

**PROCEEDINGS OF THE WORKSHOP STREAM**

**BUILDING A SECURE  
FINANCIAL FUTURE:  
FINANCE & RESOURCES**

**V<sup>TH</sup> IUCN WORLD PARKS CONGRESS**  
**Durban, South Africa, September 8–17, 2003**



On behalf of the  
**CONSERVATION FINANCE ALLIANCE**



**PROCEEDINGS OF THE WORKSHOP STREAM**

**BUILDING A SECURE  
FINANCIAL FUTURE:  
FINANCE & RESOURCES**

**V<sup>TH</sup> IUCN WORLD PARKS CONGRESS**  
Durban, South Africa, September 8–17, 2003

**Carlos E. Quintela, Chair<sup>1</sup>**

**Lee Thomas, Co-Chair<sup>2</sup>**

**Sarah Robin, Coordinator<sup>3</sup>**



On behalf of the  
**CONSERVATION FINANCE ALLIANCE<sup>4</sup>**

- <sup>1</sup> Director, Conservation Finance Program. Wildlife Conservation Society. 1700 Connecticut Avenue N.W.; Suite 403; Washington, DC 20009; USA. Tel: +1-202-588-1108. Fax: +1-202-478-1659. Email: cequintela@wcs-cfp.org
- <sup>2</sup> Deputy Chair, IUCN World Commission on Protected Areas. c/o PO Box 251; Hall 2618; Australian Capital Territory; Australia. Tel: +61 (2) 6230-2282. Email: lee.thomas2@bigpond.com
- <sup>3</sup> Program Coordinator, Conservation Finance Program, Wildlife Conservation Society. c/o 2426 West 4th Avenue, Apt. 5; Vancouver, BC V6K 1P3; Canada. Tel: +1 (604) 733-1292. Email: srobin@wcs-cfp.org
- <sup>4</sup> Established in 2002, the Conservation Finance Alliance (CFA), is a network of organizations that was formed to provide information on conservation finance mechanisms and training and capacity-building opportunities.

The designation of geographical entities in this book, and the presentation of the material, do not imply the expression of any opinion whatsoever on the part of IUCN concerning the legal status of any country, territory, or area, or of its authorities, or concerning the delimitation of its frontiers or boundaries.

The views expressed in this publication do not necessarily reflect those of IUCN.

**FUNDING WAS PROVIDED BY:** IUCN – The World Conservation Union; Global Environment Facility (GEF); Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH; The Nature Conservancy (TNC); Department of Environment and Heritage, Australia; and Wildlife Conservation Society (WCS)

**PHOTOS:** Luiz Claudio Marigo (inside cover); Christina Pomilla (page 10); Richard Margoluis (page 14); Luiz Claudio Marigo (page 20); George Schaller (page 44); and Michael Marnane (page 48)

**GRAPHIC DESIGN:** Joshua Krause/WCS

**PUBLISHED BY:** IUCN, Gland, Switzerland and Cambridge, UK IUCN

**COPYRIGHT:** © 2004 International Union for Conservation of Nature and Natural Resources

Reproduction of this publication for educational or other non-commercial purposes is authorized without prior written permission from the copyright holder provided the source is fully acknowledged.

Reproduction of this publication for resale or other commercial purposes is prohibited without prior written permission of the copyright holder.

**CITATION:** Quintela, Carlos E.; Thomas, Lee; and Robin, Sarah 2004. *Proceedings of the Workshop Stream Building a Secure Financial Future: Finance & Resources. V<sup>th</sup> IUCN World Parks Congress*. IUCN, Gland, Switzerland and Cambridge, UK. 64 pp.

**ISBN:** 2-8317-0842-7

**PRODUCED BY:** Wildlife Conservation Society (WCS)

**AVAILABLE FROM:** IUCN Publications Services Unit  
219c Huntingdon Road, Cambridge CB3 0DL, United Kingdom  
Tel: +44 1223 277894, Fax: +44 1223 277175  
E-mail: [books@iucn.org](mailto:books@iucn.org)  
[www.iucn.org/bookstore](http://www.iucn.org/bookstore)

A catalogue of IUCN publications is also available

## TABLE OF CONTENTS

<p><b>ACKNOWLEDGEMENTS</b>.....5</p> <p><b>EDITORS' PREFACE</b> .....6</p> <p><b>FOREWORD</b>.....7</p> <p><b>EXECUTIVE SUMMARY</b> .....8</p> <p><b>OVERVIEW OF SUSTAINABLE FINANCING</b> ..... 11</p> <p>Assessing the Costs..... 12</p> <p>Filling the Gap ..... 12</p> <p>Diversification..... 12</p> <p>Business Planning..... 12</p> <p>Policy Considerations..... 13</p> <p>Conclusions..... 13</p> <p><b>INSTITUTIONAL ARRANGEMENTS FOR THE FINANCING OF PROTECTED AREAS</b>.... 14</p> <p>Fostering Institutional Arrangements for Securing the Financing of Protected Areas..... 15</p> <p>Public Sector Institutions..... 15</p> <p>Donor Support for Protected Areas ..... 16</p> <p>Private Sector Investments..... 17</p> <p>Conclusion ..... 17</p> <p><b>APPLICATIONS OF SUSTAINABLE FINANCING FOR PROTECTED AREAS</b> ..... 19</p> <p>Trust and Endowment Funds ..... 20</p> <p><i>Mgahinga and Bwindi Impenetrable Forest Conservation Trust (MBIFCT), Uganda</i> ..... 20</p> <p><i>Establishing Environmental Funds for Protected Areas in Francophone Africa</i> ..... 21</p> <p><i>Sustaining Conservation Finance in Bhutan: The Bhutan Trust Fund</i>..... 21</p> <p><i>Financing Conservation in Belize: The Experiences of the Protected Area Conservation Trust (PACT)</i> ... 22</p> <p>Conclusion ..... 22</p> <p>World Heritage Status Appeal to Donors: A Tool to Strengthen Sustainable Financing Mechanisms..... 22</p> <p><i>The Appeal of World Heritage Designation to Funding Agencies: The Case of the UN Foundation</i>..... 22</p> <p><i>Using World Heritage Status to Maximize the Effectiveness of Sustainable Financing Strategies in Argentina</i> ..... 23</p> <p>Conclusions..... 23</p> <p>Community-Based Initiatives..... 24</p> <p><i>The Annapurna Conservation Area Project, Nepal</i> .24</p>	<p><i>Community Forests and Revenue Generation in Nepal</i>..... 24</p> <p><i>Conservation Funds and Community Financing in Pakistan</i> ..... 25</p> <p><i>West Africa Pilot Community-Based Natural Resource and Wildlife Management Project</i>..... 25</p> <p><i>Trust Funds as a Sustainable Financing Mechanism for Protected Areas: The Veratavou Project and the FLMMA Network in Fiji</i>..... 25</p> <p>Conclusions..... 26</p> <p>Marketing Ecosystem Services..... 26</p> <p><i>Ecosystem Benefits and Protected Areas: An Economic Perspective</i> ..... 27</p> <p><i>Selling Carbon Offsets from Forestry Projects</i>..... 27</p> <p><i>Payment for the Watershed Services of Protected Areas</i>..... 27</p> <p><i>Using Fiscal Instruments to Encourage Conservation: The Ecological Value-Added Tax in Brazil</i>..... 28</p> <p>Conclusions..... 28</p> <p>Tourism-based Revenue Generation ..... 28</p> <p><i>Tourism User Fees</i>..... 29</p> <p><i>Commercial Tourism Concessions: A Means of Generating Income for South African National Parks</i> ..... 29</p> <p><i>Building Capacity of Protected Areas in Sustainable Tourism</i>..... 30</p> <p>Conclusions..... 30</p> <p>The Role of the Private Sector in Supporting Protected Areas ..... 30</p> <p><i>The U.S. National Parks Business Plan Initiative</i> .... 30</p> <p><i>Private Sector Investments: Venture Capital as a Financing Tool for Conservation</i>..... 31</p> <p><i>Concession Arrangements in U.S. National Parks: Delaware North Companies Parks &amp; Resorts, USA</i> ..... 31</p> <p><i>Private Sector Investment in Marine Conservation: Experiences of Chumbe Island Coral Park Ltd.</i>... 31</p> <p>Conclusions..... 32</p> <p>Forging Effective Partnerships with Oil and Gas Companies for Protected Area Conservation..... 32</p> <p><i>Partnerships to Support Sustainable Development and Conservation: West-East Pipeline Project, China</i> ..... 32</p> <p><i>The Chiquitano Forest Conservation and Sustainable Development Plan, Bolivia</i> ..... 33</p> <p><i>Foundation for Environment and Development in Cameroon (FEDEC)</i> ..... 34</p> <p>Conclusions..... 34</p>
---	--

