

CONVENTION SUR LE COMMERCE INTERNATIONAL DES ESPECES
DE FAUNE ET DE FLORE SAUVAGES MENACEES D'EXTINCTION



Soixante et unième session du Comité permanent
Genève (Suisse), 15 – 19 août 2011

Questions stratégiques

ACCES AUX FINANCES, Y COMPRIS FINANCEMENT PAR LE FEM

1. Le présent document a été préparé par le Secrétariat.

Contexte

2. Le But 2 de la *Vision de la stratégie CITES pour 2008 à 2013* énoncé dans la résolution Conf. 14.2 entend assurer les ressources financières et les moyens financiers nécessaires pour le fonctionnement et la mise en œuvre de la Convention. Dans ce cadre, la Vision de la stratégie définit trois objectifs à atteindre:
 - a) *Objectif 2.1* Les moyens financiers sont suffisants pour garantir le bon fonctionnement de la Convention.
 - b) *Objectif 2.2* Des ressources suffisantes sont obtenues au niveau national/international pour garantir le respect et l'application de la Convention et la lutte contre la fraude.
 - c) *Objectif 2.3* Des ressources suffisantes sont obtenues au niveau national/international pour réaliser des programmes de renforcement des capacités.
3. Dans sa décision 15.20 (*Financement des projets relatifs à la conservation et à la gestion d'espèces*) adoptée à sa 15^e session (CoP15, Doha, 2010), la Conférence des Parties demande que le Secrétariat:
 - a) *en coopération avec les institutions financières internationales et les donateurs potentiels, envisage comment mettre en place des moyens pour assurer un financement pour appuyer la mise à disposition d'une assistance technique aux Parties à la CITES concernant la réglementation du commerce d'espèces sauvages (y compris des études de population sur lesquelles fonder des programmes de gestion); et*
 - b) *soumet[te] un rapport sur ses conclusions et ses recommandations à la 16^e session de la Conférence des Parties.*
4. Il est important de rappeler que, si la CITES dispose d'un fonds d'affectation spéciale assorti de revenus et de dépenses d'environ 5 millions d'USD par an, il n'existe pas de mécanisme financier permettant aux Parties de mettre en œuvre leurs engagements au titre de la CITES, à l'image du Fonds multilatéral pour l'application du Protocole de Montréal, lequel a permis au Protocole d'investir 2,6 milliards d'USD en faveur de sa mise en œuvre dans 148 pays depuis 1991.
5. Le Fonds pour l'environnement mondial (FEM) ne fait pas office de mécanisme financier pour la CITES. À l'heure actuelle, il sert de mécanisme financier pour quatre conventions. Chacune d'entre elles a prévu un mécanisme financier particulier dans son libellé et toutes ont vu le jour au lendemain du Sommet de Rio de 1992. Un bref descriptif du mode de fonctionnement du FEM figure aux paragraphes 14 à 20.
6. Le FEM ne constituant pas le mécanisme financier de la CITES, il n'est pas tenu de s'inspirer des orientations stratégiques générales de la Conférence des Parties à la CITES ni de traduire ces orientations

en critères opérationnels. En 2008, le Corps commun d'inspection des Nations Unies¹ a établi que "La CITES n'a jamais bénéficié du concours financier du FEM, ne serait-ce qu'indirectement par l'intermédiaire du guichet destiné à la Convention sur la diversité biologique". Depuis 1991, le FEM a accordé des aides de plus de 9,5 milliards d'USD aux pays habilités.

Progrès réalisés dans la mise en œuvre de la décision 15.20

7. Suite à la décision 15.20, le Secrétaire général de la CITES a rencontré la Présidente directrice générale du FEM à Washington D.C., Etats-Unis d'Amérique, le 24 septembre 2010. Au cours de cet entretien, la PDG du FEM a exprimé le souhait d'accroître la collaboration entre les deux organisations et a confirmé que, si des projets concernant des espèces inscrites aux Annexes de la CITES étaient soumis au FEM, elle les transmettrait au Secrétariat CITES pour observations.
8. Le 24 février 2011, le Secrétariat a publié la Notification aux Parties n°2011/022 encourageant ces dernières à agir de manière proactive avec leurs interlocuteurs opérationnels du FEM lors des consultations visant à établir les priorités au titre de l'exercice national de formulation des priorités du portfolio. La notification attirait également l'attention des Parties sur l'Objectif Cinq de la Stratégie pour la biodiversité du FEM-5 qui réserve des fonds à l'appui des Stratégies et plans d'action nationaux pour la biodiversité (SPANB). Cette notification avait été rédigée par le Secrétariat CITES en consultation avec le Secrétariat du FEM.
9. Toujours en février 2011, le Secrétariat a engagé un consultant, à l'aide d'un financement externe provenant de la Commission européenne, pour dresser une liste récapitulative des mécanismes de financement en place en faveur de la conservation des espèces inscrites aux Annexes de la CITES. Ce rapport aidera à soutenir l'adoption de mesures par les Parties pour atteindre les objectifs de la Convention et à intégrer la gestion durable et la régulation du commerce international des espèces de faune et de flore sauvages dans le portefeuille des fonds concernés.
10. Une première vue d'ensemble des mécanismes financiers existants établie par le consultant figure en annexe au présent document. Elle décrit brièvement les fonds existants, comme le FEM, l'utilité de ces mécanismes de financement, selon quelles modalités la CITES pourrait y prendre part et leur intérêt en ce qui concerne l'appui à la conservation des espèces inscrites aux Annexes de la CITES. Les opportunités et les difficultés à surmonter pour accéder à ces mécanismes de financement ainsi que d'autres approches novatrices pertinentes pour compléter les engagements publics et les dons en provenance d'organisations caritatives sont également abordées.
11. Les décisions prises par la Conférence des Parties à la Convention sur la diversité biologique (CDB) lors de sa CoP10 organisée à Nagoya en octobre 2010 ont ouvert de nouvelles possibilités pour la réalisation du But 2 de la *Vision de la stratégie CITES pour 2008 à 2013*. Les Parties à la CBD sont invitées à mettre à jour leurs SPANB d'ici à 2015 et, ce faisant, à tenir compte des synergies entre les différentes conventions relatives à la biodiversité.
12. Le Secrétariat CITES a également établi un guide complémentaire à l'intention des Parties à la CITES souhaitant réfléchir à l'inclusion de leurs stratégies et plans d'action nationaux CITES dans les SPANB révisés et actualisés. Le projet de guide figure en annexe à la Notification aux Parties n°2011/026 datée du 4 mai 2011 disponible sur le site web de la CITES.
13. Les activités classées prioritaires dans les SPANB des pays en développement et des pays en transition correspondant aux décisions de la CoP et à la stratégie pour la biodiversité du FEM seront plus à même d'attirer des ressources financières en provenance de sources variées, y compris le FEM lui-même. Il est important de noter que le FEM accorde des subventions à des projets menés par des pays et à des activités admissibles s'inscrivant dans le cadre d'une action plus vaste et non isolées. Toute activité qui ne s'inscrirait pas en complément d'un projet plus vaste ne répondrait pas à la stratégie du FEM-5 et, de ce fait, ne pourrait bénéficier d'un financement, même si elle faisait partie des SPANB. Une copie électronique de la Stratégie de la biodiversité pour le FEM-5 est disponible à l'adresse suivante:

