

CONVENTION ON INTERNATIONAL TRADE IN ENDANGERED SPECIES
OF WILD FAUNA AND FLORA

Twelfth meeting of the Conference of the Parties
Santiago (Chile), 3-15 November 2002

Strategic and administrative matters

FINANCING OF THE CONSERVATION OF SPECIES OF WILD FAUNA AND FLORA

1. This document has been prepared by the Secretariat pursuant to Decisions 11.123 and 11.130. It provides an overview of the actions taken by the Parties and the Standing Committee to implement Decisions 11.8, 11.78 and 11.79.

Background

2. The Conference of the Parties at its 11th meeting (Gigiri, April 2000) adopted Decision 11.78 directing the Standing Committee to form a working group to:
 - a) *inventory existing funding mechanisms made available by the Parties specifically for the conservation of wild fauna and flora;*
 - b) *analyse the way in which these mechanisms operate, taking into account:*
 - i) *the origin of the funds and the way they are collected;*
 - ii) *principles followed in allocating these funds;*
 - iii) *structures of administration and control;*
 - iv) *amounts already involved;*
 - v) *probable trends concerning these sources of financing; and*
 - vi) *the overall effectiveness of the funds for the conservation of wild fauna and flora; and*
 - c) *evaluate the potential use of these funding mechanisms for the purpose of improving implementation of the Convention, especially for assisting enforcement and supporting range States with in situ conservation, for implementation of the provisions of Article IV, paragraph 3, of the Convention and for implementation of the Strategic Plan.*
3. To assist the Standing Committee to implement this Decision and assist the Parties to implement Decision 11.8, the Management Authority of France prepared a questionnaire on conservation trust funds that consisted of three parts: an introductory note, an identification sheet and an information sheet. This questionnaire was distributed to the Parties with Notification to the Parties No. 2001/016 of 16 March 2001 with a request to return the completed identification and information sheets to the Secretariat. Thirty Parties responded to the Notification and, of these, 13 indicated they had one or more conservation trust funds.

4. The working group was established during the 45th meeting of the Standing Committee (Paris, June 2001 – see Annex 2) and comprised Burkina Faso, Canada, the Czech Republic, Japan, South Africa and Trinidad and Tobago, under the chairmanship of France. The working group analysed the replies received from the Parties to the questionnaire sent by the Secretariat with Notification to the Parties No. 2001/016, and presented its findings at the 46th meeting of the Standing Committee (Geneva, March 2002) in document SC46 Doc. 8, prepared by France.
5. The Committee accepted the report and directed the Secretariat to continue to collate and analyse information on financial mechanisms, to publish regularly updated analyses of funding mechanisms for the conservation of species and to circulate this information by notification. The Committee further directed the Secretariat to consider financial mechanisms other than trust funds, and to confer with other conventions, such as the Convention on Biological Diversity, as appropriate.

Financial mechanisms for the conservation of species

6. The Secretariat is undertaking a review of existing and innovative mechanisms to finance the conservation of species of wild fauna and flora. In its review, to be carried out in consultation with relevant conventions, government bodies and aid and donor agencies, the Secretariat will look at conservation trust funds; government budgetary allocations; user fees, taxes and fines; subsidies and compensation programmes; private sector partnerships; international donor aid; and other innovative approaches as may be relevant, and compare their usefulness and their potential for benefiting to the conservation of CITES-listed species. The Secretariat will present its analysis, which may suggest guidelines on the basis of best practices, to the 13th meeting of the Conference of the Parties.

Recommendation

7. In view of the above the Secretariat proposes the draft decisions, as shown in Annex 1.

DRAFT DECISIONS OF THE CONFERENCE OF THE PARTIES

Directed to the Parties

Regarding financing of the conservation of species of wild fauna and flora

- 12.xx The Parties should provide to the Secretariat information on best-practice methods for the financing of the conservation of species of wild fauna and flora, as may be appropriate, including but not limited to conservation trust funds; government budgetary allocations; user fees, taxes and fines; subsidies and compensation programmes; private sector partnerships; international donor aid; and other innovative approaches as may be relevant.

