



POPS INC-7 HIGHLIGHTS: THURSDAY, 17 JULY 2003

On the fourth day of INC-7, delegates met in Plenary, contact group and Budget Group sessions. In the morning Plenary, delegates discussed issues regarding guidelines on best available techniques (BAT) and guidance on best environmental practices (BEP), evaluation of current and projected releases of chemicals listed in Annex C (unintentional production), and information exchange. In the afternoon Plenary, delegates discussed issues regarding financial resources and mechanisms and interim financial arrangements. The Budget Group met in the morning to discuss the Secretariat's draft budget formats, and a contact group on financial mechanisms met in the evening.

PLENARY

Legal Drafting Group (LDG) Chair Anne Daniel (Canada) reported on the Group's progress, noting that it had completed all of its assigned work on draft rules of procedure (UNEP/POPS/INC.7/CRP.14 and Add.1), draft financial rules (UNEP/POPS/INC.7/CRP.16), draft dispute settlement rules on arbitration and conciliation (UNEP/POPS/INC.7/CRP.17), and draft Persistent Organic Pollutants (POPs) Review Committee (POPRC) terms of reference (ToR) (UNEP/POPS/INC.7/CRP.22).

PREPARATIONS FOR THE COP: Guidelines on BAT and guidance on BEP: The Secretariat reviewed the report of the first session of the Expert Group on BAT-BEP held in March 2003 in North Carolina, USA (UNEP/POPS/INC.7/6). Co-Chair Sergio Vives (Chile) reported on the Group's first session, noting progress made towards developing recommendations on possible structure and draft elements for BAT guidelines and BEP guidance. He stated that the Group's second session is planned for December 2003 in Chile.

CANADA noted the importance of meeting challenges regarding the scope of chemicals to be addressed and the timing to have documents ready for COP-1. GERMANY and SWITZERLAND each highlighted that each would assist in sponsoring the Group's second session. IRAN, CAMEROON and others expressed concern about geographic representation at the Group's meetings. MOROCCO, on behalf of G-77/China, requested that the Secretariat help ensure that all regions are represented in the Expert Group. INC Chair John Buccini (Canada) asked the Secretariat to work with regional groups to nominate replacement members for those who cannot attend particular meetings. EGYPT and others noted the need for technical and financial assistance for implementing BAT-BEP in developing countries. TOGO added the need for a regional approach to addressing the issue of leaded gasoline use in Africa. The PHILIPPINES suggested that the Group should address less capital-intensive technologies, such as

source separation, recycling, and composting. ARGENTINA noted the need to better define BEP. CHINA mentioned the need to take into account differences among countries in their abilities to apply BAT-BEP.

Evaluation of releases of chemicals listed in Annex C: The Secretariat introduced a document on a revised standardized toolkit for the identification and quantification of dioxin and furan releases (UNEP/POPS/INC.7/7). ARGENTINA, ECUADOR, and ITALY, on behalf of the EU, stated that the toolkit should be expanded to cover all Annex C chemicals. The US called for clarification on the process for updating the toolkit. CHILE stated that the toolkit does not adequately reflect conditions in developing countries. Many delegates noted the need to systematically update the toolkit to reflect new scientific developments and the specific experiences of developing countries. EGYPT, TOGO and URUGUAY requested field tests and pilot projects for the further development of the toolkit. The Secretariat urged Parties to provide financial resources to carry out more national and regional projects. VIETNAM, GHANA, ZAMBIA and TANZANIA stressed the usefulness of the toolkit in creating a preliminary inventory of dioxin and furan releases. TANZANIA added that the toolkit does not differentiate between controlled and non-controlled emissions, and that the information required for estimating emissions from some sources is not available in developing countries.

Information exchange: The Secretariat introduced its note on a work plan and budget for the initiation and maintenance of a clearing-house mechanism (CHM) for information exchange on POPs (UNEP/POPS/INC.7/12). CANADA called for discussing the level of duplication and overlap between clearing-house and technical assistance activities at COP-1. EGYPT requested that the CHM function in all UN languages. CHINA emphasized the need to support developing countries in establishing their national CHMs. CHILE supported the inclusion of technical and financial assistance sources.