Debt Relief and Conservation Finance .....	35	Socio-Economic Benefits of Protected Areas: Concepts and Assessment Techniques as Applied in New South Wales, Australia.....	46
<i>Bilateral Debt-for-Nature Swaps: The PROFONANPE Experience in Peru.....</i>	35	Protecting Los Volcanes National Park: SalvaNATURA and the Grupo ROBLE Initiative.	46
<i>Debt for Nature Swaps and Highly Indebted Poor Country (HIPC): Debt Relief in Madagascar .....</i>	35	Mesoamerican Reef Fund.....	46
<i>Debt Relief and Endowment Funds: The Philippine Experience .....</i>	36	The Brazilian Biodiversity Fund—FUNBIO.....	47
<i>Conservation as a Priority in the Poverty Reduction Strategies .....</i>	36	Sustainable Marine Conservation in Southeast Asia .....	47
<i>Conclusions.....</i>	36	The Southern African Conservation Education Trust .....	47
<i>Conservation Incentive Agreements.....</i>	37	Exploring Options for Sustainable Financing of Protected Areas in the Mediterranean Context: Lebanon’s Experience.....	48
<i>Conservation Contracts: Direct Incentives to Communities for Biodiversity Conservation in Madagascar .....</i>	37	Conclusions.....	48
<i>Direct Payments as a Mechanism for Ecosystem- Level Conservation: The Kitengela Wildlife Lease Program, Kenya .....</i>	38	<b>WORLD PARKS CONGRESS</b>	
<i>Conservation Concessions: A Tool for Financing Marine Protected Areas in Southeast Asia.....</i>	38	<b>RECOMMENDATIONS 7 AND 8 .....</b>	50
<i>Conclusions.....</i>	38	Recommendation 7: Financial Security for Protected Areas .....	50
<i>Building Complex Portfolios to Sustainably Finance Marine Protected Area (MPA) Networks .....</i>	39	Recommendation 8: Private Sector Funding of Protected Areas .....	51
<i>Developing a Diversified Portfolio to Finance Marine Protected Areas in Mexico .....</i>	39	<b>ANNEX I: SUSTAINABLE FINANCE STREAM PROGRAM .....</b>	53
<i>Private Sector Investment in Marine Protected Areas: Experiences of the Chumbe Island Coral Park in Zanzibar, Tanzania .....</i>	39	Day 1 – Thursday, September 11.....	53
<i>Developing a Diversified Portfolio of Sustainable Financing Options for Bunaken National Marine Park, Indonesia.....</i>	40	Day 2 – Friday, September, 12.....	54
<i>Long-term Financing Plan for Komodo National Park, Indonesia.....</i>	40	Day 3 – Saturday, September 13.....	58
<i>Conclusions.....</i>	41	Day 4 – Sunday, September 14 .....	60
<b>CONSERVATION FINANCE TOOLS AND CAPACITY BUILDING .....</b>	42	<b>ANNEX 2: LIST OF CONTRIBUTING PARTICIPANTS .....</b>	61
The Conservation Finance Alliance (CFA) Training Guide and Training Programs .....	43		
Business Plans for Protected Areas .....	43		
Tijuca National Park, Brazil.....	44		
Masoala National Park, Madagascar .....	44		
Conclusion .....	44		
<b>REGIONAL CASE STUDIES OF SUSTAINABLE FINANCING.....</b>	45		
Financial Strategy for Colombia’s National Parks System (SPNN) .....	46		

## ACKNOWLEDGEMENTS

---

Thanks are foremost due to the 125 contributing participants of the Sustainable Finance Stream of the V<sup>th</sup> IUCN World Parks Congress. Their active engagement, their willingness to share generously their time and knowledge, and their hard work in the preparation of the papers and presentations that now form the basis of this report were the determining factors for the success of this event.<sup>5</sup>

We would also like to thank those institutions, and their respective teams, for taking on the responsibility of organizing and coordinating the six sessions, 20 workshops, and three courses that constituted the Sustainable Finance Stream program<sup>6</sup>: Brazilian Biodiversity Fund (Fundo Brasileiro para a Biodiversidade–FUNBIO), Conservation International (CI), Eden Wildlife Trust, IUCN – The World Conservation Union, James Cook University (Australia), Kreditanstalt für Wiederaufbau (KfW), Latin American and Caribbean Network of Environmental Funds (Red de Fondos Ambientales de Latinoamérica y el Caribe, RedLAC), Mexican Nature Conservation Fund (Fondo Mexicano para la Conservación de la Naturaleza, FMCN), National Parks Conservation Association (NPCA), Ramsar Convention on Wetlands, South Africa National Parks, The Nature

Conservancy (TNC), United Nations Development Program Equator Initiative (UNDP-EI), United Nations Educational, Scientific and Cultural Organization (UNESCO), University of Waterloo (Canada), Wildlife Conservation Society (WCS), World Bank, and IUCN World Commission on Protected Areas (WCPA).

We would like to extend our gratitude to IUCN - The World Conservation Union, the Global Environment Facility (GEF), Gesellschaft für Technische Zusammenarbeit (GTZ), The Nature Conservancy (TNC), Australia's Department of Environment and Heritage and Wildlife Conservation Society (WCS) for their generous financial support, and the United Nations Environment Programme (UNEP) for project facilitation as GEF Implementing Agency.

Finally, we would like to acknowledge all the protected areas managers and protected area systems administrators, environmental fund managers, community and indigenous people's representatives, and entrepreneurs. They are the leading edge of change. They bear the burden of innovation and experience adversity in all its harshness. But they are not deterred by the challenge. They are an inspiration for all of us.

5 See Annex 2 for the full list of contributing participants.

6 See Annex 1 for the full list of contributing organizations

## EDITORS' PREFACE

---

This report provides a summary of the Workshop Stream “Building a Secure Financial Future,” part of the V<sup>th</sup> IUCN World Parks Congress that took place in Durban, South Africa, September 8–17, 2003. It is the culmination of contributions from over 125 participants from across the world who have experience with sustainable financing of protected areas. This report, which comes largely from the presentations and text provided by the contributing participants and session leaders, seeks to capture the main ideas, diversity of views, and lessons

learned from this event, and provides future directions for conservation finance. For a full list of papers presented, see Annex 1. Enclosed in this report is a CD-ROM that includes the full text papers and associated presentations submitted by participants, in addition to the Conservation Finance Alliance (CFA) Training Guide, which provides detailed descriptions and instructions on how to implement a number of finance mechanisms.

This report will also be available on the CFA website at [www.conservationfinance.org](http://www.conservationfinance.org).



## FOREWORD

---

Despite the community affection for protected natural areas, they are managed on budgets less—sometimes many times less—than is needed to ensure long-term conservation objectives are met. At the same time, protected areas face mounting demands to provide a host of benefits and services including biodiversity protection, clean air and water, tourism, recreational opportunities, and green space.

