

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

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Sixty-fifth meeting of the Standing Committee  
Geneva (Switzerland), 7-11 July 2014

Strategic matters

ACCESS TO FINANCE, INCLUDING GEF FUNDING AND INNOVATIVE MECHANISMS

1. This document has been prepared by the Secretariat. It is structured in three sections that briefly report on progress made regarding: Access to finance for implementation of Decisions from the 16th meeting of the Conference of the Parties (CoP16, Bangkok, 2013); Access to Global Environment Facility (GEF) Funding; and Innovative finance mechanisms.

Background

2. Goal 2 of the *CITES Strategic Vision 2008-2020* aims at "[securing] the necessary financial resources and means for the operation and implementation of the Convention". Within the framework provided by this Goal, the Strategic Vision identifies three objectives:

*Objective 2.1: Financial resources are sufficient to ensure operation of the Convention.*

*Objective 2.2: Sufficient resources are secured at the national/international levels to ensure compliance with and implementation and enforcement of the Convention.*

*Objective 2.3: Sufficient resources are secured at the national/international levels to implement capacity-building programmes.*

3. Pursuant to Goal 2 of the Strategic Vision, the Secretariat submitted several documents on *Access to finance, including GEF Funding and Innovative Mechanisms* for consideration at the 61st and 62nd meetings of the Standing Committee (SC61, Geneva, August 2011; SC62, Geneva, July 2012) and at CoP16. Three main areas of work were identified:
  - a) Maintaining and expanding the current fund-raising activities for CITES implementation (in partnership with other organizations);
  - b) Exploring the possibility of designating the Global Environment Facility (GEF) as a financial mechanism for CITES; and
  - c) Developing an innovative-financing portfolio and increasing ownership of implementing Parties through co-financing.
4. At SC61, the Standing Committee requested its Finance and Budget Subcommittee to establish an intersessional working group on "Access to finance, including GEF funding" to assist in the consideration of these three areas. At CoP16, the Conference of the Parties adopted Decision 16.8 requesting the Standing Committee to continue its intersessional working group. This group shall provide guidance on how to secure funding to support the provision of technical assistance to CITES Parties and the Secretariat.

Section one - Access to finance for implementation of CoP16 Decisions

5. Since CoP16, the Secretariat has been active in raising external funds and reaching out to multiple donors and the private sector to implement the new listings in the Appendices as well as the CITES Resolutions and Decisions adopted at CoP16. The Secretariat has thus raised USD 2,484,599 for the implementation

of CoP16 Resolutions and Decisions. This amount includes generous contributions provided by the Governments of Thailand, as Host of CoP16, and Mexico, as Host of the 27th meeting of the Animals Committee and the 21st meeting of the Plants Committee. The details are set out in Table 1 below and should be read in conjunction with paragraphs 6 and 7 of document SC65 Doc. 9.2.

Table 1. Contributions to the implementation of Decisions adopted at CoP16

Implementation of CoP16 Decisions		
Main donors 2013-2014	USD	%
European Commission	910,000	36.63%
United Kingdom	606,244	24.40%
Thailand hosted CoP16	246,441	9.92%
United States of America	225,653	9.08%
Norway	218,830	8.81%
Japan	120,000	4.83%
Mexico hosted AC/PC meetings	64,114	2.58%
Hong Kong SAR, China	51,600	2.08%
Switzerland	41,717	1.68%
<b>Total</b>	<b>2,484,599</b>	

*Special earmarked projects for marine species and elephants*

- At CoP16, the European Union announced a contribution of around EUR 700,000 to monitor captive-breeding operations and EUR 1.2 million to assist developing countries in their implementation of the new listings of sharks and manta rays in the period 2013-2015. The project “Strengthening capacity in developing countries for sustainable wildlife management and enhanced implementation of CITES wildlife trade regulations, with particular focus on commercially-exploited aquatic species” was approved by the donor in October 2013 and is being implemented in close consultation with the Fisheries and Aquaculture Department of the United Nations Food and Agriculture Organization and other partners.
- In April 2013, the European Commission granted EUR 2 million under its Thematic Programme for the Environment and Natural Resources (ENRTP) to enable the MIKE programme (Monitoring the Illegal Killing of Elephants) to continue operations in Africa for two years (2013-14). This phase, named MIKE 3.0, aims to consolidate the achievements of the previous two phases, taking advantage of key lessons learned to ensure that the ranger-based monitoring systems implemented at sites are consistent with site-level capacity. MIKE 3.0 also seeks to establish sustainable mechanisms for training in collaboration with appropriate training institutions. In pursuit of sustainability, MIKE 3.0 works to ensure that monitoring systems are relevant to conservation and adaptive management requirements at all levels, from field sites through national authorities to subregional institutions and the international community.

