

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



Sixteenth meeting of the Conference of the Parties  
Bangkok (Thailand), 3-14 March 2013

Administrative matters

Financing and budgeting of the Secretariat and of meetings of the Conference of the Parties

ACCESS TO OTHER SOURCES OF FUNDING

1. This document has been prepared by the Secretariat.

Background

2. Goal 2 of the *CITES Strategic Vision 2008-2013* 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. At its 15th meeting (CoP15, Doha, 2010), the Conference of the Parties adopted Decision 15.20 on *Funding for projects related to species conservation and management* as follows:

*The Secretariat shall:*

*a) in cooperation with international financial institutions and potential donors, investigate possible ways to establish the means to secure funding to support the provision of technical assistance to CITES Parties in relation to regulating wildlife trade (including population studies as a basis for management programmes); and*

*b) report its findings and recommendations at the 16th meeting of the Conference of the Parties.*

4. Pursuant to Goal 2 of the Strategic Vision and Decision 15.20, the Secretariat submitted documents on *Access to finance, including GEF Funding* at the 61st (SC61, Geneva, August 2011) and 62nd (SC62, Geneva, July 2012) meetings of the Standing Committee [see documents SC61 Doc. 16 and SC62 Doc. 9.4 (Rev. 1)]. 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 (this matter is developed in document CoP16 Doc. 8.4); and
- c) Developing an innovative-financing portfolio and increasing ownership of implementing Parties through co-financing.

5. 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. The intersessional working group, working through electronic means, came to the conclusion that it should take advantage of the Parties' considerable and rich pool of experience and ideas, and it developed a questionnaire to collect their input.
6. With Notification to the Parties No. 2012/017 of 2 March 2012, the Secretariat published a questionnaire on *Access to finance, including GEF funding* for the CITES Parties. The results of the consultation are included in Annex 2 to the present document.

Maintaining and expanding fund-raising activities for CITES implementation  
(in partnership with other organizations)

7. One of the important roles of the Secretariat is to help raise funds to ensure the effective implementation of the Convention, including the Decisions and Resolutions adopted by the Conference of the Parties, and supporting the participation of all the Parties in meetings of the Conference of the Parties through the Sponsored Delegates Project (SPD). The Secretariat contributes to mobilizing financial resources for the Parties, for example through the African Elephant Fund, the GEF, and the SDP, for partners leading the implementation of CITES-related projects, such as the the International Tropical Timber Organization (ITTO) and International Consortium on Combating Wildlife Crime (ICCWC). The Secretariat also raises funding for carrying out its own activities and functions.
8. Since CoP15, the Secretariat has been very active in raising external funds and successful in reaching out to multiple donors and the private sector in these endeavours. The Secretariat has thus raised USD 7,592,203 that it manages directly, and contributed to raising USD 10,728,723 for CITES implementation through partnerships with other organizations. It is now seeking over USD 12.5 million for the next triennium (2013-2016). This amounts to a total close to USD 31 million. The details are set out in Figure 1 and Table 1 below.

Figure 1: Total of external funds mobilized for CITES implementation (raised and projected)

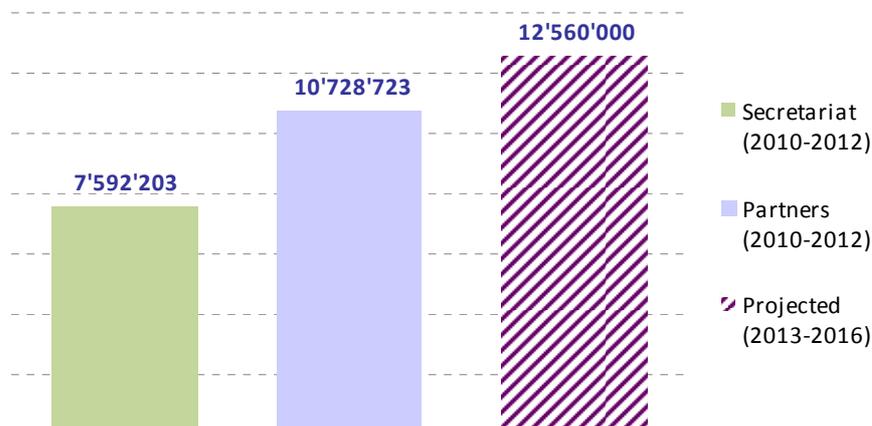


Table 1: Cash received and managed by the CITES Secretariat (2010-2012)

