

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



Fourteenth meeting of the Conference of the Parties
The Hague (Netherlands), 3-15 June 2007

Interpretation and implementation of the Convention

Compliance issues

INCENTIVES FOR IMPLEMENTATION OF THE CONVENTION

1. This document has been prepared by the Secretariat pursuant to Decisions 13.76 and 13.77, adopted by the Conference of the Parties at its 13th meeting (CoP13, Bangkok, 2004).

2. Decision 13.76 states that:

The Secretariat shall invite all Parties and relevant organizations to provide information, experiences and, where possible, outcomes on their use of economic incentives and report at the 53rd meeting of the Standing Committee for consideration on the manner in which this might be taken up for further action on capacity building and possible regional cooperation.

3. Decision 13.77 states that:

Subject to the availability of funding, the Secretariat shall continue its cooperation on incentive measures with the CBD Secretariat and other biodiversity-related conventions (e.g. Ramsar and CMS), as well as with the private sector and relevant governmental, intergovernmental and non-governmental organizations. This cooperation shall focus, inter alia, on the exchange of experiences in the design and use of economic incentives for sustainable management of wild fauna and flora, compilation of case-studies, best practices and lessons learnt, as well as the development of targeted recommendations, operational guidelines and associated instruments for the sustainable use of wild flora and fauna.

4. In Notification to the Parties No. 2005/022 (20 April 2005), Parties and organizations were invited to provide information, experiences and, where possible, outcomes on their use of economic incentives. However, given the short period of time between CoP13 and the 53rd meeting of the Standing Committee (Geneva, June-July 2005), no responses were received before that meeting and therefore it was decided to postpone further discussion of economic incentives until its 54th meeting (Geneva, October 2006).

5. In document SC54 Doc. 41, the Secretariat described the experience of several Parties regarding the use of economic incentives. Such experience was obtained primarily through their biennial reports and UNCTAD National BioTrade Programmes. The Secretariat advised the Standing Committee that, in addition to its discussion document on the subject, an information document on incentive measures used within the BioTrade country programmes would be provided at the present meeting and a side event on the issue would be held.

Incentive measures and CITES

6. Consideration of incentives by the Conference of the Parties is not something new. In fact, there are references to incentives and disincentives in 10 Resolutions, dating back to the eighth meeting of the

Conference of the Parties (Kyoto, 1992). In accordance with Objective 1.1 of the Strategic Vision through 2007, Parties should develop appropriate domestic legislation and policies that encourage the adoption of social and economic incentives that promote and regulate sustainable management of, and responsible trade in, wild fauna and flora and promote effective enforcement of the Convention. The intent of such incentives is not to promote wildlife trade as such but rather to ensure that any wildlife trade undertaken is conducted in a sustainable manner.

7. Incentives are recognized as an alternative or a complement to prescriptive regulations. Such regulations, normally contained in legislation, specify what is required to undertake wildlife trade and what is forbidden. They usually incorporate traditional enforcement provisions (e.g. offences and penalties, including fines and confiscation). Incentive measures (e.g. expedited permit issuance, certification, property rights) are seen as more flexible and low-cost alternative means for achieving government policy objectives. By using incentives, the Parties can enlarge the number and type of policy options available to them and encourage particular kinds of behaviour in a more effective and efficient way.
8. Positive incentives (measures that reward CITES law-abiding behaviour) are often considered to be a sort of 'carrot' to pre-empt or prevent CITES-related violations from occurring. Penalties, usually considered the most common type of 'stick', may have some deterrent effect but address violations and harm that have already occurred. Incentives can be used to solve implementation and illegal trade problems at the source by attacking their root causes.