The Proceedings of the Sustainable Finance Stream provide insight as to how to secure the long-term financial viability of parks and conservation areas. The summary of the discussions recorded here, and enclosed papers and presentations, offer many alternatives for generating revenues, and emphasizes the need to adopt a business approach to management of protected areas in general. They also look closely at the policy and institutional opportunities and constraints in order to provide the broader context in which managers are expected to operate. The need to forge strategic alliances with partner organizations as part of working within this broader framework is also highlighted with practical examples.

In keeping with the V<sup>th</sup> IUCN World Parks Congress theme of benefits beyond boundaries, these Proceedings highlight the financial and economic benefits protected areas offer to the wider community. The material considers not only what goods and services are provided, but whether these goods and services are properly valued and shared.

The challenge of achieving sustainable levels of financing calls for more innovative thinking, and in many cases, will mean involving those outside the normal circles of protected area management. The time for debate is now over and we are called to action. These Proceedings provide us with the foundation for taking the next steps towards achieving sustainable financing of protected areas, and in so doing, to more effectively conserve our natural heritage.



Kenton Miller  
Chair  
IUCN World Commission on Protected Areas

## EXECUTIVE SUMMARY

---

The Sustainable Finance Stream (SFS) of the V<sup>th</sup> IUCN World Parks Congress set the stage to better understand the value of biodiversity, the costs of conserving it, and what needs to be done to secure its financial future. Critical to this effort is the cost of managing protected areas (PAs). Current research estimates, presented in the SFS, puts the costs of establishing and maintaining a global reserve system at around US\$30 billion per year. These costs compare to global expenditures on nature reserves roughly estimated at US\$6.5 billion per year of which over half is spent in North America alone. However large these amounts may seem, they are dwarfed by the size and impact of perverse subsidies, policy distortions and institutional failures that prevent PAs from being mainstreamed into development strategies at the national level. Clearly, if the funding gap is going to be bridged, much more needs to be done to expand the funding base of PAs around the world. Diversification, innovation, and creativity are absolutely essential to meet this challenge with any chance of success.

A particular challenge identified throughout the Congress is that of communication. Services provided by protected areas are not fully understood, identified, and appreciated. Often, we have not adequately demonstrated to decision-makers in a convincing manner the benefits of PAs. Accordingly, there is a need to link pressing social and economic issues with conservation, and communicate the relationship between PAs, conservation, and poverty alleviation more readily. Policy-makers need to grasp that biodiversity conservation contributes significantly to national and local economies and to poverty alleviation, making conservation a vital component of any poverty reduction strategy.

Building solid institutional arrangements for financing protected areas is essential. Institutions, including governments, donors, and the private sector, need to create synergies and partnerships that formalize legal

and operational arrangements by consensus, and approach the funding challenge via a united front. While governments bear the ultimate responsibility for managing PAs, they may not be in a position financially to undertake this task alone. Governments should consider developing collaborative partnerships with the private sector as well as strengthening their relationships with donors. Donors will continue playing a principal role in funding protected areas and are urged to adopt more innovative and collaborative strategies as well as more flexible mechanisms for delivering both targeted and long-term funding for protected area management.

The need to diversify funding sources cannot be overstated. PAs will need to diversify revenues using a range of financial mechanisms and approaches, many of which were discussed during the Stream. These include trust funds, community-based initiatives, PA management through concessions, private sector partnerships, conservation incentive agreements, tourism and service fees, debt relief arrangements, payments for environmental services, fiscal incentives, among others. We need to dramatically scale up the use of these mechanisms and expand the pool of practitioners who can implement these tools. The Conservation Finance Alliance (CFA)<sup>7</sup> Training Guide, available in the enclosed CD-ROM and on the web, provides detailed instructions on how to implement 13 specific mechanisms for financing protected areas such as business planning, tourism user fees, and trust funds.

A particularly important tool for achieving sustainable financing of protected areas is business planning. Constructing a protected area business plan helps to quantify the financial situation of the PA, develop strategies to diversify income sources, and provides an essential communications tool to share this information with a broad audience. Through a wider application of business planning principles, the full costs and benefits

---

<sup>7</sup> The CFA is a network of organizations that was formed to provide information on conservation finance mechanisms and training and capacity-building opportunities.

of protected areas can be documented and more widely understood.

A number of regional case studies from different parts of the world stress the financial challenges of managing conservation programs, and demonstrate the potential to successfully develop sustainable financing mechanisms. Experiences also suggest that well-executed analyses of social and economic benefits of biodiversity conservation can convince the private sector, policy-makers, and governments of the importance of investing in protected areas.

The outcomes of the Sustainable Finance Stream are embodied in Recommendations 7 and 8 of the official World Parks Congress Recommendations. They stress the necessity of diversifying and stabilizing the financial flows to protected areas and biodiversity conservation so as to ensure that long-term conservation objectives are fully met in each eco-region of the world. In conjunction with the body of work contained in the Durban Action Plan and Message to the Convention on Biological Diversity<sup>8</sup>, there is a clear program of work for implementation in the sustainable finance arena.

<sup>8</sup> The Congress outputs are available at: <http://iucn.org/themes/wcpa/wpc2003/english/outputs/intro.htm>.



# OVERVIEW OF SUSTAINABLE FINANCING

---

**Session Coordinator**  
Carlos E. Quintela,  
Conservation Finance Program,  
Wildlife Conservation Society, United States



## ASSESSING THE COSTS

Despite ongoing efforts and innovations to attract financial resources toward conservation, there continue to be substantial shortfalls in financing protected areas. In order to better understand the financial situation of PAs and address their financial needs, the following questions need to be addressed: How much are we spending on protected areas? How much do we need to spend? How are we going to get all the funds we need?

Based on the current research, it is clear that the funding gap is substantial. The costs of establishing and maintaining a global reserve system are estimated at US\$30 billion per year. These costs compare to actual expenditures for nature reserves estimated at around US\$6.5 billion per year for the year 2000, creating a large gap between needs and available funding.<sup>9</sup> Based on these figures, protected areas face a daunting challenge that will not be solved with business-as-usual approaches. Diversification of revenue sources and innovation in generating those resources must improve dramatically in order to increase the amount of available financing for PAs. Considering the value of ecosystem services that would be protected by a global reserve network—estimated at around US\$38,000 billion per year<sup>10</sup>—the returns are certainly worth the investment. While the costs of conservation remain uncertain and variable, it is clear that they greatly exceed the available funding, and are far lower than the benefits we all derive from conservation.

## FILLING THE GAP

### *Diversification*

The financial shortfalls facing many PAs are not being

met by governments, donors, or other funding sources. While many PAs in developing countries are dependent on foreign support, significant increases in Official Development Assistance (ODA) remain unlikely, even as conservation costs increase. Alternative mechanisms to achieve financial sustainability must be sought. The ultimate objective is to maintain a viable PA system, ensuring that each protected area has sufficient funding to cover its recurrent costs. This can be achieved by building a diverse portfolio of financial arrangements to generate stable, predictable and sustained income for conservation, because, as we have seen once and again, relying on one or a few sources of revenue is not sufficient to overcome the effects of fluctuations in income flows.

### *Business planning*

Developing more complex and diversified sustainable finance solutions that can ensure the long-term financial viability of protected areas requires the development and application of adequate planning tools. Business plans<sup>11</sup> not only serve to consolidate all financial information—budgets, spending history, projected income, cash flow—but also look at general and specific management issues, human resources requirements, strategic objectives, risk factors, and framework conditions that can affect the cost efficiency and effectiveness of particular protected areas or protected area systems. Additionally, these plans are useful in helping to communicate this story to key stakeholders in a clear, concise and transparent manner. The adoption of a well-structured business planning approach is essential for protected areas to ensure their long-term viability. Two business plans—for Tijuca National Park, Brazil, and Masoala

9 These figures were presented by Andrew Balmford (University of Cambridge, UK). For further information on the figures and methodology please see his presentation entitled "The global costs and benefits of preserving wild nature" in the enclosed CD-ROM, under Sustainable Finance Stream Papers and Presentations, Session 1, Panel A.