http://www.thegef.org/gef/sites/thegef.org/files/documents/document/GEF-5_Bio_strategy.pdf

¹ Voir le rapport du JIU intitulé "Examen de la gouvernance environnementale dans le système des Nations Unies", inspecteur Inomata, page 25, paragraphe 112 (JIU/REP/2008/3); et l'ouvrage "Possibilities of enhancing co-operation and co-ordination among the MEAs in the biodiversity cluster" (2009) préparé par le Conseil des ministres des pays nordiques, page 41.

Le FEM en tant que possible mécanisme financier pour la CITES

14. Le FEM offre des ressources financières, entre autres, pour aider les pays en développement à atteindre les objectifs des conventions internationales sur l'environnement. Il sert de "mécanisme financier" à quatre conventions:
 - a) la Convention sur la diversité biologique;
 - b) la Convention-cadre des Nations Unies sur les changements climatiques;
 - c) la Convention des Nations Unies sur la lutte contre la désertification²; et
 - d) la Convention de Stockholm sur les polluants organiques persistants.
15. Ces conventions donnent des orientations stratégiques générales aux organes directeurs et consultatifs du FEM, à savoir le Conseil du FEM, le Groupe consultatif pour la science et la technologie et l'Assemblée du FEM. Le Conseil du FEM traduit ces orientations générales en critères opérationnels (lignes directrices) pour les projets FEM.³
16. La Stratégie de renforcement des capacités⁴ du FEM qui a été approuvée prévoit au paragraphe 23 que l'aide du FEM sera octroyée selon différentes modalités énoncées dans le projet de document figurant en annexe au présent document et sera conforme aux priorités en matière de renforcement des capacités établies par les conventions (et leurs protocoles) pour lesquelles le FEM fait office de mécanisme financier, dans le contexte général des priorités nationales.
17. La Cinquième reconstitution des ressources du FEM s'est montée à 4,25 milliards d'USD. La ventilation des montants attribués au FEM comprend 1,2 milliard d'USD en faveur de la biodiversité (soit une augmentation de 28%), cette somme se décomposant à son tour de la façon suivante:
 - a) 40 millions d'USD en faveur du renforcement des capacités dans le domaine de la biosécurité;
 - b) 40 millions d'USD en faveur du renforcement des capacités dans le domaine de l'accès et du partage des avantages;
 - c) 15 millions d'USD en faveur du renforcement des capacités relatives aux obligations de la CNULD.
18. En outre, des fonds d'un montant de 500 000 USD par pays ont été prévus en faveur d'activités habilitantes permettant de réviser les SPANB. Des financements en accès direct compris entre 25 000 et 50 000 USD par pays ont également été prévus pour l'établissement des rapports nationaux au titre de la CDB.
19. Dans la perspective du FEM-6 (qui démarrera au second semestre 2014), les Parties à la CITES pourraient demander au FEM de faire également office de mécanisme financier pour la CITES. A sa 16^e session (CoP16), la Conférence des Parties à la CITES pourrait décider d'accepter que le FEM joue le rôle de "mécanisme financier" pour la Convention et commencer à prendre des dispositions avec ce dernier pour établir une relation de travail au moyen d'un Protocole d'accord entre le FEM et la CITES.
20. Le Comité permanent pourrait prendre note du rôle joué par le Sommet mondial sur le développement durable en 2002, sommet au cours duquel une recommandation avait été soumise à l'Assemblée du FEM visant à faire de la dégradation des sols l'un des domaines d'intervention du FEM et à désigner cet organisme comme mécanisme financier de la CNULD, et ce dans la perspective de la prochaine Conférence des Nations Unies sur le développement durable qui se tiendra à Rio en 2012. La Conférence de Rio 2012 pourrait en effet offrir des opportunités à la CITES et à d'autres conventions relatives à la biodiversité. Le document en annexe décrit brièvement le processus mis en œuvre par la CNULD pour faire du FEM son mécanisme financier.

² Le FEM a finalement été confirmé dans son rôle de mécanisme financier pour la CNULD. Voir: <http://www.thegef.org/gef/node/3194>

³ Description tirée du site web du FEM – voir paragraphes 6 et 26 de l'Instrument pour la restructuration du Fonds pour l'environnement mondial (2008) pour un descriptif plus approfondi.