Prescriptive regulations and incentives: a question of balance

9. How can compliance be made more attractive than non-compliance? How can countries make sure that a given production system does not reduce the incentives for conservation of the ecosystems in which the CITES-listed species occur? These are two fundamental questions that CITES authorities have addressed when discussing wildlife management, policies and strategies.
10. Regarding the first question, Parties have tended to place more emphasis on the use of coercive enforcement to secure compliance, but there is an increasing recognition that the use of specific incentive measures could make an important contribution to the effective implementation of and compliance with CITES rules. For instance, Resolution Conf. 11.3 (Rev. CoP13) on Compliance and enforcement recommends that the Parties '*promote incentives to secure the support and cooperation of local and rural communities in managing wildlife resources and thereby combating illegal trade*'.
11. Will incentive measures (e.g. certification schemes) be more effective than prescriptive regulations (e.g. fines/imprisonment) in tracing the legal origin of CITES products and then reducing illegal trade? Which strategy will achieve that goal the most quickly and effectively? Clearly, there is no 'one-size fits-all' answer and each approach has its advantages and disadvantages.
12. Prescriptive regulations and incentives can be used separately, but in theory and in practice they are often closely linked. The effective implementation of the CITES-related legislation therefore requires that governments find and use a judicious blend of prescriptive regulations and incentives. What the stick cannot accomplish by itself may be achieved by combining it with the carrot or vice versa.
13. Effective implementation of CITES-related legislation should include adequate and proportional sanctions against offenders accompanied by economic and social incentives. The criminalization of illegal wildlife trade can help to deter violators and the use of incentive measures can help to make compliance more attractive in the first instance.
14. Regarding the question on production systems in paragraph 9 above, it is believed that production systems that are linked to wild populations, for example through ranching, enhanced wildlife management and regulated collection of wild individuals, are more likely to provide more incentives for conservation than captive breeding (see Resolution Conf. 8.3 and Resolution Conf. 11.16).

Specific types of incentive measures

15. Pursuant to Decisions 13.76 and 13.77, the Secretariat has continued its cooperation on incentive measures with other biodiversity-related conventions, as well as with the private sector and relevant governmental, intergovernmental and non-governmental organizations.
16. There are many ways of using incentives and a range of incentive measures are available to policy makers but for practical reasons, cooperation efforts to date have focused on the exchange of information in the design and use of incentive measures that seem most relevant and easily applied within the CITES context. Partners agreed to start with the development of recommendations and guidelines for specific incentive measures building on the findings of the CITES Workshop on Trade Policy and Economic Incentives (Geneva, December 2003). This document develops targeted recommendations for the use of the following specific incentive measures: due diligence, compensatory mechanisms, certification, communal property rights, auctioning of quotas, and cost recovery and environmental charges. So far, funds have not been identified for the preparation of operational guidelines on the use of these measures and the Secretariat encourages Parties, financial institutions, the private sector and other potential donors to provide financial assistance to undertake this work.

a) Due diligence

17. Article VIII, paragraph 3, of the Convention provides that Parties “shall ensure that specimens shall pass through any formalities required for trade with a minimum of delay”. The aim of this provision is to ensure that CITES does not impede trade and implies that all the necessary measures for authorizing trade, including scientific advice, permit issuance and physical inspections at entry and exit ports, are carried out with due diligence. Since the aim is not to cause unnecessary difficulties or delays for legal trade, Parties may wish to consider the adoption of standard operating procedures to complete all the formalities required for trade in an efficient manner. Elements such as the time-frame for permit issuance, clearance of shipments, etc. should be contained in the procedures. In any case, law-abiding users of the CITES permitting system should not be discouraged by a lengthy or burdensome process to obtain the authorization to trade. Due diligence would be a simple and major incentive to promote compliance with CITES requirements.
18. This requirement appears to be directed to CITES authorities. However, due diligence is also expected from the applicants for CITES permits. For instance, traders should know and be able to verify the origin of the specimens they have purchased. They are expected to have taken reasonable steps to ensure that the specimens they are exporting or importing were acquired legally. The requirement for a legal acquisition finding to be made prior to the issuance of an export permit is a well-known provision of the Convention. It is perfectly reasonable and logical that a Management Authority should be entitled to review information provided to them by an applicant and to require the applicant to provide appropriate additional information if that is needed to verify the veracity of any information included in an application for an export permit. In fact, it would be impossible for a CITES Management Authority to implement its obligations under the provisions of Article IV, paragraph 2 (b), of the Convention without reviewing the information on how the specimen was obtained. Professional associations may also consider introducing a code of conduct for the business community undertaking legal wildlife trade. An adequate code of conduct would facilitate the work of CITES authorities, help to reduce time required for issuance of permits and certificates and enhance the role of the private sector in intelligence-gathering to identify and prosecute illegal traders.

