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

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Strategic and administrative matters

FINANCING THE CONSERVATION OF SPECIES

This document has been prepared by France.

When it adopted Decision 11.78 (Gigiri, Kenya, April 2000), the Conference of the Parties asked to set up a Working Group to inventory and analyse the mechanisms implemented in Parties to finance the conservation of wild fauna and flora and to evaluate the potential use of these mechanisms to improve the implementation of the Convention.

This Working Group, made up of Burkina Faso, Canada, the Czech Republic, Japan, South Africa and Trinidad and Tobago under the chairmanship of France was put in place during the 45th meeting of the Standing Committee (Paris, June 2001) to analyse the replies received from the Parties to the questionnaire sent by the Secretariat with Notification to the Parties No.2001/016.

This questionnaire requested the Parties to give information relating to the Conservation Trust Funds (CTFs) put in place at the national level. These CTFs were designated as financial instruments allowing:

a) to manage a sum of money, the use of which is earmarked by law (or not) specifically for wildlife conservation;

b) to manage this sum independently of other funds such as a State budget or the budget of the body administering the sum in question.

The present document is the report of the Working Group.

1. Inventory of the financial mechanisms

Thirty Parties replied to Notification to the Parties No. 2001/016:

– Seventeen of them pointed out that they had no CTF;

– Thirteen of them filled out one or more questionnaires.

In total, 20 questionnaires served as the basis of this report.

It appears that the Parties chose to exclude from the questionnaires certain CTFs apparently because the species benefiting from these financial mechanisms are not listed in the CITES Appendices.

On the other hand, several Parties indicated the existence of two or three CTFs but returned only one questionnaire.

Finally, many Parties mentioned in the introductory note of Notification to the Parties No. 2001/016 as having CTFs did not return corresponding questionnaires. This inventory is therefore far from being exhaustive.

However, the financial mechanisms described are extremely diversified: they emanate from all regions except Oceania, from developing countries as well as from developed countries, are managed by the public or private sector, concern species or ecosystems, and the terrestrial or maritime domains.

Therefore, although the source of information is relatively small, it seems reasonable to extract from them some lessons and perspectives.

2. Analysis of the CTFs

2.1 Structure of the CTFs

- Eleven CTFs (55%) are established through national legislation, three of them (15%) being government agencies;

- Nine CTFs (45%) are non-profit organizations, four of them (20%) result from an international agreement and two others (10 %) are foundations.

The financial structure on which each CTF is based dictates the timescale according to which the funds must be spent:

- Two CTFs (10%) are structured according to the write-off principle which means that the funds attributed to the CTF must be spent over a pre-determined period;

- Six CTFs (30%) are structured according to the endowment principle which means that the initial capital remains invested and that only the revenues of the investment are spent each year. These CTFs are therefore conceived to exist in perpetuity;

- Twelve CTFs (60%) are structured along the principle of recurrence: they do not rely on an initial capital but on revenues which are produced every year. They are theoretically self-renewing.

Very little information appears on the criteria used to allocate these resources. The replies are often in very general terms or irrelevant. It seems that the criteria of allocation of the CTFs were confused with the domains to which the funds are attributed.

2.2 CTFs management and implementation

The respective roles of the public and private sectors deserve to be better defined.

A majority of CTFs (55%) are described as being managed by a Board of Directors solely made up of private persons or institutions. One third of these CTFs are open to government representatives.

Thirteen CTFs (65%) are subject to audits, either internal or external. Among the CTFs indicating that there is no audit, the funds, four times out of five, are managed by private organizations.

However, since those CTFs are established under contract, it is likely that the management of the funds is submitted to a certain degree of control (for example, the submission of a report on the activities which have been implemented) even though this cannot be considered as an audit *stricto sensu.*

In 90% of the cases, the conservation activities which are financed by the CTFs are determined by a legal document.

The choice of actions to be carried out is reached in various ways:

– legal or regulatory (45%): national budget, legal obligations for the protection of the environment, law on fisheries, decree or ministerial regulation;

– contract (20%);

– decision of the Council of Ministers (5%);

– document approved on a yearly basis by the government agency responsible for wildlife conservation (5%)

– submission of a workplan developed on a quarterly basis to be reviewed and approved by the board of directors (5%).

The conservation activities financed by the inventoried CTFs are therefore, by a large majority, decided by the Government or, at least, submitted to its approval. On the contrary, their management is generally in private hands.

It is worth noting that certain NGO's manage public funds (two CTFs) while some government departments manage private funds (three CTFs).

Most of the available resources are spent during the current year in which they are collected, which entails that the great majority (85%) of the funds are not protected against inflation. When they are, the capital is invested at fixed interest rate in US dollars or invested in bonds and only the interest on this investment is spent.

