

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



Seventieth meeting of the Standing Committee
Rosa Khutor, Sochi (Russian Federation), 1-5 October 2018

MANAGERIAL BEST PRACTICE GUIDELINES FOR
PLANNING AND IMPLEMENTING CITES TRACEABILITY SYSTEMS

1. This document has been submitted by Mexico and Switzerland as co-Chairs of the intersessional working group on traceability in relation to agenda item 40.* This document has been approved by the working group on a meeting held during SC70.

Background

2. At its 17th meeting (CoP17, Johannesburg, 2016), the Conference of the Parties adopted Decisions 17.152-17.155 on traceability as follows:

Directed to the Standing Committee

17.152 The Standing Committee shall, at its 68th meeting, establish a working group on traceability, which will work in collaboration with the Secretariat to:

- a) recommend a working definition of 'traceability' to assist Parties in work related to the implementation of traceability systems;*
- b) encourage Parties that are developing traceability systems to ensure they are complementary, mutually supportive and standardized, as appropriate, and that they are adapted to the unique conditions relating to trade in CITES-listed species;*
- c) provide general guidance on a mechanism to coordinate and oversee the development of traceability systems using lessons learned from the development of the global CITES permits and certificates system, global information and traceability systems, and other relevant initiatives;*
- d) subject to the availability of external resources, and as appropriate, develop and make use of umbrella guidelines, and recommend standards, to develop traceability systems for different species that are mutually supportive and that generate standardized data;*
- e) subject to the availability of external resources, analyse examples that describe CITES supply chains, including but not limited to those using Unified Modelling Language, and identify points throughout the supply chain where specimens should be located, verified,*

* The geographical designations employed in this document do not imply the expression of any opinion whatsoever on the part of the CITES Secretariat (or the United Nations Environment Programme) concerning the legal status of any country, territory, or area, or concerning the delimitation of its frontiers or boundaries. The responsibility for the contents of the document rests exclusively with its author.

and its application defined, bearing in mind a wide range of production systems and life forms;

- f) take into account the work on e-permitting to ensure links between CITES permits and certificates and traceability identifiers;*
- g) collaborate with United Nations and other relevant organizations that have experience in the development and use of traceability standards and systems; and) draft a resolution on traceability, as deemed necessary, to be submitted to the Standing Committee, taking into account any relevant conclusions and recommendations of the report resulting from Decision 17.154, as appropriate, for consideration at the 18th meeting of the Conference of the Parties.*

Directed to the Parties

17.153 *Parties are invited to:*

- a) support the working group in its work on traceability;*
- b) inform the working group on the development of projects and on new information related to traceability in response to the Notification issued by the Secretariat under Decision 17.154;*
- c) adhere, as appropriate, to international standards and norms related to traceability systems in the development of these systems;*
- d) use data generated from traceability systems, as appropriate, in activities related to non-detriment findings and monitoring programmes; and*
- e) collaborate in the provision of capacity-building programmes that promote South-South and North-South cooperation in the development of traceability systems.*

Directed to the Secretariat

17.154 *The Secretariat shall issue a Notification, requesting Parties to provide information on the development of projects related to traceability.*

17.155 *Subject to the availability of external funding, the Secretariat shall:*

- a) develop a portal on the CITES website on traceability, to make available:*
 - i) recommendations by the working group on a definition of 'traceability', general traceability guidelines, and other relevant information;*
 - ii) information on new and ongoing projects, as well as existing systems, on traceability, including lessons learned;*
 - iii) information on global organizations working on traceability standards and systems;*

and

 - iv) relevant documents, research papers and guidelines on traceability; and*
- b) in collaboration with the Standing Committee working group established under Decision 17.152 and UN/CEFACT, commission a report by a global organization or expert with experience in the development of standards related to traceability, to:*
 - i) describe a possible governance model (or models) for use in CITES traceability systems;*
 - ii) describe the CITES supply chain using Unified Modelling Language or a similar tool;*
 - iii) identify and recommend appropriate information exchange protocols and standards for use in CITES traceability systems;*

iv) describe a generic CITES traceability standard for use as a common model; and

v) report to the Standing Committee on the conclusions of the report.

3. This document aims to contribute to Decision 17.152 paragraph b, c and g by providing recommendations and guidelines that Parties may consider when planning and implementing traceability systems for CITES listed species.

