi, and to the Conference of the Parties to the Stockholm Convention on Persistent Organic Pollutants at its fifth meeting, held from 25 to 29 April 2011 in Geneva. It was expected that updates would be provided to the Conference of the Parties to the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade at its fifth meeting, to be held from 20 to 24 June 2011 in Geneva; to the Conference of the Parties to the Basel Convention at its tenth meeting; and to the Open-ended Working Group of the Strategic Approach to International Chemicals Management at its first meeting, to be held in Belgrade from 15 to 18 November 2011.

24. The next step in the process would be for the Executive Director, as requested in decision SS.XI/8, to report on the progress and direction of the consultative process to relevant intergovernmental processes with the aim of providing a final report for consideration by the Governing Council at its twelfth special session, in 2012, and of achieving possible decisions at the third session of the International Conference on Chemicals Management, in 2012, and at the twenty-seventh session of the Governing Council in 2013. The outcome of the current meeting and that of the fifth meeting would feed into the Executive Director's report.

25. The co-chair reiterated that the documents arising from the process were not negotiated documents and that progress reports would be submitted in various forums to assist deliberations.

26. One participant suggested that the four tracks under discussion could be elements of an integrated approach for sound management of chemicals and wastes, while another stressed the link between financing chemicals and wastes management and poverty eradication, calling for focus on that link during the current meeting.

III. Discussion and development of format and key elements of the submission of recommendations arising from the consultative process to the United Nations Environment Programme Governing Council/Global Ministerial Environment Forum at its twelfth special session

A. Updates on processes under way and the relationship with the consultative process

27. Mr. Jim Willis, Executive Secretary of the secretariats of the Basel and Stockholm conventions and of the UNEP part of the Secretariat of the Rotterdam Convention, gave a brief update on the outcome of the recently concluded negotiations during the fifth meeting of the Conference of the Parties to the Stockholm Convention. He said that extensive interest in and support for the consultative process had been expressed by parties, although it had been suggested that the process needed to run its course before it could be fed into the discussion of financing under the Convention. No specific decisions relating to the process had been taken. It was his expectation that similar discussions would take place at the meetings of the conferences of the parties to the Basel and Rotterdam conventions in 2011.

28. Mr. Fernando Lugris, chair of the bureau of the intergovernmental negotiating committee to prepare a global legally binding instrument on mercury, said that the financial mechanism of any future mercury instrument would be a key element of the mercury negotiations. He explained that co-facilitators had been appointed at the committee's second session to move the process forward, an idea that had proved extremely effective. Reports by the co-facilitator had been annexed to the report of that meeting. Subsequent to the committee's second session, a bureau meeting had been held in Geneva to discuss various issues and to guide the secretariat in the preparation of documents for the committee's third session, including one on health and one on a financial mechanism.

29. Mr. David Piper, Deputy Head, Chemicals Branch, UNEP Division of Technology, Industry and Economics, provided an update on the discussions under the Strategic Approach to International Chemicals Management. He reported that a number of preparatory meetings were scheduled to lay the groundwork for the first meeting of the Open-ended Working Group and the third session of the International Conference on Chemicals Management. The former was scheduled to take place in November 2011 rather than August as had originally been announced, while the latter would take place in 2012 after the United Nations Conference on Sustainable Development. He noted that the Strategic Approach had a temporary financing mechanism, the Quick Start Programme Trust Fund, which was to end in 2013. It was important therefore to consider whether a similar mechanism would be needed beyond 2013 and how the continued implementation of the Strategic Approach could be financed.

30. The representative of Colombia, speaking as the host country of the tenth meeting of the Conference of the Parties to the Basel Convention, invited all participants to attend that meeting and said that her country looked forward to receiving feedback from the consultative process that could contribute to the success of the meeting.

B. Introduction and discussion of the documents

31. The representative of the secretariat said that, in line with the discussions at the third meeting in the consultative process, several documents had been prepared and/or made available for discussion at the current meeting: a comparative analysis of four possible financing tracks that could contribute to an integrated approach to securing adequate financing for the chemicals and wastes agenda; a paper on mainstreaming sound management of chemicals and wastes; a paper on opportunities for integrating sound chemicals management into development planning; a paper on integrating the sound management of chemicals into development planning based on the Millennium Development Goals; a paper reviewing the role and quality of the United Nations Development Assistance Frameworks; and a paper on enhancing the role of industry.

32. Mr. Steve Gorman, consultant, introduced the comparative analysis of the four possible financing tracks, concluding that there was a need to take advantage of all four options to secure adequate financing.

33. In the ensuing discussion, participants welcomed the background documents, particularly the comparative analysis, the general conclusion of which received broad support. Several participants expressed regret at what they said was a lack of information on the possibility of a new trust fund

similar to the Multilateral Fund for the Implementation of the Montreal Protocol, and suggested that officials from the Fund or from the Ozone Secretariat could attend the fifth meeting in the process. One participant said that he would have liked further elaboration in the comparative analysis on the role to be played by industry. Another expressed the view that the first two tracks, involving mainstreaming and public-private partnerships, referred to more long-term, sustainable solutions, whereas the latter two, involving trust funds, were critical as short-term solutions and should focus on the provision of financing for capacity-building. In that regard, several participants endorsed the idea that some of the tracks could be merged, with many saying that it would be premature to discard any tracks completely at the current stage.

34. While most participants concurred that mainstreaming was crucial to any strategy to strengthen financing of chemicals and wastes management, several suggested that it should be regarded as a tool to attain the goal of the process, rather than a track in itself. A number of participants stressed the importance of good governance and the involvement of ministries of finance in mainstreaming the chemicals and wastes agenda. Others spoke of the need to link the chemicals and wastes agenda to national poverty reduction strategies and development plans, drawing particular attention to ties with the Millennium Development Goals. Several participants noted that Governments, especially those of developing countries, were often under pressure to consider a number of competing priorities, such as education and health, in developing policy and allocating funds. One participant emphasized the importance of raising the issue of the cost of inaction with Governments with a view to obtaining further support for the chemicals and wastes agenda.