10 Costanza R et al. 1997. The value of the world's ecosystem services and natural capital. *Nature* 387: 253-260.

11 Plans that focus on financial and management (as in business management) matters have as many names as there are countries where they are developed and applied. We have adopted the term "business plans" in the Sustainable Finance Stream of the World Parks Congress because we intend these plans to be more than tools to assess funding needs and identified funding sources. Business plans include in addition to these components, many other considerations that are essential for the effective management of protected areas and their long-term financial viability.

National Park, Madagascar—were developed as pilot projects before the Congress and presented during the Sustainable Finance Stream.

## POLICY CONSIDERATIONS

In order to address the funding shortages facing protected areas, there is an urgent need to remove the distortions created by perverse subsidies in fisheries, agriculture, and other sectors. These distortions not only result in environmental degradation and biodiversity loss, but they also lead to a misallocation of financial resources, creating both pressures on protected areas and increased natural resource degradation. Governments need to both remove and redirect funding for perverse subsidies to increase the financial flows to environmentally sustainable activities in general and to protected areas in particular. While an estimated US\$30 billion are needed annually for sustaining protected areas worldwide, the gross amount of global subsidies for agriculture, fishing, logging, energy production, and water is estimated at US\$500 billion worldwide.<sup>12</sup>

In addition to applying new approaches to financing protected areas and removing the policy and institutional barriers, funds must also be applied equitably. Protected area funding must be sensitive to distributional and wealth transfer issues where PAs restrict resource access and proscribe the activities of local communities. There needs to be adequate compensation and real financial livelihood benefits for local communities where these welfare losses occur. Recognizing

local livelihood needs and identifying real opportunities for conservation to contribute to improved livelihoods will contribute to more equitable outcomes.

## CONCLUSIONS

The gap in financing the world's protected area system is estimated at about US\$23 billion per year. So, not only is there a pressing need to expand the funding base, but protected area managers and systems administrators are faced every day with the daunting challenge of establishing priorities to achieve real biodiversity conservation objectives. Under this state of chronic under funding and unpredictable funding fluctuations, it is critical that a wide set of financial arrangements be put in place to dampen funding oscillations. Moreover, a proper valuation of the goods and services provided by protected areas and biodiversity needs to be undertaken in order to assess the full benefits that protected areas generate. At the same time, the traditional sources of funding should not be abandoned; attracting more government and donor funds will require us all to better understand and more effectively communicate the inextricable links between conservation and quality of life, including economic prosperity, poverty alleviation, health, security, and education. To address the sustainable funding challenges of protected areas, managers and system administrators must undertake state-of-the-art business planning that will allow them to understand their long-term financial needs, the risks and opportunities that they have at hand, and the management challenges they face.

12 Steenblik, R. 1998. Previous Multilateral Efforts to Discipline Subsidies to Natural Resource Based Industries. OECD: Paris. <http://economics.iucn.org>

# INSTITUTIONAL ARRANGEMENTS FOR THE FINANCING OF PROTECTED AREAS

---

## **Session Coordinator**

Lorenzo Rosenzweig

Latin American and the Caribbean Network of Environmental Funds (RedLAC)  
and Mexican Fund for the Conservation of Nature, Mexico





The agencies responsible for achieving the long-term financial viability of protected areas must have a good understanding of the institutional context in which they operate. An effective financial sustainability strategy involves a complex set of social, biological, political, legal, and financial variables, which typically fall under the scope of an equally varied set of institutions, from all sectors of society. This session reviewed a subset of these institutions—governments, donors, and private sector—and the role they play in enhancing, or impairing, the ability of protected area managers and system administrators to develop and implement an effective sustainable financing strategy for protected areas.

#### **FOSTERING INSTITUTIONAL ARRANGEMENTS FOR SECURING THE FINANCING OF PROTECTED AREAS**

In the context of limited resources for financing conservation and protected areas, new strategies must be developed to strengthen the institutional capacity of agencies responsible for protected areas and to foster partnerships and collaboration among a wide set of actors that touch, in one way or another, protected areas and those who live in and around them. Close cooperation in drawing clear, measurable, and transparent plans to capture and allocate funds is fundamental to building credibility and support from all sectors of society for effective conservation.

Governments are increasingly joining with NGOs, the private sector, and local communities to finance protected areas. Even in countries that have a history of strong public support for protected areas, such as in the United States, government funding may still be insufficient. Therefore, protected areas need to find ways to work with other institutions in order to secure a more stable and steady income stream. Partnerships with the private sector for the operation of tourism facilities, working with NGOs to support local land units, and collecting fees from natural resource users are among the arrangements that can accomplish this goal.

In many developing countries, there is a need to build the capacity of local institutions to more effectively generate and allocate funds for protected areas. Donor support for protected areas should have a component of investment in institution-building if financial sustainability is expected to be achieved in the medium to long term. For example, the African Protected Areas Initiative is a continent-wide program that aims to support local institutions, build capacity, and establish a trust fund to ensure a reliable and predictable flow of resources to protected areas in perpetuity.

In designing successful financing approaches and programs for protected areas, effective inter-institutional synergies and partnerships must be achieved. This involves identifying institutional program requirements, objectively assessing institutional strengths and weaknesses, formalizing legal and operational arrangements through a participatory process, and approaching the challenge of securing the necessary funding in a collaborative manner. Successful partnerships also require competent and committed people, open communication and information exchange, and developing and applying monitoring systems to measure successes and failures.

#### **PUBLIC SECTOR INSTITUTIONS**

It is generally agreed that governments should bear the ultimate responsibility of managing protected areas since they are national assets and provide benefits to the nation as a whole. However, many governments simply cannot perform this task alone. Financial limitations and weak institutions—particularly in developing countries, which is where most of the planet's biodiversity is found—make it necessary to expand the number and type of institutional players involved in protected area management. Governments must create favorable conditions for such partnerships to emerge and flourish, without compromising their ultimate responsibility to safeguard their countries' protected areas. Policy reforms may be required to facilitate the flow of funds to

protected areas as well investments as to build greater awareness among policy-makers and stakeholders regarding the benefits protected areas provide to society. This effort should aim to integrate conservation of protected areas into national development strategies and civil society dialogue.

Policy considerations include provisions that make it easier for protected areas to generate more of the funding they need. Often, income generated by protected areas (entrance fees, sale and service concessions, etc.) is transferred to government central accounts, preventing the protected areas that generated those funds from retaining their earnings. This often serves as a disincentive for protected areas to generate new forms of revenue. Governments can reverse this situation by creating the conditions that would encourage protected areas to raise and retain their own revenues. These approaches may have to be balanced with revenue-sharing or other approaches that address funding for protected area networks.

Governments also need to recognize and accept that conservation and national development are inextricably linked. Protected areas and biodiversity conservation contribute in direct and indirect ways to the economic well-being of nations, and therefore, conservation needs to be integrated into the economic policy dialogue. In many developing countries, protected areas and sustainable resource management help to accomplish poverty alleviation objectives. Recognizing these inter-relationships would allow for more coordinated policy decisions that take into account the importance of protected areas to the wider society.

#### **DONOR SUPPORT FOR PROTECTED AREAS**

Donor institutions—including bilateral and multilateral agencies, private foundations, and non-profit organizations—play a principal role in the funding of protected areas. Their contributions, however necessary, are not sufficient. At current funding levels, protected areas are straining to achieve biodiversity conservation targets

and benefits to local communities. Therefore, donors must foster institutional partnerships that help bring PAs toward financial sustainability. This includes building donor coalitions; partnering with governments, communities, and the private sector; strengthening local institutions; and advocating for sustainable financing.