The UNECE framework to design traceability systems for cross border trade and its application to CITES

4. Most traceability systems implemented today are systems where the stakeholders are private sector entities. Participation in these systems is in general voluntary.
5. A traceability system for CITES listed species differs from private sector traceability systems as Government agencies and in most cases CITES Management Authorities are a major stakeholder of the system. Participation in a such a traceability system may establish obligations of private sector stakeholders towards Government agencies and may influence regulatory decisions of the Government agencies.
6. For this reason, all stakeholders of the traceability system must have a clear understanding of their respective roles, responsibilities and obligations in the envisaged traceability system and must be committed to support this system. This in turn requires that the traceability system is planned and implemented in an open and transparent process with participation of all major stakeholders.
7. UNECE developed the *Framework to design Traceability Systems for Cross Border Trade*¹ which provides guidelines to describe the major components (i.e. the architecture) of a traceability system. Such a description is the basis for an informed stakeholder consultation. UN/CEFACT has taken the traceability framework on board and aims to develop it into a Recommendation to Governments and trade².
8. The UNECE Framework to design traceability systems was applied in the UNCTAD Study to assess the feasibility of a traceability system for medicinal plants and products from the Greater Mekong Sub-region³; the application is summarized in Appendix 1 of this document.
9. The UNECE traceability architecture consists of the following components
- a) A Policy Claim, i.e. a specific statement about a traceable asset that the traceability system aims to substantiate.

In the CITES context, the Policy Claim may relate to legal acquisition which includes compliance with national legislation and events that support sustainable use of the species such as quotas.

An example for a policy claim in the CITES context⁴ could be: "The shark fins exported under CITES Appendices II and products thereof have previously been legally landed as documented in a catch certificate; re-export certificates are issued only if the provenance of the original raw material has been linked unequivocally to permits of the export country."

- b) A traceable asset⁵, i.e. an asset that needs to be traced⁶ to fulfil the Policy Claim.

In CITES traceability systems the traceable asset is a specimen or a batch of specimen.

² <https://uncefact.unece.org/display/uncefactpublic/Traceability+Framework>

³ *Traceability for Sustainable Trade: A Framework to design Traceability Systems for Cross Border Trade (ECE/TRADE/429)*, <http://www.unece.org/index.php?id=43763>

⁴ See *Traceability study in shark products*, [SC66 Inf. 11](#)

⁵ The terms "asset" and "item" are used interchangeably

- c) An entry and exit point⁷, i.e. the business process where the traceable asset enters and leaves a traceability system.

In CITES traceability systems, an entry point is the business process where the first event on the specimen is recorded in the traceability system. Typical entry points for a traceability system is the Customs import process or the request or issuance of captive breeding and artificial propagation certificates.

As an example, a shark specimen can enter the traceability system when the Fishery Management Authority issues a catch certificate. The specimen will exit the traceability system when the frozen carcass is exported, i.e. when an export declaration with a CITES export permit as supporting document has been approved by Customs.

- d) Entry and exit point conditions which define a set of requirements with which a traceable asset needs to comply with at the entry and exit points.

In the context of CITES listed species, an entry or exit condition is a requirement important to establish the legal acquisition status of the specimen at the entry or exit point.

As an example, an exit condition for shark traceability may require a documented relationship between the shark fins prepared for export and catch certificates recording catch of sharks to the amount of fins to be exported. An entry condition in the importing State may be a valid CITES export permit for these fins issued by the exporting State.

- e) Transformation rules, i.e. those rules related to the trade, transport and modification of an asset (e.g. by processing).

An example for such a transformation rule is the requirement that a trader selling a batch of shark fins originating from artisanal fisheries⁸ need to be able to demonstrate legal purchases amounting to the total amount of fins included in the batch.

- f) Audit Agency that supervises the proper implementation and operation of the traceability system

In the context of CITES an Audit Agency could be the Management Authority of a board of agencies and organizations managing trade in wildlife.

10. The UNECE traceability architecture stipulates that the mandate of the Audit Agency is limited to the reach of its area of influence. As a Management Authority only has authority within the State it is established the traceability system controlled by the Management Authority is limited to events taking place within this State. To trace cross border supply chains a national traceability system needs to be established in the exporting and the importing State and the exist conduction of the exporting State becomes the entry condition of the importing State (daisy chaining of national traceability systems).
11. ESCAP has also developed best practice recommendations how to implement paperless information management systems (including traceability systems) based on UN/CEFCAT standards for agrifood trade facilitation⁹ which provide useful basis when establishing best practice for CITES traceability systems.

Managerial best practice guidelines for planning and implementing CITES traceability systems

12. The below steps are considered important for the implementation of a traceability system for CITES listed species:

- a) Development of a high-level policy brief containing an initial traceability architecture for policy makers with a view of securing funds for a feasibility study. The UNECE *Framework to design Traceability*

⁷ Note that "point" refers here to a specific business process in the supply chain and not to a physical location. However many business processes that mark the entry and exit points of traceability systems are associated with specific locations such as ports where customs import and export processes take place.