⁴ <http://www.thegef.org/gef/sites/thegef.org/files/documents/C.22.8%20Strategic%20Approach%20to%20Capacity%20Building%20FINAL.pdf>

Recommandations pour poursuivre la mise en œuvre de la décision 15.20

21. Pour aider le Comité permanent dans sa réflexion sur ce point, une approche pour la mise en œuvre de la décision 15.20 est proposée ci-après. Cette approche entend faciliter le recueil d'observations et de contributions techniques quant au document figurant en annexe de la part des Parties, d'institutions financières internationales, de donateurs potentiels et d'autres parties prenantes concernées.
22. Pour fournir une orientation, le Sous-comité des finances et du budget du Comité permanent de la CITES pourrait créer un groupe de travail sur l'accès aux sources de financement, notamment aux subventions du FEM. Ce groupe de travail pourrait communiquer par voie électronique en fondant sa réflexion sur la première vue d'ensemble des mécanismes financiers existants figurant en annexe. Il est recommandé, si ce groupe de travail devait voir le jour, qu'il se réunisse à une ou deux reprises en marge de la présente session et des prochaines sessions du Comité permanent.
23. Il est également recommandé que ce groupe de travail soit composé d'experts nommés par les gouvernements choisis sur la base de leurs compétences et en tenant compte de la nécessité de respecter un équilibre régional. Ce groupe de travail pourrait également comprendre des membres choisis parmi les représentants d'institutions financières internationales, de donateurs potentiels et d'autres parties prenantes concernées. Le Secrétariat pourrait offrir un soutien technique et administratif et s'acquitter de toute autre tâche qui pourrait lui être confiée par le Sous-comité des finances et du budget. Il incomberait au Sous-comité des finances et du budget de désigner un président et d'arrêter la composition du groupe de travail.
24. Le groupe de travail serait chargé de recenser, sur la base du document de travail fourni en annexe, les instruments financiers les plus prometteurs qui pourraient être mis à profit dans le contexte de la CITES, puis d'établir la suite des mesures à prendre pour adapter ces instruments financiers à la CITES.
25. Le groupe de travail rendrait compte de ses conclusions et recommandations à la prochaine session du Sous-comité des finances et du budget.
26. Sur la base des informations transmises à la 61^e session du Comité permanent, le président du groupe de travail, avec le concours du Secrétariat, finaliserait et soumettrait une série de recommandations pour étude et approbation à la CoP16.

Draft Paper on Different Possible Financial Mechanisms to Raise Funds for the Implementation of CITES*

Acknowledgement and disclaimer

* *This draft paper was prepared for the CITES Secretariat by Jyoti Mathur-Filipp (under Contract for Services No. 1-26-05-005) and includes contributions from the CITES Secretariat. Any opinions expressed in this draft are those of the author and do not necessarily reflect the views of the CITES Secretariat.*

I. Background

1. The Strategic Vision 2008-2013 of CITES adopted by the Parties has three inter-related goals. Goal 2 is to "Secure the necessary financial resources and means for the operation and implementation of the Convention." Further, Objective 2.1 says that "conditionality for a full operational Convention is that "Financial resources are sufficient to ensure operation of the Convention." Objective 2.2 states "Sufficient resources are secured at the national/international levels to ensure compliance with and implementation and enforcement of the Convention," and Objective 2.3 declares "Sufficient resources are secured at the national/international levels to implement capacity-building programmes."
2. Official Development Assistance marked as contributing to biodiversity conservation currently amounts to about US\$3 billion per annum. This is far short of the approximately US\$50 billion a year that reversing ecosystem loss and degradation is believed to require. This \$50 billion is equivalent to half of all funding allocated to Official Development Assistance each year. A preliminary finding from a study on The Economics and Environment of Biodiversity (TEEB) suggest that biodiversity loss could lead to a loss of 7 % of Gross World Production (GWP) by 2050. The major direct pressures on biodiversity – namely habitat loss and degradation, overexploitation, pollution, invasive alien species and climate change – are all either constant or increasing in intensity.

Financial requirements of effective CITES implementation

3. In paragraph 5 of document CoP15 Doc. 14, it is stated that:

"The costs of effective implementation of CITES entail the following:

- a) *Scientific and technical costs – incurred in, for example, assessing and monitoring population levels of species, analyzing the causes of declining populations, conservation and management activities (e.g. restoration of ecosystems, reintroduction programmes, compensation or incentive programmes for rural communities in contact with reintroduced wildlife, educational and capacity building programmes);*
 - b) *Administrative costs – for Parties these include the costs associated with processing applications for, and issuing, permits and certificates, managing permit information from issued/cancelled permits and certificates, managing national registers, reporting to the Secretariat, responding to the Secretariat's requests for information and the administrative costs of establishing trade legislation. For the Secretariat these costs are incurred in staffing and managing its work, including the provision of technical assistance and communicating with Parties, publishing and disseminating species listings and other reports, organizing technical and capacity-building workshops and collaborating with other Conventions and organizations, and providing recommendations to the CoPs for improving CITES implementation;*
 - c) *Compliance and enforcement costs – these include the management costs of staffing, training and equipping personnel for monitoring and enforcement, and collaborative activities with other authorities, such as police and Customs officials, in enforcing CITES export and import regulations and prosecuting violators of trade regulations. Operating an effective enforcement system is one of the major costs to Parties."*
4. This draft paper has been prepared in direct response to CITES' Strategic Vision 2008-2013 Goal 2. The CITES Secretariat is attempting to put together a list of existing instruments and some innovative financing mechanisms which might help in raising resources for the further implementation of the Convention.
 5. It must be noted here that a number of multi-lateral and bi-lateral donors are already providing funding for CITES implementation via their biodiversity and development programmes. A wide number of multi-lateral and bi-lateral agencies, including the World Bank, United Nations Development Programme (UNDP), United Nations Environment Programme (UNEP), Food and Agriculture Organization (FAO), the World Trade Organization (WTO), International Fund for Agricultural Development (IFAD), donor development assistance agencies (USAID, DFID, GTZ etc) and others are working on biodiversity conservation and sustainable development. These organizations have been working on biodiversity-related issues since the early 1990s and have well developed expertise on the issue. A number of ground-breaking work, including valuation of biodiversity, the Economics of Environment and Biodiversity (TEEB), ecosystems based climate change mitigation and adaptation efforts, green economy, protected areas and integrating biodiversity into development are being carried out through these organizations. The work does not

necessarily target CITES-specific activities but is integrated and incorporated into the biodiversity programmes being carried out by these institutions. Additionally, national governments make available, through their national budgets, domestic funding for conservation and sustainable development.