35. In the discussion of public-private partnerships, a number of participants expressed support for the view that industries throughout the chemical sector value chain had a critical role to play in promoting the chemicals and wastes agenda. Several said that industry should internalize the cost of meeting national standards. Others expressed concern that Governments were reluctant to take steps that might inhibit national investment by the chemicals industry. One participant said that countries should take a balanced approach to the internalization of costs, featuring both regulatory mechanisms and voluntary participation by industry. Furthermore, he said, Governments must enforce national standards with a view to providing a level playing field for the private sector. He said that a profitable chemicals industry should be the foundation of the chemicals and wastes management agenda, as the profitability of the sector was the prerequisite to the generation of tax revenues that could fund chemicals and waste management policies, and that it fell to Governments to invest those revenues wisely. Capacity-building for industry, but also for governmental and intergovernmental organizations, was also a crucial factor.

36. Participants engaged in some discussion of tracks three and four, which referred to a new trust fund similar to the Multilateral Fund and financing options for the sound management of chemicals and wastes under the Global Environment Facility (GEF), respectively. Many participants highlighted the advantages of a trust fund similar to the Multilateral Fund, for example the fact that it was tied to compliance. One participant, however, noting that some parties to the Stockholm Convention had elected an opt-in approach to any chemicals listed under the Convention in the future, questioned the usefulness of a compliance-linked financial mechanism for such countries. She suggested that an arrangement similar to the Multilateral Fund should be tied to both compliance and ratification. In response, several participants said that developing countries strove to comply with their obligations under international conventions but were hampered by a lack of resources. One participant noted that even when developing countries had a number of funding opportunities they sometimes lacked the capacity to take on additional projects. Regarding the GEF-specific track, one participant bemoaned the length of time for the approval of projects and the lack of transparency as to the decisions of the GEF Council. That smaller developing countries were not able to participate meaningfully in the decision-making process was a source of concern. Another participant suggested that stakeholders should consider giving small island developing States privileged access to such a financial mechanism, for instance through the relaxation of co-financing requirements and assistance with the development of proposals.

37. Another advantage of the Multilateral Fund, one participant pointed out, was that unlike the GEF Council the Executive Committee of the Fund was controlled to a great extent by the parties to the Montreal Protocol. A number of participants said that it was important to avoid a proliferation of funds; any mechanism akin to the Fund should therefore comprise a single fund serving multiple conventions, including relevant future conventions such as the global legally binding instrument on mercury. It would be crucial, however, to deal with the issues of accountability to its several clients that such a mechanism would face. Several participants suggested that a new financial mechanism might combine a compliance-linked approach modelled after the Multilateral Fund with the structure already established within GEF, thus creating synergies. It was also possible, said one participant, that such a set-up would trigger further discussion of funding with the broader donor community and other

financial institutions. Another said that it was important to understand better the magnitude and types of financing needed before discussing further what type and structure of financial mechanism would be appropriate.

38. One representative outlined some elements that had played a key role in the success of the Montreal Protocol and the Multilateral Fund: a compliance regime with specific targets under the Protocol, which provided a basis for performance-based targets in projects financed by the Fund; a list of agreed incremental costs, defined by the parties to the Protocol and further refined by the Executive Committee of the Fund; equal representation of developed and developing countries on the Executive Committee; that the financial contributions to the Fund were based on the United Nations scale of assessment, which ensured a certain predictability and consistency of funding; that the Fund replenishment negotiations were based on technical analysis prepared for the parties by an independent panel of experts; that detailed processes under the Fund were in place to monitor, measure, assess and evaluate progress and results; that support was provided for national units in developing-country Governments directly responsible for the implementation of the Protocol and reporting to the Fund; and that the Fund process was continually adaptive in dealing with policy and operational issues.

39. One participant, speaking in response to an exhortation to be bold and daring, pointed out that the options being considered had to be realistic, lest the process become unworkable. It would be futile to spend much time discussing overly ambitious recommendations to be submitted to the Executive Director that would not bear fruit in practice. Another participant called for the process to develop faster and further and meet countries' needs.

40. The co-chair noted that representatives of the Multilateral Fund and of the Ozone Secretariat had been invited by the secretariat to attend the current meeting, in addition to those held previously, but had been unable to do so. It was hoped, however, that they would be able to provide input for the fifth meeting.

C. Establishment of breakout groups

41. Following the discussion of the four tracks and related matters, four breakout groups were established for focused discussion on the tracks, with each group to discuss all four tracks. Each group would select a rapporteur.

42. Subsequently, the rapporteurs of the breakout groups presented reports, prepared in an agreed format, on the groups' deliberations. The reports are set out in annex I to the present report, without formal editing.

43. Subsequently, the co-chairs produced a draft compilation of the breakout groups' discussions, which was further refined during discussions in the final plenary session.

IV. Conclusions and next steps

44. Subsequently, the co-chairs' draft summary of the Glen Cove discussions, including recommendations on the next steps in the process, was further refined during discussions in the final plenary session. A few participants were of the opinion that the draft summary, by making reference to only some of operational aspects for each of the four tracks, did not fully reflect the breath of the discussions both in plenary sessions and in the break-out groups. The co-chair explained that, although only three operational aspects had been selected, the text should be read in conjunction with the compilation of the discussions in the break-out groups as annexed to the draft summary and should not be considered to be setting priorities.

45. One participant suggested that the proposed timing of the fifth meeting, immediately before the tenth meeting of the Conference of the Parties to the Basel Convention, left insufficient time for the results of the discussions to feed into the third session of the intergovernmental negotiating committee to prepare a global legally binding mercury on mercury, which would take place some two weeks later. She also said that very few of the participants were involved in the negotiations under the Basel Convention, noting that most were responsible for issues under the Rotterdam and Stockholm conventions. She therefore suggested that an alternative date should be considered, notwithstanding the generous offer of the Government of Colombia to host the fifth meeting in the process back to back with the tenth meeting of the Conference of the Parties to the Basel Convention. Several other participants also queried whether the outcomes of the process could be available in the six official languages of the United Nations in time for the third session of the mercury negotiations.

