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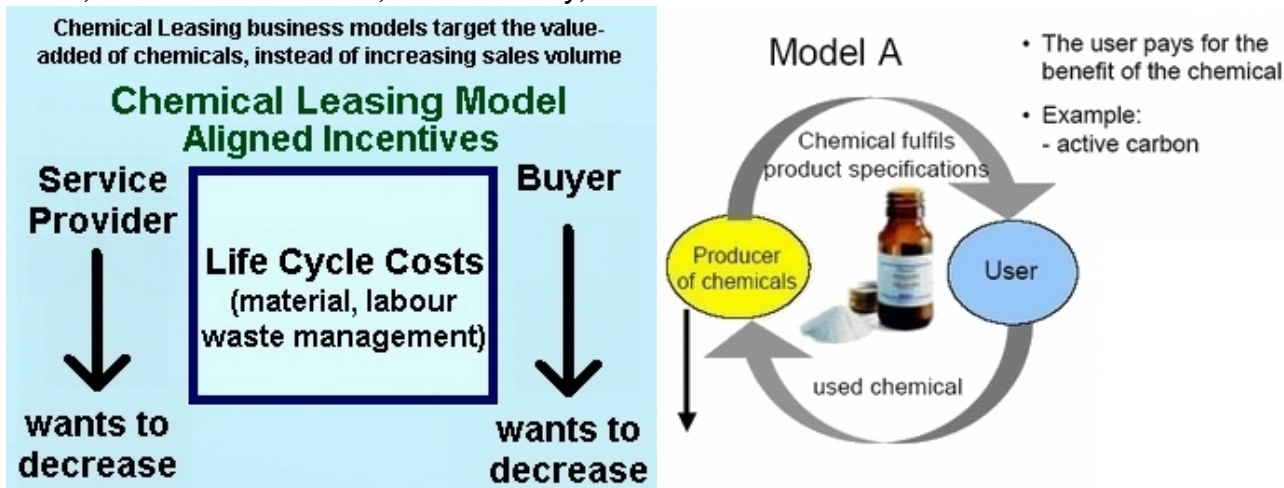
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**Cleaner Production and Chemical Leasing:  
a win-win in managing chemicals and risk?**

*Dubai, United Arab Emirates, 4 - 6 February, 2006*



Chemical Leasing: some basics

UNIDO Director-General Kandeh Yumkella and Austria's Minister of Agriculture, Forestry, Environment and Water Management Josef Pröll jointly inaugurated a UNIDO side event on SAICM, *Cleaner Production and Chemical Leasing* at the the [International Conference on Chemicals Management \(ICCM\)](#) held in Dubai 4 - 6 February, 2006. The centre of attention at the ICCM was the endorsement of SAICM, the *Strategic Approach to International Chemicals Management*, which is the first global process promoting the sound management of all types of chemicals, and not just specific groups of substances, as is the case with the Montreal Protocol on ozone-depleting substances.

The endorsement of SAICM, contained in the Dubai Declaration agreed to by more than 140 ministers and senior officials (including over 100 environment and health ministers), meets a commitment made at the World Summit on Sustainable Development in 2002. Presidency Minister Josef Pröll welcomed the agreement as a milestone of global environmental action: "There is a clear commitment to the precautionary principal. We don't need to see a tragedy happen to put safety systems in place. In other words, the Dubai declaration says that if you're not sure, don't do it."

As the declaration puts it, SAICM represents a commitment "to achieving chemical safety and thereby assisting in fighting poverty, protecting vulnerable groups and advancing public health and human security". The SAICM Global Plan of Action sets out nearly three hundred different activities that will help countries reach the goal. Strong emphasis is put on capacity-building and

technical assistance to developing countries and countries with economies in transition in order to help them manage chemicals safely. This will help to close the gap that exists between developing and developed nations in relation to sound chemicals management. Acting on a proposal from the EU, governments agreed on a multi-million dollar "Quick Start Programme", to provide financial support to national action plans especially in Least Developed Countries and Small Island Developing States.