6. Since a large investment is already being directed at the implementation of CITES, it is recommended that a central tracking system be put in place which will allow for funds that are spent on the implementation of CITES be tracked.
7. The variety of existing instruments and some innovative financing mechanisms is covered in the following section.

II. Financing Mechanisms

A. The Global Environment Facility (GEF)

8. Parties can, through, the GEF receive support for implementation of projects and programmes for financing the agreed incremental costs of activities that can have a direct impact on CITES goals. The GEF is not, currently, a financial mechanism for CITES, but it has supported some of the CITES goals through funding projects that are related to the Convention on Biological Diversity (CBD) objectives because GEF is a financial mechanism of the CBD.
9. The GEF already supports the biodiversity focal area which can (and has already) provided some opportunities to make available resources that benefit the developing countries and countries with economies in transition to CITES through that financing window. Both CBD and CITES rely on many of the same underlying legal, regulatory, and institutional infrastructure capacities to manage biodiversity. Strengthening these capacities for implementation of the CBD can have the co-benefit of strengthening the capacity of countries to implement CITES (and vice versa). As a result, when evaluating a biodiversity project proposal, the GEF may be able to identify ways to deal with CITES-related issues. The Parties to CITES could request the biodiversity focal area to be expanded to include enhanced GEF support for sustainable, legal and traceable trade in wild fauna and flora.
10. Currently there is no formal mechanism for funding activities for CITES implementation through the GEF. However, Parties may wish to explore three options that can provide support through the GEF. These options are not mutually exclusive to each other and CITES Parties may wish to pursue the three at the same time:
 - i. Via the National Biodiversity Strategies and Action Plans (NBSAPs)
 - ii. Develop project(s) with GEF Agencies
 - iii. GEF to be designated as a financial mechanism for CITES

Via the National Biodiversity Strategies and Action Plans (NBSAPs)

11. Of interest to the CITES Parties, are the recent decisions adopted at the 10th meeting of the Conference of the Parties to the CBD, (Nagoya, 2010) on the development or updating of the NBSAPs that are of direct relevance to the implementation of the CITES Strategic Vision: 2008-2013. Most importantly, by including CITES relevant activities in the NBSAPs for developing countries and countries with economies in transition, these countries will be better placed to attract financial resources, including from GEF, as the financial mechanism of the CBD. The GEF provides financial resources to country-driven projects and activities that are aligned with COP decisions, the GEF biodiversity strategy and that are prioritized in NBSAPs. There is considerable scope for CITES national and regional actions being included in the NBSAPs.
12. In Decision X/2, the CBD Conference adopted a Strategic Plan for Biodiversity 2011-2020 and the Aichi Biodiversity Targets, which it recognizes as "a useful flexible framework that is relevant to all biodiversity-related conventions". In paragraph 3) of the same Decision, the CBD Conference urges CBD Parties to develop national targets in line with the Strategic Plan and to update their national biodiversity strategies and action plans (NBSAPs), where appropriate.
13. Moreover, in subparagraph 3 (f), it urges CBD Parties to: Support the updating of national biodiversity strategies and action plans as effective instruments to promote the implementation of the Strategic Plan

and mainstreaming of biodiversity at the national level, taking into account synergies among the biodiversity-related conventions in a manner consistent with their respective mandates.

14. Furthermore, in paragraph 3 of Decision X/5 on Implementation of the Convention and the Strategic Plan, the CBD Conference invites CBD Parties to:

Involve national level focal points of all the biodiversity-related agreements, as appropriate, in the process of updating and implementation of national biodiversity strategies and action plans and related enabling activities.

15. Finally, in paragraph 7. c) of the same Decision, it requests the CBD Executive Secretary, subject to the availability of resources, to: collaborate with the secretariats of other biodiversity-related conventions to facilitate the participation of national focal points of these agreements, as appropriate, in the updating and implementation of national biodiversity strategies and action plans and related enabling activities.
16. It would, therefore, be beneficial for Parties when revising and updating their NBSAPs, to consider integrating national and regional CITES activities that contribute to the effective implementation of the Strategic Plan for Biodiversity 2011-2020 and the Aichi Biodiversity Targets, and the conservation and sustainable use of wild fauna and flora, as appropriate.
17. The CITES secretariat has prepared a practical "how-to" Guide for Parties who may wish to consider the inclusion of their CITES national and regional actions into the revised and updated NBSAPs. This is available through www.cites.org. A notification to Parties inviting them to consider integrating CITES Strategic Vision into their NBSAPs was sent on 24 February 2011 by the CITES secretariat and is also available through www.cites.com.

