

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



Fifty-fourth meeting of the Standing Committee  
Geneva (Switzerland), 2-6 October 2006

Interpretation and implementation of the Convention

General compliance issues

ECONOMIC INCENTIVES

1. This document has been prepared by the Secretariat.
2. It provides information on the progress made in implementing Decisions 13.76 and 13.77 (Further work on economic incentives), which were adopted by the Conference of the Parties at its 13th meeting (CoP13, Bangkok, 2004).
3. At SC53, the Committee decided to postpone further discussion on economic incentives until its 54th meeting. This was primarily because of the lack of responses to Notification to the Parties No. 2005/022 (20 April 2005), in which Parties were invited to provide examples on the use of economic incentives.
4. Since then, the Secretariat has received inputs on the use of economic incentives from several Parties, mainly through their UNCTAD National Biotrade Programmes or during capacity building workshops on legislation and science.
5. A number of practical examples can be found as well in the *Manual on Compliance with and Enforcement of Multilateral Environmental Agreements*, published by UNEP in 2006, and a 2004 study commissioned by UNEP-ETB analysing the role of economic instruments within CITES, Ramsar and the CBD.
6. A regional representative of Europe, on behalf of the European Community, offered at SC53 to provide examples of the use of economic incentives within the European Union, and the Secretariat is looking forward to receiving them. Additional experience with economic incentives, and future opportunities for using them, is likely to be identified through the wildlife trade policy reviews.

Examples provided by countries through cooperation with UNCTAD Biotrade

7. At the 12th meeting of the Conference of the Parties, it was announced that a memorandum of understanding had been concluded between the Secretariat and the regional office of TRAFFIC for South America. TRAFFIC South America undertook for the Secretariat a pilot assessment of the current exploitation, trade and management of different groups of CITES-listed species in Argentina, Bolivia, Colombia, Ecuador, Paraguay, Peru and Venezuela to identify opportunities and bottlenecks and to make targeted recommendations for the sustainable trade in those species.
8. Based on a preliminary report prepared by TRAFFIC South America, the Secretariat hired ATECMA – a private company that assists the CITES Scientific Authority of Spain on wildlife matters, to develop practical recommendations for using economic incentives and improving programmes in the range States mentioned in paragraph 7. This included a diagnosis of the existing trade and the preparation of a *Checklist for implementing sustainable management programmes for CITES-listed species*.

9. This information was complemented by a BIOTRADE briefing held in Geneva in February 2006. During the briefing, Geneva-based officials from the UNCTAD-Biotrade Initiative and representatives of the National Biotrade Programmes in Bolivia, Colombia, Ecuador and Peru informed staff of the CITES Secretariat of the progress made by their different programmes. It was shown that substantial progress in the sustainable use of CITES-listed species primarily had been achieved by the Bolivian programme (*Programa Nacional de Biocomercio Sostenible – PNBS*). The programme, launched in 2003, has organized the entire value chain for *Caiman yacare* with the objective of ensuring the conservation of the species, enhancing the livelihoods of poor people in remote and marginal areas and promoting business opportunities for entrepreneurs who comply with CITES requirements and national legislation.
10. Other national Biotrade programme representatives have also described the progress accomplished under their programmes involving CITES-listed species. In May 2006, an official from the Uganda Export Promotion Board, which coordinates the Uganda Biotrade Programme, visited the CITES Secretariat. She provided a draft document entitled 'Opportunities and strategies for wildlife sector trade in Uganda', containing an economic diagnosis of the international wildlife trade, information on the opportunities that exist within – and the requirements of – the international market, an analysis of wildlife trade in Uganda, and information on the current levels of trade, conservation concerns, the stakeholders involved and the level of institutional support available. The report indicated that Uganda is particularly interested in organizing the supply chain for birds and reptiles.
11. An information document compiling information on the economic incentives used by the countries referred to in paragraphs 7 and 10 will be provided at the 14th meeting of the Conference of the Parties.

