

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



Fifteenth meeting of the Conference of the Parties
Doha (Qatar), 13-25 March 2010

Strategic matters

INCENTIVES FOR THE IMPLEMENTATION OF THE CONVENTION

1. This document has been prepared by the Secretariat pursuant to Decisions 14.42 to 14.47, adopted at the 14th meeting of the Conference of the Parties (CoP14, The Hague, 2007).

Incentive measures (Decision 14.42)

2. Decision 14.42 states that:

Parties that develop incentive measures for the effective implementation of the Convention are encouraged to include relevant details in their biennial reports.

3. Question 14 in Section C (*Compliance and enforcement measures*) of the standard biennial report format (see Notification to the Parties No. 2005/035) asks whether Parties have offered incentives to local communities to assist in the enforcement of CITES legislation. Question 15 asks for a description of any such incentives. Several Parties have indicated in their biennial reports that they offer such incentives.
4. Unfortunately, at the moment, the standard biennial report format does not seek any information about other types of incentives used by Parties to ensure effective implementation of the Convention. Under Decision 14.37, the standard biennial report format is being reviewed in connection with special reporting requirements. One of the recommendations put forward at the present meeting is to continue the Standing Committee's work under Decision 14.37, with the assistance of its Working Group on Special Reporting Requirements. In the context of that work, the Working Group could consider how the standard format might be amended to obtain information on incentive measures. This would avoid the creation of another special reporting requirement. There may be other ways as well to gather information on Parties' incentive measures (e.g. reporting under other conventions or processes).
5. The wildlife trade policy reviews conducted by Madagascar, Nicaragua, Uganda and Viet Nam provide socio-economic information about the lessons learnt from the use of incentive measures in their countries. The four reviews are available on the CITES website at <http://www.cites.org/eng/prog/policy/index.shtml>.
6. The value chain approach used in the reviews is particularly useful to identify the type of incentive that is more suitable for a given species/situation and to identify the sequence of transactions and stakeholders involved in wildlife trade. The reviews show the mapping and analysis of 'value chains' for species of conservation concern (e.g. *Swietenia macrophylla*, *Eretmochelys imbricata*, *Caiman crocodilus*, *Pachypodium* spp., *Mantella* spp. and other amphibians, *Prunus africana*, *Hippocampus* spp., insects and ornamental plants).
7. Regional organizations and trade agreements might also play a crucial role in the identification of incentives to strengthen CITES. For instance, the Central American Commission for Environment and Development (CCAD) has hired a consultant to undertake an economic valuation of CITES-listed species and analyse the implementing costs of wildlife trade regulations. The study includes some high-value economic species such as *Strombus gigas* and mahogany. The results of this study are expected to be made available at the present meeting in an information document.