Main donors 2010-2012*	USD	%
European Commission	4'918'830	64.79%
Qatar	828'953	10.92%
United States	523'282	6.89%
United Kingdom	350'229	4.61%
Japan	211'000	2.78%
Hong Kong SAR	154'336	2.03%
France	154'226	2.03%
Germany	75'591	1.00%
Others	375'757	4.95%
<b>Total</b>	<b>7'592'203</b>	

Cash received from the European Union 2010-2012*	USD	%
CoP14 Decisions	165'853	2.18%
CoP15 Decisions	333'935	4.40%
MIKE	3037'140	40.00%
Capacity-building	1'381'903	18.20%
<b>Total</b>	<b>4'918'831</b>	<b>64.79%</b>

\*Cash received by the CITES Secretariat; this does not reflect the total amount mobilized during the three years.

## External funds raised by the CITES Secretariat and key partners and managed by partners

9. In addition to the external funds raised and managed by the Secretariat itself during the period 2010-2012, USD 10,728,723 were raised in collaboration with partner organizations. These funds include those raised under: Phase II of the ITTO-CITES capacity-building project; the GEF project to strengthen wildlife forensic capabilities in South Africa to combat wildlife crimes; the World Bank Development Grant Facility (DGF) grant to strengthen national enforcement capacities to combat wildlife crime; and the funds pledged or transferred under the African Elephant Fund.

*Table 2: Externals funds raised with key partners and managed by them (2010-2012)*

Activity/Partner	USD
Timber Phase II - ITTO/CITES	6'500'000
Rhinos - GEF/UNEP	3'000'000
ICCWC - WB/DGF/UNODC	600'000
Elephants - AEF/UNEP	628'723
<b>Total</b>	<b>10'728'723</b>

10. Phase II of the ITTO-CITES project is the continuation of a successful multi-donor effort focusing on timber species. It has a budget of EUR 7.5 million over a period of four years (2012 to 2015). EUR 5 million has been already raised from the European Union and efforts are underway to secure EUR 2.5 million in matching funds from other donor countries (see paragraph 15 below). Table 2 above only includes the EUR 5 million grant provided by the European Union converted into American dollars at an exchange rate of USD 1.30 to EUR 1. Other potential grants are reflected in Table 3 below. Phase II of the project provides specific assistance to countries throughout the tropics to design forest management plans, establish forest inventories, provide guidelines and case studies for the making of non-detriment findings, and develop and disseminate tools for timber identification.
11. The Governing Council of the Global Environment Facility (GEF) has approved a project that will strengthen wildlife forensic capabilities in South Africa to combat wildlife crimes. The USD 3 million project was developed in cooperation with the Department of Environmental Affairs of South Africa and the United Nations Environment Programme (UNEP), with support from the CITES Secretariat. An additional USD 11,7 million in co-financing is also under discussion with interested parties. The project aims to reduce poaching of rhinoceroses and the illegal international trade in their horns by strengthening enforcement capacity in South Africa through forensic-based technologies.
12. ICCWC has secured USD 600,000 for 2012 to strengthen national enforcement capacities to fight wildlife crime through a grant of the World Bank DGF, which will be managed by the United Nations Office on Drugs and Crime (UNODC).
13. The *African elephant action plan* and the African Elephant Fund were created under the auspices of CITES. At SC61, the Secretariat reported that the African Elephant Fund and a related Steering Committee had been established in 2011, in accordance with Decision 14.79 (Rev. CoP15) on *Elephant conservation*. The Fund was created under and is managed by UNEP as a multi-donor technical cooperation trust fund for the implementation of the *African elephant action plan*. To date, CITES has assisted in raising USD 628,723 for this Fund. Contributions or pledges have been received from China, Germany, France, the Netherlands, South Africa and the United Kingdom of Great Britain and Northern Ireland.

## External funds sought for 2013–2014

14. The Secretariat is trying to raise over USD 12.5 million for CITES implementation through partnerships with other organizations, such as ITTO, the World Bank DGF, UNODC, ICPO-INTERPOL, the World Customs Organization, the CITES/UNEP African Elephant Fund and others.
15. Discussions with a donor are well underway to secure EUR 1.73 million for ICCWC-related activities, under a project to be managed by INTERPOL. Further discussions for additional funds for ICCWC-related activities are also ongoing for USD 500,000 from another donor, and USD 450,000 from a third one. Details will be provided orally at the present meeting.

