



**United Nations
Environment
Programme**

Distr.: General
17 November 2010

Original: English



**Intergovernmental negotiating committee
to prepare a global legally binding instrument
on mercury
Second session**

Chiba, Japan, 24–28 January 2011
Item 3 of the provisional agenda*

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

**Analysis of possible funding sources and what they might cover,
including an analysis of the role of the private sector**

Note by the secretariat

1. At its first session, held from 7 to 11 June 2010, the intergovernmental negotiating committee to prepare a global legally binding instrument on mercury requested the secretariat to provide an analysis of possible funding sources and what they might cover, including an analysis of the role of the private sector.
2. In preparing the present note, the secretariat recognized that a detailed analysis could only be provided later in the negotiation process, once there is more clarity with regard to the mercury instrument. Accordingly, the present note sets out considerations of a general nature regarding the parameters of a financial mechanism¹ to support implementation of a global instrument on mercury together with a discussion of specific areas for which a mechanism may be considered either suitable or not. Lastly, it provides information on the possible role of private sector financing in sound chemicals management, which may clarify approaches that could be of relevance to mercury, together with examples of successful private sector involvement in various countries.

I. Background

3. Decision 25/5 of the United Nations Environment Programme (UNEP) Governing Council provides, among other things, that the committee is to develop a comprehensive and suitable approach to mercury, including provisions specifying arrangements for capacity-building and technical and financial assistance, recognizing that the ability of developing countries and countries with economies in transition to implement some legal obligations effectively under a legally binding instrument is dependent on the availability of capacity-building and technical and adequate financial assistance.
4. The secretariat has prepared a number of documents to support the committee's deliberations on the above-mentioned provision. In addition to the present note, the committee has before it the following notes prepared by the secretariat for the committee's first session:

* UNEP(DTIE)/Hg/INC.2/1.

¹ The Committee may establish more than one mechanism if it so chooses. The usual approach of multilateral environmental agreements is, however, to establish one financial mechanism and provide that it might comprise one or more funds and be operated by one or more entities.

- (a) Options for predictable and efficient financial assistance arrangements (UNEP(DTIE)/Hg/INC.1/8);
- (b) Options for delivery of technical assistance and capacity-building: examples from multilateral environmental agreements and other organizations (UNEP(DTIE)/Hg/INC.1/9);
- (c) Facilitating sustainable technology transfer and support for global mercury control actions: experience within existing legally binding and voluntary arrangements (UNEP(DTIE)/Hg/INC.1/10);
- (d) Progress of the consultative process on financing options for chemicals and wastes led by the United Nations Environment Programme (UNEP(DTIE)/Hg/INC.1/INF/5).

5. In addition, the committee has available a report on financial considerations and possible funding modalities for a legally binding instrument or voluntary arrangement on mercury that was presented to the Ad Hoc Open-ended Working Group on Mercury at its second meeting, which was held in Nairobi from 6 to 10 October 2008 (UNEP(DTIE)/Hg/OEWG.2/3). The report discusses possible modalities to allow the Global Environment Facility (GEF) to provide financial resources and elements of the Multilateral Fund for the Implementation of the Montreal Protocol that could serve as a model for a mercury financial mechanism.

6. Also of relevance to the issue of funding is a general qualitative assessment of the potential costs and benefits associated with the implementation of actions to reduce mercury emissions, which was first presented to the Working Group at its second meeting (UNEP(DTIE)/Hg/OEWG.2/5/Add.1). An updated version of the assessment was presented to the committee at its first session in a report prepared by the secretariat (UNEP(DTIE)/Hg/INC.1/19, annex). Additional information submitted by Governments in response to a request by the secretariat is summarized in a note by the secretariat on cost-benefit analysis of existing alternatives to mercury-based products, processes and technologies (UNEP(DTIE)/Hg/INC.2/12), which should be read in conjunction with the report set out in the annex to document UNEP(DTIE)/Hg/INC.1/19. The three documents provide a comprehensive discussion of the potential costs and benefits that may arise from the implementation of various control measures on mercury.