46. Some participants said that the meeting should go ahead in Colombia as scheduled, given that there were no other meetings with which a meeting of the consultative process could be held back to back, a key consideration in the light of the need to cut costs. They said that in fact some of those

present were involved in the negotiations under the Basel Convention and also noted that any document arising from the consultative process could be made available during the mercury negotiations as an information document in English only. One participant also suggested that the information could be fed into informal discussions in contact groups established during the third session, while the chair of the bureau of the intergovernmental negotiating committee said that the co-chairs of the current meeting would be afforded an opportunity to provide an oral report on the process during the session. One participant stressed that any meeting of the consultative process should not clash with the meeting of the Conference of the Parties, as was the case with the current meeting and the session of the Commission on Sustainable Development.

47. The participants agreed that the secretariat would undertake the necessary consultations and that the final date and venue would be confirmed at a later date taking the above-mentioned aspects and the financial constraints into consideration.

48. The participants expressed appreciation for the work of the co-chairs at the current meeting and agreed that they should continue in their roles at the fifth meeting.

49. The representative of GEF undertook to prepare for consideration at the fifth meeting a document providing information on the various trust funds managed by the GEF secretariat.

50. The draft conclusions, as revised by the co-chairs following the conclusion of the meeting, and including the compilation of the breakout groups' discussions, can be found in annex II to the present report. They are based on an interactive dialogue among the participants. As the intention was to compile the ideas presented and discussed at the meeting, the annexed material neither presents a full consensus view nor accords priority to any of the four tracks.

V. Other matters

51. No other matters were discussed.

VI. Closure of the meeting

52. Following the customary exchange of courtesies, the meeting was declared closed at 1.30 p.m. on Thursday, 5 May 2011.

Annex I

Group 1

Key Questions for Discussion

1. **Function:** Describe the main elements of the function to be delivered by a specific track. What need can each track serve best?
2. **Operationalization:** Identify elements to be considered to operationalize the potential of each track.

Track 1: Mainstreaming Sound Management of Chemicals and Hazardous Wastes

Function:

- Not a financial mechanism in itself
- Acts as a catalyst to bring complementary funding and increased funding share (not new and additional funding)
- Channels in existing funding
- Virtuous circle
- Covering most of the needs (e.g. capacity building, infrastructure, legislation enforcement)
- Links to aid objectives

Operationalization:

- Needs to be kick started (awareness, funding, NDPs,)
- Links to health, poverty eradication and other environmental priorities
- Bring into the agenda of international institutions and financing agencies (eg. WHO, WTO, RIO+20)
- National steps
- Secretariats as advocates
- Outreach, marketing

Track 2: Industry Involvement, including public-private partnerships and the use of economic instruments at national and international levels

Function:

- Addresses the whole value chain, demand feeds back into technology change in long term
- Internalizes costs of regulatory and voluntary initiatives
- Using the markets to change
- Has an incentive to reduce incremental costs
- Fees can generate additional targeted revenue providing that are proportionate, fair, transparent and applied to all

Operationalization:

- Clear and enforced regulations that are efficient, science and risk based
- Make incentives for voluntary initiatives and PPPs
- International cooperation

Track 3: New Trust Fund similar to the Multilateral Fund

Function:

- Compliance linked, available to multiple instruments
- Can target fulfillment of obligations under MEAs
- Dedicated to chemicals and wastes
- Directly responsive to COPs

Operationalization:

- Remains a challenge to raise funds
- Funds clearly linked to indicators and targets and based on agreed costing
- How do you keep constituency ownership and yet open to two or more COPs? Is GEF model?
- Governance? Joint decision making
- Replenishment process with assessed contributions

Track 4: Introducing safe chemicals and wastes management as a new focal area, expanding the existing POPs focal area, or establishing a new trust fund under GEF

Function:

- N/A

Operationalization

- N/A
-

Group 2

Key Questions for Discussion

1. **Function:** Describe the main elements of the function to be delivered by a specific track. What need can each track serve best?
2. **Operationalization:** Identify elements to be considered to operationalize the potential of each track.

Track 1: Mainstreaming Sound Management of Chemicals and Hazardous Wastes

Function:

- N/A

Operationalization:

- Strengthen the linkage between mainstreaming and existing global governance discussions/work.
- Raise awareness with a view to increasing political commitment to mainstreaming.

Track 2: Industry Involvement, including public-private partnerships and the use of economic instruments at the national and international levels

Function:

- PPP can incentivize and facilitate the transfer of environmentally sound technologies, knowledge and expertise
- PPP can increase public awareness of waste and chemicals agenda

Operationalization:

- Helpful to have similar national legislative frameworks that are science-based and enforceable.
- Add PPP to agenda for Rio +20
- The concept of Extended Producer Responsibility can be a valuable tool for engaging the private sector across the value chain.
- Encourage more public private partnerships at the global level for both chemicals and wastes.

Track 3: New Trust Fund similar to the Multilateral Fund

- (Combined discussion of Track 3 and 4)

Track 4: Introducing safe chemicals and wastes management as a new focal area, expanding the existing POPs focal area, or establishing a new trust fund under GEF (Combined discussion of Track 3 and 4)

Function:

- N/A

Operationalization:

- GEF will meet in May to set up guidelines for setting up new trusts, countries may wish to ensure these guidelines remain flexible.

Follow up issue: Document requested in Pretoria regarding Tracks 3 and 4 are still not available.

Group 3

Key Questions for Discussion

1. **Function:** Describe the main elements of the function to be delivered by a specific track. What need can each track serve best?
2. **Operationalization:** Identify elements to be considered to operationalize the potential of each track.