16. As mentioned in paragraph 9 above, efforts are underway to secure EUR 2.5 million from Japan, New Zealand, Norway, Switzerland and the United States of America to match the EUR 5 million already raised from the European Union for Phase II of the ITTO-CITES project.
17. The Secretariat is also seeking to raise an additional EUR 4 million for the period 2013-2014, which would be dedicated to MIKE and capacity-building activities. Additional funding of EUR 700,000 is also being sought for the implementation of draft decisions proposed for adoption at the present meeting and subject to external funding, as well as for other long-term projects.

*Table 3: Externals funds sought for 2013-2014*

Activity	2013-2014
Timber	3'250'000
ICCWC	3'200'000
Capacity-building	2'600'000
MIKE	2'600'000
Implementation of CoP16	910'000
<b>Total</b>	<b>12'560'000</b>

#### Pledging event at CoP16

18. The Secretariat will organize a pledging event during the first week of the present meeting to highlight pledges by donor governments, international financial institutions, civil society and the private sector to ensure the effective implementation of the Convention. Further details will be provided before the meeting through a Notification to the Parties.

#### Innovative financing

19. An introduction to innovative financing was presented at SC61 in document SC61 Doc. 16 on *Access to finance, including GEF funding*. Based on initial feedback, the CITES Secretariat undertook an innovative-financing pilot project to provide Parties with additional information on specific opportunities to generate additional resources for CITES implementation. The Secretariat, however, is not in a position to carry this initiative beyond the current pilot phase without external funding and in-kind support.

#### Background

20. The CITES Secretariat has explored the opportunities presented by innovative financing to:
  - a) raise new financial and non-financial resources for CITES implementation;
  - b) engage new partners from the industry and the financial sector to support CITES;
  - c) enhance relationships with existing and new donors, and the private sector; and
  - d) support and drive technological solutions and innovation that can be piloted at the country level to advance CITES goals.
2. The experience of CITES with partnerships in innovative financing, for example working with the financial sector, is very limited. Therefore, a cautious approach was adopted by working with Geneva-based experts in the field – the Innovative Finance Foundation (IFF) – and by devoting some extra budgetary funds donated to CITES by a private donor for a feasibility study.
22. On 9 February 2012, the CITES Secretary-General and the IFF President agreed to collaborate to explore the development of an innovative-financing portfolio involving industry partners and the financial sector. On 13 April 2012, the Secretariat concluded a Small Scale Funding Agreement with IFF to, *inter alia*, outline the rationale, approach and potential constituents of a possible portfolio of activities and products.
23. IFF carried out a feasibility study and related stakeholder consultations during the period April-September 2012, and the Secretariat is in the process of evaluating this study. The initial findings were presented and discussed at a side event hosted by the Secretariat on 24 July 2012 during SC62. Most of the 46

attendees came from private financial institutions, an indication of the interest in CITES and potential collaboration. An informal stakeholder consultation with representatives of the industry was also organized in collaboration with the United Nations Conference of Trade and Development (UNCTAD). A final report with recommendations was in preparation at the time writing (October 2012) and will be evaluated by the Secretariat prior to CoP16.

#### General observations

24. 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 drawn a number of conclusions:
- a) With its regulatory role, a global network of 176 countries and the current partnerships, CITES is well positioned to engage in innovative-financing activities. In doing so, CITES would join a group of prestigious organizations such as the Global Alliance of Vaccine Initiatives (GAVI), the Global Fund and others in a sector that has generated over USD 7 billion in recent years;
  - b) In terms of collaborations with the financial sector, there was sufficient interest in a CITES-linked innovative-financing tool from fund managers and the investment community, especially from technology investors based in the United States;
  - c) In terms of engaging industry in a CITES-linked cause marketing/co-branding platform, IFF considers that only limited benefit could be drawn from associating the CITES name to products. A number of consumer marketing campaigns, mainly covering rain forest and species protection, have already been carried out by some companies and environmental non-governmental organizations (NGOs). The luxury goods industry seems more interested in CITES-sanctioned global, standardized solutions related to their core business than in awareness-building and profit sharing. Thus, the scope of meaningful and sustainable "product affiliation" campaigns must in some way address the basic questions of focus, fund disbursement, fiduciary matters, monitoring, verification and reporting before approaching industry directly.
  - d) Although CITES is not expected to run the product affiliation and co-branding initiatives directly, a certain support capacity seems needed when partners and investors turn to the CITES Secretariat for technical information and networking. Ample thought must be given to how to enable the CITES Secretariat to play this role. Other leading UN organizations have devoted considerable internal resources to co-developing and co-managing products, initiatives and partnerships (e.g. UNICEF); and
  - e) Legal and administrative aspects of the flow of funds, including the ability to accept donations and the substantial reporting requirements on funds spent and results achieved to potential partners and to the CITES governance structures, need to be clarified.
25. Based on the best match possible between financial innovation, potential capital sources and the key themes, challenges and needs for CITES, the IFF feasibility study focused on two potential constituents for a CITES-linked innovative finance portfolio:
- a) a venture-capital fund provisionally named *CITES Technology & Innovation Fund* (CTIF); and
  - b) a global product affiliation and consumer marketing initiative.