Develop project(s) with GEF Agencies

18. Countries can use part of their allocation under the GEF "System for Transparent Allocation of Resources" (STAR) for biodiversity to develop global, multi-country or country-specific projects for CITES-related objectives if they fit within the GEF 5 biodiversity strategy. The GEF provides financial resources to Parties for activities that are presented by that country's GEF Operational Focal Point.
19. In some cases, the priorities may also be included in the national project portfolios that have been developed as a result of the National Portfolio Formulation Exercises (NPFES). The NPFES are designed to enable the eligible countries to select the projects for GEF resource programming covering the GEF-5 period. NPFES are currently on-going for the fifth replenishment period of the GEF (2010-2014) and are optional for countries.
20. Activities related to the protection of certain species of wild fauna and flora against over-exploitation through international trade could be included in such national plans or projects, if they are a priority for the country. Projects and programmes for sustainable use and conservation of species of wild fauna and flora that generate global environmental benefits identified during the deliberations of a country may be relevant for the further implementation of Resolution Conf. 10.4 (Rev. CoP14) and CITES Strategic Vision: 2008-2013, and lead to alignment of its goals with GEF-funded activities. Examples of three such projects are found in the following paragraphs.
21. **Project(s) for management of CITES-listed Species:** Under GEF Objective 1, the GEF could provide project support for the topic on how to: "Expand Threatened Species Representation: GEF will support the creation and effective management of new protected areas that extends the coverage of threatened species in protected area systems and improves the coverage of their spatial range." Species programmes are central to CITES and a number of projects can be developed with GEF Agencies for the expansion of the rangelands of threatened species. Management Authorities who wish to develop CITES-related projects should meet with their GEF Operation Focal Points and discuss the prioritization of the projects and the potential use of their STAR allocations for biodiversity.
22. These are examples of just three projects that countries can pursue but the list is not exhaustive. A list of other examples can be found in paragraph 33.
23. **Strengthening national capacity to tracking international wildlife trade based on lessons from the four pilot wildlife trade policy reviews:** CITES may wish to approach a GEF agency and collaborate to develop a full-sized multi-country GEF project (over USD 1M) to review trade policies of mega biodiversity

countries in support of CITES tracking systems and to enhance national capacity to establish e-permitting systems and review trade policies. All projects will have to be prioritized by the country and resources will have to be granted from the national GEF allocations under the System for Transparent Allocation of Resources (STAR) for biodiversity of the country.

24. Social, economic and environmental relationships play a crucial role in biodiversity conservation and in “mainstreaming” biodiversity concerns into the broader development context. Thus, a review of the wildlife policies of a country and the economic, social and environmental inter-relationships will increase the understanding of the implementation of CITES in a country.
25. Wildlife trade policy reviews and tracking systems for international wildlife trade are central to the implementation of CITES at a national level. This could lead to preparation of a project that can fit within the Objective 2 of the GEF Biodiversity Strategy for GEF 5 (attached as Annex 1). Project support will be provided to “Strengthen Policy and Regulatory Frameworks: GEF will support the development and implementation of policy and regulatory frameworks that provide incentives for private actors to align their practices and behavior with the principles of sustainable use and management. To this end, GEF interventions will remove critical knowledge barriers and develop requisite institutional capacities. This will include support for sub-national and local- level applications--where implementation can be more effective--of spatial land-use planning that incorporates biodiversity and ecosystem service valuation,” and “Produce Biodiversity-friendly Goods and Services: To increase production of biodiversity-friendly goods, GEF will focus its support on: a) improving product certification standards to capture global biodiversity benefits; b) establishing training systems for farmers and resource managers on how to improve management practices to meet certification standards; and c) facilitating access to financing for producers, cooperatives, and companies working towards producing certified goods and services.”
26. **Certification Projects:** Additionally, under Objective 2, GEF will also facilitate management of certification standards and help facilitate access to financing to produce certified goods and services. Certification offers market incentives for good forest management and sustainable production. Certification is also central to CITES implementation as all import, export, re-export and introduction from the sea of species covered by the Convention has to be authorized through a licensing system. Roughly 5,000 species of animals and 28,000 species of plants are protected by CITES against over-exploitation through international trade. Capacity building is required at many levels, from small forest managers, communities, small-scale producers to large companies to identify biodiversity (in case of CITES, the Appendices I and II listed species) they manage and use, to ensure sustainable practices and ultimately compliance with the Convention. In many cases, it may be the lack of awareness of the status of the species that leads to its over-exploitation. CITES-specific projects could look at developing global tools for recognizing species listed in Appendices I and II, awareness-raising activities targeted at different stakeholders as they affect and are effected by the species, and finally linking the national CITES permits and certification systems with the local businesses that use biodiversity in their supply chains to ensure they work towards producing certified goods. These can be done at global, regional or national levels, as appropriate.

GEF to be designated as a financial mechanism for CITES

27. The GEF is the largest financier of the global environment today. It was established in 1991 as a pilot programme. After the adoption of Agenda 21 and the UNFCCC and CBD at the Rio Conference in 1992, negotiations were initiated to restructure the GEF, which concluded in 1994 with the agreement of the Instrument for the Establishment of the Restructured Global Environment Facility. The instrument was amended in 2002 to add land degradation and POPs as GEF focal areas, in that light, in 2005 GEF was designated as the financial mechanism for UNCCD (land degradation only) and in 2010 was designated as the financial mechanism for the Stockholm Convention for POPs.
28. The CITES Parties could also formally request the GEF to become a financial mechanism for CITES. The Convention text does not specifically mention a financial mechanism, as do the texts of the Conventions for which it serves as a/the financial mechanism (or operating entity of the financial mechanism). The GEF finances the agreed incremental costs of country-driven projects and programmes that are aligned with COP decisions. However, a point to note is that the GEF funds only the incremental costs of global environmental benefits. It will, therefore, be important to identify, if this path is chosen, what are the global environmental benefits of CITES activities as seen by the GEF Council and Assembly, as well as how GEF financing might be managed at a national-level.
29. GEF as a financial mechanism for CITES: For GEF 6 (which starts in mid-2014), CITES Parties may wish to request the GEF to be a financial mechanism for CITES as well. The COP could, at its next meeting, decide to accept the GEF as a CITES “financial mechanism” and commence to make arrangements with

the GEF to establish a working relationship through a Memorandum of Understanding between the GEF and CITES COP. The GEF is the financial mechanism, so far, of Conventions that have specified a financial mechanism in their text and are all post-Rio. Since CITES does not mention a financial mechanism in the text, this will have to be further explored legally with both the GEF Secretariat and Council. Annex III broadly describes the process used by the UNCCD to designate the GEF as a financial mechanism for the Convention. Parties may wish to take note of role of the WSSD in 2002 in making a recommendation to the GEF Assembly to designate land degradation as a focal area of the GEF and the GEF to be designated as a financial mechanism of the UNCCD in light of the upcoming United Nations Conference on Sustainable Development in 2012 in Rio. Rio 2012, as this Conference is being referred to, may offer opportunities for CITES and other biodiversity-related Conventions.

