



**Global Framework on Chemicals –
for a Planet Free of Harm from
Chemicals and Waste**

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**Open-ended Working Group of the
Global Framework on Chemicals – for a
Planet Free of Harm from Chemicals and Waste
First meeting**
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Agenda item 4(b) of the provisional agenda¹
Financial arrangements: Costs of inaction

**Update on progress towards developing a “costs of
inaction” study**

Note by the Secretariat

The annex to the present note contains a brief update on progress towards developing a “costs of inaction” study as requested by member states as part of the Global Framework on Chemicals. It is reproduced as submitted by the Industry and Economy Division of UNEP.

The present note, including its annex, has not been formally edited.

* UNEP/GFC/OEWG.1/1

Annex 1: Update on progress towards developing a “costs of inaction” study

A - INTRODUCTION

1. The Global Framework on Chemicals, in Bonn, Germany in October 2023 “invites relevant participating organizations of the Inter-Organization Programme for the Sound Management of Chemicals to *update the existing costs of inaction report*, [1] taking into account quality-assured new research and the latest information relating to economic and social costs of unsound management of chemicals and waste at the national, regional and international levels.” (Paragraph 4, Resolution V/3).
2. This annex presents a brief overview of progress on updating the study, working with members of the IOMC.

B – OVERVIEW OF PROGRESS

3. The original cost of inaction study from UNEP in 2012 provided a global review of secondary literature available at the time, and focused on one region where data were available to begin estimating the potential costs of inaction with regard to the sound management of chemicals.
4. In updating the report, the aim is to increase the geographical scope and also to expand the range of economic costs that may emerge from the lack of action in managing chemicals in terms of human health and exposure as well as clean up and remediation across a wider number of sectors. The focus will be on measuring the benefits of acting early and preventing these costs from occurring. In this regard, updating and improving the methodology will be a significant contribution of the new study.
5. As with the earlier report, it will draw heavily on existing data in the academic literature and from leading international organisations focused on these issues such as the World Health Organization’s work on Global Burden of Disease, OECD’s work on the valuation of mortality risk and morbidity effects related to chemicals, among others. It will also draw on the experience of chemicals management across different jurisdictions focusing on what works and the opportunity costs of ineffective or missing management measures.
6. To date, a small team composed of OECD, World Bank, UNEP and WHO have collaborated on developing a set of terms of reference which define the scope and boundaries of the new study.
7. Broadly, this study would aim to:
 - Provide a more compelling case for action by illustrating immediate and medium-term economic benefits of effective chemical management. This includes highlighting reduced social welfare costs, healthcare costs, enhanced productivity, and environmental resilience as direct fiscal benefits as well as clean up, remediation and waste management.
 - Reframe the findings to balance the “costs of inaction” with the “benefits of immediate action”. Positioning sound chemical management as an investment with positive returns for fiscal stability and global competitiveness can create more resonance with decision-makers facing short-term policy pressures.
 - Offer sector-specific insights to enhance applicability, with a focus on high-impact sectors like agriculture (land and water), healthcare (non-communicable burden of

diseases, Lancet report and other metrics), manufacturing and biodiversity. By quantifying benefits of actions in these sectors, the study will deliver targeted recommendations that policymakers and industry leaders can act on.

- Increase the relatability and practical relevance of the findings by incorporating comparative case studies. Examples comparing countries with robust chemical management policies to those with less developed frameworks will illustrate the real-world impacts of proactive policy decisions and economic benefits.
8. These terms of reference were completed in April 2025 following a meeting in the margins of Global Chemicals Framework hosted by OECD in the first quarter of 2025. A copy of the terms of reference is available on request.

C – NEXT STEPS

3. Given the magnitude of the study, it will be divided into two phases: a scoping study, which will include an updated literature review, data validation and methodological approach and last from June – December 2025; and a second phase including quantitative modeling, sensitivity analysis, drafting of full report and responding to peer review.
4. The cost of the scoping phase is estimated at USD 40,000 and resources are in place to begin a call for proposals, expected in Q2 2025. Selection criteria have been developed and are in place for selection of an expert consultant via competitive recruitment by the IOMC steering committee.
5. The estimated cost of the second phase is USD 350,000 and resources will need to be mobilized for this phase of the study, once results are ready from the scoping study. Given the complexity of the full study, it is envisaged that a team of experts or a think tank will be engaged to develop and execute the study, under the guidance of an IOMC steering committee.
6. In terms of timelines, the aim is to have the scoping study underway by Q3 2025 and completed before the International Conference in Q2 2026, with the larger study underway in late 2026 and completed before the end of 2027. Timelines will depend on the successful mobilization of resources to complete the larger study.