

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

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**Third African elephant meeting  
Gigiri, Kenya  
1-3 November 2010**

**IMPLEMENTATION STATUS OF THE AFRICAN ELEPHANT FUND**

1. This document has been prepared by the CITES Secretariat and summarizes developments which have occurred in relation to the African Elephant Fund (Fund) since the 15th meeting of the Conference of the Parties (CoP15, Doha, 2010).

***General background***

2. Decision 14.79 (Rev. CoP15) of the Conference of the Parties directs the Secretariat to establish a Fund that will be applied to the implementation of the *African elephant action plan* (Action plan). It further directs the Secretariat to establish a steering committee, consisting of representatives of the African elephant range States and donors, to govern the Fund and to support and advise African elephant range States in the implementation of the Action plan. The Decision states that the steering committee shall decide on the organization of the administration of the Fund.
3. Under Decision 14.76, Parties, trading countries, the ivory carving industry, intergovernmental organizations, non-governmental organizations and other donors are called upon to contribute significantly to the Fund to ensure its establishment and maintenance.
4. The African elephant range States present at the CoP15 agreed to the Action plan by consensus in the margins of the meeting, and the final text was circulated to Parties in document CoP15 Inf. 68 on behalf of the 37 range States of the African elephant.
5. On 1 May 2010, the new Secretary-General of the CITES Secretariat assumed his post.

***Establishment of the Fund***

Interim arrangements

6. The Secretariat has an existing budget line under the CITES Trust Fund for the African Elephant Fund and Action plan which might be used to accept and temporarily hold funds which donors to the Fund wish to transmit to the Secretariat before the end of 2010. Before advising donors of this interim arrangement, however, the Secretariat needs to confirm with United Nations Environment Programme (UNEP) that Programme Support Costs (normally 13% of the donated sum) can be waived while these funds are temporarily held in the CITES Trust Fund.

UNEP

7. On 2 August 2010, following a series of internal discussions as well as consultations with range and donor States, the Secretary-General wrote to the Executive Director of UNEP to

request his help in establishing and administering a general, multi-donor trust fund in support of the implementation of the activities presented in the Action plan.

8. In his letter, the Secretary-General explained that range States wished to retain full ownership of the Action plan and donor States wished to account to their respective parliaments for the expenditure of donated funds. Having analyzed all options available, including those identified in a consultancy report on possible financing mechanisms for the Action plan and the establishment of the Fund, the Secretary-General expressed his firm belief that the most appropriate option was for the Fund to be administered by UNEP.
9. This belief was based on the following reasons:
  - UNEP had ample experience in administering trust funds in an efficient and cost-effective manner;
  - With its headquarters on the African continent and as part of the United Nations system, UNEP was generally regarded by range and donor States alike as an impartial and dependable organization;
  - A number of range and donor States had already indicated that they would support administration of the Fund by UNEP; and
  - The CITES Secretariat and Trust Fund were already administered by UNEP, making it a natural choice of institution to host the Fund.
10. On 23 September 2010, the Executive Director wrote to indicate that he was inclined to respond positively to the request but that he wished to clarify a number of issues. One of these concerned the staff resources that might be needed to support the day-to-day operation and administration of the Fund, and the secretarial assistance to its steering committee..
11. An official, seconded to the CITES Secretariat by the Government of the Netherlands, who was assisting the Secretariat with matters related to the Fund, returned to his ministry in early September 2010. Shortly thereafter, the Secretary-General established an internal Secretariat team to ensure the implementation of Decision 14.79 (Rev. CoP15). In October 2010, the Secretary-General received indications that a donor might be able to provide a full-time staff person, based in Nairobi, who could support the establishment and operationalizing of Fund for a period of 12 to 24 months.
12. The Executive Director also asked for clarification as to whether the 100 million USD required for implementation of the Action plan was likely to be obtained. The Secretary-General had informed the Executive Director that approximately 200,000 USD in pledges or donations had been received from France, Germany and the Netherlands. Although additional pledges and donations to the Fund are expected, the Secretariat does not believe that it is realistic to expect that the Fund will ever reach its ambitious target of 100 million USD. There is good potential, however, for the Fund to be complemented by other financial resources which could contribute to the implementation of the Action plan as many donor-sponsored activities in Africa directly or indirectly benefit African elephants and contribute to actions contained in the Action plan.
13. In this connection, the steering committee could usefully serve as a sort of clearinghouse for other bilateral or multilateral donors and funds which are supporting or might be interested in supporting activities related to the Action plan. Specifically, the steering committee could: (a) ensure that projects which benefit African elephants and are funded outside the Fund are compatible with the Action plan; (b) provide guidance on areas of the Action plan that require priority funding and promote these with donors; (c) monitor the overall implementation of the Action plan; and (d) keep range States, other stakeholders and the general public informed about progress with implementation of the Action plan.