7. In addition, the committee has available information on a number of comprehensive analyses of possible funding sources for activities related to chemicals and wastes that have been undertaken in recent years to identify additional funding for enhanced chemicals management, both within the chemicals and waste conventions and most recently under the Strategic Approach to International Chemicals Management. The Strategic Approach analyses include a study on financial considerations pertaining to a strategic approach to international chemicals management (SAICM/PREPCOM.3/INF/28) presented to the Preparatory Committee for the Development of a Strategic Approach to International Chemicals Management at its third session, held in Vienna in September 2005, and a note by the secretariat on long-term financing for implementation of the Strategic Approach (SAICM/ICCM.2/12) presented to the International Conference on Chemicals Management at its second session, held in Geneva in May 2009. These studies provide a comprehensive discussion of possible funding sources that may directly relevant to the committee's considerations of options for financing risk reduction measures on mercury under the new instrument.

8. Lastly, a consultative process on financing options for the chemicals and waste agenda was launched by the Executive Director of 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 part of the process, the particular financial challenges faced by developing countries and countries with economies in transition in implementing their chemicals and wastes agendas effectively are being discussed. The process focuses in broad terms on identifying possible policy options for more secure financing for activities related to chemicals and wastes, including through existing and new mechanisms; raising political priority through awareness-raising; associating with other causes and mainstreaming into other sectors; synergistic use of delivery mechanisms; implementing innovative approaches such as chemicals leasing and the green economy concept; and exploring use of public-private partnerships and economic instruments to internalize the social and environmental costs of chemicals and waste management. Most of the options under discussion are not mutually exclusive and would be mutually reinforcing if implemented in a coordinated manner.

9. The next meeting of the consultative process is scheduled to take place in Pretoria on 10 and 11 January 2011. In preparation for the meeting, UNEP is gathering information, drawing on the experience of the multilateral environmental agreements and the work of the International Conference on Chemicals Management, GEF, the United Nations Development Programme, the World Bank and

other relevant organizations. Participants in other relevant intergovernmental processes, including the Commission on Sustainable Development at its nineteenth session, in 2011, and the preparatory meetings for the third session of the International Conference on Chemicals Management will also be consulted. The Executive Director will provide a final report for consideration by the Governing Council at its twelfth special session, in 2012, with the aim of decisions possibly being adopted by International Conference on Chemicals Management at its third session, in 2012, and the Governing Council at its twenty-seventh session, in 2013. In the meantime, UNEP will provide a status report to the Governing Council at its twenty-sixth session, in February 2011. The outcomes and conclusions from this process may be directly relevant to the committee's consideration of options for financing risk reduction measures on mercury under the global mercury instrument.

10. The present note draws upon materials and information provided in these recent analyses, with specific focus on mercury. In addition, in preparation for the Committee's second session, the secretariat requested Governments to provide further information, including on the role of the private sector in funding national activities relating to chemicals and industry initiatives such as Responsible Care² activities, phase-out or use limitation programmes, remediation programmes, voluntary limitation of trading activities and other activities for which direct funding or in kind support is provided by the private sector. The responses received from Governments are available on the mercury negotiations website.³

II. Possible funding sources

11. The main funding sources that have been identified and discussed in relation to enhancing the implementation of activities related to chemicals and wastes, and that would also be relevant as possible funding sources for implementing measures to reduce the risks associated with mercury, include:

- (a) *Multilateral institutions and funds*: These include existing funding entities, such as GEF and the World Bank, or a dedicated fund established solely for the purpose of supporting the implementation of the mercury instrument. While the use of existing mechanisms would have to conform to established operational modalities beyond the Conference of the Parties' control, it would allow parties to exploit synergies and connections across the chemicals and wastes focal areas, reflecting the multiple sustainable development needs of recipient countries. A dedicated mercury fund could be tailored to respond to the particular challenges posed by mercury and would be under the Conference of the Parties' direct control; it might not, however, achieve broad integration with other related chemicals and wastes issues;
- (b) *Regional development banks*: Regional development banks require strict adherence to their general terms and conditions and repayment schedules;
- (c) *Bilateral aid agencies*: Significant funding for poverty alleviation and mercury-related activities is currently delivered through bilateral aid programmes. It is to be hoped that such funding will continue during the negotiation and implementation of the global mercury instrument;
- (d) *Private sector*: Consideration of a potential role for the private sector in the funding of activities aimed at reducing mercury emissions is a prime focus of the present note. Examples of private sector funding mechanisms in government-driven activities are presented in section III below;
- (e) *Private foundations*: Over recent years, a number of private foundations, generally established with funds from wealthy philanthropists, have undertaken major projects on issues of global concern such as poverty alleviation and HIV/AIDS. Ways of improving the level of involvement of such private foundations in activities to reduce emissions of mercury, particularly as they relate to issues such as poverty alleviation or public health promotion, for example in the artisanal and small-scale gold mining sector, merit further consideration;
- (f) *Non-governmental organizations*: Civil society has played a significant role in discussions on mercury to date, providing information and facilitating broad consideration of issues. While they have not represented a major funding source, some not-for-profit organizations, such as the Blacksmith Institute, undertake activities relating to pollution and contaminated sites and may be important partners in the future.

2 See section IV below.

3 <http://hqweb.unep.org/hazardoussubstances/Mercury/Negotiations/INC2/INC2Submission/Submissionsofinformation/tabid/6735/Default.aspx>.

III. Analysis of what the various funding sources could and could not cover

12. In assessing the suitability of a financial mechanism, consideration should be given both to its general parameters and specific areas of focus. General features of a financial mechanism could include:

- (a) Flexibility;
- (b) Responsiveness;
- (c) Adaptability to the needs and characteristics of specific sectors, including the need to promote cooperation and coordination to implement the mercury instrument and achieve sectoral objectives and targets;
- (d) Cost-effectiveness and optimal use of co-benefits;
- (e) Provision of funding under both legally binding and voluntary approaches;
- (f) Promotion of compliance;
- (g) Ability to support capacity-building and technology transfer activities;
- (h) Predictability of funding.

13. A general consideration of the mercury instrument's range of potential activities, obligations and measures and what a financial mechanism might or might not cover are set out below.

14. Activities might include process change, including implementation of appropriate control measures and shifting to alternative products and processes, capacity-building and institutional-strengthening, awareness-raising, monitoring and reporting.

15. Significant investment might be required for obligations and measures (whether voluntary or legally binding) that require process change. Given the opportunities for co-benefits through the reduction of other pollutants, however, it is possible that the incremental costs directly attributable to mercury reduction may be relatively small in relation to overall operating costs. Based on standard industrial operating practices, such investments in process change might be made over a limited time period or according to key goals and indicators. In any case, the incremental funding needed would be limited, because over time evolving technology requirements are normally factored into construction costs for upgraded or new facilities. In cases where moving away from mercury use would require capital investments in alternative technology, consideration might be given to allowing the shift to take place in the context of enterprises' normal capital replacement cycles; such an approach would avoid premature action that would result in unnecessary demands on the financial mechanism. In the meantime, continuing use of mercury might require the application of best available techniques to minimize releases to the environment.

16. Process-change obligations and measures might be better targeted by a specific mercury-related fund rather than an existing mechanism such as GEF, particularly where the necessary technical and financial investments are easily quantifiable and measurable through a systematic process of effectiveness monitoring and evaluation. Such obligations and measures may present opportunities to work closely with industry on investment activities and to secure funding from the World Bank or regional banks. The contribution of infrastructure development to activities under other agreements, on matters such as climate change or poverty alleviation, should be taken into account, and financial opportunities available under such programmes should be considered.

17. Measures requiring the promotion of a wide range of activities, on the other hand, might benefit from another approach, particularly in the case of measures involving many groups, such as artisanal and small-scale mining and domestic coal combustion. It should be recognized that in such cases a number of key drivers for change may lie beyond the scope of the global mercury instrument, a fact that could have considerable cost implications, particularly when complex technical issues, social and economic costs or institutional reform are involved. Such wide-ranging issues might benefit from a funding mechanism with a more programmatic approach, such as GEF, and a range of intergovernmental organizations or regional centres with related expertise might be taken into account when considering effective delivery mechanisms for technical and financial assistance to support the successful implementation of these types of measures.