Financial resources and mechanisms: The Secretariat introduced a note on information from relevant funding institutions on ways in which they can support the Stockholm Convention (UNEP/POPS/INC.7/18). He explained that no submissions were received and noted no follow-up was done due to a lack of resources.

The Secretariat also introduced its note on guidance to the financial mechanism (UNEP/POPS/INC.7/17). The EU welcomed the Global Environment Facility's (GEF) decision to designate POPs as a new focal area and called for a strong partnership between the Stockholm Convention and the GEF. The G-77/CHINA stressed that the Convention's implementation is condi-

This issue of the *Earth Negotiations Bulletin*© <enb@iisd.org> is written and edited by Paula Barrios <paula@iisd.org>, Noelle Eckley <noelle@iisd.org>, Tamilla Gaynutdinova <tamilla@iisd.org>, Stefan Jungcurt <stefan@iisd.org>, Pia M. Kohler <pia@iisd.org>, Fiona Koza <fiona@iisd.org>, and Hugh Wilkins <hugh@iisd.org>. The Digital Editor is David Fernau <david@iisd.org>. The Editor is Pamela S. Chasek, Ph.D. <pam@iisd.org> and the Director of IISD Reporting Services is Langston James "Kimo" Goree VI <kimo@iisd.org>. The Sustaining Donors of the *Bulletin* are the Government of the United States of America (through the Department of State Bureau of Oceans and International Environmental and Scientific Affairs), The Netherlands Ministry of Foreign Affairs, the Government of Canada (through CIDA, DFAIT and Environment Canada), the Swiss Agency for Environment, Forests and Landscape (SAEFL), the United Kingdom (through the Department for International Development - DFID and Department for Environment Food and Rural Affairs - DEFRA), the European Commission (DG-ENV), the Danish Ministry of Foreign Affairs, and the Government of Germany (through the German Federal Ministry of Environment - BMU, and the German Federal Ministry of Development Cooperation - BMZ). General Support for the *Bulletin* during 2003 is provided by the United Nations Environment Programme (UNEP), the Government of Australia, the Ministry of Environment and the Ministry of Foreign Affairs of Sweden, the Ministry of Foreign Affairs and Trade of New Zealand, the Ministry of Foreign Affairs of Norway, Swan International, the Japanese Ministry of Environment (through the Institute for Global Environmental Strategies - IGES), the Japanese Ministry of Economy, Trade and Industry (through the Global Industrial and Social Progress Research Institute - GISPRI), and the Ministry for Environment of Iceland. The opinions expressed in the *Earth Negotiations Bulletin* are those of the authors and do not necessarily reflect the views of IISD or other donors. Excerpts from the *Earth Negotiations Bulletin* may be used in non-commercial publications with appropriate academic citation. For information on the *Bulletin*, including requests to provide reporting services, contact the Director of IISD Reporting Services at <kimo@iisd.org>, +1-212-644-0217 or 212 East 47th St. #21F, New York, NY 10017, USA.



tional on the mobilization of new and additional financial resources. He called for a credible and flexible financial mechanism.

On establishing a process to enable COP-1 to provide guidance to the GEF, the EU, supported by the US and others, proposed that the Secretariat consult with the GEF Secretariat and produce a paper on guidance to be worked on by a contact group at COP-1. In contrast, the G-77/CHINA proposed an intersessional working group on this issue. AUSTRALIA suggested a compromise in which the Secretariat would circulate and seek comments on several drafts of its paper.

INC Chair Buccini noted a general agreement on the need to establish a consultation process for developing draft guidance to the financial mechanism. He suggested, and delegates agreed, to establish a contact group, co-chaired by representatives of donor and developing countries, to explore the modalities of the consultation process.

Regarding the provision of interim guidance to the GEF on issues of eligibility, priorities and the calculation of costs, the G-77/CHINA said the Intergovernmental Forum on Chemical Safety's Bahia Declaration on Chemical Safety could be useful. The EU and others said it would be legally inappropriate for the INC to formally provide interim guidance to the GEF, and recommended that the INC only convey its views on actions taken and proposed. She said INC-7 should focus on eligibility criteria and programme priorities.

On priorities, CANADA encouraged the GEF to focus its efforts on obligations under the Stockholm Convention, and the EU called for consideration of the priorities coming out of NIPs. The US identified the development of NIPs and enabling activities as priorities.