Table 2. Special earmarked projects

Activity	2013-2014
Captive breeding (EUR)	700,000
Marine species (EUR)	1,200,000
MIKE 3.0 (EUR)	2,000,000
<b>Total (EUR)</b>	<b>3,900,000</b>

*MIKES*

- A new project, called “Minimizing the Illegal Killing of Elephants and other Endangered Species” (MIKES), has been submitted for approval to the European Union, through the European Commission. The implementation period is 54 months and the total cost is estimated at EUR 13,708,000. If approved, the

European Union will finance a maximum of EUR 12,335,000 (equivalent to 90% of the estimated total eligible cost).

9. The MIKES project will build on the highly successful MIKE programme, which has been implemented together with African Elephant range States by CITES, with the support of the European Commission, from 2001 until the present day. MIKE was designed to generate reliable and impartial data on the status of, and trends in, African elephant populations, illegal killing and illegal trade in ivory, as a basis for international and range State decision-making and action concerning elephant conservation.
10. MIKES will expand the focus beyond elephant populations to include: a) other CITES-listed flagship species threatened by international trade; b) initiatives aimed at minimizing the impact of poaching and the illegal trade on the target species, in particular through efforts to strengthen the capacity and capabilities of law-enforcement agencies to combat poaching at both site level and national level; and c) piloting of the MIKE programme's successful adaptive management and monitoring approaches in selected sites in the Caribbean and Pacific regions.
11. The European Union announced its support to MIKES during the African Elephant Summit (2-4 December 2013, Gaborone, Botswana). The programme is expected to improve the protection of elephants, great apes and rhinoceroses in Africa, as well as other species, such as marine turtles in the Caribbean and the Pacific. It will strengthen the monitoring of animal populations and poaching, help to improve law enforcement in the fight against illegal killing, through training and operational support, and establish an emergency response system for sudden increases in illegal killing and trade.
12. MIKES is expected to be financed from the 10th European Development Fund with EUR 12.3 million and will run for the period 2014-2018. It will be implemented by the CITES Secretariat in collaboration with 31 African elephant range States as well as in selected protected areas in the Caribbean and Pacific regions.

#### *Sponsored delegates project*

13. The Sponsored Delegates Project for CoP16 raised a total of USD 659,941 that allowed the Secretariat to provide financial assistance to 86 out of the 170 countries represented, and ensured the participation of 147 delegates from these developing countries. On behalf of these delegations and the entire CITES community, the Secretariat would like to express its thanks to the governments of Austria, Canada, China, Finland, Germany, the Netherlands, Norway, Sweden, the United Kingdom of Great Britain and Northern Ireland, and the United States of America, as well as the Government of Nunavut and AAGE Jensen Charity Foundation, African Development Bank, Asian Development Bank, Loro Parque, Pew Environment Group and the World Association of Zoos and Aquariums for their financial contributions.
14. In 2014, the Secretariat has received a financial contribution of USD 30,000 from the National Oceanic and Atmospheric Administration (NOAA) of the United States, to sponsor the participation of delegates from developing countries of Africa and Central and South America and the Caribbean to attend meetings of the Standing and Animals Committees.

#### Section 2 - Access to GEF Funding (Decision 16.2)

15. At CoP16, the Conference of the Parties also decided to defer consideration of a financial mechanism for CITES, such as the GEF, to its 17th meeting, taking into account the progress achieved under Decision 16.2, on *A Financial mechanism for CITES*, as follows:

##### *The Secretariat shall:*

- a) *in collaboration with the CBD Secretariat and in consultation with the GEF Secretariat, explore the necessity and feasibility as well as the legal and other implications of the GEF becoming a financial mechanism for CITES;*
- b) *report on progress on its findings at the 65th meeting of the Standing Committee, for consideration of the risks, benefits, necessity and implications, in order to get further guidance in preparation for the 17th meeting of the Conference of the Parties;*
- c) *convey Resolution Conf. 16.2 and Decision 16.2 to the GEF Council, through the Chief Executive Officer and Chair of the GEF;*