#### CITES Technology & Innovation Fund

26. The CTIF concept designed by IFF is based on the premise that for-profit businesses have 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 for-profit companies selling tools and services that improve species research and track legally and illegally traded species in the supply chain, would enhance the abilities of the Parties to meet CITES objectives.
27. The CTIF designed by IFF is expected to draw on the considerable interest of potential investors and of a number of new business opportunities created through cutting-edge technology applications and devices, which, if commercialized, would benefit CITES.

28. The IFF has identified two experienced entrepreneurs and fund managers who seem qualified to manage the fund. More information about IFF activities and these fund managers can be found on the IFF webpage at: <http://www.innovativefinance.org/funds-projects/cites/cites-project-team/>.
29. 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 ("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 cases, the fund must also return a previously agreed-upon rate of return ("hurdle") to investors. Second, the fund could substantially assist Parties in the implementation of CITES through the use of 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 the considerable interest in environmental causes that exists in the technology sector.
30. The CTIF would be structured as a private initiative of IFF, with no legal ties to the Secretariat or the CITES Parties. The CITES Secretariat would not be responsible for the content of IFF webpage, and the reference to the IFF website and the CTIF would not constitute an endorsement or underwriting commitment whatsoever from the Secretariat or the Parties to the Convention. The CITES Secretariat would not be raising funds for the legal set-up of the fund and the transaction development. 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.
31. The CTIF concept has been elaborated by IFF, which considers that it is ready to be taken to the next stage. This stage requires a Private Placement Memorandum (PPM), legal registration, detailed preparation of the investment pipeline and the seed investor(s). It goes well beyond the current capacity of the Secretariat and a major external donor would be required to support IFF in the implementation of the required activities. IFF has not identified any potential donors but it is hoping to do so before CoP16.

#### Product affiliation and consumer marketing initiative

32. This programme involves highlighting the direct relevance of CITES to enterprises that operate in different domains, including the luxury goods and food industries. Any partnership should be based on the "win-win" principle, whereby the private sector gains in areas, such as enhanced reputation, market access or brand building, while generating a revenue stream for CITES and advancing the goals of the Convention. The best examples of such an initiative are PRODUCT (Red)<sup>TM1</sup> and the "It's No Fun to be Extinct" campaign<sup>2</sup>.
33. Currently, there are a number of preliminary discussions underway with companies from the luxury goods and the food industries. The main issues that need to be addressed in these discussions are:
  - a) Marketing expenses for the co-branded products;
  - b) Identifying very focused "causes" (single species, single projects, etc.) suitable for a simple message to the consumer; and
  - c) The ability of CITES to provide timely and simple reporting on the funds spent and results achieved vis-à-vis the focused "causes".
34. At the present time, the Secretariat has not authorized any affiliations, and they would first be put to the Standing Committee for consideration, provided that appropriate structuring and governance can be agreed on eventual proposals for specific agreements.

---

<sup>1</sup> See <http://www.joinred.com/>.

<sup>2</sup> See <http://nofunbeingextinct.org/>.

35. In addition to a long-term campaign, a number of short-term initiatives are feasible, for example the use of latest crowd-sourcing technology for translation of the CITES Virtual College in almost all languages of the world.

#### Recommendations

36. It is recommended that the Conference of the Parties adopt the draft decisions contained in Annex 1.
37. The Secretariat believes that Decisions 15.20 has been implemented and can be deleted.
38. The Secretariat also proposes the deletion of all Decisions still in effect that called on the Secretariat to seek external funding for specific activities, such as Decision 12.93, and recommends against the adoption of new decisions of that nature. Instead of being tied to particular activities, the Secretariat recommends that fund-raising activities be addressed in a programmatic and general manner, such as through the financial mechanisms proposed in the present document and in document CoP16 Doc. 8.4. If deemed necessary, prioritization of the allocation of external funding to specific activities could be done in consultation with the Budget Working Group of the Conference of the Parties or the Finance and Budget Subcommittee of the Standing Committee.