8. Teams responsible for major international initiatives on the economics of natural resources and biodiversity are also an important source of information. For instance, the Green Economy Report (GER) and The Economics of Ecosystems and Biodiversity (TEEB) study, both of which are coordinated by UNEP, are relevant to CITES work. GER, a ground-breaking study being conducted as part of the Green Economy Initiative (GEI), uses economic analyses and modelling approaches to demonstrate that investment in greening the economy across a range of sectors, including fisheries and forestry, can drive economic recovery and lead to future prosperity and job creation, while at the same time addressing social and environmental challenges. More information about the GEI and the report is available at: <http://www.unep.org/greeneconomy/GreenEconomyReport/tabid/1375/language/en-US/Default.aspx>
9. The TEEB study is the most directly relevant and the CITES Secretariat is contributing to several chapters. This study draws attention to the global economic benefits of biodiversity, highlights the growing costs of biodiversity loss and ecosystem degradation, and draws together expertise from the fields of science, economics and policy. It is expected that the preliminary results of the second phase of the TEEB study will be made available at the present meeting (e.g. TEEB D3 report for business). More information about this initiative is available at <http://earthmind.net/bbb/teeb.htm> and <http://www.teebweb.org/>.
10. The Secretariat is also in contact with international financial institutions (e.g. the World Bank and the Global Environment Facility), as well as international organizations (e.g. UNCTAD, ITC, CBD, FAO, ITTO, and OAS) and bilateral donors (e.g. USAID and GTZ) that conduct studies and projects on CITES-listed species in a broader mandate and in a partnership with different government agencies. These studies often contain an important amount of socio-economic information that could be relevant to and helpful for the work of the CITES authorities.
11. The information extracted from the different sources mentioned in paragraphs 3, 4, 5 and 6 above shows that there are two main types of incentives currently used by the Parties in relation to wildlife management and conservation: certification and payment for ecosystem services.
 - a) CITES permit system as a regulatory certification scheme (CITES PLUS)
12. The first economic incentive that has been identified is certification. There is an increased recognition that the CITES permitting system as set out in the Convention is a regulatory certification system for specimens in trade (wildlife products and live specimens) covered by a permit or certificate, but also for the management of the production system (e.g. ranching, captive breeding operations, artificial propagation, etc). For a more details please see pages 10 and 13 of the report of the workshop on trade policy and economic incentives (Geneva, 2003) available at <http://www.cites.org/common/cop/13/inf/E13i-05.pdf>. A presentation by the International Organization for Standardization (ISO) is also available at <http://www.cites.org/eng/prog/economics/ppt/ISO.pdf>. Slide 5 is particularly relevant to this discussion.
13. In order to make the CITES permitting system (including the security stamps, the tags, the marks, the logos, etc.) a fully-recognized regulatory and 'branding-type' certification scheme, Parties have to standardize the minimum requirements for undertaking legal-acquisition findings.
14. Standardized practices require the formulation of simple, relevant and achievable criteria that ensure that trade does not affect the survival of the species in the wild. More importantly, regulatory certification requires the independence of Management and Scientific Authorities *vis-à-vis* the commercial interests of traders and consumers.
15. There have been some attempts to combine CITES certification with voluntary certification schemes. For example, some countries are using box 5 of the standard permit format to include national approval of sourcing areas or voluntary certification schemes such as the Forest Stewardship Council (FSC) for trade in tropical timber.
16. There is potential to use the CITES logo a 'brand name', but development in this direction needs to be approached in a cautious, planned and well-resourced manner. Making CITES logo a brand name and the CITES certification scheme more credible would require the elaboration of some guidance to countries on conformity assessment, standardization of traceability practices and peer review by other Parties consistent with relevant World Trade Organization (WTO) rules and the ISO.
17. As suggested at CoP14, Parties may wish to consider creating a working group that would identify the most promising options for CITES Authorities to explore, including those which complement relevant existing standards.

b) Payment for ecosystem services provided by CITES-listed species

18. Article IV, paragraph 3, of the Convention recognizes the link between species, ecosystems and trade by stressing the need to maintain species throughout their range at a level consistent with their role in the ecosystems in which they occur. There is an increased recognition in the scientific community that ecosystem functions, such as providing food, protecting soils from erosion, sequestering carbon dioxide and purifying water, depend on a large number of species. The term 'ecosystem services' refers to the many natural processes by which ecosystems, and the species that make them up sustain and fulfil human life (Daily, G. 1997)¹.
19. The contribution of CITES-listed species in terms of ecosystem services has not received sufficient attention and has probably been underestimated. One of the incentives that Parties are using to address this problem is 'payments for ecosystem services (PES)'. PES can be defined as a voluntary transaction whereby a well-defined ecosystem service, or a land-use likely to secure that service, is being 'bought' by at least one buyer from at least one provider – if, and only if, the provider secures the provision of the service (Wunder, 2008²). This tool is mainly used for carbon sequestration and water purification. However, some Parties are using this mechanism in areas relevant to CITES. PES has been suggested as a promising window to invest in conservation of species. Although the role of the species in the ecosystems is mentioned in Article IV, this tool may well also apply to Appendix-I species, such as the tigers, elephant populations of East and West-Africa and Asia, marine turtles, great apes, etc.

