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**International Conference on Chemicals Management**

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Item 4 (e) of the provisional agenda\*

**Implementation of the Strategic Approach to International  
Chemicals Management: financial and technical resources for implementation**

## **Long-term financing for implementation of the Strategic Approach to International Chemicals Management**

### **Note by the secretariat**

1. At the informal discussions on preparations for the second session of the International Conference on Chemicals Management, held in Rome on 23 and 24 October 2008, it was suggested that the secretariat should prepare a background document building on previous work undertaken in relation to financial considerations of Strategic Approach implementation and the suggestions made during the informal discussions.<sup>1</sup> The background paper would look at specific elements in support of discussions on funding for Strategic Approach activities and the possible future role of the Global Environment Facility (GEF) as a financial mechanism for Strategic Approach implementation.
2. In keeping with the broad elements requested at the informal discussions, the present note is divided into two sections. First, it looks at Strategic Approach implementation needs and priorities and considers the level of funding already available to support implementation activities. Second, it provides information on the current and potential future interaction between GEF and the Strategic Approach, including any procedural implications of adjusting GEF.
3. The note draws and builds upon material and studies previously prepared in the context of the Strategic Approach and its development.<sup>2</sup> It also reflects a number of papers on financial considerations

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\* SAICM/ICCM.2/1.

1 Report of the informal discussions on preparations for the second session of the International Conference on Chemicals Management, SAICM/InfDisc/8, paragraph 38.

2 Study on financial considerations pertaining to a strategic approach to international chemicals management (SAICM/PRÉPCOM.3/INF/28), prepared for the third session of the Preparatory Committee for the Development of a Strategic Approach to International Chemicals Management (Vienna, 19–24 September 2005); Discussion paper on the engagement of the Global Environment Facility and the Multilateral Fund for the Implementation of the Montreal Protocol, prepared by the Strategic Approach secretariat for the second Strategic Approach donors' meeting (Paris, 11 February 2008).

concerning multilateral environmental agreements.<sup>3</sup> As requested during the informal discussions, the structure of the paper follows the three categories of Strategic Approach implementation activities identified in a conference-room paper submitted on 24 October 2008 at the informal discussions by Sweden on behalf of an informal group of donor countries, which builds on work previously undertaken by the Government of Switzerland.<sup>4</sup> These categories are: activities that fall under the responsibility of existing institutions; activities that provide for local benefits; and activities that provide primarily for global environmental benefits.

4. The preparation of the present note faced two methodological challenges: first, there is insufficient information on how much it will cost to implement the Strategic Approach; second, there is insufficient information on what activities have already been undertaken and on how much money is already available for Strategic Approach implementation. These challenges indicate a need for further research in these areas. While the present document provides a qualitative assessment of needs and attempts to identify both existing and needed sources and levels of funding, it should, however, be regarded as preliminary and indicative in nature.

## **I. Strategic Approach implementation needs, priorities and existing funding mechanisms**

### **A. Strategic Approach implementation needs**

5. Corresponding to the target adopted by the World Summit on Sustainable Development in 2002, the Strategic Approach has as its overall objective the achievement of the sound management of chemicals throughout their life cycle so 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. The Overarching Policy Strategy<sup>5</sup> of the Strategic Approach groups the needs to be met and the specific objectives that should drive implementation of the Approach in five thematic clusters: risk reduction; knowledge and information; governance; capacity-building and technical assistance; and illegal international traffic.

6. Risk reduction requires risk assessment and management strategies, the taking and improvement of risk reduction measures, the development of safer alternatives and affordable sustainable technologies and the enhancement of access by developing and transition economy countries to affordable and safer technologies and alternatives. The sharing of knowledge and information and the generation of public awareness is referred to as a basic need for decision-making in the sound management of chemicals. Several specific needs in relation to governance are recognized, such as the

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3 Note by the Secretariat on existing mechanisms for providing technical and financial assistance to developing countries and countries with economies in transition for environmental projects (UNEP/POPS/INC.2/INF/4), prepared for the second session of the Intergovernmental Negotiating Committee for an International Legally Binding Instrument for Implementing International Action on Certain Persistent Organic Pollutants (Nairobi, 25–29 January 1999); Study of possible options for lasting and sustainable financial mechanisms (UNEP/FAO/RC/COP.2/10), prepared for the second meeting of the Conference of the Parties to the Rotterdam Convention; Study of possible options for lasting and sustainable financial mechanisms (UNEP/FAO/RC/COP.3/13), prepared for the third meeting of the Conference of the Parties; Note by the Secretariat on an examination of article 14 of the Basel Convention, with a view to determining the legal and institutional feasibility of appropriate and predictable financial mechanisms for the Basel Convention (UNEP/CHW.8/INF/25), prepared for the eighth meeting of the Conference of the Parties to the Basel Convention (Nairobi, 27 November–1 December 2006).

4 Discussion paper by Sweden on behalf of the informal financial group on options for long-term financing for the Strategic Approach, tabled at the informal discussions held in Rome, 24 October 2008; Thought-starter paper prepared by the Government of Switzerland on financial arrangements for the implementation of the Strategic Approach (SAICM/RM/EUJ.2/3), discussed at the meeting held in Paris on 12 June 2007; Thought-starter paper prepared by the Government of Switzerland on funding the implementation of the Strategic Approach, issued at the second SAICM donor' meeting (Paris, 11 February 2008).

5 The three constituent documents of the Strategic Approach, the Dubai Declaration on International Chemicals Management, the Overarching Policy Strategy and the Global Plan of Action, were first issued as annexes I, II and III, respectively, to the report of the first session of the International Conference on Chemicals Management (SAICM/ICCM.1/7), along with resolutions adopted by the Conference. The constituent documents and the resolutions were subsequently reissued in an official publication by the SAICM secretariat. The publication, Strategic Approach to International Chemicals Management: SAICM texts and resolutions of the International Conference on Chemicals Management (ISBN 978-92-807-2751-7), is available on the internet at <http://www.chem.unep.ch/saicm/saicm%20texts/SAICM%20text.htm>.

inclusion of all stakeholders in decision-making processes; the enhancement of coherence, consistency and cooperation to ensure efficient and effective use of available resources at the national, regional and international levels; the improvement of mechanisms to tackle the social and economic impacts of chemicals on human health, society and the environment; the mainstreaming of chemicals issues through relevant national policy documents and processes; and the promotion of the roles of all sectors of civil society and the private sector. In terms of capacity-building, the Strategy refers to the need for enhanced cooperation for the strengthening of capacities and the promotion of the adequate transfer of cleaner and safer technology. Lastly, it highlights the pressing problem of illegal international traffic in hazardous substances and dangerous products. Indicative implementation activities are set out in the Global Plan of Action,<sup>6</sup> through which the overall Strategic Approach objective is to be achieved and the needs identified in the Overarching Policy Strategy met.