#### Information from capacity building workshops and meetings

12. Examples of the use of economic incentives incorporated into management programmes or projects for CITES-listed species were provided during a workshop for six countries of South America on the Scientific Aspects of CITES, held in Brazil, from 28 November to 2 December, 2005. Two examples are given below.
13. A project on the sustainable use of blue-fronted parrot (*Amazona aestiva*) in Argentina, the Elé project, is concerned, among other things, with the integrated management and regulation of trade in these parrots, including the control, extraction, transport and stocking of birds, the training of rural inhabitants acting as chick collectors, cooperation with national authorities responsible for preventing illegal trade and the undertaking of biological surveys to provide a basis for improvement of management. This project has established proportional taxes for hunters and traders that ensure the self-financing of its operation and reinvestment in the conservation of the species. A price is fixed by the managers of the programme in consultation with the different stakeholders to ensure the equitable sharing of benefits along the supply chain. Local communities receive at least eight times higher profit for a blue-fronted parrot than they did in the past, or than can be derived currently from illegal trade. Upon export, the exporter is requested to deposit USD 35 per specimen in a 'Trust Fund for the conservation of *Amazona aestiva*', under the administration of a non-governmental organization.
14. A programme on the sustainable use of tegu lizards (*Tupinambis* spp.) in parts of northern Argentina has several interconnected features. At local level, the number and size of tegu lizards that can be captured and traded are limited (only skins of at least 24 cm wide are allowed to be exported, and an annual harvest and export quota of 1 million skins has been established). Tegú populations are periodically monitored in the whole range of the species. The programme heavily relies on the involvement of local communities. A consensus has been reached amongst hunters, landowners and traders whereby the skins are directly purchased from the hunters at prices that are higher than those paid for skins obtained in regions that are not integrated in the programme. A portion of the funds generated by the programme is invested in the maintenance and management of the species and its habitat.
15. Similar examples were provided during national workshops organized in Paraguay (Asuncion, March 2004), Bolivia (Santa Cruz de la Sierra, July 2004), El Salvador (San Salvador, August 2004), Peru

(Lima, April 2005), Colombia (Cali, November 2005) and Venezuela (Caracas, March 2006) regarding the sustainable use of butterflies, cacti, crocodiles, frogs, orchids, parrots, peccaries, toucans and vicuñas. A document will be submitted for consideration at the 14th meeting of the Conference of the Parties compiling these and other examples on the use of economic incentives for the sustainable use of and responsible trade in Appendix-II species.

16. Three of these national workshops (Paraguay, Bolivia and Peru) benefited from the financial and technical support of the Management and Scientific Authority of Spain. Members of the IUCN/SSC Crocodile Specialist Group (CSG) participated and provided examples of social and economic incentives for sustainable management of crocodylians in four workshops (Paraguay, Bolivia, Colombia and Venezuela).

#### Input provided by the Crocodile Specialist Group (IUCN/SSC)

17. At CoP13, the Secretariat and the new Chairman of the CSG had a chance to discuss cooperation in the area of economic incentives to ensure the sustainable use of Appendix-II species. Pursuant to paragraph a) of decision 13.76 the Secretariat invited the CSG to contribute to this report by providing a brief summary of their most relevant activities with respect to the design and application of incentive measures.
18. Of the 23 crocodile, alligator and caiman species generally recognized, in more than 90 countries, 15 or more have commercially valuable hide and have experienced remarkably similar histories of utilization, conservation and management, regardless of the countries in which they occur. Crocodylians have a long history of use for food and occasionally for leather but, from the 1800s onward, their skins were also used commercially in some countries.
19. The relationship between incentives and crocodylian conservation is seen by the CSG to vary depending on the status of the species in different countries or areas. The CSG is often confronted with crocodylian populations that were historically depleted by unregulated harvest for skins or farm stocks and which have been afforded some degree of protection nationally and internationally to stimulate recovery.
20. The central lesson learned is that, regardless of what values the public attributes to a wildlife species, they can be increased with economic incentives based on sustainable use. The more people there are who value a resource positively, for the greatest diversity of reasons, the more secure the species is likely to be and the more likely it will be that governments will, when needed, act in the interest of the species.
21. Regional representatives of CSG provided examples on the use of economic incentives in Australia (*Crocodylus porosus*), Argentina (*Caiman yacare*), United States of America (*Alligator mississippiensis*), Venezuela (*Caiman crocodylus*) and Zimbabwe (*Crocodylus niloticus*). These examples will be included in the document referred to in paragraph 15.

#### Recognition of the benefits of trade in wildlife and livelihoods

22. Resolution Conf 8.3 (Rev. CoP13) recognizes that commercial trade may be beneficial to the conservation of species and ecosystems and/or to development of local people when carried out at levels that are not detrimental to the survival of the species. It recognizes also that the returns from legal use may provide funds and incentives to support the management of wild fauna and flora to contain the illegal trade.
23. At CoP13, Parties agreed to revise Resolution Conf 8.3 to include a new paragraph which states that the Conference of the Parties:

*RECOGNIZES that implementation of CITES-listing decisions should take into account potential impacts on the livelihoods of the poor.*

24. In order to measure the benefits of wildlife trade, namely improving governance of biological resources and implementation of CITES (conservation of the species in their ecosystems, minimizing illegal trade, etc.), poverty alleviation and economic development, it is necessary to undertake an

analysis of the benefits and the recurring costs associated with the implementation of a regulatory approach to wildlife trade (no matter which one), including the actual cost of the institutional structures currently covered by the government such as staff time, overheads, computers and the administrative burden of database management. This must be extended to cover other costs borne by the government and associated with the species that are sold into international wildlife trade such as surveys of populations, enforcement costs, opportunity costs, the cost of producing, issuing, administering, monitoring CITES permits for commercial and non-commercial trade, etc.