On eligibility, the US said the GEF has good eligibility criteria and recommended deferring detailed discussion on eligibility to COP-1. The EU stated that developing countries and countries with economies in transition (CEITs) Parties should be eligible for funding, and that developing country and CEIT Signatories should also be eligible for enabling activity support. The Secretariat clarified that, in the interim, Signatories will be eligible for support if they are eligible for World Bank and UNDP funding.

The Secretariat introduced a draft ToR for the review of the financial mechanism (UNEP/POPS/INC.7/24), noting that under Convention Article 13 (financial resources and mechanisms), the review must not occur later than COP-2. The EU and others recommended addressing the issue at COP-1, and the US encouraged the Secretariat to collaborate with the GEF Secretariat on this issue. Delegates agreed to submit comments on the draft ToR to the Secretariat by the end of 2003 and review the issue at COP-1.

Interim financial arrangements: Stockholm Convention Executive Secretary Jim Willis introduced a draft Memorandum of Understanding (MoU) between the Stockholm interim Secretariat and the GEF Council (UNEP/POPS/INC.7/16).

The G-77/CHINA requested that the interim nature of the GEF as a financial mechanism be emphasized. CHINA, on behalf of the Asia and Pacific Group, suggested that the GEF consider greater flexibility in project financing and simplified project approval procedures. He suggested that the COP periodically evaluate developing countries' needs and submit them to the GEF Assembly for consideration. Delegates agreed to submit comments by 31 December 2003 so that the revised MoU can be prepared for consideration by COP-1 and the GEF Council.

CONTACT GROUP ON FINANCIAL MECHANISMS

Discussing the consultation process on guidance to the financial mechanism, delegates agreed that the outcome of the consultations should be a two-page policy document and that the Secretariat prepare, with GEF assistance, a substantive document as a basis for discussions. Delegates agreed to provide initial comments on the Secretariat's document electronically, and to conduct teleconferences and face-to-face meetings prior to COP-1. They discussed whether the consultations should be open or limited to regionally nominated participants and selected non-governmental (NGO) and inter-governmental organizations. The detailed proposals on the consultation process' modalities will be presented to Plenary.

BUDGET GROUP

Executive Secretary Willis presented a line-budget report based on the Montreal Protocol and Basel Convention formats, and an activity-based budget breakdown based primarily on the format agreed at INC-6.

Many delegates commended the transparency and detail in the line-based report. Several delegates stressed the need to provide information on using an indicative scale of contributions and on the Secretariat's reserves to enable better planning of donor activities.

Concerning the distinction between core and non-core activities, the EU introduced a proposal to specify in the financial rules a three-fund budget structure incorporating general, special and supplementary trust funds in order to, *inter alia*, recognize the financial implications of proposed new activities. Some delegates noted that the financial rules drafted by the LDG already provide options for such a structure, and many recommended that the EU's proposal be addressed in Plenary.

Delegates also discussed, *inter alia*: the need to ensure flexibility in budget planning in light of uncertainties relating to projected contributions and COP scheduling; the Secretariat's staffing needs for 2003 and reporting of staff-related expenditures; participant travel costs; and funding of feasibility and case studies on regional centers.

Delegates agreed to propose a decision to INC-7, which incorporates the activities-based budget and an estimation of projected contributions and approves a restructured line-based budget for 2004-2005.

IN THE CORRIDORS

A new buzz in the corridors reflected a marked shift in the meeting's tenor with the end of the meeting looming and disagreements between developing and developed countries coming to the fore. While both delegates and NGOs were generally pleased with discussions on the BAT-BEP Expert Group and revisions to the dioxins and furans toolkit, some voiced concern that outstanding legal issues may lead to complicated discussions in Plenary.

THINGS TO LOOK FOR TODAY

PLENARY: Plenary will meet at 10:00 am in Room 2 to: continue discussions on interim financial arrangements, financial resources and mechanisms, and information exchange; consider the LDG's work on draft rules of procedure, financial rules, dispute settlement rules, and the POPRC ToR; and address outstanding agenda items, including effectiveness evaluation and POPs wastes guidelines.

CONTACT GROUP: The financial mechanisms contact group will meet at 9:00 am at a place to be announced to complete discussions on the establishment of a consultation process on guidance to the financial mechanism.