7. The secretariat notes that, in view of the diversified range of frameworks and policies that exist relevant to Strategic Approach implementation, each with its own mandate, it is currently impossible to offer an all-encompassing qualitative needs assessment beyond that provided in the Overarching Policy Strategy itself or to provide a comprehensive estimate of the associated financial needs in either quantitative or qualitative terms. Partial estimates are available of the cost of actions in relation to certain individual subject areas based on both activities already undertaken and budgetary estimates for future engagement, however. Examples include:

(a) *Clearance and remediation of obsolete stocks of pesticides through the African Stockpiles Programme*: There has been an initial \$250 million estimate for cleaning up stocks of pesticides in Africa, including remediation of contaminated sites.

(b) *Ozone-depleting substances*: Over the period 1991–2008, the international community contributed \$2.4 billion to the Multilateral Fund for the Implementation of the Montreal Protocol, which assists developing country Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer whose annual per capita consumption and production of ozone-depleting substances is less than 0.3 kg in complying with the Protocol's control measures. The implementation of the projects covered under the Multilateral Fund is expected to result in the phase-out of the consumption of more than 254,687 ODP-tonnes and the production of some 176,439 ODP-tonnes of ozone-depleting substances;

(c) *Persistent organic pollutants*: Over the period 2001–2010, \$360 million was allocated for measures aimed at reducing human and environmental exposure to persistent organic pollutants, leveraging an additional \$440 million in co-financing. Furthermore, it is estimated that a total of \$9.2 billion will be required to meet the funding needs in four regions to implement the Stockholm Convention on Persistent Organic Pollutants for the period up to 2015 and subsequent years;<sup>7</sup>

(d) *International trade in certain hazardous chemicals and pesticides*: 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 fourth meeting agreed upon an operational programme budget for the triennium 2009–2011 that included a technical assistance plan valued at approximately \$7.4 million for the regional and national delivery of technical assistance with a view to strengthening the capacity of Parties to meet their obligations under the Convention in relation to specific priority areas;

(e) *Transboundary movement of hazardous waste and its disposal*: The Conference of the Parties to the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal at its ninth meeting agreed upon a technical assistance plan valued at \$10.3 million that includes activities related to the implementation of the Strategic Plan focus areas, such as with regard to electrical and electronic wastes in Africa, Asia and the Pacific and Latin America; persistent organic pollutant wastes in West Africa, South America and the Mediterranean; obsolete stocks of pesticides in the Caribbean; and used lead-acid batteries in Asia, Latin America and the Caribbean and the Mediterranean region. It should moreover be noted that the nine Basel Convention regional and coordinating centres play a significant role in the implementation of the Convention. Based on the business plans for the activities for the triennium 2009–2011, funding needs for the coordinating centres are estimated at a total of \$19.5 million;

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6 See footnote 5 above.

7 Report on the assessment of funding needs of Parties that are developing countries or countries with economies in transition to implement the provision of the Convention over the period 2010–2014 (UNEP/POPS/COP.4/27, annex, para. 21), prepared for the fourth meeting of the Conference of the Parties of the Stockholm Convention, Geneva, 4–8 May 2009.

(f) *Programme to support Strategic Approach-related activities organized by the United Nations Institute for Training and Research:* Assistance worth approximately \$3 million has been provided for the development of national chemicals management profiles since 1997. Other activities relevant for the implementation of the Strategic Approach include specialized training and capacity-building relating to the implementation of the Globally Harmonized System of Classification and Labelling of Chemicals – since 2001, in collaboration with the International Labour Organization – at a sum of approximately \$2 million, and for the development of pollutant release and transfer registers – since 1997 – totalling approximately \$1.5 million;

(g) *Enabling activities:* The Quick Start Programme Trust Fund aims to provide up to \$46 million for initial enabling activities to support implementation of the Strategic Approach over the period 2007–2013;

(h) *Many programme areas falling within the purview of sound chemicals management:* The United Nations Industrial Development Organization has estimated that it would require \$176 million to implement activities with regard to cleaner production, chemical leasing, water management, mercury and arsenic. The Organization of American States has indicated to the secretariat that it would require \$20 million to implement activities under priority areas for the implementation of the Strategic Approach over a five-year time frame.

8. Clearly, it is impossible to extrapolate an overall assessment of financial needs from such fragmentary budgetary information. Furthermore, the following caveats should be borne in mind: some of the above cost estimates relate to work that has been or would be substantially completed with the funds referred to and therefore do not necessarily imply continuing financial needs in these specific areas of work; some relate to work already catered for by existing financial mechanisms and do not imply further funding needs under the framework of the Strategic Approach; and some relate to work, such as clean-up of contaminated sites, at the higher end of the budgetary spectrum.

9. Nevertheless, the individual examples above give some indication as to the order of magnitude of funding potentially required to assist developing and transition economy countries in implementing comparable elements of the Strategic Approach. They suggest that the financial assistance needed by these countries for comprehensive implementation of the Strategic Approach over the 11 years until the 2020 target (having chemicals used and produced in ways that lead to the minimization of significant adverse effects on human health and the environment) could be in the order of hundreds of millions of dollars. While specific programmes of work and projects to be supported under the auspices of the Strategic Approach in the future would require detailed cost assessments, it appears reasonable to conclude that the mechanism or mechanisms to facilitate the financing of Strategic Approach implementation would need to be capable of attracting, managing and disbursing funds of this magnitude.

## **B. Strategic Approach implementation priorities**

10. The Strategic Approach framework reflects in itself a set of priorities that are encapsulated in its objectives and financial considerations. The specific implementation arrangements envisaged in resolution I/1 of the International Conference on Chemicals Management also refer to various priorities, including the prioritization of chemicals management issues in national sustainable development strategies and poverty reduction strategy papers.<sup>8</sup>

11. The Global Plan of Action suggests that priority should be accorded to activities that serve the following purposes enumerated therein: narrowing the capacity gap for the sound management of chemicals, facilitating the implementation of the existing framework and targeting issues that fall outside its current scope, targeting chemicals that pose unreasonable and unmanageable risks and promoting the generation and dissemination of science-based knowledge on health and environmental risks of chemicals. The list also includes ensuring progress towards the 2020 target of the cessation of production or use of chemicals that pose unreasonable and otherwise unmanageable risk to human health and the environment, in addition to the minimization of risks from unintended releases of chemicals that pose such risks.<sup>9</sup>

12. With a view to enhancing cooperation and synergies, the Global Plan of Action furthermore suggests that all stakeholders should take appropriate cooperative action on global priorities, including:

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8 Resolution I/1 of the International Conference on Chemicals Management, para. 10.

