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INTERGOVERNMENTAL NEGOTIATING COMMITTEE FOR AN  
INTERNATIONAL LEGALLY BINDING INSTRUMENT FOR  
THE APPLICATION OF THE PRIOR INFORMED CONSENT  
PROCEDURE FOR CERTAIN HAZARDOUS CHEMICALS AND  
PESTICIDES IN INTERNATIONAL TRADE

Eighth session

Rome, 8-12 October 2001

Item 3 of the provisional agenda\*

ACTIVITIES OF THE SECRETARIAT AND REVIEW OF THE SITUATION  
AS REGARDS EXTRABUDGETARY FUNDS

Note by the secretariat

I. INTRODUCTION

1. Except as otherwise noted or apparent from the context, the present report covers the period from 1 June 2000 to 30 April 2001.
2. Consistent with the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade and the resolution on interim arrangements passed by the Conference of Plenipotentiaries that adopted the Convention, the secretariat established jointly by the United Nations Environment Programme (UNEP) and the Food and Agriculture Organization of the United Nations (FAO) will continue to serve as the secretariat of the Convention during the interim period. UNEP and FAO will also provide the secretariat after the Convention has entered into force.
3. During the interim period, the secretariat will continue its work in support of the Intergovernmental Negotiating Committee and the Interim Chemicals Review Committee. In addition, the secretariat will service the operation of the interim PIC procedure, as described in the resolution on interim arrangements.

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\* UNEP/FAO/PIC/INC.8/1.

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## II. IMPLEMENTATION OF THE INTERIM PIC PROCEDURE

4. The secretariat's work in support of the interim PIC procedure can be summarized under the following main headings:

### A. Compilation and circulation of information on nomination of designated national authorities

5. In line with article 4, paragraph 4 of the Convention, the secretariat shall inform the Parties<sup>1</sup> of new nominations or changes in nominations of (DNAs).

6. During the reporting period, the secretariat received one nomination of new DNAs from a State not yet participating in the interim PIC procedure and three changes of existing DNAs. As of 30 April 2001, a total of 165 States and regional economic integration organizations had nominated a total of 253 DNAs.

7. An updated list was circulated to all DNAs twice during the reporting period together with the PIC Circular (see section E below). In addition, the information on nominations of DNAs is updated on a running basis and made available on the Convention Web site.

### B. Circulation of decision guidance documents for chemicals subject to the interim PIC procedure

8. The resolution on interim arrangements provides, in paragraph 7, that all chemicals that have been identified for inclusion under the original PIC procedure, but for which decision guidance documents have not yet been circulated before the date on which the Convention is opened for signature, will become subject to the interim PIC procedure as soon as the relevant decision guidance documents have been adopted by the Intergovernmental Negotiating Committee.

9. At its seventh session, the Committee adopted decision guidance documents for the chemicals ethylene dichloride and ethylene oxide, with the effect that those chemicals became subject to the interim PIC procedure as it is defined in paragraph 2 of the resolution on interim arrangements.

10. The secretariat circulated, in line with article 7 of the Convention, the decision guidance documents for those two chemicals to all DNAs on 1 February 2001.

### C. Verification and circulation of notifications of final regulatory action to ban or severely restrict a chemical and proposals for inclusion of acutely hazardous pesticide formulations

11. In line with article 5, paragraph 3 of the Convention, the secretariat is to circulate summaries of notifications of final regulatory action received which the secretariat has verified contain the information required by annex I of the Convention. In line with article 5, paragraph 4 of the Convention, the secretariat is to circulate a synopsis of the notifications of final regulatory action received, including information regarding those notifications that do not contain all the information required by annex I of the Convention.

12. During the reporting period, the secretariat received a total of 89 notifications of final regulatory action from 16 Parties covering 54 chemicals and pesticides. These notifications were verified and a synopsis was circulated to Parties through appendix 1 of PIC Circular XII and PIC Circular XIII.

13. In line with article 6, paragraph 2 of the Convention, the Secretariat is to circulate summaries of those proposals for inclusion of severely hazardous pesticide formulations in the interim PIC procedure that the secretariat has verified contain the information required by part 1 of annex IV of the Convention.

14. During the reporting period, the secretariat did not receive any proposals for inclusion of a severely hazardous pesticide formulation. No summaries of such proposals could thus be circulated to Parties.

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<sup>1</sup> During the interim period until the Convention enters into force, a "Party" is understood to mean any State or regional economic integration organization having nominated a designated national authority or authorities for the purpose of participating in the interim PIC procedure.