In his statement to the ICCM Plenary, Director-General Yumkella ([view or download statement](#)) paid tribute to the Executive Director of the United Nations Environment Programme (UNEP), Mr. Klaus Töpfer, acknowledging that he "has personally been involved in this activity to enable UNEP lead the world to reach this important final step on [SAICM process](#) today" (see [UNIDOScope 6 - 12 November, 2005](#)). The Director-General also thanked the [Global Environment Facility \(GEF\)](#) Persistent Organic Pollutants (POPs) team led by the GEF CEO, Mr. Len Good, who is leaving the GEF soon. "UNIDO has made a remarkable progress through this good relationship with GEF in supporting the POPs programme in the developing countries and countries with economies in transition. We wish him good luck in his future career and look forward to continue working with the GEF Secretariat and the team of POPs" said the UNIDO Director-General ([more on UNIDO and POPs](#)).



UNIDO Director-General Kandeh Yumkella addressing the UNIDO side event on Chemical Leasing and Cleaner Production

The UNIDO side event, entitled ***Cleaner Production and Chemical Leasing: A global win-win strategy for risk management and SAICM***, took place on 6 February. Co-organized by the Austrian Ministry of Environment and the UNIDO Cleaner Production Programme, it was attended by more than 100 representatives from governmental institutions, industries, intergovernmental organizations and NGOs.

In his statement inaugurating the Austria-UNIDO side event ([Minister Pröll's statement](#)), Minister of Agriculture Pröll

gave an overview of the development of chemical leasing in Austria, dating it back to early 2002 when the Austrian Environment Ministry and major companies supported two studies to compile and evaluate the various attempts to implement service-oriented strategies such as leasing models in the chemicals industry in Austria. Possible economic and environmental benefits as well as possible obstacles and drawbacks were elucidated.

The outcome of the studies showed that almost 4,000 Austrian companies would qualify for the application of such models, cutting the annual use of 150,000 tons of chemicals by one third. This corresponds to chemical substances of around 50,000 tons per year that would not have to be used nor paid for and would not result into emissions nor waste. On average, savings for the industrial client were estimated at between 10-15%, because they would no longer have to maintain high levels of expertise in safe chemicals' handling. The studies showed that this is what brings the profit. In addition, chemical suppliers can benefit from this situation in the mid-term because now they can also sell know-how in a profitable way. The promising results of the studies prompted the Environment Ministry to make the results of the studies available to a large section of people by publishing an easy to read version of the two studies in German and English and to go further.

One of the most important follow up measures was the conference on Chemical Leasing in 2003 in Vienna which was carried out in cooperation with the OECD [entitled "Experiences and Perspectives of Service-oriented Strategies in the Chemicals Industry and Re-lated Areas"]. This was an international conference attended by at least 100 participants from 16 countries.

The conference gave a complete international view of the topic. Experts from USA, Sweden, UK and Germany presented their experiences with this business model in the different branches of industry and they confirmed in their presentations the prospect of success of this new business model. Minister Pröll said the contact with UNIDO was established during the 2003 conference "when representatives from UNIDO showed great interest our activities". The outcome was the joint project where the national consultants who commissioned the Austrian pilots projects now work as international experts in Egypt, Mexico and Russia.

Following the inauguration statements by Minister of Agriculture Pröll and the UNIDO Director-General ([DG's statement](#)), the first item on the agenda was a presentation by Managing Director of [BiPRO](#) Austria, Reinhard Joas, on the chemical leasing experience in Austria ([BiPRO presentation](#)). Mr. Joas pointed out that market acceptance of chemical leasing concepts is not a "self running" process, but that "An initiator and some "catalysts" are necessary to start the "reaction"". For chemical leasing to succeed, said Mr. Joas, close attention has to be paid to: finding the right partners; building confidence between the partners; an independent quality assurance body; and fair contracts that meet expectations. A multi stakeholder open working group has been created to exchange experiences and work on these critical issues.