- d) *continue, in collaboration with the CBD Secretariat, to explore a closer working relationship with the GEF to enhance its biodiversity strategy in GEF-6 by strengthening the species-based component; and*
- e) *convey CITES priorities to the GEF for it to take them into account when developing the biodiversity strategy in GEF-6, consistent with the mandate of the GEF.*
16. Considerable progress has been achieved since CoP16 on how access to GEF funding could be facilitated for CITES Parties. During this period, the Secretariat's efforts have been mainly focused on implementing paragraphs c), d) and e) of Decision 16.2 by ensuring that GEF6 included opportunities for Parties to access GEF funding to address CITES-related issues.
17. On 2 April 2013, the CITES Secretary-General conveyed Resolution Conf. 16.2, on *Financing and the costed programme of work for the Secretariat for the triennium 2014-2016*, and Decision 16.2 to the GEF Council, through the Chief Executive Officer and Chair of the GEF. On 4 July 2013, the Secretariat welcomed the inclusion in the GEF-6 Draft Programming Strategies, under the Biodiversity Focal Area Strategy, of a programme for Reducing Widespread Poaching of African Elephants and Rhinos and Illegal Trafficking of Elephant tusks and Rhino Horns.
18. The final version of the GEF-6 Biodiversity Strategy, submitted for consideration at the Fifth GEF Assembly under Agenda Item 8, encompasses four objectives and is composed of 10 programmes. The strategy is contained in the Report on the Sixth Replenishment of the GEF Trust Fund<sup>1</sup>. (See especially paragraphs 38 to 45 of that document.)
19. The Second objective of the GEF-6 Biodiversity Strategy (BD2) is to reduce threats to globally significant biodiversity. Program 3, under this objective, is entitled "Preventing the Extinction of Known Threatened Species". This programme recognizes that "illegal trade in wildlife and wildlife parts is an emerging driver of biodiversity loss", and that "poaching at the current scale undermines the rule of law and economic development generally". Annex IV of that document contains a map of large scale ivory seizures 2009-2011, which uses CITES poaching statistics on elephants populations and the subsequent illegal trade in their tusks.
20. According to Program 3, "GEF will support strengthening decision making processes including legislation and its implementation, strategic planning, and capacity of national agencies in Africa engaged in reducing poaching and illegal trade of tusks, horns and associated by-products." GEF will complement anti-poaching work in Africa through a similar array of interventions at source sites for rhinos, elephants and other wildlife in Asia. (See paragraphs 42 and 44 of the document mentioned in paragraph 17.)
21. This programme enables Parties that are eligible to seek additional GEF funding, within the context of the Biodiversity Action Plan, Aichi Target 12 and the NBSAPs, to finance their efforts to tackle wildlife crime and ensure sustainable use of their wild fauna and flora. The CITES Secretariat is in discussion with GEF implementing agencies on how to further assist Parties in this regard.
22. Two important seminal steps appear to have generated necessary impetus to advance this issue. The first one was the opportunity given to the CITES Secretary-General to address<sup>2</sup> the 41st Council meeting of the GEF, held from 8 to 11 November 2011. The second was the subsequent agreement adopted by the GEF Council at that meeting, "that the GEF Secretariat would organize a meeting of Biodiversity-related conventions with the Secretariat of the Convention on Biological Diversity to facilitate the coordination of their priorities for possible inclusion in the GEF-6 programming strategy."
23. The meeting on which the GEF Council had agreed took place in Geneva from 2 to 3 September 2013, and was attended by the heads of the Conventions of the liaison group of biodiversity-related conventions. The meeting considered the relationship between its members and the GEF, including the question of how to help countries to access GEF funding to implement projects that harness synergies amongst the biodiversity-related conventions while being consistent with the GEF mandate. By including reference to the *Strategic Plan for Biodiversity and Aichi Targets* in the *CITES Strategic Vision 2008-2020*<sup>3</sup>, the Conference of the Parties has opened up the GEF biodiversity window to species-specific issues that

<sup>1</sup> [http://www.thegef.org/gef/sites/thegef.org/files/documents/GEFA.5.07\\_Report\\_on\\_the\\_Sixth\\_Replenishment\\_of\\_the\\_GEF\\_Trust\\_Fund\\_May\\_13\\_2014.pdf](http://www.thegef.org/gef/sites/thegef.org/files/documents/GEFA.5.07_Report_on_the_Sixth_Replenishment_of_the_GEF_Trust_Fund_May_13_2014.pdf)

<sup>2</sup> [http://www.cites.org/eng/news/sg/2011/20111108\\_GEF.php](http://www.cites.org/eng/news/sg/2011/20111108_GEF.php)

<sup>3</sup> <http://www.cites.org/eng/res/16/16-03.php>

contribute towards achieving relevant Aichi Targets, especially but not exclusively Target 12. For more information on the results of this meeting and the link to the full report see document SC65 Doc. 16.7.