Track 1: Mainstreaming Sound Management of Chemicals and Hazardous Wastes

Function:

- Could serve as basis for building other options
- Short term route to implementing other tracks; may be seen as means of implementation
- Demonstrates government commitment to chemical agenda
- Identifying priorities and funding sources
- Access much larger amounts of money ever assigned to chemicals and wastes area
- Country-defined fulfillment of needs
- Increases ownership
- Sustainable option
- Raise political profile of chemicals agenda

Operationalization:

- Need link to economic and health consequences
- Term of thinking; benefits may be longer term
- Possibility of being seen as threat or competitor to other priorities
- Once priorities set; can use to justify means to get money from other sources
- Possible victim of fashion; domestic and/or international
- Clash with other serious priorities; hunger, disease, others; chicken and egg problem
- Example of using zero waste approach; appeal to governments and private sector
- Need for political leaders to be “relevant”; making the connections
- Vicious circle; they do not ask, we do not give; role of donors in communicating and educating

Track 2: Industry Involvement, including public-private partnerships and the use of economic instruments at national and international levels

Function:

- Share responsibility
- Share gains
- Share knowledge
- Deep financial resources; largest source untapped funding
- Already utilized in GEF co-financing e.g. PCBs
- Engagement with private sector opportunity to advance issues

Operationalization:

- Need mechanism to access
- Strong political will
- Concern over limited use for developing countries; applicability of polluter pays complicated by weak legislation
- Industry personnel more knowledgeable
- Difficult to deal with companies in developing countries, especially multi-nationals
- Corruption problem on both sides
- Practical example mobile phone partnership; Basel; need for resources so get from private sector
- Company principles profit and costs; playing countries or provinces off against each other; national circumstances; location of headquarters
- Industry not in territory if transboundary; difficult to regain cost
- Argument for global cost recovery; level playing field
- Concern over level of influence in guiding which items funded or ignored

Track 3: New Trust Fund similar to the Multilateral Fund

Function: (need)

- Object: resolve mismatch obligations on one side vs. poor resources
- Means to comply
- Compliance – finance link
- Suitable for compliance with quantifiable obligations but not all needs are quantifiable
- Funding for mandatory elements
- Transparent; time and financing
- Enhance capacity of participating countries
- Enable access by reducing bureaucracy
- Predictability

Operationalization:

- Expectation from donors?
- How promote tools; possibility of pilot projects
- Possible synergy concern
- Possible sustainability concern; take away money; fish not fishing rod? Other view has multiplying effect
- Role of incremental cost
- Equitable allocation of resources and distribution by using existing resources

Track 4: Introducing safe chemicals and wastes management as a new focal area, expanding the existing POPs focal area, or establishing a new trust fund under GEF

Function:

- Can supply compliance function if Parties request
- Improve image building
- Ability to increase contribution of some donors if focal area widened
- Delivers ability for synergies
- Flexibility to accommodate different types of funds
- Recognized by financial ministers

Operationalization:

- Various trust funds already exist; general + climate change + adaption; soon add another
- Concern over bureaucracy,
- Concern over access to all Parties; LDCs and SIDS
- Concern over decision-making
- STAR extension to chemicals; not yet sufficient indicators for country allocations
- Possible role in administering MLF
- How increase in number of agencies and national agencies affect access and use
- Direct access of countries is in the pilot stage; if certain standards met
- Timing with replenishment schedule
- Work with Convention personnel for better coordination
- Administration; disconnect Council vs. others in governments

Other topics

- Ministry outsourcing to get expertise; nothing to show donors as result; need for tools value for money
 - Need to ID obligations with ripple effect for benefits; prioritizing steps within countries; e.g. law needed first?
 - Need to start at national level
 - Funding incremental cost
 - Success stories; mainstreaming , cost recovery, synergies
 - Public awareness-raising and communication strategies
 - Desirable elements: predictability, national unit reporting, panel of experts
-

Group 4

Key Questions for Discussion

1. **Function:** Describe the main elements of the function to be delivered by a specific track. What need can each track serve best?
2. **Operationalization:** Identify elements to be considered to operationalize the potential of each track.

Track 1: Mainstreaming Sound Management of Chemicals and Hazardous Wastes

Function:

- Raise awareness , educate and outreach to governments to help them with:
 - How to identify potential chemical issue
 - Economic analysis of the impact of the chemicals
 - Models on how to tackle these issues (funding, regulatory approaches)
 - Educate countries on how to set priorities
 - Mainstreaming issues e.g. poverty and chemicals
 - Show how it could attracts additional funding

Operationalization:

- It should be a priority to feed in the results of this discussions into the Rio+20 process

Track 2: Industry Involvement, including public-private partnerships and the use of economic instruments at national and international levels

Function:

- Identify roles and responsibilities (industry, value chain, governments)
- Capacity building / training for SMEs and governments
- Economic instruments as one element to improve chemicals management
- Help countries to find incentives for more environmental friendly solutions

Operationalization:

- Needs for regulatory systems in developing countries
- Look into best practices on how “green taxes” could be used to improve chemicals management
- Industry has a role to play as partner (instead as seen as polluter)

Track 3: New Trust Fund similar to the Multilateral Fund

Function:

- Useful for Production and consumption issues
- Implementation oriented
- Measurable, metrics based results
- Could be useful to conduct projects outside of the conventions

Operationalization:

- Regulatory aspects as precondition to be in place before funding
- Performance based compliance plans– payment only in case they perform
- Stand alone funding that does not require mandatory co-funding but accounts for the potential of co-funding

Track 4: Introducing safe chemicals and wastes management as a new focal area, expanding the existing POPs focal area, or establishing a new trust fund under GEF

Function:

- GEF is useful for the incremental cost
- Identify synergies, address cross sectional issues with broader usability
- Punch list of specific activities versus ad hoc projects
- Develop general best practices e.g. for customs trainings to multiply impact
- Link between funding and compliance

Operationalization:

- Single instead of multiple funds (cluster e.g. chemicals / waste) but still keep it under the GEF (infrastructure available)
- Fund needs to be easily accessible, no cumbersome procedure