25. Some Parties envisage the undertaking of a cost-benefit analysis and economic valuation of CITES-listed species to ensure that sustainable use of their wildlife directly contributes to improving the conservation of the species and the well-being and long-term economic opportunities of the poor. Those Parties are encouraged to share the results of their analysis with other interested Parties by sending an electronic copy to the Secretariat.
26. The analysis of each approach should involve careful consideration of the value of the species in trade, benefits, risks, enforcement costs, portion of trade going into black markets, livelihoods and effectiveness.
27. Concerning the 'livelihoods', this term is not defined in Resolution Conf. 8.3 (Rev. CoP13). In order to have a common starting point, it is useful to look at some definitions developed the United Kingdom Department for International Development (DIFD) and the United Nations Development Programme (UNDP). While the detailed characterizations of the approaches vary from agency to agency, they all share common features.
28. The DFID definition of livelihoods is as follows:

*A livelihood comprises the capabilities, assets and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base.*

29. To encourage discussion of the possible interpretation and implementation of Resolution Conf. 8.3 (Rev. CoP13), Flora and Fauna International and other partners are organizing a 'CITES and Livelihoods Workshop' in Kirstenbosch Botanical Gardens, Cape Town, South Africa from 5 to 7 September 2006. Participants are expected to include a number of government representatives, the CITES Secretariat and non-governmental organizations. The workshop results will be distributed as an information document at SC54.

#### The role of the private sector in wildlife trade

30. Globally, there has been increasing interest in involving the private sector in financing and implementing activities that support multilateral environmental agreements. However, the private sector is not only a potential donor but a key constituent in the implementation of the Convention. Since legal and illegal trade are driven by economic and social factors, the private sector should be encouraged to adopt and promote good practices and codes of conduct and should be also viewed as a partner in efforts to ensure compliance with and enforcement of CITES and related legislation.
31. Wildlife-trade enterprises are generally small to medium sized. Many belong to the informal economy, yet some of them operate as members of industry associations and these associations are at the core of many successful initiatives under CITES, e.g. the sustainable use of crocodylians. There are several examples of mature industries and markets for products and services derived from wild fauna and flora (e.g. food supply, healthcare, fashion, collecting, ecotourism, pet market, trophy hunting, traditional medicines, fisheries, aquaculture, handicrafts and an array of other species uses). Many others are growing, offering opportunities for generating alternative sources of income and for production processes based on sustainable use of CITES-listed species.
32. The private sector is, of course, a major stakeholder in wildlife trade that is authorized under the Convention. Members of this sector have regular contact with CITES authorities and often communicate with the Secretariat as well. It is expected that the private sector will play an active

role in the undertaking of national wildlife trade policy reviews and the implementation of agreed follow-up actions.

33. At the international level, there is scope for identifying and rewarding producers and consumers who have developed sustainable wildlife management programmes or projects to improve CITES implementation and contribute to poverty alleviation. This is also an excellent opportunity to contribute to the challenges raised by the Millennium Development Goals to 2015.

#### Recommendations

34. Given the role of local communities and the private sector in wildlife trade, thought might be given to the establishment of a new forum to facilitate dialogue and cooperation between governments, civil society and the private sector. The organization of a sustainable trade forum parallel to CoP14 might be envisaged. Wildlife trade enterprises and industry associations can exchange their relevant knowledge and technological resources, as well as more general management, research and communication skills, which, if mobilized, could serve to develop a code of conduct for wildlife traders in order to encourage conservation of the species, ethical business practices, improve business to business communication and facilitate the daily work of CITES authorities.
35. The Standing Committee may want to consider ways to recognize/reward the good practices of producer or consumer countries in relation to sustainable use of Appendix-II or -III species. One way could be through accreditation, mutual recognition and peer assessment between importing and exporting Parties of specimens originating in projects or programmes accredited or recognized for their good practices. This might include the facilitation of market access for those specimens or the provision of exemptions from relevant stricter domestic measures adopted by consumer countries.