24. The GEF Secretariat has noted that additional funding for activities of biodiversity-related conventions other than the Convention on Biological Diversity (CBD) may be obtained from the GEF if the activities contribute to the achievement of the *Strategic Plan for Biodiversity 2011-2020 and its Aichi targets*, and has suggested that a joint approach by the conventions may facilitate country access to funding and that such an approach should be further discussed at the fifth meeting of the Ad hoc open-ended Working Group on Review of Implementation of the CBD Convention. The matter will be discussed under agenda item UNEP/CBD/WGRI/5/5<sup>4</sup>.
25. The CITES Secretariat attended the Fifth GEF assembly and associated meetings, held in Cancun in the week of 25 May 2014. Several side-events addressing the issues of illegal wildlife trade, rebuilding global fisheries, transforming biodiversity finance, knowledge management, biotrade, and other topics were covered. The Secretariat welcomed the GEF-6 Biodiversity Strategy approved by the Fifth GEF Assembly on 28 May 2014<sup>5</sup>.
26. Concerning paragraphs a) and b) of Decision 16.2, the Secretariat is exploring how best to address the issues they raise, noting that the actions taken since CoP16, which followed the address of Secretary-General of CITES to the GEF council in 2011, have opened the GEF to funding priority CITES-related issues. This may have relevance to the WGRI discussions mentioned in paragraph 24 above. The Standing Committee may wish to request its intersessional Working Group on Access to Finance, including GEF funding and innovative mechanisms to reflect on the results of the Fifth GEF Assembly and the WDGR15 meeting before they consider the necessity and feasibility as well as the legal and other implications of formally requesting GEF to serve as a financial mechanism for CITES.

### Section 3 - Innovative financing

27. Creating an innovative funding mechanism to foster the development of cutting-edge technologies to help CITES to ensure that international trade in wild animals and plants does not threaten their survival was the topic of an edition of the World Economic Forum's Global Agenda Council on Governance for Sustainability 'Green Light' publication<sup>6</sup>.
28. An introduction to innovative financing was presented at SC61 in document SC61 Doc. 16 on *Access to finance, including GEF funding*. On 9 February 2012, the CITES Secretary-General and the Innovative Finance Foundation (IFF) President agreed to collaborate to explore the development of an innovative-financing portfolio involving industry partners and the financial sector.
29. Based on the work undertaken by IFF and input from a range of stakeholders during and after the innovative-financing events at SC62, IFF has proposed a CITES-linked innovative finance portfolio with the creation of a venture-capital fund provisionally named *CITES Technology & Innovation Fund* (CTIF).
30. The CTIF concept designed by IFF is based on the premise that the private sector has a unique role to play in advancing CITES goals and that this role is different from the one that governments and NGOs play. A market presence of companies selling tools and services that improve research on species, and track legally and illegally traded species in the supply chain, would enhance the abilities of the Parties to meet CITES objectives.
31. The CTIF designed by IFF is expected to attract considerable interest from potential investors. A number of new business opportunities created through cutting-edge technology applications and devices, would contribute to CITES implementation.
32. CITES could benefit from the CTIF in direct financial ways and indirect non-financial ways. First, the fund managers would pay to CITES (through an administrative arrangement still to be determined) a portion of the carried interest (the "carry"). The carry is a share of the profits of an investment fund that is paid to the investment managers in excess of the amount that the managers contribute to the partnership. In order to receive a carry, the managers must first return all the capital contributed by the investors, and in some

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<sup>4</sup> <http://www.cbd.int/doc/?meeting=WGRI-05>

<sup>5</sup> [http://www.cites.org/eng/CITES\\_welcomes\\_GEF-6-biodiversity-strategy](http://www.cites.org/eng/CITES_welcomes_GEF-6-biodiversity-strategy)

<sup>6</sup> [http://www.cites.org/fb/2013/wef\\_greenlight2013.pdf](http://www.cites.org/fb/2013/wef_greenlight2013.pdf)

cases, the fund must also return a previously agreed-upon rate of return (the “hurdle”) to investors. Second, the fund could substantially assist Parties in the implementation of CITES through the use of the latest findings in science and technology to estimate population sizes, determine sustainable levels of trade and ensure that they are respected, and educate stakeholder and consumers. The fund, through partnerships, joint ventures and collaboration could also attract considerable interest in environmental causes that exists in the technology sector.