9 Global Plan of Action, executive summary, para. 7.

- (a) Integrating chemicals issues into the broader development agenda, including the development of plans to prioritize action in consultation with stakeholders, including vulnerable groups;
- (b) Promoting the ratification and implementation of relevant existing international conventions on health, safety, occupational health and safety and the environment;
- (c) Encouraging implementation of existing internationally recognized standards, tools and approaches for the environment and health and protection from chemicals, such as the Globally Harmonized System of Classification and Labelling of Chemicals and pollutant release and transfer registers;
- (d) Promoting efforts to minimize risks from mercury and other chemicals of global concern;
- (e) Encouraging the reduction in the quantity and toxicity of hazardous wastes;
- (f) Promoting efforts to prevent illegal traffic in chemicals and hazardous waste;
- (g) Promoting greater coordination between regional and national centres and other stakeholders to tackle the entire spectrum of issues regarding chemicals and hazardous waste;
- (h) Promoting alternatives to reduce and phase out highly toxic pesticides;
- (i) Promoting capacity-building, education and training and information exchange on the sound management of chemicals for all stakeholders;
- (j) Promoting voluntary industry initiatives and product stewardship in all relevant industries;
- (k) Promoting the phase-out of lead in gasoline;
- (l) Promoting the remediation of contaminated areas.<sup>10</sup>

13. The secretariat notes in that regard that the thought-starter paper prepared by the Government of Sweden proposed prioritizing activities providing for primarily global environmental benefits on the basis of the list referred to in the Global Plan of Action.<sup>11</sup>

14. At the first African regional meeting, held in Cairo from 11 to 14 September 2006, the following project priorities were identified:

- (a) Implementation of the Globally Harmonized System of Classification and Labelling of Chemicals, including capacity-building and training for workers (maritime workers, industrial workers and farmers);
- (b) Capacity-building for an integrated management system to implement the Strategic Approach;
- (c) Efforts to tackle the illegal traffic of chemicals and waste, including training of Customs officials on the control of international illegal traffic in toxic substances;
- (d) Development of a subregional approach to identifying and managing priority chemicals of concern such as mercury, cadmium and lead;
- (e) Development of a subregional approach for hazardous waste disposal;
- (f) Implementation of a harmonized pesticides registration system;
- (g) Capacity-building for applying best available techniques and best environmental practices to implement the Strategic Approach;
- (h) Issuing and updating of national chemical profiles.

15. Other priorities were:

- (a) Developing and improving chemical laboratory capacity, including reference laboratories and obtaining accreditation to verify competency;
- (b) Establishing a subregional poison centre network;

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<sup>10</sup> Ibid., para. 8.

<sup>11</sup> Discussion paper by the Government of Sweden on behalf of the informal financial group on options for long-term financing for the Strategic Approach, tabled at the informal discussions held in Rome, 24 October 2008, page 5.

- (c) Establishing a subregional database for sharing information on hazards and risks and training material, among other things;
- (d) Establishing implementation indicators (a proposal by Canada was to be considered in that regard);
- (e) Capacity-building and training for strategic chemicals management;
- (f) Harmonizing regulations on the control and management of chemicals and wastes;
- (g) Establishing early warning systems and emergency response systems and development of facilities including a database to deal with chemical accidents and other chemicals-related emergencies.<sup>12</sup>

16. At the second Central and Eastern European regional meeting the following issues were adopted as priorities:

- (a) Capacity-building and coordination at the national level;
- (b) Formulation, improvement, implementation and enforcement of chemical legislation;
- (c) Dissemination of information on chemicals hazards to the public and awareness-raising;
- (d) Exchange of information and experiences;
- (e) Remediation of contaminated sites;
- (f) Environmentally sound management and safe disposal of hazardous waste, obsolete pesticides and polychlorinated biphenyls;
- (g) Risk assessment and management associated with health issues;
- (h) Finding long-term, sustainable financial resources for chemicals management at the national level.<sup>13</sup>

17. Lastly, relevant multilateral environmental agreements have also defined their priorities in relation to their respective implementation needs and corresponding activities. For example, a strategic plan for the implementation of the Basel Convention was adopted in 2002, identifying a set of priority activities under six clusters for the period 2003–2010. These include the development of guidance and implementation tools; capacity-building; the promotion of awareness and outreach; the promotion of partnerships; and the development of joint activities with relevant stakeholders.<sup>14</sup> Priority activities were also identified in the context of the Rotterdam Convention and in relation to three broad areas: legal support; regional and national delivery of technical assistance; and knowledge and information management. These encompass the development of legal and administrative frameworks in support of the sound management of industrial chemicals; the development of programmes to assist Parties on specific issues on request; the development of programme on industrial chemicals; and clearing-house mechanisms.<sup>15</sup> Priority areas were assessed in the context of the Stockholm Convention on the basis of national implementation plans, such as capacity-building and awareness-raising; formulation of legislation and standards; stockpile elimination and site remediation; monitoring and research; and infrastructure and investment.<sup>16</sup>

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12 First African regional meeting on the Strategic Approach to International Chemicals Management, Cairo, 11–14 September 2006, SAICM/RM/Afr.1/6, para. 65.

13 Second Central and Eastern European regional meeting on the Strategic Approach to International Chemicals Management, Bucharest, 8–9 September 2008, SAICM/RM/CEE.2/9, para. 36.

14 Strategic plan for the implementation of the Basel Convention, as adopted by the Conference of the Parties to the Basel Convention in decision VI/1 (Geneva, 9–13 December 2002) and contained in the report of the Conference of the Parties to the Basel Convention on the work of its sixth meeting (UNEP/CHW.6/40).

15 Decision RC-4/12 on financing and budget for the triennium 2009–2011, as contained in the report of the Conference of the Parties to the Rotterdam Convention on the work of its fourth meeting, UNEP/FAO/RC/COP.4/24.

16 Report of the preliminary assessment of the funding needs of Parties which are developing countries and countries with economies in transition to implement the provisions of the Convention over the period 2006–2010, prepared by the secretariat for the Conference of the Parties of the Stockholm Convention at its third meeting (Dakar, 30 April–4 May 2007), UNEP/POPS/COP.3/19.