#### D. Verification and circulation of responses concerning future import of a chemical

15. In line with article 10, paragraph 2, of the Convention, each Party is required to transmit to the secretariat, as soon as possible, and in any event no later than nine months after the date of dispatch of a decision guidance document, a response regarding future import of the chemical concerned. In line with Article 10, paragraph 4 of the Convention, the response shall consist of either a final decision or an interim response. The interim response may include an interim decision regarding import.
16. In line with article 10, paragraph 3 of the Convention, the secretariat shall, at the expiration of the time period given in article 10, paragraph 2, forthwith address to a Party that has not provided such a response, a written request to do so, through its DNA. The listing in the PIC Circular of such cases of failure to transmit a response represents the written request from the secretariat to each Party to provide a response.
17. Every six months the secretariat shall, in line with article 10, paragraph 10, inform Parties of the responses it has received. Such information shall include a description of the legislative or administrative measures on which the decisions have been based, where available. The secretariat shall, in addition, inform the Parties of any cases of failure to transmit a response.
18. During the reporting period, the secretariat received 398 responses regarding future import from 43 Parties covering all 31 chemicals and pesticides currently included in the interim PIC procedure. These included a regional economic integration organization, responding on behalf of 15 Parties. Those responses, together with all the previously submitted responses and information on all cases of failure to provide a response, were circulated to Parties in appendix IV of PIC Circular XII and PIC Circular XIII.

#### E. Distribution of the PIC Circular

19. Every six months, in June and December, the secretariat publishes the PIC Circular. The purpose of this circular is to provide all Parties, through their designated national authorities, with the information required to be circulated by the secretariat under the interim PIC procedure, in line with articles 4, 5, 6, 7, 10 and 14 of the Convention.
20. During the reporting period, the secretariat published PIC Circular XII (December 2000) and PIC Circular XIII (June 2001).

#### F. Response to queries and requests for information

21. During the reporting period, the secretariat received and responded to a total of 209 queries and requests for information related to the implementation of the interim PIC procedure and the entry into force of the Convention.

### III. SUPPORT FOR THE INTERGOVERNMENTAL NEGOTIATING COMMITTEE

22. The seventh session of the Intergovernmental Negotiating Committee was held at the International Conference Centre in Geneva, Switzerland, from 30 October to 3 November 2000. It was attended by 215 delegates from 104 Parties together with observers from a number of United Nations organizations, intergovernmental organizations and non-governmental organizations. The report on that session is set out in document UNEP/FAO/PIC/INC.7/15.
23. The Committee expressed its great satisfaction at the amount and quality of work achieved by the secretariat, with limited staff and budgetary resources, and approved the budget for 2001-2002. The Committee also took a number of decisions related to confirmation of experts designated to serve on the Interim Chemical Review Committee, decision guidance documents for the chemicals ethylene dichloride and ethylene oxide, contaminants and an incident report form. The Committee requested the secretariat to prepare an analysis of problems frequently encountered by Parties in their preparation of notifications and

analyse issues related to submission of notifications of final regulatory action for chemicals already subject to the interim PIC procedure. In preparing for the first meeting of the Conference of the Parties, the Committee requested the secretariat to prepare draft financial rules, a model for a procedure to handle cases of non-compliance, an outline of a possible reporting procedure, and a paper setting out options for the issues related to the discontinuation of the interim PIC procedure.

#### IV. SUPPORT FOR THE INTERIM CHEMICAL REVIEW COMMITTEE

24. The second session of the Interim Chemical Review Committee was held at the FAO headquarters in Rome, Italy, from 19 to 23 March 2001. It was attended by 28 of the nominated experts, and a number of observers from Governments, intergovernmental organizations and non-governmental organizations. The report on this session is set out in document UNEP/FAO/PIC/ICRC.2/11.

25. The Interim Chemical Review Committee established a number of task groups, which will work inter-sessionally on various issues related to that Committee's operational procedures. The secretariat will service those task groups and has been assigned to lead two of them.

#### V. FACILITATION OF IMPLEMENTATION AND RATIFICATION

26. From 3 to 6 October 2000, the secretariat convened a regional workshop for Spanish-speaking countries in Latin America in Cartagena de Indias, Colombia, hosted by Colombia. The main objectives of the workshop were to provide information to the designated national authorities, thus facilitating their role in implementing the Convention and helping countries to implement the Convention in an effective way, and to promote the signature and ratification of the Convention. The workshop also served to assist the overall programme through feedback to the secretariat and to the Intergovernmental Negotiating Committee. The workshop was attended by 29 designated national authorities from 17 States in the region.

27. A subregional workshop to raise awareness on the Rotterdam Convention, the Stockholm Convention on Persistent Organic Pollutants and the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal took place in Cairns, Australia, from 2 to 6 April 2001 for South Pacific small island States. This workshop was sponsored by Australia, New Zealand, the Basel Convention and UNEP.

28. The secretariat has printed and distributed a booklet with the text of the Convention in all official United Nations languages. More than 5000 copies in English have been distributed, together with a corresponding number in other languages, and the booklet is now being reprinted. The secretariat is reviewing how it communicates its work as the basis for developing a communication strategy in order to ensure the availability of clear, consistent and readily accessible information on the operation of the Rotterdam Convention.