33. The CTIF is structured as a private initiative of IFF, with no legal ties to the Secretariat or the CITES Parties. However, the CITES Secretariat has expressed its support for the development of, and wider access to, modern technologies to help in better regulating wildlife trade and the positive role the fund can play in this regard. This does not constitute an endorsement or commitment from any Party to the Convention. The CITES Secretariat does not propose to raise funds for the legal establishment of the fund. Its role would be limited to providing technical information, assisting in mobilizing existing networks, and authorizing the use of the CITES logo in relation to the fund under specific terms and conditions that would need to be agreed. The operation of the fund would have to ensure best possible risk-mitigation, and accept the nomination of a CITES representative on the CTIF Advisory Board. It must be underlined that no agreement has been reached on any of these issues to date.
34. An oral report on the progress made will be provided at the present meeting.

#### Other issues

##### *Save our Species (SOS)*

35. The CITES Secretariat has become a member of the donor council of SOS - Save Our Species. SOS is a global coalition, initiated by the International Union for Conservation of Nature and Natural Resources (IUCN), GEF and the World Bank, to build a species conservation fund, supporting on-the-ground field conservation projects all over the world. SOS is designed to combine resources and funding experience from the World Bank and GEF, the authoritative science of IUCN and the resources and ingenuity of the private sector to create a mechanism that ensures that sufficient funding goes to species conservation projects where and when it will have the most impact.
36. The Secretariat attended the Sixth Working Group Meeting of SOS, held in Gland, Switzerland, from 15 to 16 January 2014. The meeting discussed, among other things, the Strategic Directions for the Fourth SOS call for proposals. Gaps in the SOS portfolio were first discussed and Central and South America and the Caribbean was identified as an under-represented region. Sharks, rays and vertebrates of Latin America were identified as strategic areas for investment.
37. SOS is managed through a secretariat housed within IUCN for the allocation of funds. Grants are allocated according to strategic directions identified.

##### *Decision 16.4 - Seconded staff*

38. The Secretariat draws the attention of the members of the Standing Committee to Decision 16.4, which invites the Parties to second staff to the CITES Secretariat. The salary of such seconded personnel shall be covered by the Party. All seconded personnel shall remain under the administrative authority of the sending Party and shall carry out their duties and act in the interest of the mandate of the CITES Secretariat.
39. The Secretariat expresses its sincere thanks to the Governments of Switzerland and South Australia which have seconded two staff members who are contributing greatly to the daily work of the Secretariat. Other Parties are encouraged to do the same.

##### *Decision 16.5 - Wildlife Donor Roundtable*

40. Decision 16.5 states that:

*Subject to the availability of external funding, the Secretariat, in collaboration with the World Bank and other relevant financial institutions, cooperation agencies and potential donors, shall organize a Wildlife Donor Roundtable to:*

- a) *share information on existing funding programmes on wildlife;*

- b) *understand the long-term financial needs of developing countries to implement the Convention; and*
- c) *explore the potential for scaled-up financial resources to ensure the conservation and sustainable use of wildlife and to tackle wildlife crime.*

41. The Wildlife Donor Roundtable is one step in mobilizing the broad international support that the Parties and relevant partners must have to achieve the three objectives of Goal 2 of the *CITES Strategic Vision 2008-2020*. The intersessional Working Group on Access to Finance, including GEF funding and innovative mechanisms is invited to discuss the Roundtable details, including the venue, the dates, the chairs, the level of representation and the format of the interventions.
42. The Secretariat recommends that the Roundtable preparations include outreach consultations with key donors and partners, including the cooperation agencies and the private sector, and a preparatory technical meeting.

*Decision 16.8 – Working Group on Access to finance, including GEF funding and innovative mechanisms*

43. The Secretariat draws the attention of the Committee to Decision 16.8 which states that:

*The Standing Committee shall continue its intersessional working group on Access to finance, including GEF funding and innovative mechanisms. This group shall provide guidance on how to secure funding to support the provision of technical assistance to CITES Parties and the Secretariat.*

Recommendations

44. The Secretariat recommends that the Standing Committee:
- a) take note of this document and the progress made; and
  - b) invite the Working Group on Access to Finance, including GEF funding and innovative mechanisms to reconvene in the margins of the present meeting, taking account of the contents of the present document and, if deemed appropriate, make recommendations for further action.