- Majority would have to go to developing countries
- Timely funding (e.g. new inventories submission of new NIP)
- Continue to improve existing GEF procedures

Annex II

Summary of the Glen Cove discussions

Fourth meeting in the consultative process on financing options for chemicals and wastes, Glen Cove, United States of America, 4 and 5 May 2011

Introduction

1. The fourth meeting in the consultative process on financing options for chemicals and wastes was held in Glen Cove, United States of America, on 4 and 5 May 2011, pursuant to decisions SS.XI/8 and 26/16 of the Governing Council of the United Nations Environment Programme (UNEP) and the outcome of the third meeting in the consultative process (held in Pretoria, South Africa, in January 2011), which is set out in the Pretoria Road Map.
2. *At the meeting the valuable contribution* of the consultative process to an integrated approach to financing chemicals and wastes management was underlined and said to be a critical element in achieving the objectives of the chemicals and wastes agenda at all levels. The participants noted the importance that was being attached to the process in other intergovernmental processes on chemicals and wastes, as reflected in the discussions during the second session of the intergovernmental negotiating committee to prepare a global legally binding instrument on mercury, the twenty-sixth session of the UNEP Governing Council and the fifth meeting of the Conference of the Parties to the Stockholm Convention on Persistent Organic Pollutants.
3. It is anticipated that participants at upcoming meetings, such as the nineteenth session of the Commission on Sustainable Development, the meeting of the Open-ended Working Group of the Strategic Approach to International Chemicals Management to be held in December 2011, the fifth meeting of the Conference of the Parties to the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, the tenth meeting of the Conference of the Parties to the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, and the third session of the mercury negotiations, will be informed on the progress of the consultative process also with a view to assist advancing their negotiations and the implementation of activities at the national, regional and global levels.
4. The participants welcomed the document entitled “Comparative analysis of four possible financing tracks that could contribute to an integrated approach to securing adequate financing for the chemicals and wastes agenda” as useful starting point for the meeting’s discussions.
5. The discussions took place in plenary session and in breakout groups. Each breakout group comprised some 10 members and held thorough discussions on each of the four tracks based on predefined questions with the aim of exploring the tracks’ functions and operational aspects. The outcomes of the breakout groups were presented to and discussed in plenary session.

Integrated approach to financing chemicals and hazardous wastes: from functions to operationalization

6. Based on an interactive dialogue the present document summarizes ideas presented and discussed by the participants. It is not intended to present a full consensus view nor prioritize among the four tracks.
7. The annex sets out the participants’ views on the main functions to be delivered by each track combined with actions needed to make them operational. It is a consolidated document based on the presentations of the four breakout groups. It does not seek to prioritize the actions that need to be taken.
8. Having defined the main functions of the four tracks in the breakout groups, the participants underlined in plenary that they should be operationalized in a coordinated manner. The importance of the tracks complementing one another with a view to meeting financing needs at the national, regional and global levels was also mentioned.
9. It was further recognized that all tracks should contribute to an integrated approach to mobilization of financial resources to support countries’ implementation of and compliance with internationally agreed commitments, while also providing means of implementation of the long-term objectives for the sound management of chemicals and wastes. The four tracks should further contribute to attaining the Millennium Development Goals, in particular the goal on poverty alleviation, while enhancing access by least developed countries and Small Island Developing States to financial resources.

10. It was suggested that, to optimize the tracks' use and impact at all levels, it was necessary to identify the role that each track could play in facilitating compliance with obligations under multilateral environmental agreements and implementation of the chemicals and wastes agenda.
11. Possible key actions needed to make each track operational are listed below. The suggestions below, as presented by the co-chairs, do not, however, seek to prioritize the actions that need to be taken and that are further described and elaborated in the document entitled "Compilation of breakout group discussions".

Track 1 – Mainstreaming of sound management of chemicals and hazardous wastes

- Countries to integrate the sound management of chemicals and wastes into national and international development planning processes with the active involvement of international organizations, international financial institutions (IFIs) and others, as appropriate;
- Increase awareness of and the priority accorded to the sound management of chemicals and wastes among policymakers and decision makers at the national, regional and global levels;
- Identify links between the sound management of chemicals and wastes and key development issues such as health and poverty eradication.

Track 2 – Industry involvement, including public-private partnerships and the use of economic instruments at the national and international levels

- Identify areas for industry involvement, including public-private partnerships;
- Promote a clear division of responsibility between Governments and industry by developing national institutional frameworks intended to creating comparable conditions at all levels;
- Enhancing industry support for knowledge- sharing, capacity- building and technology transfer.

Track 3 – New trust fund similar to the Multilateral Fund

- Countries and funding agencies to continue to explore the possibility of establishing a multi-purpose trust fund to assist parties that are developing countries and countries with economies in transition in the implementation of agreed commitments for the sound management of chemicals and wastes in order to ensure their compliance with these commitments;
- Identify quantifiable and measurable targets or indicators in existing and future legally binding instruments;
- Outline the structure, operating principles and governance of a new trust fund.

Track 4 – Introducing safe chemicals and wastes management as a new GEF focal area, expanding the existing persistent organic pollutants GEF focal area or establishing a new trust fund under GEF

- At the national level, Governments to develop policy options for expanding the use of GEF for the implementation of the chemicals and wastes agenda, including analysis of the use of GEF as a compliance- based financing mechanism;
- The UNEP Governing Council/Global Ministerial Environment Forum to invite GEF to strengthen its capacity to support the chemicals and wastes agenda;
- Governments to explore possibilities of introducing a new focal area for the sound management of chemicals and wastes, expanding the existing POPs focal area and/or establishing a new trust fund under GEF.