30. CITES-Specific Project Ideas: Besides project ideas listed in paragraphs 21-28, examples of other projects include capacity building projects to enhance the monitoring and enforcement of wildlife trade controls, controlling illegal export and import of species parts and derivatives, forensic technology, permits and certificates, science-based establishment and implementation of voluntary quotas, electronic permitting systems for trade, wildlife supply chains, introduction from the sea issues, "non-detriment findings" etc. All these examples of projects can potentially be developed under the current biodiversity strategy for GEF 5.

Administration of the GEF

31. The GEF has a membership of 182 governments with six focal areas: biodiversity, climate change, international waters, land degradation, the ozone layer, and persistent organic pollutants and serves as a/the financial mechanism (or operating entity of the financial mechanism) for four Conventions: Convention on Biological Diversity (CBD), United Nations Framework Convention on Climate Change (UNFCCC), Stockholm Convention on Persistent Organic Pollutants (POPs) and UN Convention to Combat Desertification (UNCCD).
32. Any State that is a member of the United Nations or any Specialized UN Agency may become a participant in the GEF. All participants meet as an Assembly once every four years to coincide with the Replenishment. The Assembly reviews policy and operations of the GEF and approves amendments, if any, to the Instrument. The Council has the key decision-making and policy-guidance powers of the GEF. The Council consists of 32 members representing constituency groupings weighted between recipient and donor countries. The GEF Secretariat carries out the administrative functions. The Secretariat is accountable to the Council and is headed by a Chief Operating Officer (CEO) who also is the co-Chair of the Council. Ten GEF Agencies identify, develop and manage the GEF projects.
33. A country may be an eligible recipient of GEF grants if it is eligible to borrow from the World Bank (IBRD and/or IDA) or if it is an eligible recipient of UNDP technical assistance through its country Indicative Planning Figure (IPF).

B. Save Our Species Programme

34. The SOS programme is a partnership between the International Union for Conservation of Nature (IUCN), the World Bank and the GEF, managed and executed by IUCN. SOS is intended to be long-term programme to improve the conservation status of globally threatened species. The first five years of the programme will be financed through a grant to IUCN from the GEF (USD 4.9M) and co-funding from the World Bank's Development Grant Facility (USD 5M) over three years. Additionally, co-funding from both IUCN and Fonds Français pour l'Environnement Mondial (FFEM) will add another USD 3.9M. SOS will raise additional funding from international corporations, foundations, individual donors and governments for long-term sustainability of the programme. The primary target for raising additional funds will be the private sector. SOS will attempt to develop partnerships with key private sector partners to enable a sustained revenue stream.
35. SOS has been set up to provide grants for conservation of globally threatened species. It will support "on-the-ground action" and be guided by species identified as priorities in the IUCN Red List and SSC Species Profiles and Action Plans. SOS will provide grants from USD25,000 to USD800,000 for threatened species to civil society, individuals or organizations working on species identified under the strategic directions. Grants will be awarded according to 3 strategic directions: (1) threatened species; (2) vulnerable ecosystems; and (3) corporate priorities (species or species conservation actions of particular interest to corporate and private sector donors). For the first year's pilot grants, it has been agreed that the following strategic directions will be supported: (1) threatened species: a) Asian mammals, b) threatened amphibians, and c) threatened birds; (2) vulnerable ecosystems: a) oceanic islands, b) tropical mountains; and (3) corporate priorities (species or taxonomic groups or species conservation actions of particular

interest to corporate and private sector donors). For more information on the SOS programme and to access the latest information, application forms etc., please visit www.sospecies.org.

36. The CITES secretariat will be represented as an observer in the Donor Council that has been set up to guide the strategic direction of the SOS programme.

C. Other Financial Instruments

37. CITES Parties may wish to explore other financial instruments as a means to raise adequate funding for the implementation of the Convention. In this section, some traditional and emerging financial instruments are discussed, including some innovative financing mechanisms involving the private sector. However, managing some of the instruments and mechanisms internationally may have to be explored further. Annex IV is a selection of on-going successful biodiversity-wide financial instruments that could be emulated and adapted for CITES. Below are some CITES-specific financial instruments.

Conservation Trust Funds

38. Conservation Trust Funds (CTFs) are financial instruments designated by governments a) to manage a sum of money, the use of which is earmarked by law (or not) specifically for wildlife conservation; b) to manage this sum independently of other funds such as a State budget or the budget of the body administering the sum in question. A survey on the use of CTFs to support CITES was conducted in 2002 and documents the use of CTFs in CITES implementation. The survey indicated that source of funding for the CTFs varied ranging from national legislation to taxes on export of specimens, hunting permits, CITES permits, forestry and forest products and eco-tourism. The CTFs funded a wide range of CITES activities, including, amongst others, field work on CITES-related species, training programmes, purchasing of land for conservation, restoring ecosystems and wild flora and fauna populations. It may be useful to conduct another survey on CTFs as this is an extremely useful mechanism for financing CITES-related activities.

Fees for Issuing CITES Documents

39. The Analysis of Parties' Biennial Reports on Implementation of CITES 2005-2006 and 2007 to 2008 and An Analysis of the Charging Regimes Implemented by CITES Parties (October 2010) indicates that three-quarters of the Parties charge a fee for CITES-related activities. Parties most frequently charged for the issuance of CITES documents and that their charging regimes were dependent on permit types, the taxonomic group involved, the purpose of the transaction, or other factors. The questionnaire that Parties were requested to complete, further indicated that the issuance of CITES permits generated most of the annual revenue which contributed to the government budget for CITES implementation, although the extent of cost recovery was only partial in most cases. Charges were most frequently in place for import permits, export permits and re-export certificates, although other certificate types were charged for by fewer Parties. Since the fees are an important instrument for raising funds for the implementation of CITES, the Parties may wish to explore this further.