## C. Overview of sources and levels of funding already available

18. The Strategic Approach engages a broad range of stakeholders at the national, regional and international levels. Accordingly, the Overarching Policy Strategy provides that the “Strategic Approach should call upon existing and new sources of financial support to provide additional resources”.<sup>17</sup> The Strategy adds that the Strategic Approach “should also include the mobilization of additional national and international financial resources, including through the Quick Start Programme and other measures ... to accelerate the strengthening of capabilities and capacities for the implementation of the Strategic Approach objectives”.<sup>18</sup>

### 1. Activities that fall under the responsibility of existing institutions,<sup>19</sup> including intergovernmental organizations, such as those participating in the Inter-Organization Programme for the Sound Management of Chemicals

19. In the Overarching Policy Strategy reference is made to existing sources of relevant global funding, including GEF and the Montreal Protocol and its Multilateral Fund.<sup>20</sup>

20. GEF was initially established as a pilot programme in 1991 and serves as the operational entity for several major multilateral environmental agreements (the Convention on Biological Diversity and the Stockholm Convention) and as a financial mechanism for the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa.<sup>21</sup> According to the Instrument for the Establishment of the Restructured Global Environment Facility (GEF Instrument), adopted in 1994, GEF operates on the basis of collaboration and partnership between the implementing agencies as a mechanism for international cooperation for the purpose of providing funding in the following six focal areas: biological diversity; climate change; international waters; land degradation, primarily desertification and deforestation; ozone layer depletion; and persistent organic pollutants.<sup>22</sup> As described in further detail in document SAICM/ICCM.2/INF/27, the GEF Trust Fund is replenished every four years, with the latest replenishment totalling \$3.1 billion contributed by 32 donor countries for the period July 2006–June 2010. The list of projects under the persistent organic pollutants focal area currently encompasses 149 projects worth of approximately \$216 million.<sup>23</sup> Additional information on the activities of GEF in relation to chemicals management is available in the GEF Secretariat report to the second session of the Conference (SAICM/ICCM.2/INF/23).

21. The Multilateral Fund is a stand-alone financial mechanism established by the Parties to the Montreal Protocol. Its main objective is to help developing country Parties comply with the Protocol by providing them with funding and technology. In specific terms, the mandate of the Fund is to meet the agreed incremental costs of implementing the Protocol, finance clearing-house functions and finance the operation of the Fund Secretariat and related support costs. The Fund is the only global financial mechanism that is replenished with mandatory assessed contributions from developed countries and dedicated to providing financial assistance to developing countries in their implementation of a single multilateral agreement. The Fund was replenished in 2008 with a further \$490 million leading to a total of funds close to \$3 billion.

22. The Overarching Policy Strategy furthermore envisages the mainstreaming of sound chemical management throughout the web of intergovernmental organizations by inviting them to include Strategic Approach objectives within their activities as appropriate (para. 19 (c) (iii)). Its implementation, as recognized therein (para. 26 (c)), will depend in significant part on their activities. The Inter-Organization Programme for the Sound Management of Chemicals assumes the overall coordination function for intergovernmental organization activities and work programmes with a view to ensuring that these activities are coordinated properly. It comprises seven member organizations: the Food and Agriculture Organization of the United Nations, the International Labour Organization, the

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17 Overarching Policy Strategy, para. 19.

18 Ibid., para. 19.

19 Institutions are understood to encompass several categories: intergovernmental organizations; the institutional framework set up under multilateral environmental agreements; and financial mechanisms other than those covered by previous categories.

20 Ibid., para. 19 (d).

21 Instrument for the Establishment of the Restructured Global Environment Facility, article 6.

22 Ibid., article 2.

23 List of projects taken from the GEF website information on persistent organic pollutants, available at <http://www.gefonline.org/projectList.cfm?focalSearch=P> (10 February 2009).

Organization for Economic Cooperation and Development, the United Nations Environment Programme, the United Nations Industrial Development Organization, the United Nations Institute for Training and Research and the World Health Organization. The United Nations Development Programme and the World Bank are participating as observer organizations. Specific information on the Programme's activities and its participating organizations is made available in document SAICM/ICCM.2/INF/3. Based on the information made available to the secretariat, it is impossible to offer an estimate of the overall level of funding available.

23. The sole dedicated Strategic Approach funding mechanism envisaged by the Overarching Policy Strategy is the Quick Start Programme, established with a view to supporting initial enabling and capacity-building and implementation activities.<sup>24</sup> The Strategy called for the establishment of the programme supported by a voluntary, time-limited trust fund in addition to multilateral, bilateral and other forms of cooperation. In line with the objective articulated by the Strategy, it was designed only to support initial enabling activities. It plans to deliver resources of only \$46 million for global activities over its seven-year life-span and will close for contributions on 30 November 2011 (i.e., before the next opportunity for the Conference to deliberate on financial arrangements at its third session, in 2012). More information on programme activities and funding levels can be obtained from the report, which is contained in document SAICM/ICCM.2/5.

24. The secretariat notes that relevant multilateral environmental agreements, in particular the Basel, Rotterdam and Stockholm conventions, offer normative frameworks with which to undertake technical assistance and capacity-building activities. All three frameworks have established general and voluntary special trust funds offering resources to facilitate the implementation of the respective instruments through the provision of technical assistance.

25. Further to the existing international institutions referred to above, the secretariat observes that there are also regional initiatives that offer an additional framework for financing chemicals management activities. For example, the Africa Stockpiles Programme, being a regional initiative supported by intergovernmental institutions, including the World Bank and GEF, was established in 2000 on the initiative of the Pesticide Action Network and WWF with a view to dealing with the accumulation of obsolete pesticide stockpiles across the African continent. To undertake this initiative a multi-stakeholder partnership was established, bringing together the skills and expertise of multinational organizations, international non-governmental organizations, Governments and industry. The scope of the programme is 10–15 years, implemented over a series of projects, at an estimated total clean-up and prevention cost of \$250 million. Project 1 consists of seven countries: Ethiopia, Mali, Morocco, Nigeria, South Africa, Tunisia and the United Republic of Tanzania. Planning and preparatory activities for eight priority countries to participate in project 2 are under way. The programme framework includes a multi-donor trust fund.<sup>25</sup> The Support Fund of the Northern Dimension Environmental Partnership represents another example of a regional or subregional mechanism with a potential window for chemical management activities, such as in relation to persistent organic pollutants. The partnership aims at delivering effective solutions to some of the most pressing environmental problems facing the north-west of the Russian Federation, which, to date, consists of a €2.4 billion pipeline of projects.<sup>26</sup>

## **2. Activities that provide for local benefits and that are primarily in the self-interest of each country**

26. The Strategic Approach envisages actions to be taken at the national or subnational levels to support the financing of its objectives, including integrating Strategic Approach objectives in relevant programmes, plans and strategies; assessing current legislation, policies and regulations to identify changes that may be needed to advance the implementation of the Strategic Approach objectives, including an assessment of the funding needs where appropriate; assessing and where necessary adopting appropriate policies at the national and subnational levels, which could include economic instruments, that can help to cover the cost of sound chemicals management; and where appropriate, assessing and adopting at the national and subnational levels economic instruments intended to internalize the external costs of chemicals, bearing in mind that such instruments need careful design, particularly in developing countries and countries with economies in transition.<sup>27</sup> The Strategic Approach furthermore foresees the integration of Strategic Approach objectives into multilateral and

24 Overarching Policy Strategy, para. 19 (e); resolution I/4 of the International Conference on Chemicals Management, para. 6.