b) Compensatory mechanisms

19. In many countries, the future of CITES-listed species is inextricably linked to the people who share their habitat. The growth of human population exposes species and people to several forms of human-wildlife conflict. Pastoralists or farmers and their livestock or agricultural products share the habitat of CITES-listed species across many countries. For instance, the levels of livestock predation by big cats, such as leopards, snow leopards, jaguars, pumas, tigers, etc. are significant in some countries and retaliatory killing by the landowners and herders is a direct threat to big cat populations. Compensating pastoralists and farmers for damage caused by wildlife could potentially

reduce hunting pressures on wildlife populations and give local communities and landowners the opportunity to support the conservation of those species while at the same time protecting their livelihoods. Compensation usually means an amount that is paid to producers to compensate them for damage, provided that they agree not to kill the animals.

20. However, compensatory mechanisms can have unexpected effects, such as a decrease in efforts to prevent damage and an increase of agricultural expansion since they can be perceived as a subsidy towards crop and livestock production. Other types of incentives, such as developing a hunting trophy industry, creating livestock-free areas on common land, or improved access to markets for alternative or substitute products have been developed by some countries, in exchange for a conservation commitment from local communities.

c) Certification

21. A certification system is the procedure by which a government or a third party gives written assurance that a product, process or service conforms to specified requirements. In the CITES context, the main purpose of certification is to clearly differentiate in the market a legal CITES product from an illegal one and in doing so, separate the legal and illegal markets for CITES products. In order to do that, it is critical to have a credible traceability system that differentiates both types of products. This is one of the main challenges that face the CITES Authorities when determining that the legal acquisition of the specimens. Ideally, consumers will care more about the source of the specimens than about the price. There are two kinds of certification systems: voluntary and regulatory.
22. Voluntary certification refers to the issuance of written assurance (the certificate) by a third party that has audited and verified that a biodiversity product conforms to the requirements specified in a standard. This market-based incentive is applied voluntarily in many countries by producers of biodiversity products, such as timber, non-timber forest products, 'dolphin friendly' tuna, crocodile and turtle farms. The incentive is based on the rationale that consumers are willing to pay a premium for these products and that by increasing demand for sustainably-produced biodiversity products, voluntary certification will encourage other producers to improve their management practices. A variety of certification schemes have been set up by international organizations, including the Forest Stewardship Council, the Marine Stewardship Council and the International Organization for Standardization, ranging from country certification to concession or company certification to product labelling.
23. There also is regulatory certification (also known as verification), mandated by law, where the government holds the certification authority. The CITES permitting system as set out in the Convention is a good example of a regulatory certification system, with designated Management and Scientific Authorities acting as 'certifiers' that the goods covered have been produced in a way that is non-detrimental to the survival of the species involved and have been legally obtained. The CITES system concerns primarily the actual products (specimens in trade) covered by a permit or certificate, but also the management of the production system.
24. In order to make the CITES permitting system (including the security stamps, the tags, the marks, the logos, etc.) a fully-recognized regulatory and branding-type certification scheme, Parties have different options at their disposal. They can for example standardize practices for the undertaking of non-detriment and legal-acquisition findings or design a certification package combining voluntary certification schemes with the regulatory requirements. Either of these options needs to be implemented in a credible way. Standardized practices require the formulation of clear and realistic criteria that ensure that trade does not affect the survival of the species in the wild. More importantly, regulatory certification requires the independence of Management and Scientific Authorities *vis-à-vis* the commercial interests of traders and consumers.
25. There have been some attempts to certify CITES products using additional requirements or standards. For instance, the Conference of the Parties established specific branding (universal labelling) using the CITES logo for re-exporting caviar. Although this measure was primarily aimed at preventing illegal packaging and trade, it has had the positive side effect of reassuring consumers. Another example is the combination of CITES with a special regime of appellation of origin together

with a registered trademark for vicuna wool and products. This mechanism helps range States to combat bio-piracy, establishes market differentiation and ensures local communities to receive more cash for their products. Finally, the UNCTAD BioTrade Initiative combines CITES requirements with additional standards, quality-related for example, to facilitate market access to CITES products and to obtain price premiums.