Donor coalitions can greatly improve the effectiveness of funding protected areas by harmonizing, where possible, specific financial assistance strategies, priorities, and policies, and by maintaining an open flow of information, including sharing lessons learned and experiences among donors, intermediary institutions, and executors. Increased coordination would yield a more strategic approach to protected area financing, avoiding ad hoc projects implemented according to donor interests that do not sufficiently address the broader network of protected areas nor secure long-term financing. Building coalitions helps governments to prioritize their programmatic investments and maximize the use of scarce monetary resources.

Finding the best mechanisms to develop effective cooperation and share benefits with local populations is challenging, but essential to the long-term survival of protected areas and biodiversity conservation. Instruments, such as integrated conservation and development projects (ICDP), offer a framework for joint-financing and partnerships. By exploring collaborative relationships with the private sector, for example, donors can help develop lessons on how best to engage businesses for the benefit of protected areas. Successful examples should be highlighted to demonstrate effective institutional arrangements with key sectors, including tourism, extractive industries, and agriculture.

Also important is strengthening national capacities for preparing and implementing long-term financing strategies to mitigate fluctuations in funding. This involves investing in mechanisms that will bring longer term, and more stable, income flows to protected areas, such as establishing endowment funds, facilitating ecosystem services markets, or developing opportunities

for environmentally sustainable local economic activities. For example, many donor institutions have supported the establishment of environmental funds with the objective of long-term financing for PAs; however, experiences in Latin America and the Caribbean reveal that many funds are completely expended within three to ten years. Therefore, greater commitment is needed to ensure that projects are designed to achieve true long-term sustainability.

Donors can also play a significant role in advocacy and awareness-raising to build support for conservation activities and the importance of sustainable funding. To secure long-term support, protected areas need to be seen as relevant to local populations and governments. Donor support for community education and awareness is often the foundation for a framework that can lead to a sustainable action plan.

### PRIVATE SECTOR INVESTMENTS

There are significant opportunities to support protected areas through partnering with the private sector. Currently, the private sector is insufficiently engaged in protected areas, warranting a need to create appropriate mechanisms to attract quality investments. Companies engaged in protected areas must work with a triple bottom line approach<sup>13</sup> to guide decision-making, ensuring that such investments are attuned to the objectives of protected area management, as well as sustainable development.

There are many ways to engage the private sector in financing protected areas. Private companies may donate land for protected areas and in turn receive incentives such as tax reductions or duty-free importation. Companies can also pay fees for the use of the natural assets within protected areas, including environmental services such as water for consumption, irrigation, or en-

ergy generation. Investments in environmentally sensitive companies that value biodiversity and create employment and educational opportunities for local communities is another way for generating a financial return to investors and support PAs at the same time.<sup>14</sup> Other arrangements include contracting out visitor services, such as tourism operations, in protected areas to private companies.

The right conditions need to be in place to attract quality investments that financially benefit protected areas. These include clear rights and responsibilities for the investor, and fair and effective enforcement of regulations where necessary. For example, to ensure that private sector tourism operations are responsive to conservation concerns, management plans must be completed, detailing such issues as carrying capacities and permitted land uses; bureaucratic processes need to be simplified, such as long-term security of tenure for concession arrangements; and the negotiated concessions rights must be guaranteed.

Furthermore, local communities must be engaged in private sector arrangements. Developing partnerships among the private sector, civil society, and local communities will ensure that all parties with a broad interest in the PAs are involved, and that they all mutually share the benefits of the enterprise. This inclusive arrangement is essential to sustainably and holistically manage protected areas, and can result in real financial gains and local support for protected area conservation and for local communities.

### CONCLUSION

It is clear that no one institution alone can complete the task of sustainably financing protected areas; governments, donors, the private sector, communities, and others must work together through well-functioning and transparent arrangements to get the job done.

13 A triple bottom line approach includes: acceptable financial returns, environmental conservation, and social responsibility.

14 See: Talmage-Pérez, Leigh A. Asian Conservation Company and Ten Knots Group: Private business in El Nido-Taytay Managed Resource Protected Area, Philippines. Available in the enclosed CD-ROM, under Sustainable Finance Stream Papers and Presentations, Session 2, Panel C.

Achieving sustainable financing for protected areas will depend on the coordination of financial sources based on jointly agreed strategies and clear rules, regulations, and responsibilities. While governments have the ultimate responsibility for the management of protected areas, they will need to foster an enabling environment and set the appropriate conditions for partnerships that improve the financial situation of protected areas.

# APPLICATIONS OF SUSTAINABLE FINANCING FOR PROTECTED AREAS

---

## **Session Coordinator**

Sean Southey

UNDP Equator Initiative, United States



There are many ways to finance protected areas. The challenge that protected area managers face is not only how to increase their funding baselines, but also how to ensure that funding oscillations are predictable and reduced, thus controlling the typical boom-and-bust cycles. This session presents a wide range of sustainable finance applications, ranging from endowment funds to tourism, from debt-for-nature swaps to ecosystem services. Each of them is applicable in specific set of circumstances, under particular institutional and policy context, and have specific performance profiles when it comes to investment requirements, skill level, and cash flow characteristics.

#### TRUST AND ENDOWMENT FUNDS

In the last 15 years, over 100 environmental funds have been created and most of them are still operating around the world. The Global Environment Facility (GEF) alone has supported the creation of 23 of them. In Africa, GEF allocations total US\$25.6 million, with another US\$17 million available for disbursement once benchmarks have been met. Typically created and managed as private non-profit organizations, capitalized by grants from governments and donor agencies, and sometimes receiving income from taxes and fees earmarked for conservation, environmental funds provide long-term financing for biodiversity conservation and other environmental activities. Many of these funds provide direct financing of protected areas, provide grants to private organizations and community groups for small projects with conservation benefits, support research, and many other related initiatives.

The types of environmental funds that are currently operating typically fall into three categories: endowment

funds<sup>15</sup>, sinking funds<sup>16</sup>, or revolving funds<sup>17</sup>. These categories are not mutually exclusive, and any fund may employ one or all of these arrangements. Each poses different constraints and opportunities for program effectiveness and financial sustainability.

The following case studies provide lessons learned regarding the operation and management of environmental funds in support of biodiversity conservation with a focus on financing related to protected area management and support.

#### *Mgahinga and Bwindi Impenetrable Forest Conservation Trust (MBIFCT), Uganda*

Mgahinga and Bwindi Impenetrable Forest Conservation Trust (MBIFCT)<sup>18</sup> was established in 1994 under the Uganda Trustees Act, with a mandate to provide long-term funding for the conservation of the biodiversity and ecosystems of Mgahinga Gorilla National Park (MGNP) and Bwindi Impenetrable National Park (BINP) in south-western Uganda. The governing bodies of the trust fund include the Trust Management Board, Local Community Steering Committee, and Technical Advisory Committee. The Board hired an off-shore asset manager to invest its resources and provide the income for operations. Partnerships with government agencies, the local community, and with donors were very important to the fund's establishment and operation.

The fund was established in response to a lack of resources for conservation, combined with potential threats against the endangered mountain gorilla (*Gorilla gorilla berengui*). Functioning as an endowment, the fund allocates money toward community development activities that demonstrate a positive impact

15 An endowment fund invests its capital and uses only the income from those investments to finance its activities.

16 A sinking fund disburses investment income and principal over a fairly long period at a rate higher than the return on investments until the capital is depleted.

17 A revolving fund provides for regular receipt of new resources—such as special taxes, and loan repayments—that can replenish or augment the original capital of the fund.

18 For further information please visit: <http://www.mbifct.org>.

on the conservation of the parks and their diversity; research activities that provide data for improving park management and park/community relations; and park management activities for the protected areas that are not covered under normal government budgets.