29. The establishment of the new integrated Web site on <[www.pic.int](http://www.pic.int)> is well underway, and the site is expected to be fully operational at the time of the present meeting.

#### VI. TRUST FUND, SECRETARIAT STAFFING AND CORE BUDGET

30. At its sixth session, the Intergovernmental Negotiating Committee approved a budget of \$2,320,000 for 2000. At the seventh session, a budget of \$2,370,994 was approved for 2001 and \$2,308,336 for 2002.

31. Pledges and contributions to the Trust Fund established by the Executive Director of UNEP are shown in annex I. These were \$958,469 in 2000 and \$569,628 in 2001 as of 31 May. An updated financial report will be provided verbally at the eighth session of the Intergovernmental Negotiating Committee.

32. FAO and UNEP also provide direct financial support to the operations of the secretariat. FAO allocated \$340,000 in 2000 and \$374,000 in 2001 from its regular programme resources. UNEP allocated \$248,300 in 2000 and \$384,000 in 2001 from its Environment Fund.
33. The secretariat was able to carry forward \$312,169 from 1999 to 2000, and \$348,000 from 2000 to 2001.<sup>2</sup> As described in chapter VII, it is necessary to carry forward funds to meet certain expenditures that must be obligated at the beginning of each year.
34. Annex I shows that there was a shortfall of \$773,231 for 2000 and there is a projected shortfall of \$1,043,366 for 2001.
35. As of 31 May 2001, expenditures from the Trust Fund for 2000-2001 amount to \$1,240,659. Those expenditures are summarized in annex II.
36. The staffing situation of the secretariat, as of 31 May 2001, is shown in annex III. It does not include consultants and temporary conference service staff (interpreters, editors and translators), nor does it include staff in UNEP and FAO that provide legal, administrative and data processing support.
37. Annex IV shows a proposed budget for 2003. For ease of reference, the budget for 2002, as adopted by the Committee at its seventh session, is also included.
38. Due to increased workload, the proposed budget for 2003 includes one additional staff at P-2 level in both Rome and Geneva. To meet this need, the secretariat would also welcome secondments of professional staff from interested Governments.
39. There is no budget provision in annex IV for activities to support facilitation of implementation and ratification that were budgeted, but unfunded, in prior years.
40. At its seventh session, the Committee noted that it might be useful if the secretariat could provide a written indication of its priorities when presenting each new budget. The secretariat suggests the following:
- Priority one: Core secretariat activities related to implementation of the interim PIC procedure.
  - Priority two: Meetings of the Intergovernmental Negotiating Committee and the Interim Chemical Review Committee.
  - Priority three: Secretariat activities related to preparation for activities to be undertaken after the Convention enters into force, e.g., future decisions of the Conference of the Parties.
  - Priority four: Facilitation of implementation and ratification (including workshops).
  - Priority five: Secretariat activities related to the statement of the President of the Conference of Plenipotentiaries, e.g., illicit trafficking.

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<sup>2</sup> The amount carried forward includes a contribution from the Government of Japan to FAO of \$183,000.

## VII. ISSUES RELATED TO THE FINANCIAL SITUATION

### A. Impacts of financial shortfall on 2000-2001 programme delivery

41. The Rotterdam Convention secretariat has had a budget shortfall of \$773,231 for 2000 and \$1,043,366 for 2001. This shortfall has had a significant impact on the ability of the secretariat to deliver the work programme requested by parties at the sixth and seventh sessions of the Intergovernmental Negotiating Committee. Some of the specific activities where the shortfall has had the greatest impact include:

(a) Facilitation of implementation and ratification. No further workshops to support implementation have been held since the seventh session of the Intergovernmental Negotiating Committee, as there have been insufficient funds for the workshops or for secretariat staff to support them. In addition, resources have not been available for either descriptive, explanatory or outreach materials beyond copies of the Convention and the PIC Circular;

(b) Office automation. Significant delays have occurred due to lack of funds;

(c) Support for decisions taken by the Intergovernmental Negotiating Committee. Significant delays have occurred in implementing decisions of the Intergovernmental Negotiating Committee, on such issues as the Harmonized System customs codes, dispute settlement, illicit trafficking and responsibility and liability, due to resource shortages;

(d) Overall responsiveness. The current workload exceeds the secretariat human resource capacity, especially during times of peak demand.