26. There is potential to use CITES as a 'brand name' but development in this direction needs to be approached in a cautious, planned and well-resourced manner. Making a CITES brand name and the CITES certification scheme more credible would require the elaboration of some guidance to countries on conformity assessment, standardization of traceability practices and peer review by other Parties consistent with relevant WTO rules and the International Standard Organization (ISO).
27. The Parties may wish to consider creating a working group that would identify the most promising options for CITES Authorities to explore in this area, including those which complement relevant existing standards.

d) Communal property rights

28. If Parties want to ensure that wildlife trade generates revenues for conservation and contributes to poverty alleviation in some particular way, then securing communal property rights is a key element to meet that goal. Communal property rights include the right to use a particular species, to permit or exclude its use by others, to collect the income generated by the use of the species, and to sell or otherwise dispose of specimens of the species.
29. In the absence of secure property rights, such as under 'open access' conditions, it is well documented that poachers harvesting valuable specimens of wild species can enjoy profit margins that make any effort to elude enforcement controls worthwhile.
30. The assignment of property rights to local communities can help to reduce enforcement costs by providing resource owners with an incentive to protect the species. Those rights could include self-administration of resource use and the right to sell hunting licences.
31. When markets exist, but do not succeed in conserving a valuable resource, poorly defined, weak or missing property rights can be to blame. Indeed, it is very important to determine which characteristics of secure property rights are missing or weak and explore ways to restore or substitute the missing elements. That does not mean that a simple and appropriate solution is always at hand, nor does it imply that this is the only way to achieve conservation.

e) Auctioning of quotas

32. CITES export quotas, indirectly referred to in Article IV of the Convention, have been increasingly used as a tool for ensuring sustainable wildlife trade and management. Such quotas allow limited volumes of trade in specimens from particular national populations of CITES-listed species. The setting of export quotas for Appendix-II species is based on a determination of the level of exports that can be sustained without detriment to the survival of the species. The quotas for Appendix-I species allow trade in a small number of specimens, e.g. hunting trophies. Quotas established represent the maximum number of specimens that will be authorized for export in a single year. Quotas refer, unless otherwise specified, to specimens of wild origin.
33. Once the quotas are set, some Parties face major difficulties in allocating the quota in an efficient and fair manner. Parties may consider auctioning the CITES quotas to generate revenues for conservation at the national level. They can also make the quotas transferable and tradable between interested harvesters through a market. With this incentive measure, the quota size does not alter, but the incentives for harvesters do – the one willing to pay the most for a portion of the quota can purchase this in the market. As with traditional quotas, tradable quotas should be linked to the health of the wild populations and the government should be able to increase or decrease them as necessary.
34. Tradable quotas are a kind of property right to undertake sustainable harvesting and non-detrimental exports restricted to a given species and location. The quotas could initially be given to a local

community, which could re-sell them. Parties should bear in mind that quotas will work better if harvesters believe completely that illegal activity will be detected and punished (strict monitoring and enforcement by authorities and local communities will be required).

35. To the extent that quotas are based on how many specimens of a given species are harvested, such quotas should be (i) transferable between recipients, to ensure that they go to the highest-value use; and (ii) possibly auctioned or sold via some other mechanism to generate revenue. Giving them away on a first-come first-served basis and not allowing re-sale is inefficient and tends to give windfall gains to politically well-connected groups. This is irrespective of how the quota itself is set. If the quota is set beyond a sustainable level, it is too high whether it is tradable or not and whether it is sold or not. Regardless of the approach adopted by the Party concerned, it is important to establish an equitable ownership allocation process to achieve the final outcome of long-term sustainability.