Based on the experiences of MBIFCT, there are a number of lessons learned that can be applied to the establishment and management of other funds. Paying greater attention to capacity-building both for the fund management and local institutions, is very important. Local stakeholders need to better understand how a long-term fund operates, and trustees and government leaders require further knowledge of the workings of the stock market and investments. Furthermore, a greater diversity of funding sources is necessary in order for the fund to expand and achieve desired conservation impacts; this can be achieved through fund-raising and other strategies aimed at leveraging existing resources.

#### *Establishing Environmental Funds for Protected Areas in Francophone Africa*

A review of trust fund design and operational issues specific to Francophone Africa draws several lessons on how best to address constraints and foster opportunities for sustainable financing. Until recently, Francophone countries had limited experience with environmental trust funds, but now there are initiatives to establish funds in several countries. Two initiatives currently under development include the proposed trust fund aimed at financing activities in the Sangha Tri-National, a forest complex shared by Cameroon, the Central African Republic, and the Republic of Congo; and the proposed Madagascar Foundation for Protected Areas and Biodiversity. In order for these funds to be successful, various institutional, legal, and political constraints to establishing trust funds in Francophone Africa need to be addressed. Some of these challenges include the lack

of a tradition of public-private initiatives, political unrest, and the absence of a legal framework to establish funds.

Lessons drawn from the experiences of establishing funds in Francophone Africa stress the need to foster strong political support from the outset, and to build the capacity to implement business-like approaches. Furthermore, it is important to implement a broad multi-stakeholder participatory process funded by various sources to ensure ownership, and to increase the expertise available for conservation activities.

#### *Sustaining Conservation Finance in Bhutan: The Bhutan Trust Fund*

Since its inception in 1991, the Bhutan Trust Fund for Environmental Conservation (BTF)<sup>19</sup> has established a solid foundation for financing biodiversity conservation. BTF was the first environmental fund established in the developing world, and was created to help sustain essential conservation programs, thereby allowing the national treasury to focus on direct poverty reduction. Its endowment has seen a cumulative growth from an initial US\$21 million to over US\$36 million. Grants allocated by the fund focus on activities that conserve biodiversity and promote local capacity to manage it. However, due to the scale of emerging environmental pressures resulting from rapid urbanization and economic growth, the Bhutan Trust Fund will have to grow and adapt to emerging challenges and broaden its biodiversity mandate to further support the environmental sector.

The operation of the Bhutan Trust Fund provides useful lessons for other funds. The BTF benefited from having a management board comprised of local representatives to ensure credibility at a national level. In addition, the choice of an effective private asset manager ensured prudent fund management, allowing the

19 For further information please visit: <http://www.bhutantrustfund.org/>.

fund to generate surplus revenues in excess of projected disbursements. The BTF also realized the importance of building the capacity of its fund recipients to maximize the overall effectiveness of program investments.

### *Financing Conservation in Belize: The Experiences of the Protected Area Conservation Trust (PACT)*

The Protected Area Conservation Trust (PACT)<sup>20</sup> emerged from an expressed need for a sustainable finance mechanism for protected areas in Belize. PACT is a revolving fund with the aim of assisting, through the disbursements of grants, the management and conservation of protected areas and wildlife species. Grants provided by PACT support various activities including research, institutional strengthening, infrastructure development, and environmental education. PACT is a successful example of a public/private management structure with effective partnerships with the government and NGOs.

PACT began operating in 1996, with initial funding from USAID. Currently, the trust's primary source of revenue is from a conservation tax paid by tourists at the airport (\$3.75 per air traveler) and commissions from cruise ship passenger fees. However, it is clear that diversification of funding sources is needed in order to increase the fund's capital and establish an endowment. PACT is therefore developing a fund-raising strategy aimed at diversifying revenue sources and increasing the scope of its activities. Some key lessons learned from PACT's experiences include the importance of an autonomous and effective board, outreach to community groups, specialized training for fund staff, and diversification of funding sources.

### **Conclusion**

Environmental funds play an important role in supporting the long-term protection of biodiversity and

protected area management. There is no single environmental fund model that would meet the needs of PAs across the world, or even within a single country. Although there is the general recognition that sinking funds may be more likely to be supported by donors, because they combine a larger disbursement rate over longer periods of time than typical grants, it is very important to continue to find ways to capitalize endowment funds. They are an essential part of any sustainable funding solution for PAs, and must be supported. However, whether environmental funds are endowments, sinking or revolving funds, they must be leveraged against other revenue generating activities to accomplish the effective diversification of the funding base for PAs.

### **WORLD HERITAGE STATUS APPEAL TO DONORS: A TOOL TO STRENGTHEN SUSTAINABLE FINANCING MECHANISMS**

World Heritage (WH) status automatically places a protected area within a limited network of sites that are legally and internationally recognized for their universal conservation values. While the World Heritage inscription provides a global endorsement of the importance of these sites, many if not most of these sites are experiencing difficulties with on-going recurrent cost financing. Since the assignation of the status by itself does not automatically translate into support or financing, it is up to protected areas managers and other stakeholders to maximize the potential of WH status.

World Heritage status can be used to attract donor funds, which can then be invested in sustainable financing strategies including those with commercial potential, particularly in tourism, but also in many other areas. Many sites will require assistance with developing business skills to allow them to identify and exploit these opportunities. Support from regional and international

20 For further information please visit: <http://www.pactbelize.org/>.



conservation organizations is important in raising political and financial interest in World Heritage sites.

#### *The Appeal of the World Heritage Designation to Funding Agencies: The Case of the UN Foundation*

The UN Foundation (UNF) has partnered with the UN Educational, Scientific, and Cultural Organization (UNESCO) World Heritage Centre to support and promote the management and conservation of World Heritage Natural sites. UNF has committed US\$34 million to World Heritage sites, with 20 projects being executed by UN partner agencies in more than 50 World Heritage, Criteria IV (biodiversity) sites, from Brazil to Cambodia. Maximizing the potential of these funds to foster financial sustainability requires effective partnership arrangements, and UNF has successfully leveraged its core funds to establish new partnerships in support of its targeted sites. Partnerships with international NGOs have been forged, providing access to technical expertise and financial resources and benefits available from field-level NGO resources. Another set of financial partnerships involves the creation of trust funds for World Heritage sites—for example in Suriname and Galapagos—involving UNESCO, the Global Environment Facility, international NGOs, and local and national governments.

Ensuring the conservation of biodiversity in WH sites will require greater efforts in building site-level partnerships. WH biodiversity sites also require better branding so that they are more easily recognized and appreciated for their special status, especially by those with a strong interest in supporting conservation. In addition, WH site managers and/or local conservation NGOs must be encouraged to continue to define their critical conservation needs through systematic planning and management techniques, and to communicate these needs to their national agencies and to international conservation organizations. Finally, UN agencies need to streamline their partnership procedures so funds can flow to specific sites more efficiently.

#### *Using World Heritage Status to Maximize the Effectiveness of Sustainable Financing Strategies in Argentina*

The branding provided by the World Heritage Convention to selected natural sites helps to draw the attention of governments and private donors. This international level of branding also attracts new opportunities for partnerships with the private sector and for alliances with other stakeholders. The experiences in Iguazú National Park and the Valdes Peninsula protected areas in Argentina demonstrate how World Heritage site branding helps to improve financing strategies and promote international interest in protected areas conservation.

The Iguazú National Park helped is part of the larger Atlantic Forest eco-region and therefore requires the application of financial mechanisms at an ecoregional-scale, where each country—Brazil, Argentina and Paraguay—will develop its own trust fund system and coordinate their efforts to support a transboundary vision. The WH designations of the Iguazú National Park in Argentina, and the Iguazú National Park in Brazil, have been an important variable in drawing public support for the conservation and financing of this eco-region.