18. The financial mechanism is intended to facilitate the effective implementation of the mercury instrument. Existing mechanisms have adopted varied approaches. The Multilateral Fund is intended to enable compliance, while convention financial mechanisms administered by GEF focus on

implementation. In practice, the scope of projects that are eligible for support from the Multilateral Fund may be narrower than the scope of projects supported by GEF-operated financial mechanisms. Clear, targeted, well-defined and measurable obligations and measures may be required for a compliance-based approach to be effective.

19. Activities such as capacity-building and institutional-strengthening, including national planning and priority-setting actions, may be relatively short-term activities with clear objectives, requiring limited financing and offering a potential delivery role for regional centres. The successful delivery of a programme of capacity-building activities requires a relatively short project cycle with low transaction costs, given the number and scope of such projects likely to be required in such a programme. Funding for the development and testing of guidance may also be required. Similar activities have been funded effectively through GEF and by the Strategic Approach Quick Start Programme under the umbrella of enabling activities. Given the Programme's recent success, the committee may wish to consider whether enabling activities could be delivered successfully through a targeted mercury trust fund taking an approach modelled on the Programme.

20. Awareness-raising, particularly at the community level, is key to the success of targeted measures and is likely to require only limited funding for short-term activities. A short project cycle with a relatively simple application process could facilitate the delivery of activities under such a programme. Again, the Quick Start Programme is a successful example of an effective delivery mechanism using a dedicated trust fund, and features significant involvement of international non-governmental organizations. Opportunities to exploit synergies with UNEP and other organizations might also be explored.

21. Legally binding instruments often require periodic monitoring and reporting by parties. Reporting mechanisms require adequate, stable and predictable funding to ensure the development of the high-quality, consistent information that is essential to tracking progress towards agreed targets. Opportunities for collaboration with reporting and monitoring requirements under other instruments, such as the Stockholm Convention on Persistent Organic Pollutants, might be explored, but would require secure long-term funding.

IV. Possible role of private sector financing in sound chemicals management

A. Current initiatives exploring the possible role of private sector

22. The private sector's role in and possible contribution to financing sound chemicals management have been discussed in various forums relating to the chemicals and wastes cluster. The most recent and comprehensive discussion took place during the development and implementation of the Strategic Approach, including at the third session of the Preparatory Committee for the Development of a Strategic Approach to International Chemicals Management, in September 2005, and the second session of the International Conference on Chemicals Management, in May 2009.

B. Developing legal and institutional infrastructure and measures for recovering costs

23. While every national situation is unique and requires specific solutions, four important gaps in the sound management of chemicals were highlighted in the development of the Strategic Approach as follows: fragmented legal frameworks; lack of institutional capacity for enforcement of existing frameworks; lack of funding, especially at the national level; and lack of capacity in developing countries and countries with economies in transition to design and implement sound policy strategies for sound chemicals management.

24. A significant barrier to progress is the fact that chemicals management is not accorded priority in many countries and limited financial resources are allocated to it. Many developing countries rely on external funding from the Quick Start Programme Trust Fund, GEF, the Multilateral Fund and other international and regional mechanisms. While government spending through regulation, direct investment, bilateral and multilateral funding rightly plays a significant role in chemicals management, other sources of long-term financing should be identified.

25. Mainstreaming the sound management of chemicals may open up new sources of funding from national budgets as it is prioritized in national development planning. In addition, bolstering private sector financial and technical participation through the use of economic instruments to recover the cost of public administrative services may be another potentially important tool for promoting sound chemicals management.