Streamlining standard operating procedures (Decisions 14.43 and 14.44)

20. Decision 14.43 states that:

Parties are encouraged to consider the adoption of standard operating procedures to complete the formalities required for trade in CITES-listed species in an efficient manner. Management Authorities are encouraged to liaise with national ministries and agencies responsible for regulation and promotion of exports and imports in their countries to benefit from the expertise and support they offer in this area.

- Decision 14.44 states that:

The Parties shall consider practical ways to enhance stakeholder engagement in the implementation of the Convention (e.g. promoting good practices and codes of conduct that facilitate the work of CITES authorities, help to reduce time-frames for the completion of CITES procedures and enhance the role of the private sector in intelligence gathering to identify and prosecute illegal traders).

21. The adoption of standard operating procedures to streamline trade procedures is being undertaken mainly through the work of the Convention on e-permitting and relevant progress is reported in document CoP15 Doc. 30.1 on *Electronic permitting*. In addition, Management Authorities in different countries are liaising with ministries and agencies responsible for trade regulation and promotion to include wildlife trade needs into broader trade-related technical assistance (TRTA) and trade facilitation programmes.
22. There are several e-government and good governance/regulation initiatives going on in various countries, including the establishment of single window environments to facilitate trade. Several countries are making efforts to facilitate trade in crocodylian products (e.g. bags, shoes, wallets, etc.) and finished products containing Appendix-II plant species (e.g. lipsticks, chewing gums, brushes, etc.). National trade promotion programmes are participating in trade fairs where they can make trade connections and exhibit their wildlife products.
23. Management Authorities from Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras and Nicaragua are working together under the Central America/Dominican Republic Free Trade Agreement (CAFTA-DR) with the United States of America to support CITES implementation. This includes work on e-permitting and the harmonization of Customs practices at a subregional level. Guatemala, for example, has recently joined the Working Group on the Use of Information Technologies and Electronic Systems.

¹ Daily, G.C. 1997. *Nature's Services: Societal Dependence on Natural Ecosystems*. Island Press, Washington. 392 pp.

² Wunder Sven, 2008, *Necessary conditions for ecosystem service payments*, conference paper available at: http://www.rff.org/Documents/08_Tropics_Conference/Tropics_Conference_Papers/Tropics_Conference_Wunder_PES_markets.pdf

24. The office of the United States Trade Representative (USTR) is also cooperating very closely with Peru under the Peru Trade Promotion Agreement and the CAFTA-DR countries in the implementation of CITES.
25. The Management Authority of Colombia is liaising with the Ministry of Trade and its trade promotion body (Proexport) to implement a Biotrade programme financed with funds provided by GEF and implemented by the CAF (Corporación Andina de Fomento). It is expected that several CITES-listed species will be included in the programme. Similar initiatives are taking place in Uganda and Viet Nam.