In the Valdes Peninsula, WH status served to attract new donors and public support for conservation, leading to the development of the Valdes Management Plan. Under the framework of its recently created Marine Program, Fundación Vida Silvestre Argentina and WWF are developing a strategy to support the implementation of the Valdes Management Plan. WH status is deemed an important variable in the consideration of funding proposals to support the implementation of this Management Plan.

#### *Conclusions*

World Heritage designation of a site does not necessarily guarantee its long-term financing or its continued preservation. In some cases, however, WH status has helped

to attract financing from a variety of donors, which, when combined with the opportunities that the UN network provides it can leverage additional funds from the international conservation community. Park managers must capitalize on the WH status and maximize its value by developing new institutional partnerships that could, among other things, foster greater awareness and understanding among the public, government agencies, private donors, and other stakeholders about the importance of these sites.

### COMMUNITY-BASED INITIATIVES

Many indigenous and local communities depend economically and culturally on the land and sea resources within protected areas. As managers and users of protected areas, indigenous and local communities have a vital interest in achieving sustainable financing for protected area management. Their interests include not only the long-term availability of funds for protected areas, but also the equitable distribution of the financial and non-financial benefits generated by PAs. These issues relate both to officially designated protected areas as well as to community conservation areas that lie outside the official protected area network.

Community conservation areas face many of the same financial and managerial challenges as government-managed protected areas. Like all protected area managers, communities need to develop a diversified revenue portfolio to ensure financial security and sustainability. There are many approaches that communities are using to finance protected areas. These include ecotourism ventures, conservation or trust funds, entrance fee systems, hunting concessions, and sustainable resource uses, among others. The following case studies from Nepal, Pakistan, Cote D'Ivoire, and Fiji<sup>21</sup> address both the complexity of funding arrangements, and the management and benefit-sharing opportunities

for community-based activities.

#### *The Annapurna Conservation Area Project, Nepal*

The Annapurna Conservation Area Project of the King Mahendra Trust for Nature Conservation in Nepal was established as an innovative approach to financial sustainability. Through this project, tourist entrance fees are collected and used for managing the conservation area (CA). These fees make up the bulk of funds required for CA management with additional revenue generated from resources in the use-zone. The project also fosters greater community involvement to protect the local resources, providing local skills and traditional knowledge, and replacing the high cost of deploying army personnel for patrol.

In order to diversify the funding base of the conservation area, additional sources of revenue are being explored and policy reforms considered. There is tremendous potential for hydropower development as well as the use of commercially viable natural resources (such as non-timber forest products), which can generate revenue for the local community and CA management. Policy reforms are also needed to improve the financing and management of the conservation area, including changes in legislation that would authorize the park authority to retain its revenue and earmark it for park management activities. Also important is assigning legal recognition to community involvement and traditional practices, including granting a degree of community authority in managing the local resources.

#### *Community Forests and Revenue Generation in Nepal*

Forest resources are very important to many Nepalese people in order to meet basic needs such as food, fuel, timber, and medicines, but with a rising population, the pressure on these resources has increased. Loss of

21 These are selected case studies from the workshop; the full set of papers and presentations are available in the enclosed CD-ROM, under Sustainable Finance Stream Papers and Presentations, Session 3, workshops 4 & 10).

biodiversity is increasing, threatening the livelihoods of many poor people residing near forest areas. Hence, forest legislation has been amended to involve communities as the managers of these areas, and community forestry has been adopted as a major forest conservation policy in Nepal. Community forestry and leasehold forestry areas are managed by communities through the formation of forest user groups. An estimated one million hectares of forest land has now been brought under community forestry programs via these forest user groups, reducing external pressures while developing and maintaining the livelihoods of local communities within these areas.

Another example of community involvement in conservation has been the Environment Forest Enterprise Activity (EFEA) Project<sup>22</sup> in the Mid-western Development Region of Nepal. This was part of the poverty alleviation program of the Government of Nepal to improve the livelihoods of local people and promote sustainable use of natural resources, including those living adjacent to protected areas. An example includes the Sabai Grass Rope Making Enterprise where groups of 12 indigenous women engage in rope making using small, hand-operated, low-cost machines. Rope sales provide these women with income opportunities directly linked to sustainable management of a resource. All small-scale enterprises supported under this project are community owned and managed, providing multiple benefits to community members by promoting income generating opportunities and sustainable resource use.

### *Conservation Funds and Community Financing in Pakistan*

Studies reveal that most community-based development and conservation projects stop functioning after a few years due to the phasing out of external support. To address this problem, some projects have established

endowment funds, and conservation and development funds, to ensure the continuity of financial support to ongoing initiatives in development and biodiversity conservation. In Northern Pakistan, endowment funds for the sustainable management of biodiversity have been established through joint contributions of local communities and implementing organizations. Since 1998, 32 village and valley level conservation funds have been established in Karakoram, Hindu Kush, and Western Himalayan mountain ranges of Pakistan to support biodiversity conservation initiatives. In most cases, local communities—through committees or organizations—are responsible for managing and operating the fund, under agreed terms and conditions. Funds are primarily used to pay the recurrent costs of biodiversity conservation; they provide support to local conservation strategies and pay the salaries of local people involved in conservation activities. The availability of such communal funds is very important to the long-term functioning of community-based conservation and development initiatives.

### *West Africa Pilot Community-Based Natural Resource and Wildlife Management Project*

The West Africa Pilot Community-Based Natural Resource and Wildlife Management Project facilitates the conservation of protected areas in Côte d'Ivoire and Burkina Faso by addressing both development and conservation concerns by involving local communities in sustainable wildlife utilization. This project addresses threats to biodiversity in the northern Comoé ecosystem by testing a participatory method for sustainable wildlife utilization, community-based natural resource management, and biodiversity conservation. The project is designed to be ecologically, economically and institutionally sustainable. A major investment in capacity building and the direct participation of the local communities in project management fosters institutional

22 Funded by USAID and implemented by the Biodiversity Support Program and New ERA.

sustainability. The implementation of a series of habitat improvement and resource management techniques ensures ecological stability. And finally, the project promotes the establishment of profitable enterprises based on wild resource utilization ventures, which channel the economic benefits directly to the population.

***Trust Funds as a Sustainable Financing Mechanism for Protected Areas: The Veratavou Project and the FLMMA Network in Fiji***

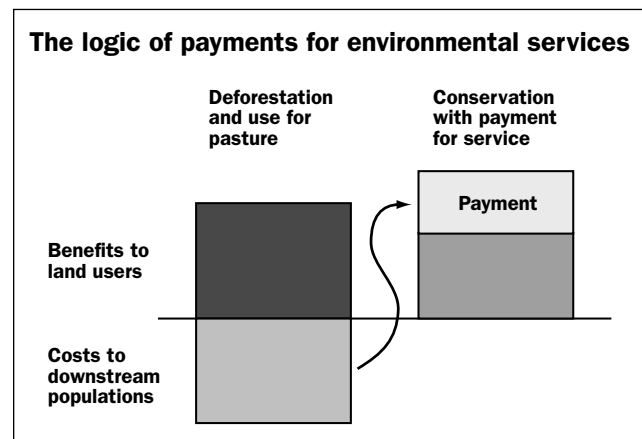
In the Fiji Locally Managed Marine Area (FLMMA)<sup>23</sup>, local communities have customary rights and access to 95 sq kms of fishing grounds as a locally managed marine protected area (MPA). A Resource Management Plan has been developed and implemented since 1997 to address critical threats to the local resources. Due to expressed concern about the financial sustainability of conservation activities and equitable benefit-sharing, a trust fund was established from bioprospecting revenue. These funds have been directed to developments within the district that benefit all community members (such as electrification of households and equipping schools) and invested funds are used for the continued management and monitoring of the MPA, including policing of the fishing ground. The trust fund has therefore proved to be a very useful self-financing mechanism, ensuring the continuation of activities in the marine protected area and the equitable distribution of funds to the local communities.