Next steps and final outcomes

12. UNEP should further develop the elements on how to operationalize each track, including a list of the appropriate decision-making bodies to make use of each track and related timing.
13. UNEP should prepare a matrix outlining the obligations under each convention in the chemicals and wastes cluster, in addition to the Strategic Approach (even though it is not a legally binding instrument), with an indication of which track can fulfill the needs of parties seeking to meet those obligations. As input to the document, countries will be invited to submit ideas on how the tracks complement one another.
14. In preparing the above documents, UNEP should seek input from the meeting participants on areas that they wish to see covered in the further analysis of the operational aspects of each track. Such questions should be submitted to the secretariat in a timely manner.
15. The participants welcome the offer from the GEF secretariat to prepare an information document on the various types of funds that that secretariat is managing, including the role of GEF in administering the Adaptation Fund.
16. The UNEP secretariat was requested to provide, working in close cooperation with the MLF and related experts, further analysis on a new trust fund for the chemicals and wastes sector similar to the Multilateral Fund.
17. UNEP should organize a fifth meeting of the consultative process and should seek financial support to convene it. UNEP will work with Governments in determining the date and location of the meeting, taking into consideration the availability of funds. It should take place before the third session of the intergovernmental negotiating committee to prepare a global legally binding instrument on mercury.
18. Based on the discussions at the fifth meeting, the participants should finalize and submit the outcome of the process to the Executive Director of UNEP as input to his final report for consideration at the twelfth special session of the Governing Council/Global Ministerial Environment Forum, in February 2012, and with a view to achieving possible decisions at the third session of the International Conference on Chemicals Management, in 2012, and at the twenty-seventh session of the Governing Council/Global Ministerial Environment Forum, in 2013.
19. The Executive Director of UNEP should ensure that the deliberations of the consultative process are fed into the United Nations Conference on Sustainable Development, as appropriate.
20. To ensure continuity, the participants agreed that the co-chairs for the current (Ms. Johanna Lissinger-Peitz (Sweden) and Mr. Damaso Luna Corona (Mexico)) should remain in office for the fifth meeting. It was further agreed that the co-chairs would work with the UNEP secretariat in preparing background documents for that meeting.

Annex II

Outcome document of the consultative process on financing options for chemicals and wastes

Introduction

1. The consultative process on financing options for chemicals and wastes was launched by the Executive Director of the United Nations Environment Programme (UNEP) at the fourth meeting of the Conference of the Parties to the Stockholm Convention on Persistent Organic Pollutants, in May 2009. The consultative process was launched to assess the current situation with regard to financing for the sound management of chemicals and wastes at the national level, including but not limited to the implementation of the obligations of parties to conventions relating to chemicals and wastes and related international policy frameworks, with a view to devising strategic, synergistic proposals for improving it.
2. The consultative process is informed by a widely shared perception that there is a gulf between what is required for the sound management of chemicals and wastes and the financial means necessary to implement it. The process is a response to the need for heightened efforts to increase the political priority accorded to the sound management of chemicals and wastes and the growing need for sustainable, adequate and accessible financing for the chemicals and wastes agenda. It takes into account the growth of the chemicals industry, shifts in production and consumption patterns and associated trends in the generation of wastes.
3. In 2010, the UNEP Governing Council, by its decision SS.XI/8, welcomed the initiation of the consultative process and requested the Executive Director to continue to lead the process and to report to the Governing Council at its twenty-sixth session on its progress. In 2011, by its decision 26/7, it acknowledged the progress made and the work carried out by UNEP and again requested the Executive Director to submit a final report on the process to the Governing Council at its twelfth special session, in February 2012 and for achieving possible decisions at the third session of the International Conference of Chemicals Management, in 2012 and the twenty seventh session of the Governing Council in 2013.
4. The consultative process, while led by UNEP, has been driven by countries. It has seen the participation of developed countries, developing countries, countries with economies in transition, intergovernmental organizations, civil society and industry. During the five meetings held between 2009 and 2011, discussions on financing the sound management of chemicals and wastes have deepened and matured, based on a series of background documents. An initial review of a wide range of financing options has moved to a more focused discussion of four specific financing tracks: mainstreaming of sound management of chemicals and wastes; industry involvement, including public-private partnerships and the use of economic instruments at the national and international levels; a new trust fund similar to the Multilateral Fund for the Implementation of the Montreal Protocol; and the establishment of a new Global Environment Facility (GEF) focal area on sound chemicals and wastes management, expanding the existing GEF chemicals focal area, or establishing a new GEF trust fund. All related documents, including background papers, are available at www.unep.org/delc.
5. The participants at the fifth meeting in the consultative process considered a proposal for an integrated approach to financing the sound management of chemicals and wastes intended to maximize its impact, particularly at the national level.
6. The present outcome document sets out the views and contributions of the participants in the consultative process based on the discussions during the five meetings in the process. While it is not intended to present a consensus view, in some areas there was a common understanding, which is reflected below.
7. It is important to note that the outcome of the consultative process is not intended to limit the options to be considered in any further discussion of financing for the sound management of chemicals and wastes.
8. The present outcome document will be submitted to the Executive Director of UNEP to inform his final report on the consultative process, which he will submit for consideration by the Governing Council/Global Ministerial Environment Forum at its twelfth special session, in February 2012.

I. Views on financing the sound management of chemicals and wastes

9. Following constructive and positive dialogue at the fifth meeting, the participants recognized that the integrated approach proposed at that meeting was the most suitable way forward for financing the sound management of chemicals and wastes at all levels, taking into account current and future agreements pertaining to chemicals and wastes management, including the Strategic Approach to International Chemicals Management.