26. Section V of the Overarching Policy Strategy of the Strategic Approach, on financial considerations, sets out the financial arrangements for implementation of the Strategic Approach, for which promoting the reduction of risks from mercury is a priority. With regard to contributions from the private sector, paragraph 19 of the Overarching Policy Strategy lists the following actions:

- (a) Actions at the national or sub-national levels to support financing of Strategic Approach objectives, including by:
 - (iv) Where appropriate, assessing and adopting at the national and sub-national levels economic instruments intended to internalize the external costs of chemicals, bearing in mind that such instruments need careful design, especially in developing countries and countries with economies in transition;
- (b) Enhancing industry partnerships and financial and technical participation in the implementation of Strategic Approach objectives, including by inviting industry:
 - (i) To review and strengthen current voluntary industry initiatives to address the considerable challenges associated with the implementation of Strategic Approach objectives;
 - (ii) To develop new initiatives, including in partnership with foundations, academia and non-governmental organizations, for the implementation of Strategic Approach objectives;
 - (iii) To provide resources, including in-kind contributions, for the implementation of Strategic Approach objectives, continuing and building upon its initiatives on good corporate social and environmental responsibility.

27. When developing the Strategic Approach, parties recognized that, while government spending through regulation, direct investment, bilateral and multilateral funding rightly played a significant role in chemicals management, other sources of long-term financing were needed to complement public funding if the global community was to reach its goal of enhanced chemicals management. Significant private sector financial commitments, through, for example, cost internalization, are being exploited in a growing number of countries in line with the polluter-pays principle, as stated in the Rio Declaration on Environment and Development.⁴

28. The Governing Council has encouraged UNEP to play a leading role in facilitating the implementation of the Strategic Approach. In response to a call for assistance by the Strategic Approach secretariat, UNEP is developing integrated guidance on the development of legal and institutional infrastructures and cost recovery measures for the sound management of chemicals in developing countries and countries with economies in transition. The guidance is intended to assist chemicals management practitioners in those countries to identify the legislative and institutional developments necessary for the sound management of chemicals together with opportunities for devising economic instruments to recover the cost of public administrative services. It is also intended to help foster a self-financing process at the national level to complement other bilateral and multilateral sources of financing for the sound management of chemicals.

29. Work on the integrated guidance began in March 2009. The integrated guidance comprises guidelines in three areas, namely, managing the placement of chemicals on the market for use; managing chemicals at other stages of their life cycle; and innovative approaches to chemicals management. An international expert group, comprising experts in law, institutional arrangement and economic instruments, has been convened to provide advice on the further development of the integrated guidance and on conducting country workshops and national demonstration projects. National testing of the guidance began in December 2009. Three national workshops are planned to review and revise the integrated guidance to ensure that it is targeted to the needs of developing countries. After expert group peer review, the integrated guidance will be launched and field tested in 2010 and 2011 through demonstration projects that will provide important insights into practical challenges and opportunities for further enhancements. Although the integrated guidance does not focus specifically on mercury, by facilitating the development of coherent chemicals management policies and cost-recovery mechanisms for financing the sound management of chemicals at the national level it has the potential to support effective implementation of the global instrument on mercury.

4 Principle 16 of the Rio Declaration on Environment and Development reads: "National authorities should endeavour to promote the internalization of environmental costs and the use of economic instruments, taking into account the approach that the polluter should, in principle, bear the cost of pollution, with due regard to the public interest and without distorting international trade and investment."

30. The United States of America, in its response to the secretariat's request for information from Governments, reports that the Environmental Protection Agency's Center for Environmental Finance has developed a publication entitled *Guidebook of Financial Tools: Paying for Environmental Systems*, which is available at www.epa.gov/efinpage/publications/GFT2008.pdf.

B. Government-regulated contributions from the private sector

31. While many developed countries have already established full cost recovery for public sector provision of certain environmental management services, including chemicals management, such practices are less widespread in developing countries and countries with economies in transition. The current situation in respect of cost recovery or revenue-raising economic instruments in the chemicals context suggests that there may be potential for expanding economic instruments as a source of financing at the national level. It is clear, however, that the use of economic instruments, such as cost recovery charges or revenue-raising mechanisms, is a policy choice that requires careful consideration. The integrated guidance mentioned above will assist developing countries to explore such options should they choose to do so.

32. Various economic instruments are available, some of which require greater infrastructure and enforcement than others. Deposit and refund systems for waste, for example, may not require a large investment in infrastructure when administered through commercial enterprises as they may operate at the point of sale. They also provide a centralized point for the collection of recycled material, allowing a greater opportunity for the sorting and screening of wastes.