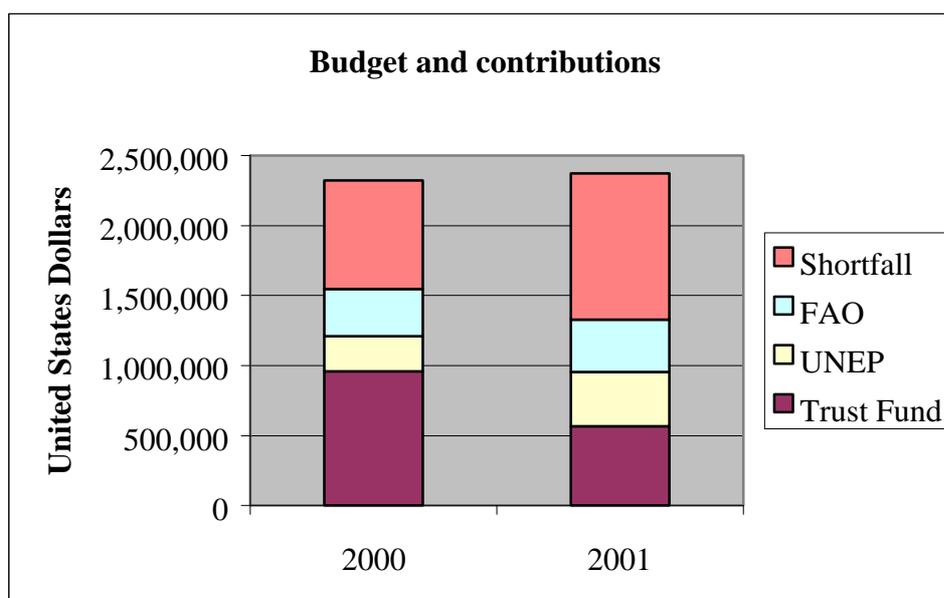
### B. Carry-forward requirements

42. In order to maintain uninterrupted secretariat support and hold meeting on schedule, it is necessary for the secretariat to maintain a balance in trust fund accounts of approximately \$650,000 at the end of each year (depending on the exchange rate). These funds are necessary to fund meetings of the Interim Chemicals Review Committee and to guarantee funding for staff on trust-funded posts for that year.

Annex I

Financial pledges and contributions as of 31 May 2001  
(In US dollars)

	<b>Year 2000</b>	<b>Year 2001</b>
<b>UNEP Trust Fund</b>		
European Commission	0	92,200
Italy	0	227,428
Belgium	44,380	0
Czech Republic	3,000	0
Denmark	48,080	0
Finland	7,212	0
Netherlands	209,630	0
Norway	11,304	0
Switzerland	149,975	0
United Kingdom	309,888	0
United States of America	175,000	250,000
<i>Total Trust Fund</i>	<i>958,469</i>	<i>569,628</i>
<b>Other contributions</b>		
United Nations Environment Programme (UNEP)	248,300	384,000
Food and Agriculture Organization of the United Nations	340,000	374,000
<i>Total Other contributions</i>	<i>588,300</i>	<i>758,000</i>
<b>Funding overview</b>		
TOTAL (UNEP Trust Fund + Other contributions)	1,546,769	1,327,628
Budget, as approved by the Committee	2,320,000	2,370,994
Shortfall	773,231	1,043,366



Annex IITrust Fund expenditures for 2000-2001 as of 31 May 2001  
(US dollars)

Code	Object of expenditure	Expenditure (US\$)
11	Project personnel	186,796
12	Consultants	25,584
13	Administrative support (incl. conference servicing)	447,758
16	Official travel	8,318
30	Meetings and conferences	416,818
40	Equipment and premises	151
50	Miscellaneous	12,503
60	Support costs	214,970
	TOTAL	1,240,659

Annex IIIInterim secretariat staffing situation as of 31 May 2001

	Geneva		Rome			Total
	UNEP	Trust Fund	FAO	Trust Fund	Other <sup>3</sup>	
D-1	0.25		0.25			0,50
P-5		1			1 (Japan)	2
P-4	1					1
P-3			1			1
P-2					1 (France)	1
General Service	0.75	1			1 (Japan)	2,75
<b>TOTAL</b>	<b>2</b>	<b>2</b>	<b>1.25</b>		<b>3</b>	<b>8,25</b>

Note: Decimals refer to staff working only part time in the secretariat.

<sup>3</sup> Not represented in annex I, financial pledges and contributions as of 31 May 2001.

Annex IVDraft budget for 2003

(2002 budget, as approved by the Committee at its seventh session, included for ease of reference)

	Approved budget for Year 2002	Proposed budget for Year 2003
One session of the INC/COP in Rome or Geneva	625,000	625,000
One session of the ICRC in Rome or Geneva	145,000	145,000
Facilitation of implementation and ratification	55,000	0
Office automation and databases	26,500	40,000
Core secretariat costs	1,191,275	1,355,132
Total	2,042,775	2,165,132
United Nations administrative costs (13%)	265,561	281,467
<b>TOTAL</b>	<b>2,308,336</b>	<b>2,446,599</b>

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