Private sector engagement and consumer awareness

26. The Secretariat receives queries from private companies about the implementation of CITES requirements for the trade in specimens of CITES-listed species on a daily basis. The queries are handled through different channels, e.g. emails, telephone assistance, meetings in the office or while on mission. A discussion forum on the CITES website has been recently created to facilitate the communication among private sector, governments and the Secretariat.
27. After a side-event for the private sector was organized in the margins of CoP14, a discussion started about the creation of a platform to help make the private sector a full partner in CITES implementation. Two meetings were organized in Geneva in 2009 with representatives of several industries to discuss private sector engagement regarding the potential for streamlining CITES procedures for the trade in finished products containing candelilla, ramin, orchids, palo santo, crocodilians, sturgeons, and other wildlife products.
28. One of the essential points that emerged from the discussion was the need to identify an effective mechanism allowing consumers to distinguish between legal and illegal products. Wildlife-based industries seem concerned about the fact that some of the current controls place a heavy burden on genuine traders and can yet be easily circumvented by dishonest dealers. Several companies have requested that the Secretariat explore the possibility of granting preferential treatment to operations currently registered under CITES.
29. Another concern was the degree of variability in controls and requirements imposed by different CITES authorities depending on the country. Representatives of the private sector pointed out that some countries had stricter domestic measures for the imports of finished products, thereby adding an extra burden on companies (e.g. an import permit for an Appendix-II finished product).
30. Representatives from the private sector stressed the importance of streamlining CITES procedures in order to expedite international trade conducted in compliance with the Convention. To illustrate this with an example, representatives of the caviar industry asked about facilitative procedures for the legal sales of items containing specimens of CITES-listed species in airports and stores (e.g. caviar quantities above the authorized personal effects exemption of 125 grams). It would appear that only a few countries apply these kinds of procedures while others are not allowed by their legislation to do so.
31. Private sector also contended that systematic border controls on finished products conducted by Custom officers are very time-consuming. In this regard, it was suggested that putting so much enforcement effort on the control of finished products was not the most effective use of the scarce enforcement resources that countries could allocate to the control of wildlife trade. The supply chain was identified as a key concept, but it was also crucial to determine where in the supply chain the controls were most effective.
32. Companies often ask the Secretariat to advise them about any fraudulent suppliers (e.g. those convicted of CITES-related fraud) in order to ensure that these do not enter legal supply chains.
33. Some representatives of the private sector suggested the development and adoption of a 'CITES charter for businesses' that companies could sign, in order to show their adherence to CITES requirements. Some also expressed interest in the preparation of a CITES training module for the private sector to improve employees' knowledge of the objectives and functioning of the Convention.
34. Companies often express frustration with the time that is needed to obtain CITES permits and certificates in certain countries. Some companies are concerned about sudden changes in the enforcement controls applied to millions of finished products containing specimens of CITES-listed species that cross international borders everyday.

CITES permits and cost of CITES-related administrative services (Decision 14.45)

35. Decision 14.45 states that:

Using inter alia information provided by Parties in their biennial reports, the Secretariat should conduct a survey of the fees for CITES permits and cost of CITES-related administrative services, and provide basic guidance to Parties on how cost-recovery programmes can be designed and used for internalizing the cost of implementing the Convention in this regard.

36. Questions 9 and 10 in Section D5 *Permitting and registration procedures* of the biennial report format seek relevant information on permit fees. The Secretariat has collected additional information during regional workshops, such as the subregional workshop for Central America on the implementation of CITES (Guatemala, August 2009). The workshop organizers will make available a report containing the results of a regional study on the economic valuation of CITES-related trade as an information document at the present meeting.
37. Parties have also provided information during CITES meetings. For instance, Switzerland communicated that the Management Authority issues an estimated 100,000 permits a year. The issuance of permits is handled through an electronic permitting system. The applicant has the possibility to obtain CITES permits in 24 hours. The cost per permit is CHF 40 for issuance within one day, CHF 30 within two days and CHF 20 within three days.
38. The Secretariat has developed terms of reference for a survey of fees charged for CITES permits and the cost of CITES-related administrative services, and it is in the process of identifying the necessary funds to conduct the survey. If its fund-raising efforts are successful, it is expected that the survey will take place during the first two months of 2010 and that the results will be made available at the present meeting.

Progress made regarding cooperation with the BioTrade Initiative (Decision 14.46)

39. Decision 14.46 states that:

Subject to external funding, the Secretariat shall continue its cooperation with the BioTrade Initiative of the United Nations Conference on Trade and Development under a signed Memorandum of Understanding to ensure the conservation of wild species subject to international trade and promote private sector compliance with CITES requirements and national legislation.