10. The following represent areas of common understanding among participants in the fifth meeting:

- (a) The integrated approach addresses the challenges of financing the sound management of chemicals and wastes;
- (b) Guidance from the conferences of the parties to relevant multilateral environmental agreements, the International Conference on Chemicals Management and other relevant governing bodies in implementing the integrated approach is of great importance;
- (c) It is important to raise the visibility of the chemicals and wastes agenda and awareness of it among policymakers and decision makers at all levels;
- (d) It is important to enhance the involvement of industry in partnerships, technology transfer and capacity-building and the implementation of legally binding and voluntary approaches to achieving sound chemicals and wastes management;
- (e) There is a need for a solution to the challenge of financing the sound management of chemicals and wastes that takes into account the funding needed throughout the chemicals and wastes cluster and brings together all relevant stakeholders, including civil society, in an active role;
- (f) Mainstreaming and industry involvement are necessary but not sufficient for financing the sound management of chemicals and wastes;
- (g) To make effective use of external financing, there is a need to set criteria such as those adopted by the Conference of the Parties to the Stockholm Convention;
- (h) The integrated approach captures a mature understanding of the finance and compliance link and of the need to mobilize financial resources for, among other things, enabling activities, technology transfer and capacity-building at all levels, particularly in developing countries.

11. The following views were also expressed:

- (a) There is a need to address the inadequacy of financial resources while improving the efficient use of existing financial resources;
- (b) There is a need for a clear indication of who will be responsible for providing external funding for the integrated approach;
- (c) There is a need to expand funding for the sound management of wastes, including but not limited to electrical and electronic waste;
- (d) There is a need to provide funding for enabling activities in the field of wastes management;
- (e) There is a need to enhance the involvement of the chemicals industry and other industries in the sound management of chemicals and wastes. This encompasses all those who manufacture or use products at any point in their life cycles, along with the broader business community, including those involved at any point along the complete value chain. This implies a need to recognize the principle of extended producer responsibility;
- (f) The integrated approach provides for funding at multiple levels corresponding to the various conditions found in developing countries, countries with economies in transition, least developed countries and small island developing States.

A. Outcome of the consultative process: the integrated approach to financing the sound management of chemicals and wastes

12. The integrated approach to financing the sound management of chemicals and wastes is a strategic and synergistic proposal to improve financing for the sound management of chemicals and wastes at all levels, with the aim of attaining the goal agreed upon at the World Summit on Sustainable

Development that by 2020 chemicals are used and produced in ways that lead to the minimization of significant adverse effects on human health and the environment.

13. The integrated approach incorporates the key components of each of the four tracks in a complementary manner, making the best possible use of the added value of each track and maximizing impact at the national level. It seeks to use all four tracks in a coordinated manner, in contrast to the current fragmented approach.

14. The overall aim of the integrated approach is to respond to the challenges posed by chemicals and wastes management and to build upon the opportunities afforded by each track to respond to the varying needs under the conventions related to chemicals and wastes and relevant international policy frameworks.

15. There is currently no decision as to who will manage the integrated approach or where it will be managed from; the focus is rather on how the approach can best be used to achieve results efficiently and effectively in the chemicals and wastes cluster.

B. Elements of the integrated approach

16. The various elements of the integrated approach are described below.

1. What gets funded

17. The integrated approach would include, but not be limited to, funding:

(a) Activities required to meet obligations under existing and future legally binding instruments;

(b) Activities needed to meet identified voluntary commitments under existing and future legally binding instruments and international policy frameworks such as the Strategic Approach;

(c) Enabling activities, institutional capacity-building, technical capacity-building and awareness-raising to meet non-mandatory commitments under legally binding instruments and international policy frameworks such as the Strategic Approach;

(d) Incremental costs of achieving the global environmental benefits of investment projects to meet obligations under legally binding instruments, which could also address the incremental costs of non mandatory commitments leading to global benefits under those instruments as well as international policy frameworks such as the Strategic Approach.

2. Mainstreaming and industry involvement in the integrated approach

18. The mainstreaming and industry components of the integrated approach are important for sustainable and long-term financing for chemicals and wastes management. These components interact with and are supplemented by external funding to cover incremental costs, the source of which remains to be determined but could include a new independent trust fund modelled on the Multilateral Fund, a new GEF trust fund, a new GEF focal area or an expanded GEF chemicals focal area. The following outlines important actions in mainstreaming and involving industry in the integrated approach:

(a) Providing support for the mainstreaming of sound chemicals and wastes management into all relevant parts of national administration, including development planning processes and sustainable development strategies, including through institutional strengthening for national environment administrations and other areas of national administrations that play important roles in financing the sound management of chemicals and wastes. Mainstreaming should use all means available, including by raising awareness of the linkages between sound chemicals and wastes management and development, poverty and health issues; cultivating political leadership on the issue of chemicals and wastes management; promoting public and private sector support; engaging international development agencies to advocate the mainstreaming of chemicals and wastes; and engaging finance and industry ministries in the national chemicals and wastes agenda;

(b) Striving to ensure that industry and other important stakeholders in the business community share the burden of financing the sound management of chemicals and wastes, providing support to developing countries and countries with economies in transition in, among other things, developing and implementing the legislative and regulatory frameworks required to underpin and operationalize industry involvement, with particular emphasis to be laid on emerging industries;

(c) Undertaking activities that promote a clear definition of responsibilities between Governments and industry by developing national institutional frameworks intended to create level playing fields;

- (d) Enhancing industry support for knowledge-sharing, capacity-building and technology transfer;
- (e) Promoting the use of economic instruments wherever possible to shift the costs from the public sector to the private sector when it is appropriate that the latter should bear the responsibility for costs;
- (f) Designing and implementing incentives for voluntary initiatives and public-private partnerships and developing strategies and guidelines for building partnerships with domestic and international companies;
- (g) Optimizing the use of mainstreaming and industry involvement to meet capacity gaps and implement the Strategic Approach through bilateral cooperation and other means of external funding;
- (h) Encouraging direct and indirect contributions from industry, including through public-private partnerships;
- (i) Providing access to funding for health, poverty eradication and sustainable development through mainstreaming.