33. The use of economic instruments, such as pollution taxes, user fees or licensing schemes, to create incentives to change chemicals production and consumption trends can generate useful income; enforcement may nevertheless prove a challenge.

34. In its response to the secretariat's request for information from Governments, Norway said that its environmental policy was based on the polluter-pays principle and, as a result, programmes and measures enacted by the Government in the field of chemicals were implemented and financed by the private sector. In addition, industry contributed by financing research and technology development, often in cooperation with the Government.

C. Private sector voluntary contributions and activities

35. The present section sets out examples of approaches involving the private sector that have been implemented successfully in a number of countries.

1. Establishment of industry associations and federations

36. The experience of developed countries has demonstrated the importance of infrastructure in trade and industry for the successful management of chemicals. Regulatory authorities do not usually have the capacity to deal directly with individual enterprises, so the grouping of enterprises in national industry associations and federations can greatly facilitate cooperation and the effective implementation of national regulatory schemes. In addition to providing a more effective communication channel between Governments and industry, such associations may contribute greatly to enhancing knowledge, facilitating the exchange of information and experience and developing the capabilities and capacities of individual enterprises to assume their responsibilities under national legislation.

2. Responsible Care in the chemicals industry

37. The Responsible Care programme was originally launched in Canada in 1985 in response to public concerns about the manufacture, distribution and use of chemicals. It has since spread around the world, in the form of a global voluntary initiative under which chemical companies, through their national associations, work together to improve their health, safety and environmental performance and to communicate with stakeholders about their products and processes. Currently, 53 national chemical industry associations are enrolled in the programme. The International Council of Chemical Associations acts as the initiative's primary focal point, monitoring its implementation and ensuring that it evolves to deal with current concerns and issues. National chemical industry associations are responsible for implementing the programme in their own countries. Consequently, the initiative is at different stages of development, with varied emphases, in different countries. That said, every national Responsible Care programme has some common fundamental features, including a formal commitment by each company to a set of guiding principles; a series of codes, guidance notes and checklists to help companies fulfil their commitments; the development of indicators against which improvements in performance can be measured; open communication on health, safety and environmental matters with interested parties, both within the industry and beyond; and procedures for

verifying that member companies have implemented the measurable or practical elements of Responsible Care.⁵

3. **Cleaner products and cleaner production**

38. Applying the cleaner products and cleaner production concepts as part of improved mercury controls may have positive effects on enterprises' competitiveness. Investments in improved mercury controls may pay off in the form of improved business opportunities. Investments in preventive controls, such as making use of less hazardous chemicals and improved information on risks and safe use, will reduce the need for costly technical reduction measures for exposure and emissions control. In addition, better controls may result in more cost-effective processes that use fewer chemicals and produce less waste.

4. **Voluntary environmental agreements**

39. Voluntary environmental agreements include agreements formally negotiated between companies and groups of companies and Governments on environmental standards for given markets or production activities that obviate the need for cumbersome and expensive government legislation. The result is increased flexibility in the conduct of businesses and assurance that environmental management requirements are met. This type of agreement may function best when a national Government has tough policy instruments at its disposal should the voluntary approach prove insufficient.

40. In its response to the secretariat's request for information from Governments, the United States highlighted two partnerships as examples of voluntary, public-private domestic efforts to achieve the reduction, elimination and collection of mercury in certain products.

41. The National Vehicle Mercury Switch Recovery Programme was put in place in August 2006 with the aim of recovering 80–90 per cent of all available mercury-containing light switches from scrap vehicles by 2017. The programme, which is implemented at the state level, is designed to recover an estimated 40 million mercury-containing light switches from scrap vehicles that are melted down to make new steel. It is a collaborative effort of the Environmental Protection Agency, states, environmental organizations and industry sectors, including vehicle manufacturers, dismantlers and shredders. By February 2008, the programme had collected 1 million mercury-containing automotive switches, representing more than 1 tonne of mercury removed from the environment.