DRAFT DECISIONS OF THE CONFERENCE OF THE PARTIES

**Access to other sources of funding**

***Directed to Parties***

- 16.A All Parties, governmental, intergovernmental and non-governmental organizations and other entities are invited to provide financial or technical assistance for ensuring the effective implementation of the Decisions and Resolutions adopted by the Conference of the Parties.
- 16.B Parties are invited 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.

***Directed to the Secretariat***

- 16.C 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.
- 16.D The Secretariat shall present a report of its findings and recommendations at the 66th and 67th meetings of the Standing Committee, as necessary, and the 17th meeting of the Conference of the Parties on the progress made with regard to the implementation of Decision 16.C.

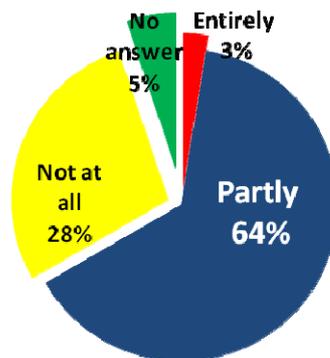
***Directed to the Standing Committee***

- 16.E The Standing Committee shall review the progress of implementation of Decisions 16.C and 16.D at its 66th and 67th meetings, as necessary.
- 16.F 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.

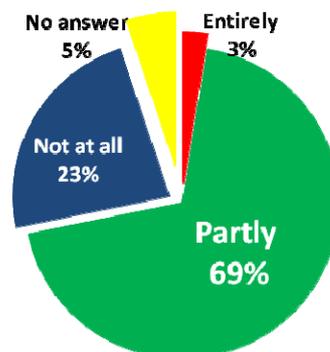
### ACCESS TO FINANCE – QUESTIONNAIRE RESULTS

1. Goal 2 of the *Strategic Vision 2008-2011* is to "Secure the necessary financial resources and means for the operation and implementation of the Convention." In your opinion, had Goal 2 of the Strategic Vision been met by the end of 2011?

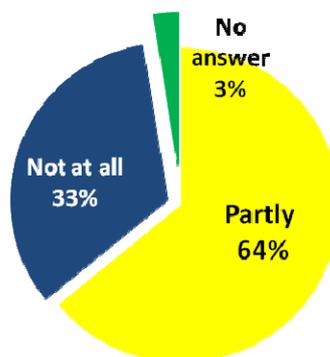
a) Objective 2.1: Financial resources are sufficient to ensure operation of the Convention



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

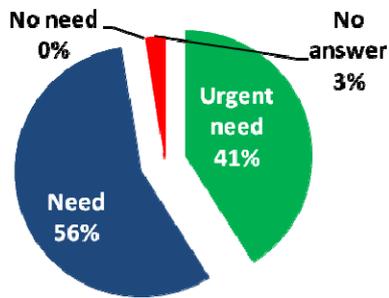


c) Objective 2.3: Sufficient resources are secured at the national/international levels to implement capacity-building programmes

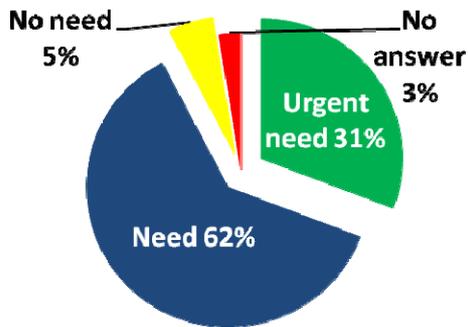


2. Where is additional funding needed (for the CITES Trust Fund) for activities and actions by the Secretariat and institutions of the Convention?

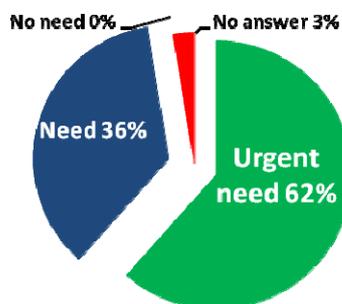
2.1 Implementation and enforcement of the Convention by providing support to the Parties on:



Science

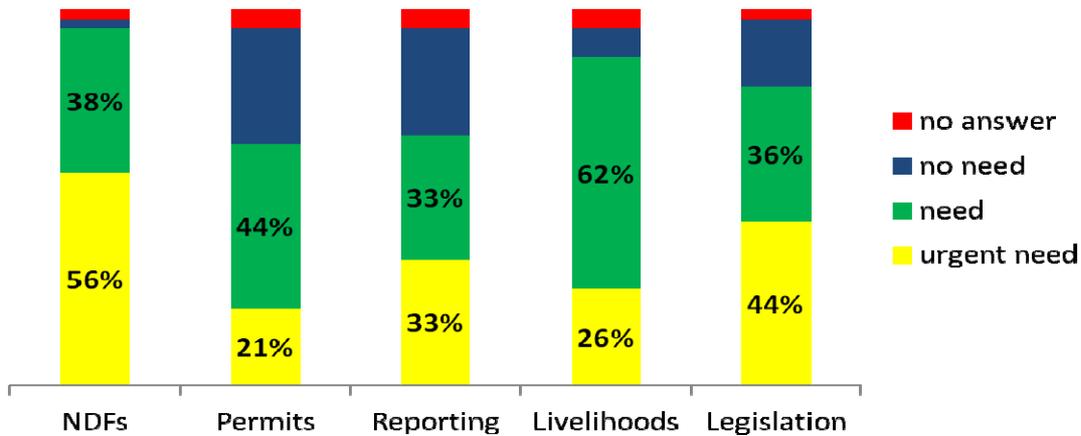


Policy and Law



Enforcement

2.2 Capacity building for:



3. How can additional funding be generated?

3.1 Through increased contributions by the Parties to the CITES Trust Fund?

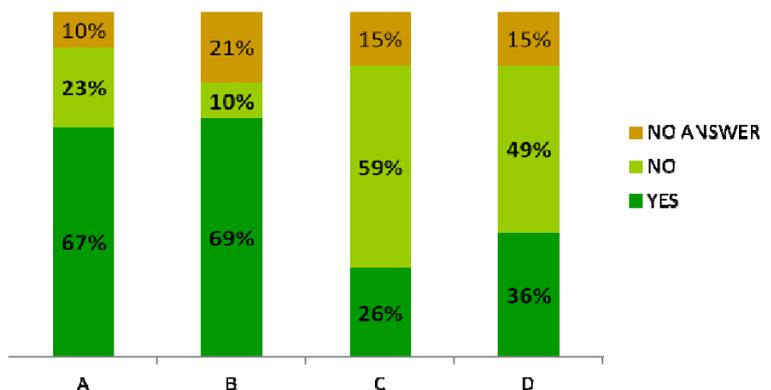
Yes 38% No 54%

3.2 Through additional voluntary contributions to the CITES Trust Fund by non-governmental organizations and other donors?

Yes 92% No 0%

3.3 Through cost-recovery mechanisms for the services provided by the CITES Management Authorities, Scientific Authorities and/or the CITES Secretariat?

- a) Issuance of permits and certificates
- b) Registration of captive-breeding operations and nurseries
- c) Access to CITES databases, online tools, training material
- d) Other services (e.g. scientific or enforcement services)



3.4 Should the Conference of the Parties consider other traditional, emerging, and innovative financing mechanisms, such as those discussed in document SC61 Doc. 16?

Yes 77% No 3%

3.5 Could you envisage supporting the Secretariat with gratis personnel or other forms of contributions in kind?

Yes 28% No 36%

#### 4. Designation of a financial mechanism

4.1 Should there be one or more designated financial mechanisms for CITES?

Yes 87%      No 5%

4.2 Should a stand-alone mechanism be established?

Yes 28%      No 31%

4.3 Should existing international mechanisms, such as the Global Environmental Facility (GEF), be used?

Yes 77%      No 8%

a) Should the Conference of the Parties consider making the GEF the financial mechanism of CITES by asking the GEF Council and the GEF Assembly to amend the instrument?

Yes 76%      No 8%

b) Should the Conference of the Parties ask the GEF Council and the GEF Assembly to enhance the GEF biodiversity focal area by including an species-based component ([http://www.thegef.org/gef/sites/thegef.org/files/documents/document/GEF-5\\_Bio\\_strategy.pdf](http://www.thegef.org/gef/sites/thegef.org/files/documents/document/GEF-5_Bio_strategy.pdf))?

Yes 74%      No 3%

#### 5. Do you have any other observations or suggestions?

In general, Parties thanked this participatory approach and welcomed the efforts of the Secretariat to investigate other emerging and innovative financing approaches. They highlighted that access to finance is 'pivotal' to the implementation of the Convention, especially for Small and Vulnerable Economies (SVEs), and Small Islands Developing States (SIDs) with limited human and financial resources. There was a suggestion to re-locate the Secretariat to a cheaper location and to merge biodiversity-related Conventions.