⁸ See *Traceability study in shark products*, [SC66 Inf. 11](#), section 4.5.

⁹ *Information management in agrifood chains: Towards an integrated paperless framework for agrifood trade facilitation*, ST/ESCAP/2711, <http://www.unescap.org/resources/information-management-agrifood-chains-towards-integrated-paperless-framework-agrifood>

Systems for Cross Border Trade and related future work of UN/CEFACT on this topic should be used as a guide when describing the architecture of the envisaged traceability system.

- b) Identification of key public and private stakeholders whose involvement is important for the successful implementation of a traceability system for CITES listed species. It is good practice to establish a traceability roundtable that accompanies the process from inception to implementation
 - c) A feasibility study that covers the following areas:
 - i. Description of the envisaged project, why it is needed, what it must achieve and who should be involved
 - ii. Outline of alternative solution scenarios, their strengths and weaknesses
 - iii. Proposal to Policy Makers of a Go/No-go decision for the feasibility
 - iv. Identification of a steering committee for the development of the traceability system
 - v. Test of the Policy Claim
 - vi. High level scope, objectives, benefits
 - vii. Identification of key supply chains
 - viii. Identification of key experts
 - ix. Lessons learnt (other similar projects)
 - x. High level impact study and potential financial models for sustainable operation of the system
 - xi. Update of the traceability architecture
 - xii. Proposal for a pilot project, including budget plan
 - d) Pilot project that validates the assumptions made in the feasibility study, tests and improves the traceability system proposed therein. The pilot should also be used to obtain better data for an improved impact analysis and to test the commitment of the key stakeholders.
 - e) Evaluation of the pilot to make the necessary improvements to the original project specification
 - f) A detailed financial plan for the implementation and long term operation of the traceability system including the required contributions of each stakeholder group
 - g) A meeting of all relevant stakeholders to confirm final support for the envisaged traceability system (stop/go decision)
 - h) Definition of a detailed rollout plan based on the pilot results by delivering the following core components:
 - i. A resource plan (human, financial, technical, etc.)
 - ii. A staggered rollout plan (based on geographical location if required)
 - iii. A training plan for stakeholders (government officials and private sector)
 - iv. A dissemination plan (private sector and general public)
 - v. A support plan (resources for user support in initial stages)
 - vi. A governance transition plan
 - i) Implementation and rollout
13. Consideration should be given to the fact that buy-in from the private sector is key to the successful implementation of any traceability system. Ideally, positive or negative incentives can be identified to motivate the private sector to participate actively in the traceability system.
14. The formation of partnerships with certification schemes (e.g., BIOTRADE, FairWild, etc.) that drive more value to organized, legal and controlled supply chains is one example of a positive incentive. Elements of suitable schemes can be summarized as below:
- i. Incentivizing greater stakeholder participation and responsibility in better management and recording of species use
 - ii. Supporting the Nagoya principles by benefit sharing along the value chain
 - iii. Improving species protection by increasing stakeholder benefits
 - iv. Aiding the long-term sustainability of wild-harvested species and their habitat
 - v. Respecting traditions, cultures and supporting the livelihoods of all stakeholders

Recommendations

15. The Standing Committee is invited to take note of ongoing work of UN/CEFACT to further develop the UNECE Traceability Framework as a Recommendation on Traceability¹⁰ to Governments and trade and the relevance of this work for Decision 17.152 para b, c and g.
16. Parties are invited to take note of the best practices for implementing traceability systems described in this document. In particular Parties should, wherever feasible
 - a) Follow the UNECE *Framework to design Traceability Systems for Cross Border Trade*¹¹ to describe the Architecture of traceability systems for CITES listed species with to enable a structured and informed discussion among all stakeholders
 - b) Follow the practices outlined in this document under the chapter Managerial Best Practice Guidelines for planning and implementing CITES traceability systems outlined
 - c) Review and continue to develop these Guidelines taking into account experiences made by Parties in implementing traceability systems for CITES listed species as well as relevant progress made in domains outside of CITES.
17. The Secretariat is requested to collaborate with UN/CEFACT and other relevant organizations on the further development of managerial best practice for planning and implementation of traceability systems which are relevant to CITES Parties.

¹⁰ UN/CEFACT projet page <https://uncefact.unece.org/display/uncefactpublic/Traceability+Framework>

¹¹ ECE/TRADE/429, https://www.unece.org/fileadmin/DAM/trade/Publications/ECE_TRADE_429E_TraceabilityForSustainableTrade.pdf

Annex 1: UNECE traceability architecture – Application to CITES Medicinal plants

21. The table below provides a summary description of the architecture of a CITES traceability system for medicinal plants¹².