The players involved in the implementation are varied, but their domain of competence is generally not defined.

In 40% of the cases, the conservation activities which are the object of the CTFs involve simultaneously one (or several) NGO's, one public establishment and one community organization.

The Government is the sole to implement the CTFs in only 25% of the cases, while the NGOs are solely responsible in 10% of the CTFs.

2.3 Origin of the funds

In one case, only the Fund is made up of an initial capital attributed to the CTF when it was put in place.

In another case, an initial capital is complemented by yearly payments originating from, on the one hand, the value of the fines from anti-poaching or illegal trade control and, on the other hand, from eco-tourism revenues or small-scale socio-economic projects.

Eleven CTFs (55%) rely on self-renewing financial resources. It is worth noting that these resources are internalized in the utilization process itself, which means that the funds are generated by the utilization of the biological resource through programmes ensuring its sustainability. These are excise taxes based on:

– export of specimens;

– CITES permits;

- hunting permits;
- forestry and forest products;
- ecotourism;
- use of natural environments: forestry stations, national parks, coral reserves.

In addition, two CTFs (10%) rely on revenues proceeding from part of the fines paid by polluters or by the responsible of wildlife violations. Finally, some CTFs receive funds from international aid or from debt swap.

2.4 Amount of the funds involved

As could be expected, the amounts involved in CTFs vary very much from one country to another (a ratio of 1:14,800) and from one year to another. They go from CHF 5,000 to more than USD 306 million per year.

The amounts given in the questionnaires show that Parties often have a mistaken image of the evolution of the funds in their CTFs in time. Most of the Parties foresee an increase in funding while their CTFs are relatively stable (35%), with a net increase (5%), or decrease (15%) or fluctuate in an irregular fashion (20%).

Administrative and overhead expenses generated by the existence of these CTFs vary from 0 to 30% (average: 15%), while the resources attributed to projects range from 8 to 100% (average: 74%). Some of these figures deserve complementary explanations.

3. Evaluation of the CTFs

The purpose of all the CTFs described is to implement actions for conservation. This objective seems widely reached.

Results obtained through these mechanisms demonstrate that the CTFs allow the implementation of a wide range of actions of which many are directly related to CITES:

- field work on CITES-listed species: 60% of the CTFs;
- field work on non CITES-listed species: 40% of the CTFs;
- funding of training programmes: 55% of the CTFs;
- funding of educational programmes (public, school children, students): 65% of the CTFs;
- combating poaching: 50% of the CTFs;
- combating illegal trade: 45% of the CTFs;
- purchase of land for conservation of a given species: 20% of the CTFs;
- attribution of compensation or incentives to rural communities to facilitate their cohabitation with the wild biological resources: 60% of the CTFs;
- restoration of ecosystems: 30% of the CTFs;
- restoration of biotopes: 20% of the CTFs;

– restoration of the population number of a given species: 50% of the CTFs.

CTFs involving rural communities are those which generate most actions.

In 70% of the cases, Parties consider that the CTFs working principles make it possible to maintain or develop the activities they finance. However, several countries are looking for additional funding.

4. Conclusions and perspectives

Parties who have filled out the questionnaire deserve to be congratulated for their work and the essential testimony it represents.

This study demonstrates that whatever its geographical, political, economic and social situation is, a Party can put in place financial mechanisms which bring considerable and perennial resources in favour of species conservation. It can be seen that the funds gathered are all the more important when generated directly or indirectly by natural-resource users.

For all those countries which, from a lack of budget, material and human resources cannot effectively carry out conservation actions and go beyond a minimal management of CITES, the CTFs can therefore represent a hope, an opening and a model.

Of course, this work is not an end in itself but a beginning, a first limited and incomplete approach, however encouraging and promising. CTFs exist, work and are efficient and, for their great majority, are there to stay.

It, therefore, appears necessary to extend the field of investigation and, to this end, renew and enlarge this inventory for the next few years, identify the proper correspondents in the various countries, obtain the information which is lacking and no doubt extend this study to the financial resources dedicated to conservation but integrated in the countries' budget.

It appears that the CITES Management Authorities, who received this questionnaire, do not generally have in hand the information concerning the structure, the management and the way the CTFs work, while this information is essential. It may be that many Parties did not return the questionnaire simply because they lacked the information or did not know from whom to obtain it.

We, therefore, suggest that the CITES Secretariat contact the Convention on Biodiversity which is directly concerned with this domain in order to obtain a more comprehensive picture and therefore achieve the aim of Decision 11.78: "evaluate the potential use of these funding mechanisms for the purpose of improving implementation of the Convention, especially for assisting enforcement and supporting range States with *in situ* conservation, for implementation of the provisions of Article IV, paragraph 3, of the Convention and for implementation of the Strategic Plan."