36. It should be noted that the scope for use of tradable quotas is dependent on a number of factors, such as strict monitoring and the scale of the harvest. This means that it may not be viable for small harvests. More investigation of their efficacy under different conditions as well as possible constraints in their use is needed.

f) Cost recovery and environmental charges

37. The provision of administrative services in relation to trade in specimens of CITES-listed species gives Parties the opportunity to recover some or all of the costs involved in the implementation of CITES.

38. Used appropriately, cost recovery can provide an important means of improving the efficiency and diligence with which CITES services are delivered. Charges for services can send an important message to users or customers about the cost of the resources involved. It may also improve equity by ensuring that those who use wild fauna and flora or who create the need for regulation bear the costs. From an economic perspective it would be efficient to collect these revenues because those who gain from the permit (i.e. the exporters or importers) are often willing to pay for the services.

39. The costs of effective implementation of CITES entail the following:

a) Scientific and technical costs – incurred in, for example, assessing and monitoring population levels of species, establishing non-detrimental levels of harvest and exports, analysing the causes of declining populations, conservation and management activities (e.g. reintroduction programmes, compensation or incentive programmes for rural communities in contact with reintroduced wildlife, educational and capacity building programmes).

b) Administrative costs – for Parties these include the costs associated with processing applications for, and issuing, permits and certificates, managing permit information from issued/cancelled permits and certificates, managing national registers, reporting to the Secretariat, responding to the Secretariat's requests for information and the administrative costs of establishing trade legislation.

c) Compliance and enforcement costs – these include the management costs of staffing, training and equipping personnel for monitoring and enforcement, and collaborative activities with other authorities, such as police and Customs officials, in enforcing CITES export and import regulations and prosecuting violators of trade regulations. Operating an effective enforcement system is one of the major costs to Parties.

40. A list of costs for CITES services was included in document CoP13 Doc. 14. In the case of scientific and technical costs, several countries have put in place Conservation Trust Funds at the national level to manage a sum of money (e.g. generated by cost recovery levies), the use of which is often earmarked by law specifically for wildlife conservation (for further details see document SC46 Doc. 8).

41. With regard to regulatory (administrative) costs, and particularly the costs of a CITES permit system, most governments appear to shoulder themselves the majority of the costs involved with issuing CITES permits and certificates. More Parties should consider charging an optimal fee for CITES documents, the registration of traders or production facilities and other administrative services in

order to obtain revenue from the provision of such services. Using, *inter alia*, information provided in Parties' biennial reports, it would be useful and relatively easy to conduct a survey of fee schedules being used in order to prepare some guidance for Parties on cost recovery through such fees. For instance, a fee system could be set up so that the fees for CITES permits reflect the costs of determining the biological status of the resources. This means that the price of the permits could be used to cover overhead costs of periodically assessing the status of the resources, establishing and maintaining databases, and paying staff to do the paperwork involved in issuing the permit.

42. Cost recovery may not be warranted for all compliance and enforcement activities. However, some countries require compensation for the cost of housing seized specimens and some others reinvest fines that are paid into conservation programmes. Charges are unlikely to be efficient and cost effective in certain enforcement activities and Parties usually prefer to fund traditional enforcement activities from general tax revenue.
43. Assuming that cost recovery is consistent with government policy objectives, as well as efficient and cost-effective, interested Parties might consider designing and implementing a cost recovery programme for relevant CITES activities. The programme might include the design of an environmental charge for wildlife trade. In economic terms, this charge will represent the social cost for the reduction/increase of the population of a particular species; 'social cost' meaning the cost to society as a whole for a certain activity. Different production systems should be submitted to different levels of charges, e.g. captive breeding operations should bear a higher charge that are linked to wild populations.