14. Later this month, the Secretary-General will be sending a response to the Executive Director in line with the information provided above. The Secretary-General will also seek a waiver or reduced percentage of the Programme Support Costs (e.g. less than the standard 13% PSC) that might be charged for administration of the Fund.
15. The issue of PSC has been and is being discussed in the broader context of the relationship between UNEP and the conventions for which it provides a secretariat

#### Barclays Bank

16. It has been suggested by several members of the African Elephant Working Working Group, which had been created prior to CoP15 to provide inputs to the Secretariat in support of the establishment of the Fund, that the Fund might be established in Barclays Bank, *inter alia* to avoid payment of the 13% PSC usually charged for UN-administered funds. This is an option that was not identified in the earlier consultancy report on possible Fund mechanisms and one whose desirability and feasibility are still being assessed. Some of the issues which would need attention or clarification in relation to such an option include: a) the lack of support for this option by donor States and some range States; b) the legal entity in whose name any Fund account would be established; c) the possible signatories and rules for withdrawal of funds; d) the totality of costs involved in establishing and administering a Fund account; e) arrangements for the auditing of such an account (auditing would be a standard element of any Fund under UNEP); f) the possible need for a competitive tender so that other commercial banks could put forward bids (such a competitive tender is not required for the establishment of a Fund under UNEP); g) bank rules and procedures about who could access money in the Fund and how; h) the ability of bank personnel to work in both English and French; and i) the general lack of precedents for establishing similar funds in commercial banks.

#### Other UN bodies or financial institutions

17. The multi-donor trust fund for UN REDD has been established under UNDP. Other trust funds have been established under the World Bank or the International Finance Corporation. The steering committee can examine these and other additional institutional options.

#### Phased approach

18. If the Executive Director agrees that UNEP will host the Fund, it could be established in UNEP during its initial phase. The Steering Committee might wish to continue exploring other institutional options for the Fund and later determine whether it should be established elsewhere during a later phase.

#### ***Steering Committee composition***

19. Designations for range State members of the Fund's steering committee have been received from Central Africa (Cameroon and Congo) Southern Africa (Botswana and South Africa) and West Africa (Burkina Faso and Nigeria). It is expected that designations for East Africa will be received during this meeting.
20. As indicated above, donor members on the steering committee are likely to comprise France, Germany and the Netherlands. The Secretariat has nevertheless been advised that China, the United Kingdom (through its embassies) and the United States may also be interested in contributing to the Fund.

#### ***Interim Terms of Reference for the steering committee***

21. A set of draft interim terms of reference for the steering committee were circulated to members of the African Elephant Working Group in August 2010 for comment. The Secretariat has now incorporated the substantive and editorial comments received into a set of revised

draft interim terms of reference (see attachment). The interim terms of reference are to be considered and finalized by the steering committee at its first meeting. Participants to this meeting could provide guidance to the steering committee on the form and content of the interim terms of reference. Existing Rules of Procedure and operation guidance for trust funds, such as for the UN-REDD programme, may also be considered by this group or the steering committee.

22. Some of the substantive issues raised regarding the draft interim ToR are:

- Whether there should be three or four donor members on the steering committee;
- Assignment of voting power in the steering committee (e.g. 50-50 between range and donor States);
- Whether donor members should be States only and should have contributed a minimum of 50,000 USD to the Fund;
- Whether donor members should be elected by the donors themselves or by the range States;
- Whether donor members as well as range State members should have term limits (e.g. two consecutive terms);
- Whether the criteria and guidelines for the submission of proposals should be decided by the steering committee as a whole or only by range States;
- How Fund accessibility and disbursement might be facilitated (e.g. made as simple and quick as possible) through rules of procedure included in the ToR;
- Sharing of any revised draft ToR with identified donors in order to obtain their comments; and
- ‘Due diligence’ and other criteria for assessing whether offers to contribute to the Fund, particularly if they are conditional in nature, should be accepted.

### ***Conclusion***

23. The Secretariat would propose the following steps and timetable for finalizing establishment of the Fund:

- November 2010 – Clarification is obtained from UNEP as to whether PSC could be waived for donor funds that are accepted and temporarily held within a budget line of the CITES Trust Fund. Transmission of follow-up letter from Secretary-General to Executive Director regarding possible hosting of Fund by UNEP.
- December 2010 - Donor contributions to the Fund are accepted and temporarily held within a budget line of the CITES Trust Fund. Composition of Steering Committee of the Fund and its interim Terms of Reference are agreed.
- February 2011 - General, multi-donor Fund is established in UNEP, with a waiver of or a reduction in the standard PSC percentage. Donor funds are transferred from budget line of CITES Trust Fund to AEF in UNEP and become available for use.