42. In the National Partnership for Environmental Priorities Mercury Challenge, participating private sector enterprises pay for the cost of reducing their own use of mercury, while the Environmental Protection Agency funds the overall administration of the programme, which promotes the voluntary, systematic elimination of mercury-containing equipment from industry through a four-step process:

- (a) Joining the partnership;
- (b) Taking the Mercury Challenge Pledge;
- (c) Implementing a mercury reduction plan (e.g., inventory mercury supply, collect mercury for recycling and establish mercury-free purchasing policies);
- (d) Achievement and recognition (the Environmental Protection Agency highlights success stories on its website and informs local media).

7. **Thermostat Recycling Corporation**

43. The Thermostat Recycling Corporation was founded in 1998 by major national thermostat manufacturers Honeywell, White-Rodgers and General Electric as a non-profit enterprise that facilitates the collection and proper disposal of mercury-containing thermostats. The corporation is funded by its founders and 25 other manufacturers, who pay fees proportional to the number of thermostats collected that are produced by each manufacturer. Since its inception, the corporation has distributed over 3,400 collection containers to participating heating, ventilation and air-conditioning wholesalers and contractors. It actively solicits programme participation and carries out national awareness-raising, in the form of national and regional advertising, industry events, workshops and other outreach activities, on the need to dispose of mercury-containing thermostats properly.

44. In addition, the United States reported on a number of partnerships that, while not specifically applicable to mercury, could serve as models of voluntary efforts to gather information and design products with fewer toxic substances.

5 More information may be found at www.responsiblecare.org/.

45. The goal of the Perfluorooctanoic Acid (PFOA) Stewardship Programme 2010–2015 is to reduce emissions and product content of PFOA, PFOA precursors and related higher homologue chemicals by 95 per cent by 2010, from a 2000 baseline, and to work toward eliminating emissions and product content by 2015. Eight major manufacturers with operations in the United States committed themselves to these goals for their global operations, to providing annual reports on their progress and to providing financial support for the collection and submission of data to the Environmental Protection Agency.

46. Design for the Environment is an Environmental Protection Agency partnership that brings together stakeholders from industry, environmental groups and universities to evaluate human health and environmental concerns associated with chemicals and industrial processes. It offers in kind Environmental Protection Agency technical assistance via tools, methodologies and expertise as an incentive to encourage private sector entities to participate. One project of the partnership is the Safer Product Labeling Programme, which has resulted in some 1,500 products sporting the partnership logo.

V. What is to be gained?

47. Sourcing funding from the private sector can lead to benefits for both recipient and donor countries. Where acceptance of industry controls is widespread, with the imposition of fees or other control measures, the challenge of imposing controls is lessened for individual countries. The introduction of formal control measures, such as national legislation or regulations, may be more straightforward if successful examples of similar measures can be drawn upon. International acceptance of the control of industry minimizes the competitive advantage that unregulated industries might have. Following widespread adoption and application of such controls, there is little incentive to move manufacturing activities to alternative sites. Establishing phase-out dates or use limitations that are widely understood and accepted can reduce the burden for regulators and enforcement officials.

48. Such controls and phase-out plans may motivate industry to explore options to move away from the use of mercury in products and processes and to seek alternatives, particularly those that are less regulated. Consumer demand may increase this motivation, especially in the wake of awareness-raising campaigns highlighting the benefits of clean, sustainable production and the need for the sound management of hazardous substances.

49. Where industry initiates or is willing to engage in voluntary schemes to phase out the use of mercury in products and processes and shift to alternatives, the benefits may be achieved without the need for or cost of national regulations or other control measures.

VI. Possible considerations for the committee

50. The committee may wish to consider the potential role of the private sector as one means of financing activities or measures under the global legally binding instrument, while continuing to explore possible options for a suitable mix of other contributors to the financial mechanism, in particular for funding relatively large-scale projects.

51. Once there is greater clarity with regard to the obligations to be set out in the mercury instrument, further analysis of the possible application and limitations of existing models of funding mechanisms may be needed to support the committee's deliberations regarding the development of a suitable financial mechanism for the new instrument.