Values and socio-economic drivers

44. In order to put the right incentives in place, a better understanding of the value of wildlife and the socio-economic factors driving wildlife trade is needed. Once the market and non-market values, root causes, drivers and patterns of legal and illegal trade are better understood, it is easier for the Parties to identify potential incentives and disincentives. Particular attention should be paid to the value of species for indigenous and local communities for subsistence, cultural or commercial purposes.
45. Trading wildlife products harvested from the wild is a significant source of income for many people, despite the fact that the regulation of wildlife trade is often misperceived as having little to do with people and their development priorities. Unless it makes demonstrable economic and financial sense for people to conserve wild fauna and flora, it is unlikely that individuals, households, industries, companies will take action to do so.
46. The identification of values and socio-economic drivers is a prerequisite for the selection of the appropriate incentive measures to encourage conservation (including sustainable use) and promote compliance. Policies that create incentives without understanding the drivers for wildlife trade are unlikely to succeed. In many cases socio-economic issues are at the root of unsustainable practices.
47. Identifying and assessing the value of CITES-listed species and their role in the ecosystems (in other words, the value of the species in itself and of the services they provide to the ecosystem) can be an incentive for conservation in itself and supports the design of other incentive measures. A number of valuation techniques are available to measure the Total Economic Value of the species (TEV). Interested Parties may wish to benefit from the work on valuation undertaken by the Convention on Biological Diversity (CBD). The values of the species, however, cannot and should not be reduced to exclusively monetary measures of worth. Intrinsic values (non-market values) placed on the species and their ecosystems should be fully integrated in the valuation.
48. Unfortunately, illegal wildlife trade is very poorly documented in terms of the species or products involved, trade volumes and values of the species. We know the world's largest markets for wildlife and wildlife products and we can detect some illegal trade practices by analysing discrepancies in the trade statistics contained in the annual reports but no one knows how to estimate or forecast accurately the levels (in terms of volumes and prices) of illegal trade in wildlife at this moment. More economic and causation information is needed to understand the illegal trade patterns and routes in order to put the right incentives in place. For instance, decision-makers would need information to compare trade volumes and market prices for a legal and taxed specimen with volumes and market prices of an illegal specimen.

49. Finally, Parties may wish to undertake a thorough study to identify and evaluate the environmental, economic and social impacts of different *ex-situ* production systems. For instance, at first glance, captive breeding and artificial propagation systems might be the best solution to ensure conservation. However, they are not always, in every location, technically possible, economically feasible or socially and environmentally acceptable. Captive breeding may work well for some species but not for others and, more importantly, wildlife populations may be adversely affected because commercial captive breeding and artificial propagation can reduce incentives to conserve natural habitats as a source of specimens.

Cooperation with the UNCTAD BioTrade Initiative

50. The UNCTAD BioTrade Initiative and its national programmes are a key partner in the implementation of Decisions 13.76 and 13.77. UNCTAD launched the BioTrade Initiative at the third meeting of the Conference of the Parties to CBD in 1996.

51. The main purpose of cooperation between the Secretariats of CITES and the BioTrade Initiative is to ensure the conservation of the CITES-listed species selected by the countries where BioTrade operates, enhance the livelihoods of poor people in remote and marginal areas and encourage compliance by the private sector with CITES requirements and national legislation. Particular attention is paid to the role of incentive measures for sound management of CITES-listed species and benefit sharing with local communities that are most directly affecting the habitat of the species concerned.

52. Since CITES-UNCTAD cooperation started in 2001, several CITES Parties, namely Bolivia, Colombia, Ecuador, Peru, Uganda and Viet Nam have selected CITES-listed species as a component of their national BioTrade programmes. Bolivia and Uganda have received substantial technical and financial assistance for conducting wildlife trade surveys, developing adequate CITES-implementing legislation and making non-detriment findings for selected species. The BioTrade Initiative has financed CITES workshops in those two countries and covered the travel costs of Secretariat staff. So far, substantial progress in the implementation of CITES and the sustainable use of CITES-listed species has been achieved by both programmes.

53. In October 2006, the UNCTAD BioTrade Initiative funded a mission of the CITES Secretariat to Uganda. The aim of the mission was to facilitate cooperation between the Uganda Export Promotions Board (UEPB), which acts as the national BioTrade authority, and CITES authorities as well as between the public and private sectors. The Management Authority acknowledged that wildlife traders had expressed frustration with government institutions that have small staff, narrow mandates and do not communicate enough between each other. In addition, the mission gave the Secretariat an opportunity to discuss a number of CITES implementation issues with CITES authorities and to prepare the ground for a wildlife trade policy review which Uganda has decided to undertake. The Uganda Biotrade Programme was welcomed as it helped CITES authorities to better cope with limited institutional capacity and other difficulties.