25 Information taken from the website <http://www.africastockpiles.net/>.

26 Further information is available at <http://www.ndep.org>.

27 Overarching Policy Strategy, para. 19 (a).



bilateral development assistance cooperation. The latter aspect involves developing countries and countries with economies in transition to consider integrating Strategic Approach objectives into national documents relevant to development assistance cooperation and, conversely, donors to recognize Strategic Approach objectives as an important element of bilateral aid agency cooperation in support of sustainable development.<sup>28</sup>

27. The Global Plan of Action provides for an indicative list of activities that predominately fall under the responsibility of national stakeholders and are primarily in the self-interest of each country. For example, activities in relation to the strengthening of policy, legal and regulatory frameworks and compliance promotion and enforcement will mainly be undertaken by national Governments.<sup>29</sup> These activities may, however, require additional support, such as from bilateral or multilateral funding sources. This will apply, for instance, to costly activities such as the remediation of those contaminated sites that may be considered to entail primarily local benefits. While such activities may not qualify for funding through existing international institutions (e.g., GEF), additional mechanisms may be available at the regional and other levels to support local action. Possible sources include the Africa Stockpiles Programme, discussed earlier, funding available through regional development banks or programmes administered by other stakeholders, such as the Blacksmith Institute.<sup>30</sup>

28. The responses received to the questionnaires on financial arrangements for the Strategic Approach in July and August 2008 (SAICM/ICCM.2/6) indicated that a number of Governments were making significant efforts at the national level to reflect Strategic Approach objectives in planning and that many had developed economic instruments to support the cost of chemicals management. This information was, however based on relatively few responses. It was also apparent from the results of the survey that, rather than marshalling additional national resources, as was the underlying intention of this Strategic Approach financial arrangement, many developing countries were relying almost exclusively on external assistance, notably from the Quick Start Programme Trust Fund, to initiate national planning for Strategic Approach implementation.

29. Anecdotal evidence would hence suggest that possible sources to support chemicals management activities providing for local benefits are often not fully explored at the national level and neither are possibilities to allocate resources through development assistance cooperation effectively pursued.

### **3. Activities that provide primarily for global environmental benefits**

30. The concept of “global environmental benefits” has been developed in the context of GEF and the respective reference in its Instrument. While there is no authoritative definition, global environmental benefits are understood as “project outcomes which, directly or indirectly, benefit the global environment, by reducing the risks of climate change, stemming biodiversity loss, safeguarding international waters, preventing ozone depletion, eliminating persistent organic pollutants or preventing land degradation.”<sup>31</sup> These are determined for each GEF focal area, with specific indicators and tracking tools.<sup>32</sup> The concept of global environmental benefits vis-à-vis local benefits remains, however, a fairly technical distinction, which may miss out on the important linkages that exist between global and local benefits.<sup>33</sup> Moreover, the compartmentalization required by associating activities with entailing either global or local benefits necessitates making theoretical distinctions that do not capture the overlaps that exist in reality. For example, a large store of obsolete pesticides will often be regarded as a local problem but if it contains even a small percentage of persistent organic pollutants then its clean-up will be understood as serving the global environment.

31. Many, if not most, of the activities contemplated in the Strategic Approach and its annexed Global Plan of Action entail global environmental benefits. To the extent that they are not “localized”, i.e., linkable to a specific local context and stakeholders, however, they largely escape the purview of existing funding mechanisms at the national and international levels. While existing institutions, such as GEF or the Multilateral Fund, do provide funding and support to chemicals management activities

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28 Ibid., para. 19 (c).

29 Global Plan of Action, para. 194.

30 Further information is available at <http://www.blacksmithinstitute.org>.

31 The role of local benefits in global environmental programs, part one: Nature and conclusions of the study, prepared by the GEF Office of Monitoring and Evaluation, GEF/ME/C.27/4, page 12.

32 Operational guidelines for the application of the incremental cost principle, GEF/C.31/12, paragraphs 15 ff.

33 The role of local benefits in global environmental programs, part one: Nature and conclusions of the study, prepared by the GEF Office of Monitoring and Evaluation, GEF/ME/C.27/4, page 28.

aimed at the achievement of global environmental benefits, these remain largely limited to specific clusters (persistent organic pollutants or ozone-depleting substances) determined by their respective mandates.

## II. Long-term financing of Strategic Approach implementation

### A. Overview of options

32. During the negotiation of the Strategic Approach it was recognized that financial considerations would be one of the keys to meeting its overall objective to minimize the significant adverse impact of chemicals on human health and the environment by 2020. It is commonly understood that ensuring the long-term financing of implementation activities is among the principal challenges to the success of the Strategic Approach. In adopting the Strategic Approach, ministers, heads of delegation and representatives of civil society and the private sector committed themselves “to continue to mobilize national and international financing from public and private sources for the life-cycle management of chemicals”.<sup>34</sup>

33. The Overarching Policy Strategy acknowledges that there are inadequate resources available to tackle chemical safety issues in many countries, and “the extent to which developing countries, particularly least developed countries and small-island developing States, and countries with economies in transition can make progress towards reaching the 2020 goal depends, in part, on the availability of financial resources provided by the private sector and bilateral, multilateral and global agencies or donors.”<sup>35</sup> The Strategy accordingly focuses on the following six areas at the core of the necessary financial arrangements for Strategic Approach implementation: actions at the national or subnational levels; industry partnerships and financial and technical participation; multilateral and bilateral development assistance cooperation; existing sources of relevant global funding; initial capacity-building activities under the Quick Start Programme; and enabling the Strategic Approach secretariat to fulfil the tasks set out in the Strategy.<sup>36</sup>

34. Based on the work on financial considerations undertaken thus far, the following non-exhaustive overview of possible options in relation to the long-term financing of Strategic Approach implementation is presented on the assumption that the allocation of resources in addition to current financing levels is required if the Strategic Approach objectives are to be fully achieved. The secretariat notes, however, that the lack of information about the totality of implementation costs remains a challenge when considering the options for long-term financial arrangements. The secretariat furthermore observes that the need for a sustainable financial mechanism has been raised repeatedly in regional meetings preceding the second session of the Conference and its preparatory work. Such a sustainable mechanism could be conceived on the basis of an existing mechanism or as a new mechanism. Regardless of the approach taken, the secretariat recalls the observation contained in the study of possible options for lasting and sustainable financial mechanisms concerning the Rotterdam Convention that “MEAs consistently experience serious shortfalls in addressing the technical assistance financing needs of developing country parties when they rely *only* on (1) voluntary contributions for their financial mechanisms, or (2) coordinating mechanisms instead of true financing mechanisms”.<sup>37</sup>