40. The Secretariat has continued its cooperation with the BioTrade Initiative of UNCTAD and is currently discussing the draft terms of a Memorandum of Understanding. It is expected that the Memorandum will be signed before the end of 2009 and that a copy can be made available as an information document at the present meeting. In the context of this cooperation, the Secretariat is in contact with other partners of the UNCTAD BioTrade Initiative such as the International Trade Centre (ITC), the International Finance Corporation (IFC), national BioTrade programmes and donor countries (e.g. Denmark and Switzerland).
41. The Secretariat is also collaborating with the UNEP-UNCTAD CBTF-GTZ Initiative to address national and international level challenges related to biotrade. The UNEP-UNCTAD Capacity Building Task Force (CBTF) takes the lead in implementing international level activities and German Technical Cooperation Projects (GTZ) lead national level activities in the pilot countries of Namibia, Nepal and Peru. The overall objective of this initiative is to strengthen capacities in the three pilot countries, through a set of interrelated and mutually supportive activities, involving all the stakeholders in the value chain. Through exchange of experiences and lessons learned, the initiative promotes south-south cooperation between participating countries and allows for replication of successful models of seizing opportunities and overcoming potential barriers to biotrade.
42. Another related initiative in this area is the International Standard for Sustainable Wild Collection of Medicinal and Aromatic Plants (ISSC-MAP) designed to help those involved in harvest and management of, trade and manufacture and sale of wild-collected medicinal and aromatic plant resources. This standard has been developed by the Medicinal Plant Specialist Group (MPSG) of the IUCN-Species Survival Commission (SSC), on behalf of a Steering Group consisting of the MPSG, Bundesamt für Naturschutz (BfN), WWF Germany, and TRAFFIC. The aim of ISSC-MAP is to bridge the gap between existing broad conservation guidelines and management plans developed for specific local conditions.

Recommendations

43. It is recommended that the Conference of the Parties adopt the draft decisions contained in the Annex to this document.

44. It is also recommended that companies engaged in CITES trade:

- a) Organize training sessions for employees responsible for CITES-related issues;
- b) Invest in scientific research in ingredients/materials from CITES-listed species used in their supply chains;
- c) Develop codes of practice or conduct and/or formal statements of commitment to CITES requirements;
- d) Prepare public awareness materials to better inform consumers about the benefits of well-regulated wildlife trade in accordance with Resolution Conf. 8.3 (Rev. CoP14) (e.g. how their products contribute to conservation and livelihoods of the rural poor).

45. Indicative budgets for the work envisaged in the attached draft decisions are:

a) to undertake work requested of the Standing Committee.

– Technical workshop	USD	60,000
– Consultancy (background paper on certification)	USD	30,000
– Preparation of reports to SC62 and CoP16	USD	10,000

TOTAL	USD	100,000
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b) to undertake work requested of the Secretariat

– Preparation of training package for the private sector	USD	40,000
– Secretariat staff time and travel	USD	20,000

TOTAL	USD	60,000
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DRAFT DECISIONS OF THE CONFERENCE OF THE PARTIES

Incentives for the implementation of the Convention

Directed to the Standing Committee

15.xx The Standing Committee shall:

- a) identify the options available for strengthening CITES as a regulatory certification scheme. This includes the viability of standardizing practices for the undertaking of CITES minimum requirements, with a special focus on traceability and on legal-acquisition findings; explore the complementarities between the CITES permitting system and voluntary certification schemes, and the benefits of authorizing limited use of the CITES logo by registered companies to educate consumers; and
- b) chair and facilitate a technical workshop on payment for ecosystem services provided by CITES-listed species.

15.xx The Standing Committee shall discuss at its 62nd meeting the findings and recommendations of the workshop and report on the activities in Decision 15.xx at the 16th meeting of the Conference of the Parties.

Directed to the Secretariat

15.xx The Secretariat shall:

- a) convene and organize a technical workshop on payment for ecosystem services provided by CITES-listed species in cooperation with relevant international organizations; and,
- b) ensure that the proceedings resulting from the workshop are made available to the general public via the CITES website.

15.xx The Secretariat should, contingent on the availability of external funding and in collaboration with relevant partners:

- a) prepare a training package for the private sector (e.g. practical material for employees who are responsible for buying natural products and staff in charge of corporate sustainability policies and supply chains).