54. In November 2006, UNCTAD organized a workshop in Geneva aimed to promote collaboration among the secretariats of the biodiversity-related conventions. The workshop contributed to the implementation of CITES Decision 13.77 by bringing together representatives from CBD, CITES, Ramsar, the Global Mechanism of the UNCCD, UNEP and other stakeholder organizations to exchange experiences and discuss a common strategy for three key areas: private sector engagement, incentive measures and international trade. Concerning incentive measures, the informal MEA network decided it would be appropriate to prepare an input for CoP14 (pursuant to CITES Decision 13.77) and for CBD's in depth review of those measures (as mandated in CBD CoP8 Decision VIII/26), using examples that concern CITES-listed species, Ramsar sites, arid lands, etc. This work would be based on previous analytical studies on incentive measures (e.g. IUCN, OECD and UNEP studies). It is expected that a side-event will be organized at the present meeting to exchange information on the cases identified and discuss the next steps.

55. More recently, the BioTrade Initiative supported the participation of the CITES Secretariat in an informal planning workshop for the sustainable trade in a fish from the Amazon region, *Arapaima gigas*, held from 12 to 13 December 2006 in Rio de Janeiro, Brazil. The meeting explored the

potential for promoting a programme on the sustainable use of and trade in *Arapaima gigas* aimed at contributing to the better management of the species, the conservation of its habitat and the generation of benefits for local communities living in the Amazon basin. Brazil, Colombia and Peru as well as relevant organizations such as FAO-Infopesca and the Amazon Cooperation Treaty Organization (ACTO), discussed the status of the populations, their management programmes, their regulatory frameworks and their market strategies for this species.

56. As a result of the ongoing cooperation, CITES requirements have been incorporated in UNCTAD BioTrade procedures, such as the selection of product groups and value chains, development of tools for engagement of the private sector, etc. For example, UNCTAD BioTrade developed, in close cooperation with the CITES authorities of the countries in which it operates, guidelines for sustainable management of wildlife products for enterprises engaged in wildlife trade. In a broader context, the approach followed by UNCTAD BioTrade has demonstrated that species conservation and poverty reduction can be delivered together.
57. As a next step, the private sector will be encouraged to reinvest in conservation and adopt and promote good practices, standards and codes of conduct for the sustainable use of and fair trade in CITES-listed species. For this purpose, the private sector may seek the support of UNCTAD BioTrade and other specialized agencies. At the national level, they can benefit from the technical support of 'export promotion' government bodies and ministries competent for external trade. These agencies have played an important role in bringing together CITES authorities, the private sector, other environmental authorities and enforcement agencies in countries such as Uganda.
58. A Memorandum of Understanding between the Secretariats of CITES and UNCTAD is being discussed to formalize their cooperation under the BioTrade Initiative and it is expected to be signed soon.

Stakeholders' engagement

59. In order to associate people with wildlife conservation and to identify incentives that can increase the positive social impacts of CITES-related decisions and mitigate or remove the negative ones, Parties should encourage the participation of relevant stakeholders. Raising awareness among all stakeholders of the value and services of CITES-listed species improves the chances for incentive measures to be successful.
60. The range of stakeholders should include rural organizations, cooperatives and community-level committees, representatives of indigenous people, as well as government bodies, non-governmental organizations, the private sector, academia, relevant national and multilateral organizations and individuals. These stakeholders may have practical knowledge regarding the design of incentive measures and could be key players in its successful implementation.
61. Since participation of stakeholders is crucial to increase the likelihood of the incentives being accepted, Parties may wish to map out the relevant stakeholders early on and chart how different types of actors could be engaged in consultation processes on the design and use of incentives.
62. A recent WWF report, entitled 'Species and People: Linked Futures', presents case studies on the contribution of wildlife conservation to rural livelihoods and the Millennium Development Goals. The report notes that underlying causes for wildlife loss are often the same as, or are closely related to, some of the root causes of poverty. These include the marginalization of rural communities, weak governance and political instability.
63. Those who live in natural areas and use natural resources for their survival are the rural poor. The conclusion of the WWF report is that species conservation can and does contribute to, *inter alia*, poverty reduction and livelihood improvement.