Elisa Tonda (UNIDO) then presented UNIDO's global approach to promoting Chemical Leasing and Cleaner Production to industry in developing and transition countries ([UNIDO-Tonda presentation](#)). To facilitate the promotion and application of Chemical Leasing projects where UNIDO has a Cleaner Production Programme, it is currently developing a number of tools to standardize chemical leasing projects. These include: chemical leasing contract models; a chemical leasing data base to find partners for chemical leasing; and guidelines to implement chemical leasing projects and work programmes.

Representatives of UNIDO's National Cleaner Production Centres in Mexico (Jorge Perez, Director NCP Mexico) and Egypt (Ali Abo Sena - National Project Coordinator, NCP Egypt), then presented the experience of implementing chemical leasing in their countries. UNIDO's Cleaner Production team and the experts from two UNIDO National Cleaner Production Centres illustrated the project development during the first year of implementation ([Mexico presentation](#) - [Egypt presentation](#)). The NCPs play a facilitator and coordinator role for industry, supporting national capacity building and the implementation of Cleaner Production and Chemical Leasing projects at plant level. The UNIDO project involving the NCPs was launched in March 2005 with the support of the Austrian Ministry of Environment. At present, 20 companies are involved in Cleaner Production and Chemical Leasing projects.

UNIDO's Cleaner Production Programme is currently active in 40 countries and aims at improving economy wide productivity in a sustainable manner, enabling developing and transition countries to keep expanding their share in world trade. To better address the requirements of the changing multilateral order, the UNIDO Cleaner Production Programme, in 2004, developed the new Sustainable Industrial Resource Management (SIRM) approach. The SIRM concept abandons the "cradle to grave" principle of linear product cycles, interlinking such principle with the aim of effectively closing the loops, which means that waste from one process could serve as raw material for the next one. In addition, the SIRM approach seeks to develop new models to encourage a shift from selling products to supplying services, modifying, in this manner, the supplier/user relationship and resulting in a win-win situation for the economy and the environment.

Following the presentation of the UNIDO NCPs, the experience of industry (chemical producers, equipment manufacturers and users, and companies of different size and scope) in implementing chemical leasing was then presented by: Norbert Adams of the Dow Chemical Company ([Dow presentation](#)); Horst Erbel, Director of the Board, Pero and Mostafa Mohamed Ashraf, Director, Coatech, Egypt ([Coatech presentation](#)). Both industry presentations highlighted the improved risk management at the user's level and the economic and

environmental benefits obtained by reducing chemicals and associated costs. The Egyptian representative, furthermore, underlined how the introduction of this new concept allowed the company to dedicate more efforts to improving its core business and expanding to new markets. Both industry representatives indicated that cooperation with technology suppliers is indispensable to ensure that maximum process efficiency is achieved.

Peter Schaff Chairman of the Board of Directors, TÜV SUD, then presented business models for Quality Assurance and Certification of Chemical Leasing ([TÜV SUD presentation](#)). TÜV SUD is active at the international level in chemical leasing. The presentation highlighted the importance of high-level quality standards for Chemical Leasing projects. Involving quality assurance institutions in promoting Chemical Leasing business models at global level will foster confidence and smooth relations among the participating companies. In addition, the independent validation is expected to provide added value for other parties.

The final presentation, prior to the discussion period was by UNIDO's Petra Schwager on The SAICM Global Action Plan, Cleaner Production and Chemical Leasing. In general, the presentations covered the concept of Chemical Leasing, the results of the UNIDO project on Chemical Leasing and Cleaner Production as well as future strategies for its successful global dissemination.

Participants at the UNIDO side event said that experience had shown cleaner production and chemical leasing would be useful components of the SAICM Global Action Plan and worthy of support from the Quick Start Programme. Cleaner Production is already part of the third tier of the SAICM "Global Plan of Action" and is seen as an important pillar of risk reduction in chemicals management.

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