Fines from Illegal Trade in Species protected under Appendices I and II

40. Parties may also wish to pursue the payment of fines charged from illegal trade in species protected under Appendices I and II in to CITES fund. There is a big demand worldwide for rare, protected species, which are smuggled, to avoid not only paying duties but also because their trade is protected and subject to regulations. Countries may wish to consider levying hefty fines on those that commit illegal trade, which essentially, in a number of countries is also a crime. Fines are currently levied on the perpetrators of illegal trade but a common scheme to levy fines worldwide could be considered by the Parties with a portion of the monies from the fine being set aside for global CITES implementation. These monies could be directed to the fund mentioned in paragraph 59.

D. Innovative Financing Mechanisms

Introduction

41. A range of innovative approaches exists to harness untapped resources to advance the interrelated causes of environmental sustainability, development and health. In the case of the environment, the focus is on multi-stakeholder tools to find long-term, economically viable means for meeting challenges such as environmental protection, climate change and sustainable development.

42. Substantial effort is required to identify opportunities and available capital and to structure solutions that lead various stakeholders including governments, multi-laterals, NGOs, Sovereign Wealth Funds (SWFs) to support CITES activities.
43. The health sector has taken the lead in finding additional, sustainable revenue streams to complement ODA and while no formal definition for this domain of activity – described as innovative financing exists, and given the diversity of instruments that have been described as being financially innovative, it is useful to consider the following key principles used to identify innovative financing initiatives:
 - **Scaling-up:** Innovative financing should significantly increase available resources to reduce the current aid shortfall;
 - **Additionality:** Innovative financing should raise funds in addition to ODA and must not replace it;
 - **Complementarity:** Innovative financing should raise more funds to be spent through existing organizations; it should not create new structures or add complexities to the development landscape;
 - **Sustainability / Predictability:** Innovative financing solutions should aim to create predictable and sustainable funding streams to allow for planning and long-term investments; and
 - **Aid Effectiveness:** Innovative financing mechanisms should comply with the principles of the 2005 Paris Declaration on Aid Effectiveness and the 2008 Accra Agenda for Action.
44. In addition to these principles, the World Bank has put forward a very broad definition of innovative financing for development describing it “as non-traditional applications of solidarity, public-private partnerships, and catalytic mechanisms that (i) support fund-raising by tapping new sources and engaging investors beyond the financial dimension of transactions, as partners and stakeholders in development; or (ii) deliver financial solutions to development problems on the ground.”
45. The main categories of innovative financing activities to date, are listed in Annex II. It should be noted that many of these initiatives are still in the pilot phase, or remain small in scale.
46. For the purposes of this analysis, some proven innovative financing initiatives from the health sector have been identified and describe analogous activities that could be considered for resource mobilization for CITES convention implementation.

Building long-term revenue pools for CITES

47. CITES can develop a pool of capital to finance its vital activities through a range of approaches including “front-loading” via bonds, future commitments of government support; by adopting an endowment approach nurturing and growing funding obtained through trust funds or offsets revenues.
48. Social bond issues remain a promising revenue stream as illustrated by the case of vaccination bonds. Launched in 2006 by the United Kingdom government, The International Finance Facility for Immunization (IFFIm) issues bonds on the capital markets and thereby converting long-term government pledges into immediately available cash to rapidly accelerate the availability and predictability of funds to finance vaccination programs in the 70 poorest countries. IFFIm has been joined by six other governments which have together pledged to contribute US\$ 5.3 billion over 20 years with these pledges being used to repay the IFFIm bonds. IFFIm has to date raised more than US\$2.77 billion for immunization programs and as a result 250 million children have been vaccinated and 5 million premature deaths averted.
49. Given the appetite for social investment products in countries such as Japan, a CITES-linked bond issue may be attractive to financial institutions. The pre-requisites for such an initiative include commitments of governments to provide future funding (thereby guaranteeing that the bond receives a AAA rating); a financial institution partner that wishes to lead the bond issue; evidence of individual and institutional investor interest in the bond and a Special Purpose Vehicle (SPV) for the bond issuance.

Private sector and consumer-focused initiatives for CITES

50. Options for win-win partnerships with the private sector, be these industries, the financial sector or consumers are manifold. They range from offsetting negative environmental impacts through investment in conservation, to developing and marketing financial products that generate revenue for CITES activities to leveraging consumer interest in conservation. In a recently published review of impact investing (investing private capital, on a large scale for social benefit), J.P. Morgan and The Rockefeller Foundation (2010) claim that investments focused on the basic needs of the “bottom of pyramid” (including housing, water and sanitation, education, maternal health and agriculture) constitute a new asset class (impact investing)

that has substantial potential in terms of both scale (up to US\$ 1 trillion in investment opportunities over the next decade) and returns. The vast majority of socially aware investment is posited to the financial sector (including asset managers, investment funds, pension funds, sovereign wealth funds, insurance companies and financial institutions) investing in opportunities that positively impact on health, the environment and development. There is a growing body of examples from sectors such as education showing that impact investments can generate “private equity like” returns or better.

51. CITES is very effective brand. All companies that use flora and fauna in their supply chains are aware of the Convention, compliance and permit and certification procedures. However, the heaviest cost burden is often borne by the producer country (mostly developing countries). This is particularly the case for scientific and enforcement costs, which are largely incurred domestically (often in producer countries) while the benefits achieved by these expenditures are global. Economic values (existence and others) of globally significant species do not translate into direct economic benefits for the producer countries.
52. An example of a successful consumer-focused initiative from the health sector is Product (RED) established in partnership with international brands such as American Express, Apple, Gap or Converse and Starbucks. Since 2006, (RED) has donated more than US\$ 150 million derived from a percentage of the profits from these companies’ (RED)-branded products. (RED) is one of the few innovative financing for health instruments that leverages new funding sources. Since its launch in 2006, (RED) has donated approximately US\$154 million to the Global Fund.
53. A similar initiative could be launched with companies that use CITES-listed species in their supply chains. The initiative could be targeted to the luxury brands that are aware of CITES and require CITES permits for producing products. For example, watch straps, handbags, shoes, clothing etc. However, the modality for setting up such an initiative will have to be developed. It should also be noted that there is a panoply of socially aware consumer-facing initiatives and that a certain level of “fatigue” has built up amongst retail customers – hence any CITES-related activity would need to be extremely innovative and impactful if it is aimed to generate any significant revenue.