Recommendations

64. Parties are encouraged to internalize the costs of issuing CITES permits and certificates and providing other administrative services through cost recovery programmes and environmental charges. The Secretariat recommends that a survey be done of the fees set for CITES permits as well as CITES-

related services and the elaboration of guidance to Parties on how to determine the optimal fee for such permits and services.

65. The Secretariat recommends the creation of a working group that will identify the most promising options for CITES Authorities to explore in designing and using specific incentive measures, with particular emphasis on due diligence, compensatory mechanisms, certification schemes, communal property rights, the auctioning of quotas and cost recovery and environmental charges.
66. Given the role of local communities and the private sector in wildlife trade, thought might be given to the establishment of consultative and information exchange mechanisms to facilitate dialogue and cooperation between governments, local communities, civil society and the private sector at national level as well as during meetings of the Conference of the Parties and meetings of its subsidiary bodies.
67. To implement the suggestions above, the Secretariat recommends that the Conference of the Parties adopt the decisions contained in the Annex.
68. Costs associated with related Secretariat support to the Standing Committee, and the Secretariat's cooperation with UNCTAD BioTrade, as well as other partners, are included in the costed programme of work. A consultancy involving 10,000 USD would be needed to conduct the survey of CITES permit and administration fees.

DRAFT DECISIONS OF THE CONFERENCE OF THE PARTIES

Incentives for the effective implementation of the Convention

Directed to the Parties

- 14.xx Parties that develop incentive measures for the effective implementation of the Convention are encouraged to include relevant details in their biennial reports.
- 14.xx Parties are urged to consider the adoption of standard operating procedures to complete the formalities required for trade in CITES-listed species in an efficient manner. Management Authorities are encouraged to liaise with national ministries and agencies responsible for regulation and promotion of exports and imports in their countries to benefit from the expertise and support they offer in this area.

Directed to the Standing Committee

- 14.xx The Standing Committee shall consider at its 57th practical ways to enhance stakeholder engagement in the implementation of the Convention, with a particular emphasis on the local communities and the private sector (e.g. promoting good practices and codes of conduct that facilitate the work of CITES authorities, help to reduce time-frames for the completion of CITES procedures and enhance the role of the private sector in intelligence-gathering to identify and prosecute illegal traders).
- 14.xx The Standing Committee shall create a working group to identify the most promising options for CITES authorities to explore in designing and using specific incentive measures, with particular emphasis on compensatory mechanisms, certification schemes, communal property rights, auctioning of quotas and cost recovery and environmental charges. The terms of reference should include an evaluation of the role of incentive measures in the different production systems and pilot valuations for a few target species.
- 14.xx The Standing Committee shall present a report at the 15th meeting of the Conference of the Parties on the progress made with regard to the implementation of Decisions 14.xx and 14.xx.

Directed to the Secretariat

- 14.xx Using *inter alia* information provided by Parties in their biennial reports, the Secretariat should conduct a survey of the fees for CITES permits and CITES-related administrative services and provide basic guidance to Parties on how cost recovery programmes can be designed and used for internalizing the cost of implementing the Convention.
- 14.xx The Secretariat shall continue its cooperation with the BioTrade Initiative of UNCTAD under a signed MoU to ensure the conservation of the species, enhance the livelihoods of poor people and promote private sector compliance with CITES requirements and national legislation.
- 14.xx Contingent on the availability of external funding, the Secretariat shall continue its cooperation on incentive measures with interested Parties, as well as with biodiversity-related conventions, relevant governmental, intergovernmental and non-governmental organizations and the private sector. This cooperation shall focus, *inter alia*, on the development of targeted recommendations, operational guidelines and associated incentive measures for the conservation and sustainable use of wild flora and fauna.
- 14.xx The Secretariat should report at the 15th meeting of the Conference of the Parties on the progress made with regard to the implementation of Decisions 14.xx, 14.xx and 14.xx.