#### 1. Enhance the mainstreaming and prioritization of sound chemicals management

35. The mainstreaming of sound chemicals management objectives throughout development assistance cooperation represents a cornerstone of the Strategic Approach. The requirement of integrating Strategic Approach objectives into multilateral and bilateral development assistance cooperation concerns developing countries, countries with economies in transition and donors. The Overarching Policy Strategy specifies that the former should consider, where necessary with the technical support of donors, their integration into relevant national documents that influence development assistance cooperation.<sup>38</sup> Conversely, the Strategy calls upon donors to respond to development assistance requests by recognizing Strategic Approach objectives as an important element

34 Dubai Declaration on International Chemicals Management, para. 16.

35 Overarching Policy Strategy, para. 19.

36 Overarching Policy Strategy, Chapter V, financial considerations, para. 19 (a)–(f).

37 Study of possible options prepared for the second meeting of the Conference of the Parties (see footnote 3 above), page iv.

38 Overarching Policy Strategy, para. 19 (c) (i).

of bilateral aid agency cooperation in support of sustainable development.<sup>39</sup> Moreover, with regard to multilateral assistance it proposes the inclusion of Strategic Approach objectives within the activities of relevant intergovernmental organizations.

36. While the responses to the questionnaire referred to above would indicate that considerable efforts have been undertaken to integrate Strategic Approach objectives into national planning for development assistance cooperation and into bilateral development cooperation planning, insufficient information is available on the extent to which these were mainstreamed throughout the activities of inter-governmental organizations beyond their formal endorsement. That applies to organizations participating in the Inter-Organization Programme for the Sound Management of Chemicals and observer organizations, such as the United Nations Development Programme and the World Bank.

37. Concerning prioritization, the secretariat notes that sound management of chemicals is often forced to compete with other priorities in national development planning. At the intergovernmental organization level, those having expertise and mandates specific to the promotion of activities for sound chemicals management may not possess sufficient resources to meet the needs arising from the comprehensive nature of the Strategic Approach. Organizations with considerable resources, on the other hand, such as the World Bank, may have all-encompassing mandates and focus on other priorities.

38. Given the above, additional impetus to the mainstreaming and prioritization of sound chemicals management may be necessary.

## **2. Strengthen industry partnerships and financial and technical participation**

39. The Strategic Approach foresees the enhancement of industry partnerships and financial and technical participation in the implementation of its objectives as one of the pillars of the financial arrangements. More specifically, the Overarching Policy Strategy anticipates the review and strengthening of existing voluntary industry initiatives, the development of new initiatives in partnership with other stakeholders and the provision of in-kind contributions for the implementation of Strategic Approach objectives.<sup>40</sup> Based on the responses received to the questionnaire referred to above, however, it appears that relatively few new initiatives have been taken with a view to strengthening partnerships with industry since the adoption of the Strategic Approach. Moreover, with the exception of in-kind contributions made in the context of the Quick Start Programme, insufficient information is available on the contributions made by industry directly to the implementation of Strategic Approach objectives.

40. The secretariat observes that additional information is necessary to assess the extent to which industry is already contributing to the implementation of Strategic Approach objectives, on the basis of which measures to enhance contributions can be taken. As a matter of principle, however, industry contributions would appear to hinge upon incentives such as return on investment and public relations benefits derived from demonstrating corporate social responsibility.<sup>41</sup> The secretariat notes that the “impacts of chemicals use and toxic substance disposal” figures among the daunting environmental challenges referred to in the United Nations Global Compact, which was launched in 2000 as a policy platform and a practical framework for companies that are committed to sustainability and responsible business practices and which seeks to align business operations and strategies with ten universally accepted principles including in the area of environment. In this context, it is recognized that sustainable approaches pursued by companies can generate benefits from the following:

- (a) Cost savings through improved efficiencies;
- (b) Enhanced revenue as a result of related products, services, and technologies;
- (c) Building corporate and brand reputation;
- (d) Improving employee and community health;
- (e) Helping to create sustainable societies and markets.<sup>42</sup>

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39 Ibid., para. 19 (c) (ii).

40 Overarching Policy Strategy, para. 19 (b) (i)–(iii).

41 Study of possible options prepared for the second meeting of the Conference of the Parties (see footnote 3 above), para. 114.

42 See website of the United Nations Global Compact, <http://www.unglobalcompact.org/Issues/Environment/index.html>.

41. To facilitate partnerships with industry in the implementation of Strategic Approach objectives, a more direct and systematic engagement with industry representatives could be pursued during the coming intersessional period.

### 3. Facilitate more effective existing mechanisms at the international level

42. As one of the financial arrangements for the Strategic Approach, the Overarching Policy Strategy contemplates “making more effective use of and building upon existing sources of relevant global funding, including by inviting the Global Environment Facility and the Montreal Protocol on Substances that Deplete the Ozone Layer and its Multilateral Fund for the Implementation of the Montreal Protocol within their mandates to consider whether and how they might support implementation of appropriate and relevant Strategic Approach objectives and to report”.<sup>43</sup> While there is only limited information on the extent to which resources from GEF or the Multilateral Fund have already been used to support the implementation of Strategic Approach objectives, the secretariat notes that regional group meetings during the period 2006–2008 have explored the need and possibilities for additional engagement of these mechanisms as potential Strategic Approach financial arrangements. Among other things, the African region has called for the establishment by GEF at the next meeting of the GEF Assembly of a new focal area for sound chemicals management and the exploration by African countries of possible access to Multilateral Fund resources. The Central and Eastern European region has similarly called for a new GEF focal area on chemicals management. The need for a sustainable financial mechanism and the possibility of establishing a new GEF focal area were also discussed at the regional meetings of the Asia-Pacific and Latin American and Caribbean regions, together with the European Union and the group of countries known collectively as JUSSCANNZ<sup>44</sup> (SAICM/ICCM.2/INF/14). The thought-starter paper prepared by the Government of Sweden and previous papers on the issue offer a list of possible options for long-term financing, comprising, among others, GEF, the Multilateral Fund, the World Bank, the United Nations Development Programme and participating organizations of the Inter-Organization Programme for the Sound Management of Chemicals.<sup>45</sup> Additional options could include the provision of greater funding via the financial mechanisms of multilateral environmental agreements, as discussed earlier.