Framework element	Definition	Process	Description
Policy claim	The statement that the traceability system supports.	Internal, but ideally coordinated with other Parties	<p>Policy claim example: “Medicinal and aromatic plants (MAPs) are harvested and traded in accordance with applicable national and international rules and regulations. In particular, CITES-listed MAPs and products thereof [destined for export] can be traded only if legally acquired and where such trade will not be detrimental to the survival of contained species. Records must be kept by all operators to demonstrate legal acquisition, whereas non-detrimental levels of trade will be determined by the corresponding competent authority.”</p> <p>The policy claim therefore falls within the authority of one Party, i.e. “a State for which the Convention has entered into force.</p>
Traceable asset	Any item (object, product or service) that needs to be tracked along a supply chain at any given state or moment.	Import, (re-) export and internal	<ul style="list-style-type: none"> i. Unprocessed MAPs; ii. Processed MAPs without mixing species; iii. Products containing MAPs; iv. Finished products packaged and ready for retail
Entry point	A process that is a starting and end point of the traced supply chain.	Import or internal	<p>The legal acquisition of materials either by:</p> <ul style="list-style-type: none"> i. Import; ii. Wild harvest; iii. Plantation; iv. Artificial propagation.
Entry point conditions	Certain conditions that assets must meet when they enter the traceability system.	Import	Presence of CITES certificate(s), with the potential exception of Traceable Assets of type (ii)
		Internal	<p>Traceable assets of type (i):</p> <ul style="list-style-type: none"> - Operators require a uniquely identified operating permit; - For wild-harvested specimens, records must be kept on collection date, species and quantities; - For artificial propagated specimens, a registry of parent plants must be kept and of all propagated plants linked to their parent plant;

¹² http://unctad.org/en/PublicationsLibrary/webditcted2016d7_en.pdf

			<ul style="list-style-type: none"> - An annual summary record needs to be filed with total quantity harvested or sold per species; - Small-scale collectors are excluded from [a collection permit and] harvest records. <p>Traceable assets of type (ii) and (iv):</p> <ul style="list-style-type: none"> - See transformation rules or import; - Clients of small-scale operators selling traceable assets of type (i) have to record sales date, species, weight and price. An annual report must be filed with total purchased quantity per species from small-scale collectors. <p>Traceable assets of type (iv): Potentially excluded from CITES control; if not identical to traceable assets of type (ii).</p>
Exit point	A process that is an end point of the traced supply chain	(Re)Export	(Re-)Export of products [other than finished products packaged and ready for retail trade] containing CITES-listed medicinal and aromatic plants.
Exit point conditions	Conditions that assets meet when they leave the traceability system.	(Re-) Export	<p>Must be legally acquired and trade non-detrimental for the survival of the species.</p> <p>Traceable assets of type (i) are considered to be legally acquired:</p> <ul style="list-style-type: none"> - The trader holds a valid operating permit; - Has filed the annual report the year before; - Can demonstrate upon request purchase records; - Small-scale traders are not eligible for export permits. <p>Traceable Assets of type (ii), (iii) and (iv) are considered to be legally acquired:</p> <ul style="list-style-type: none"> - The trader holds a valid operating permit; - Has filed the annual report the year before; - The exported quantities can reasonably be substantiated. <p>Traceable Assets of type (iv): Potentially excluded from CITES control; if not identical to Traceable Assets of type (iii).</p>

Transformation rules	Rules that must be applied when processing the assets between the entry point and the exit point.	Internal	<p>All operators [with possible exception of buyers of finished goods] require an operating permit.</p> <p>Traceable assets of type (i):</p> <ul style="list-style-type: none"> - Purchase records detailing supplier, species, quantity and date of purchase must be kept. An annual report has to be filed detailing total quantity of purchased material per species; - Small-scale traders are exempt from [an operating permit and] keeping purchase records, but their sales must be recorded by their immediate clients and include sales date, species, weight and price. An annual report must be filed with total purchased quantity per species from small-scale traders. <p>Traceable assets of type (ii):</p> <ul style="list-style-type: none"> - An annual report must be filed detailing total purchased volumes per species and total volume of products produced containing CITES-listed MAPs. <p>Traceable assets of type (iii) and (iv):</p> <ul style="list-style-type: none"> - A list of suppliers identified unequivocally (e.g. through their respective permit numbers), must be supplied annually; - Voluntary declaration of purchased quantities from those suppliers. <p>Traceable assets of type (iv): Potentially excluded from CITES control; if not identical to traceable assets of type (iii).</p>
Audit agency	An agency that controls the assets that meet the entry and exit point conditions and the transformation rules. It will request information such as traceability event data from stakeholders.	Import, (re-)export and internal	A CITES Management and Scientific Authority supported by an agency with a mandate to control internal trade.