Directed to the Secretariat

Regarding financing of the conservation of species of wild fauna and flora

- 12.xx The Secretariat will review existing and innovative mechanisms to finance the conservation of species of wild fauna and flora. In its review, to be carried out in consultation with relevant conventions, government bodies and aid and donor agencies, the Secretariat will look at conservation trust funds; government budgetary allocations; user fees, taxes and fines; subsidies and compensation programmes; private sector partnerships; international donor aid; and other innovative approaches as may be relevant, and compare their usefulness and their potential for benefiting to the conservation of CITES-listed species. The Secretariat will present its analysis at the 13th meeting of the Conference of the Parties.

Summary of the findings of the working group¹ on the financing of the conservation of species
of wild fauna and flora established by the Standing Committee during its 45th meeting
(Paris, June 2001)

- a) Conservation trust funds are financial instruments aimed at managing a sum of money, the use of which may be earmarked by law for wildlife conservation, independently of other funds such as a State budget or the budget of the body administering the sum in question.
- b) The respondents reported on 20 conservation trust funds in total. Of these, 11 conservation trust funds have been established through national legislation, three of which by government agencies. Nine of the trust funds have been set up as non-profit organizations and two have been set up as foundations. Four of the trust funds result from international agreements.
- c) The financial structure on which each trust fund is based dictates the timescale according to which the funds must be spent. Two of the funds are structured according to the write-off principle, which means that the funds attributed to the conservation trust fund must be spent over a pre-determined period. Six trust funds are structured according to the endowment principle, which means that the initial capital remains invested and that only the revenues of the investment are spent each year. These trust funds are conceived to exist in perpetuity. Twelve trust funds are structured along the principle of recurrence, which means they do not rely on an initial capital but on revenues that are produced every year, and are theoretically self-renewing.
- d) The respondents indicated that a board of directors solely made up of private persons or institutions manages most of their trust funds. One third of the trust funds described are open to government representatives.
- e) Thirteen of the 20 trust funds described are subject to formal audits, either internal or external. The funds for which no audits take place are mostly managed by private organizations. However, it is likely that the management of the latter funds is submitted to a certain degree of control, through the provision of reports on activities.
- f) The conservation activities that are financed by the trust funds are mainly decided by the Government or, at least, submitted for approval. The management of these activities is, on the other hand, generally in private hands.
- g) Most of the available resources are spent during the year in which they are collected, meaning funds are generally not protected against inflation.
- h) Respondents reported that the source of funds is varied. Eleven of the trust funds described rely on self-renewing financial resources. It is worth noting that these resources are internalized in the utilization process itself, whereby funds are generated by the utilization of the biological resource through programmes ensuring its sustainability, such as taxes based on the export of specimens, CITES permits, hunting permits, forestry and forest products, eco-tourism, and the use of natural environments. Respondents also described a trust fund derived from its initial set-up capital, and funds that are complemented by yearly payments originating from fines resulting from anti-poaching, illegal trade and pollution control, and eco-tourism revenues and small-scale socio-economic projects. Some trust funds were identified that receive funds from international aid or through debt-for-nature swaps.

¹ *The Working Group, was made up of Burkina Faso, Canada, the Czech Republic, Japan, South Africa and Trinidad and Tobago under the chairmanship of France*

- i) Conservation trust funds support a wide range of actions of which many are directly related to CITES. These include field work on CITES-listed species, funding of training programmes, funding of educational programmes, combating poaching, combating illegal trade, purchase of land for species conservation purposes, incentives to rural communities to cohabit with wildlife, restoration of ecosystems, and restoration of wild populations.
- j) Conservation trust funds involving rural communities are those that generate the most actions.