43. Given the considerable interest expressed throughout the preparatory process in exploring GEF as potential financial mechanism of the Strategic Approach, that option will be discussed in more detail below. With regard to the Multilateral Fund, the secretariat notes that the expansion of the Fund’s scope to cover support of sound chemicals management and hence implementation of the Strategic Approach would appear to be conceivable under the terms of the Fund’s constitutive instrument, the 1987 Montreal Protocol (as amended). In that regard, paragraph 10 of article 10 of the 1990 London Amendment provides that future arrangements can be developed in respect of environmental issues other than those covered by the treaty.<sup>46</sup>

### 4. Expand the scope and mandate of the Quick Start Programme

44. The Quick Start Programme is the only dedicated financial mechanism of the Strategic Approach. It has proved to be a relatively fast disbursement mechanism, offering accessible resources. Its governance structure, comprising the programme’s Executive Board and its Trust Fund Implementation Committee reflects a multisectoral composition that corresponds to the multi-stakeholder nature of the Strategic Approach. As referred to above, however, the Programme is designed to support initial capacity-building activities for the implementation of Strategic Approach objectives. Hence, its trust fund is time limited with disbursement of funds due to cease by 2013.<sup>47</sup>

45. The role and value of the Quick Start Programme in offering capacity-building activities throughout the international framework applicable to the sound management of chemicals has been recognized by relevant multilateral environmental agreements. The conferences of the parties to the

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43 Overarching Policy Strategy, para. 19 (d).

44 Japan, United States, Switzerland, Canada, Australia, Norway and New Zealand.

45 See footnote 4.

46 See also the assessment with regard to financial mechanisms for the Rotterdam Convention as contained in the study of possible options prepared for the second meeting of the Conference of the Parties (see footnote 3 above) paras. 6 ff.

47 Terms of reference for the Quick Start Programme Trust Fund of the Strategic Approach to International Chemicals Management as contained in resolution I/4 of the International Conference on Chemicals Management, appendix II, para. 3.

Basel and Rotterdam conventions have adopted decisions recommending that use should be made of the Programme to support convention implementation activities (i.e., in relation to the generation of foundational capacities).<sup>48</sup> A legally binding instrument on mercury may similarly benefit in the future from Quick Start Programme support building on mercury-related activities that are already being undertaken thereunder.

46. With a view to building on the experiences and lessons learned from the programme operations and ensuring continuity, the Conference could consider transforming the Quick Start Programme into a long-term financial mechanism of the Strategic Approach (“Quick Start Programme mark II”). Furthermore, its terms of reference could be enhanced to go beyond initial capacity-building activities and offer support for the implementation of Strategic Approach objectives more generally. Such a transformation would inevitably entail the need for the allocation of additional financial resources.

## **5. Create a new financial mechanism**

47. As an alternative to using existing mechanisms such as GEF or expanding the Quick Start Programme, the Conference could also envisage the establishment of a new financial mechanism, such as a dedicated trust fund, for the implementation of Strategic Approach objectives. The secretariat notes that similar initiatives are being contemplated for the tackling of issues relevant to the Strategic Approach, such as the Health and Pollution Fund to combat toxic pollution in developing countries that has resulted from industrial, mining and military operations.<sup>49</sup>

## **B. Possible future role of the Global Environment Facility as financial mechanism for Strategic Approach implementation**

48. The discussions and outcomes of the regional meetings and at the informal discussions have revealed considerable interest in the potential role of GEF in relation to Strategic Approach implementation, with some arguing in favour of the establishment of a new chemicals focal area (SAICM/ICCM.2/INF/14). The need to find a sustainable solution for long-term financing, including through GEF, was equally emphasized by some in response to the questionnaires on financial arrangements for the Strategic Approach (SAICM/ICCM.2/6). Based on the interest indicated and in accordance with the request made at the informal discussions, the secretariat has undertaken a preliminary analysis to support discussion on the possible future role of GEF as a financial mechanism for Strategic Approach implementation.

49. The Overarching Policy Strategy calls for more effective use to be made of relevant global funding and to build upon existing sources thereof, including by inviting GEF, within its mandate, to consider whether and how it might support implementation of appropriate and relevant Strategic Approach objectives.<sup>50</sup> Subsequent to the adoption of the Strategic Approach, GEF finalized in July 2007 a new strategy on sound chemicals management that is aligned with the Strategic Approach’s overall 2020 objective and envisages activities under current GEF focal areas that are compatible with many of the individual objectives set out in the Overarching Policy Strategy. The GEF strategy provides that “the strategic objective of the GEF in addressing the cross-cutting issue of sound chemicals management is to promote sound management of chemicals in all relevant aspects of GEF programmes, for the protection of human health and the global environment and to contribute to the overall objective of SAICM of achieving the sound management of chemicals throughout their life-cycle so 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.” The GEF strategy acknowledges that unsound chemicals management may aggravate global environmental concerns and provides for two strategic programmes:

- (a) Integrating sound chemicals management into GEF projects;

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48 Decision VIII/34, on resource mobilization and sustainable financing, adopted by the Conference of the Parties to the Basel Convention, UNEP/CHW.8/16, para. 7; decision RC-3/5 on financial mechanisms, contained in the report of the Conference of the Parties to the Rotterdam Convention on the work of its third meeting, UNEP/FAO/RC/COP.3/26, para. 3 (a).

49 The Health and Pollution Fund was launched in principle in October 2007 by representatives from government agencies of China, Germany, Kenya, Mozambique, the Philippines, the Russian Federation, the United States of America, the World Bank, the United Nations Industrial Development Organization, Green Cross Switzerland, the Blacksmith Institute and leading researchers from within the public health and pollution remediation fields. Further information is available at <http://www.gprfund.org>.

50 Overarching Policy Strategy, para. 19 (d).

(b) Articulating chemicals-related interventions supported by GEF within countries' frameworks for chemicals management.<sup>51</sup>

50. Resources for these programmes are provided through relevant existing GEF focal areas, i.e., biodiversity, climate change, international waters, land degradation, ozone depletion and persistent organic pollutants. The GEF strategy highlights chemicals management linkages with the various GEF focal areas, which in turn may be co-related to objectives set out in the Overarching Policy Strategy.<sup>52</sup>

51. Existing linkages between GEF and the implementation of the Strategic Approach are based on the GEF mandate provided for in articles 2 and 3 of the GEF Instrument. According to article 2, GEF shall provide "new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve the agreed global environmental benefits" in the six focal areas referred to above. The requirements for funding are hence based on three conditions, i.e., that the funding corresponds to agreed incremental costs, that the funding would be given for measures to achieve agreed global environmental benefits and that these would fall within one of the six focal areas. With regard to chemicals management, the GEF Instrument states that "[t]he agreed incremental costs of activities to achieve global environmental benefits concerning chemicals management as they relate to the above focal areas shall be eligible for funding. The agreed incremental costs of other relevant activities under Agenda 21 that may be agreed by the Council shall also be eligible for funding insofar as they achieve global environmental benefits by protecting the global environment in the focal areas".<sup>53</sup>

52. While already significant, the existing linkages between the Strategic Approach and GEF remain subject to the substantive conditions and limitations referred to above. First and foremost, chemicals management activities must satisfy the condition of achieving global environmental benefits to qualify for funding under GEF, while the Strategic Approach is all-encompassing. Moreover, the link to the global focal areas could limit aspects of Strategic Approach implementation from funding under the existing GEF framework.