3. External funding components in an integrated approach

19. While mainstreaming and industry involvement, supported by external resources such as bilateral aid and international financial institutions, play an important role in mobilizing financial resources, decisions still need to be taken in relation to external funding components, including but not limited to a decision on where such external funding components are to be hosted. Such decisions must take into account the use of existing structures to support coordination and decision-making, to keep overhead costs to a minimum and to maximize the leveraging of complementary expertise and financial resources. The outcome of these decisions will determine how the elements below are developed. Points that are central to external funding components include:

- (a) Governance:
 - (i) Equal and regionally balanced representation from developed and developing countries in a coordination and decision-making approach is necessary to ensure that the interests of donors and recipients are well balanced;
 - (ii) With reference to a fund hosted independently, the participation of conferences of the parties, the International Conference on Chemicals Management and other relevant bodies in coordination and decision-making is necessary to ensure that the guidance of those and other relevant bodies is taken into account in funding decisions and the assessment of results;
- (b) Funding and fund replenishment:
 - (i) Sustainable, predictable, adequate and accessible financing for the agreed incremental costs of implementing the chemicals and wastes agenda is required;
 - (ii) Stable replenishment could be achieved through the United Nations scale of assessments, an approach similar to that employed by the Multilateral Fund or a pledging approach such as that employed by GEF, which could apply to an expanded chemicals focal area or a new chemicals and wastes focal area. For a new trust fund under GEF, a stable replenishment process could be developed with the GEF Council based on guidance from conferences of the parties, the International Conference on Chemicals Management and other relevant bodies;
 - (iii) A new or expanded GEF focal area should take into account all relevant needs in the chemicals and wastes cluster and serve conferences of the parties, the International Conference on Chemicals Management and other relevant bodies in a balanced way;
- (c) Operating procedures and costs:
 - (i) Efficient and effective programme and project review, approval and evaluation procedures that respond to funding requirements in a timely manner are needed;
 - (ii) External funding components should maximize coordination and minimize administration and costs;

- (d) Access to and use of funds:
 - (i) Access to, and the distribution and use of, resources for implementing activities should be balanced and effected through predefined and agreed criteria;
- (e) Performance-based targets:
 - (i) Performance-based targets for activities funded through external components are essential for sustained, predictable, adequate and accessible financing for the chemicals and wastes agenda, in particular for activities related to verifiable compliance;
 - (ii) Performance-based targets for activities funded through external components could enable the evaluation of results and the improvement of procedures through lessons learned.

C. Implementing an integrated approach

20. The integrated approach is innovative because it proposes to make full use of mainstreaming and industry involvement and to build on the best practices of the Multilateral Fund and GEF. The integrated approach could benefit from a coordination and decision-making approach that would serve as a driving force to, among other things, establish guidelines focusing on the implementation of legally binding obligations under conventions related to chemicals and wastes and relevant international policy frameworks and access to available funding.

21. Such guidelines could among other things:

- (a) Focus on capacity-building and compliance activities in developing countries and in countries with economies in transition that most urgently need financing solutions;
- (b) Support the financing of pilot investment projects that would allow the development of procedures and criteria for future investment activities;
- (c) Support the use of existing guidance on legal and institutional infrastructures and cost-recovery measures for the sound management of chemicals in developing countries and countries with economies in transition;
- (d) Support the mainstreaming of sound chemicals and wastes management into national development plans and other relevant development processes;
- (e) Establish performance targets for funding compliance-related activities, capacity-building and investment projects;
- (f) Promote and advance cooperation with relevant development and implementing agencies with expertise and resources to expend resources and co-finance capacity-building activities;
- (g) Provide for funding for developing countries and countries with economies in transition at a level that is commensurate with demonstrated efforts, in line with previously agreed targets, on activities to mainstream chemicals and wastes and the involvement of industry at the national level;
- (h) Support streamlined administrative procedures and practices;
- (i) Support reviews and evaluations to assess regularly the effectiveness of the integrated approach and reporting on the results to conferences of the parties, the International Conference on Chemicals Management and other relevant bodies;
- (j) Support reviews and assessments of country compliance with legally binding obligations under conventions related to chemicals and wastes and relevant international policy frameworks.

D. Next steps

22. With the aim of advancing the integrated approach to financing the sound management of chemicals and wastes, with regard to next steps the participants at the fifth meeting in the consultative process:

- (a) Agreed to submit comments on the background document for the fifth meeting entitled “A proposal for an integrated approach for financing sound management of chemicals and wastes” (available at www.unep.org/delc). The comments are to be annexed to the report of the fifth meeting;

(b) As an aid to understanding, requested UNEP to create a matrix presenting an overview of the commitments areas for funding taking into account the views expressed at the fifth meeting and input from the secretariats of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, the Stockholm Convention and the Strategic Approach, to complement and further elaborate on the activities listed under the heading "What gets funded". The matrix will also provide further elaboration on what gets funded by whom;

(c) Requested the co-chairs of the fifth meeting to submit the outcome document of the consultative process to the Executive Director of UNEP;

(d) Invited the co-chairs and UNEP to raise awareness of the outcomes of the consultative process at forthcoming meetings under the conventions related to chemicals and wastes, the Strategic Approach and the intergovernmental negotiating committee to prepare a global legally binding instrument on mercury, among others;

(e) Invited Governments to adopt, based on the final report to be submitted by the Executive Director of UNEP to the UNEP Governing Council/Global Ministerial Environment Forum at its twelfth special session, an ambitious decision that advanced the integrated approach with the aim of adopting decisions at the third session of the Intergovernmental Conference on Chemicals Management, in 2012, and the twenty-seventh session of the Governing Council/Global Ministerial Environment Forum, in 2013;

(f) Invited Governments and the Executive Director of UNEP to make use of the outcome document and the Executive Director's final report in preparing for the United Nations Conference on Sustainable Development, in June 2012, and other high-level international policy processes;

(g) Invited other processes related to chemicals and wastes to take into account the outcome document and the final report of the Executive Director of UNEP, as appropriate, in their discussions and consideration of financing the sound management of chemicals and wastes;

(h) Agreed to consider, in determining the next steps in the time leading up to the twenty-seventh session of the Governing Council/Global Ministerial Environment Forum, in 2013, a timetable, organization of work and issues that remained to be discussed at upcoming meetings.