Building partnerships with emerging economies to mobilize financial resources for CITES

54. Innovative financing can play an important role in building partnerships for strengthening species protection by ensuring that countries that generate wealth through natural resources and manufactured goods exports are encouraged and supported and deploying some of this wealth towards supporting CITES objectives.
55. Further research is required to design offerings that cater for the more “mercantile” approach of wealth pools in the emerging economies to health and the environment. It is important to seek win-win propositions where supporting CITES financially would generate tangible benefit to an emerging economy.

A CITES Administered Species Trust Fund

56. As discussed above, there are many revenue streams that can be tapped using traditional and innovative financing instruments and mechanisms. CITES Parties may wish to explore setting up a new trust fund administered by CITES to use as co-funding for projects that are funded through other organizations like the GEF, EU, SOS Programme etc. In many and all cases, projects require co-financing from other sources. In the case of GEF, which only funds the incremental cost for global environmental benefits, a number of CITES activities that have national benefits, can be funded through this trust fund. Also, a co-financing trust fund, which does not approve projects but provides additional funding, can prove to be extremely effective in ensuring that CITES objectives are indeed implemented during the execution of biodiversity projects. The trust fund would be a way of guarantying that CITES Strategic Vision 2008-2013 and targets are being implemented. The modalities for a trust fund will have to be determined.

Annex 1 – Examples of Innovative Financing Mechanisms from the Health Sector

Debt Relief Initiatives

Debt to Nature Swaps / Debt2Health
Heavily Indebted Poor Country (HPC) Initiative
Buy Downs (the Polio Campaign)

Tax Incentives

UNITAID
Tobin/currency transaction tax
Tax Relief for donating key medicines
Lottery

Consumer Marketing Programmes

Case related Product marketing (RED)
Voluntary contributions via credit cards
Solidarity contributions
Electronic billing based fundraising

Drug Producer Incentives

Targeted exclusions from patent rights
Global supplier subsidies (ACT)
Cost sharing for clinical trials
Product development partnerships
R&D Funds for neglected diseases
Incubator for companies focused on neglected diseases
Priority review vouchers
Prizes for scientific advances

Collective Bargaining Schemes

Innovative purchasing (PAHO fund)
Global pooled procurement
International drug price negotiations

Results-based Giving

Results based sequences of loans and grants
Incentives for continuous product improvements
Conditional Cash transfer

Revenue Pools

Bond issues for frontloaded programmes (eg. IFF and IFF-Im, GAVI)
Aid-smoothing fund
Trust funds for later

Risk-Pooling Initiatives

Advance market or purchase commitments
Infrastructure guarantee facility
Risk insurance for natural disasters
Scientific risk insurance
Donor first loss funds
Portfolio investment vehicle for neglected diseases

Bottom-of-the-Pyramid Incentives

Microfinance
Private equity investing with enhancements
Tripartite venture capital firms
Angel / patient equity investing (SMEs or GBOs)

Expanded Access to Care

Franchising of primary health care or pharmacies
Extension of employer health financing to broader populations
Voucher Programmes

Innovative Financial Products

IP-backed securities
Global premium saving bond
Socially responsible investments
Ethical funds
Global development bonds

Annex 2 - Process Followed by UNCCD to Designate GEF as its Financial Mechanism

In 1992, the General Assembly adopted resolution 47/188 which called for the establishment of an intergovernmental negotiating committee (INC) for the elaboration of a convention to combat desertification in those countries experiencing serious drought and/or desertification, particularly in Africa (INCD). Between May 1993 and June 1994 the INC met five times and drafted the UNCCD and four regional implementation annexes for Africa, Asia, Latin America and the Caribbean, and Northern Mediterranean (a fifth annex for Central and Eastern Europe was adopted during COP 4 in 2000). The UNCCD entered into force on 26 December 1996.

The GEF Council, in December 1999, approved the document Clarifying Linkages between Land Degradation and the GEF Focal Areas: An Action Plan for Enhancing GEF Support. This allowed land degradation projects to be funded through the GEF focal areas. Following the above Council initiative, in December 2000, the fourth meeting of the UNCCD COP adopted a decision on the Council initiative to explore the best options for GEF support of UNCCD implementation. In October 2001, the COP supported a proposal by the GEF to designate land degradation as another focal area for GEF funding

In 2002, the WSSD called on the “Second Assembly of the Global Environment Facility (GEF) to take action on the recommendations of the GEF Council concerning the designation of land degradation (desertification and deforestation) as a focal area of GEF as a means of GEF support for the successful implementation of the Convention to Combat Desertification; and consequently, consider making GEF a financial mechanism of the Convention, taking into account the prerogatives and decisions of the Conference of the Parties to the Convention, while recognizing the complementary roles of GEF and the Global Mechanism of the Convention in providing and mobilizing resources for the elaboration and implementation of action programmes.”

Following the WSSD, in 2002, the GEF Assembly expanded GEF’s mandate by adding land degradation to the portfolio and designating it the financial mechanism of the United Nations Convention to Combat Desertification.

The GEF Council adopted on 16 May 2003 in Washington, D.C., the operational modalities on sustainable land management that would designate land degradation, primarily desertification and deforestation, as the fifth focal area of the fund.

On September 2003 the Conference of the Parties of the UNCCD accepted the GEF as a financial mechanism of the Convention. In 2005 at COP 7 the Parties developed an MOU between the GEF and UNCCD.

At the fourth GEF Assembly in May 2010, the Instrument for the Establishment of the Restructured GEF was amended making the GEF available to serve as a financial mechanism of the UNCCD.