53. Broadening the role of GEF with regard to chemicals management activities in furtherance of Strategic Approach implementation beyond existing linkages would, in the view of the secretariat, not appear to be possible without amending the operational framework of GEF. The mainstreaming of chemicals management into the overall implementation of the GEF mandate has been effectuated through the 2007 GEF strategy and the focus contained therein on chemicals management as a cross-cutting issue. While the existing linkage between GEF and the Strategic Approach could be strengthened institutionally, this would not appear to offer substantive added value since it would remain bound by the normative framework governing GEF operation.

54. Based on the GEF Instrument and bearing in mind the process undergone with regard to the incorporation of the persistent organic pollutants and the land degradation focal areas in 2002, GEF could be adjusted formally by virtue of an amendment to its constitutive document. As provided for in article 34, in conjunction with article 14 (d) of the GEF Instrument, the GEF Council may propose amendments that are subject to the GEF Assembly's subsequent approval (by consensus). The amendment could either introduce an additional chemicals focal area or expand the existing persistent organic pollutants focal area. In the case of the latter, the amendment would need to ensure that existing arrangements with the Stockholm Convention are maintained in both substantive and financial terms. The secretariat notes that submissions have already been made in support of a broader GEF focal area on sound chemicals management by a number of Governments in preparation of the upcoming GEF replenishment meetings (Czech Republic, Denmark, Finland and Switzerland).<sup>54</sup>

55. The secretariat would recall that similar considerations have been discussed in the context of the Rotterdam Convention.<sup>55</sup> The Conference of Parties at its third meeting invited Parties "for the longer term, to consider the need for the Global Environment Facility to broaden its programme activities, including the possibility of a chemicals-related focal area, with a view to targeted and sustainable

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51 Focal area strategies and strategic programming for GEF-4, annex 8: Sound chemicals management framework strategy and strategic programming for GEF-4, paragraphs 5 ff (GEF/C.31/10).

52 Discussion paper by the Strategic Approach secretariat on engagement of the Global Environment Facility and the Multilateral Fund for the Implementation of the Montreal Protocol, prepared for the second Strategic Approach donors' meeting (Paris, 11 February 2008).

53 Instrument for the Establishment of the Restructured Global Environment Facility, article 3.

54 See "Special themes for the GEF-5 replenishment", document prepared by the GEF Secretariat for the first meeting for the fifth replenishment of the GEF Trust Fund, 17–18 March 2009 (Paris), GEF/R.5/6.

55 Study of possible options prepared for the second meeting of the Conference of the Parties (see footnote 3 above), paras. 117 ff.

funding of priority needs within recipient countries for the implementation of those objectives of the Convention that relate to the incremental costs of achieving global environmental benefits".<sup>56</sup>

56. The secretariat notes that a broader chemicals management engagement of GEF in general, and the establishment of a chemicals focal area in particular, would entail immediate benefits to other relevant frameworks, such as multilateral environmental agreements, by offering an entry point for resources in support of activities relevant to all (e.g., the generation of "foundational capacities for sound chemicals management"<sup>57</sup>). That would, in turn, contribute to meeting the need of coordination and synergy by offering mutual benefits instead of overlaps as envisaged by the Strategic Approach. The secretariat notes the correspondence from the GEF Chief Executive Officer, circulated at the Strategic Approach donors meeting in February 2008, expressing the view that GEF had the experience and expertise to increase its support to Strategic Approach implementation in eligible countries, should donors decide to provide additional financial resources to do so.<sup>58</sup>

### C. Procedural implications of adjusting GEF

57. Based, for example, on the experience of the Stockholm Convention in establishing GEF as its interim financial mechanism, the following process could be envisaged to link the Strategic Approach closer to GEF with a view to a potential focal area on chemicals management.

58. The process could be facilitated through a resolution to be adopted by the Conference in which GEF would be requested to consider the establishment of a new focal area by amending the Instrument for the Establishment of the Restructured Global Environment Facility to support the implementation of the Strategic Approach. The process of adjusting GEF would, as a matter of principle, remain within the exclusive prerogative and authority of the respective GEF organs, namely the GEF Council and the GEF Assembly, as outlined above. Once undertaken, a memorandum of understanding could be entered into between the Strategic Approach and GEF, outlining the institutional arrangements with regard to supporting the implementation of the Strategic Approach through the new focal area. For example, it could elaborate how GEF will take into consideration the policies, strategies, and priorities agreed upon by the Conference.

59. Similar to the Stockholm Convention, where the Conference of the Parties provides guidance to GEF with regard to the operation of the persistent organic pollutants focal area, the Conference could adopt resolutions providing guidance to the chemicals focal area. Moreover, multilateral environmental agreements and other relevant actors could consider entering into similar arrangements with GEF with a view to implementing activities under their respective mandates.

60. Should the Conference wish to envisage the possible adjustment of GEF further with a view to establishing a chemicals focal area, the relationship between a new focal area and the existing focal area on persistent organic pollutants would need to be further clarified. The options that could be contemplated would encompass the establishment of a new focal area in addition to existing focal areas or, alternatively, the broadening of the existing focal area. In former case, smooth continuation of the current GEF and Stockholm Convention arrangement would be ensured while giving rise to questions of overlap. In the latter case, procedural issues may arise in relation to the existing arrangement between GEF and the Stockholm Convention, such as in relation to the terms of the memorandum.<sup>59</sup>

61. In terms of timing, the secretariat notes that the discussions on the fifth replenishment of the GEF Trust Fund have recently been initiated. The first two replenishment meetings are scheduled for March and June 2009, respectively, during which aspects of the replenishment programming strategies will be discussed and themes for the replenishment agreed upon. Based on previous practice, the replenishment process would conclude before the upcoming fourth GEF Assembly, scheduled to be held in Uruguay in the first half of 2010 (SAICM/ICCM2/INF/27).

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56 Decision RC-3/5, as contained in the report of the Conference of the Parties to the Rotterdam Convention on the work of its third meeting (UNEP/FAO/RC/COP.3/26), para. 10.

57 Study of possible options prepared for the third meeting of the Conference of the Parties (see footnote 3 above), paras. 86 ff.

58 Correspondence received by the secretariat from Ms. Monique Barbut, Chief Executive Officer and Chairperson of the Global Environment Facility, 6 February 2008.

59 Decision SC-1/11, contained in report of the Conference of the Parties of the Stockholm Convention on the work of its first meeting (UNEP/POPS/COP.1/31).