***Conclusions***

Community-based initiatives can result in substantial support for protected area management, while also providing income-generating opportunities for community members, linking conservation to direct economic benefits. To secure income beyond short-term project al-

locations, community trust funds are found to be an effective instrument in providing an equitable distribution of resources to conservation and development, while fostering community engagement. In addition, revenue generation from sustainable resource use and other site-level mechanisms, such as entrance fees and concessions contracts, have also proven to be effective.

To ensure the success of community-based initiatives, there must be sufficient investment in capacity-building of local community members and institutions. This should include creating community awareness of the importance of supporting conservation initiatives as a long-term investment in their future. In addition, mechanisms to ensure transparent and accountable leadership need to be built into projects from their inception, and institutionalized within community management systems. And finally, policy reforms may need to be introduced, including securing official legal recognition of the role of communities in protected area management.



**MARKETING ECOSYSTEM SERVICES**

Ecosystems provide important services to society, including, but not limited to, hydrological benefits, reduced sedimentation, disaster prevention, biodiversity conser-

23 The Fiji Locally Managed Marine Area network won the Equator Initiative award (US\$30,000) at the World Summit for Sustainable Development in 2002. The awarded funds have been put aside to initiate a similar trust fund to sustain established Marine Protected Areas in other communities around Fiji.

vation, and carbon storage. Furthermore, protected areas and ecosystems provide scenic beauty and recreation, spiritual values, and education. Despite these benefits, the market currently undervalues these services, resulting in a lack of incentives to preserve them. Fortunately, there are now innovative examples of creating markets for ecosystem services that provide incentives for conservation, such as selling carbon offsets, payments for watershed services, and fiscal instruments to encourage conservation. In these cases, beneficiaries pay for the environmental services they receive and land managers receive payment for the environmental services they provide. In order to effectively secure payments for services, mechanisms need to be in place to assess and capture the value of the service and to determine its ownership.

#### *Ecosystem Benefits and Protected Areas— An Economic Perspective*

It is important to identify the values of protected areas as justification for setting up ecosystem payment systems—especially in the context of building local, national, and global support. There are several methods for estimating non-market resource values, including productivity analysis, stated preference methods, travel cost method, hedonic property value method, and opportunity cost analysis<sup>24</sup>. Studies undertaken in the United States and Indonesia demonstrate that environmental services provided by protected areas have a significant economic value, with evidence of considerable demand for ecosystem services at the global and local level. There are opportunities for park managers to take advantage of these benefits both politically and financially. Measuring the benefits that ecosystem services provide will identify potential financial streams for protected areas while also convincing donors that the benefits of their investments exceed the costs.

#### *Selling Carbon Offsets From Forestry Projects*

If managed correctly, forests can generate a variety of environmental services, including non-timber forest products, watershed protection, and scenic beauty, all of which have important socioeconomic benefits. Another important service provided by forests is carbon storage, with major opportunities to extract the benefits from the global carbon markets for conservation. The carbon storage capacity of the forests can be increased by projects related to afforestation/reforestation, rehabilitation and agro-forestry, silviculture treatments, and soil amelioration. Such forestry projects can mitigate or offset a portion of carbon dioxide emissions.

Under the Kyoto Protocol, there are mandatory limits on national greenhouse gas (GHG) emissions and several market-based mechanisms to enable GHG emitters to achieve their assigned reductions. The Clean Development Mechanism (CDM) allows industrialized countries to accrue credits in return for financing carbon reduction projects in developing countries that help further their sustainable development. Such projects must meet certain standards in order for carbon credits to be valid. Case studies of CDM forestry projects in Colombia, Ecuador and Brazil identify the significant financial opportunities for conservation through selling carbon offsets in the global market. While the process may require significant initial financial resources, the carbon revenue potential is significant.

Outside of the Kyoto Protocol, a voluntary market for carbon offsets has developed. Interested individuals, organizations, and businesses will purchase credits as a way to offset their carbon and make a financial contribution to support conservation. Many organizations are now exploring how best to tap into these voluntary markets as a way to provide income flow to forest protected areas.

24 For further information on these methods please see the presentation by Randall Kramer (Duke University, USA) entitled "Ecosystem Benefits and Protected Areas: An Economic Perspective" in the enclosed CD-ROM, under Sustainable Finance Stream Papers and Presentations, Session 3, Workshop 5.

### *Payment for the Watershed Services of Protected Areas*

Payments for the watershed services of protected areas offer another source of revenue that can be targeted toward conservation. To establish such payments, the supply and demand for the service must be identified. The supply of services is derived from upstream land uses that affect the quantity, quality, and timing of water flows. Demand for services comes from possible downstream beneficiaries including domestic water use, irrigated agriculture, fisheries, and recreation. The basis for the payment transaction is through turning downstream externalities into upstream payments for conservation.

When designing projects for watershed services it is extremely important to determine the watershed service beneficiaries and their “willingness to pay” to preserve those services. The characteristics of the users, the provided environmental services, and the institutional settings must be clarified. In addition, projects should begin with an assessment of the demand for the service; the payment mechanism should be designed to be flexible; and the participation of all sectors must be ensured, including the local community.

### *Using Fiscal Instruments to Encourage Conservation: The Ecological Value-Added Tax in Brazil*

The ecological value-added tax (Ecological ICMS) is a fiscal instrument used in Brazil that rewards local governments for conserving forests and biological resources. The results of case studies from two Brazilian states that have implemented the Ecological ICMS—Parana and Minas Gerais—show an increase in size and quality of their protected areas. The study illustrates that with relatively small reallocations of funds—less than 5% of the value added tax—it is possible to create significant benefits for biodiversity conservation.

The objective of the Ecological ICMS (ICMS-E) is to compensate municipalities that have protected areas within their territories for the resulting loss of revenue derived from other uses.

There have been numerous positive results of the

ICMS-E, including an increase in the number, surface, and quality of protected areas; institutional strengthening of State Secretariats of Environment; and improvement of the relations between surrounding communities and the protected areas and their staff. The program has been a harbinger of new partnerships between public and private actors for conservation and has the potential for replication at the federal and state level. An area for improvement of the ICMS-E instrument is to increase the transparency of information about ICMS-E transfers by demonstrating how the system works to the largest possible number of stakeholders. Communicating the benefits of the instrument is especially important given the concern that, under the proposed tax system reform, the ICMS-E could be abolished.

### *Conclusions*

Deriving funds from ecosystem services toward the conservation of protected areas and biodiversity can be a source of substantial untapped revenue. Protected areas provide a huge range of services that benefit society; however, these services have not traditionally been measured or charged to users.

This is changing. Revenues can be obtained from ecosystem services such as carbon offsets, watershed services, and from tax incentives that promote sound environmental management. Such emerging opportunities highlight the importance of conducting proper valuations of protected areas and biodiversity for the benefit of the protected area and surrounding communities. Governments and donors alike are urged to support innovative programs that develop markets for these services in support of conservation.

### **TOURISM-BASED REVENUE GENERATION**

Protected areas throughout the world are increasingly in demand for the nature-based tourism opportunities that they provide. Although protected area managers are keen to benefit from the revenue that tourism can deliver, many of these protected areas are frequently

ill-prepared to manage the demands placed upon them by heavy or concentrated visitation. Consequently, unsustainable tourism has been identified as a threat to biodiversity at many sites. However, if tourism activities are carried out in a sustainable manner, and in accordance with accepted ecotourism principles, they can provide a significant source of revenue for protected areas without undermining biodiversity objectives. To maximize the benefits of sustainable tourism activities to protected areas and surrounding communities, an appropriate user fee system must be implemented. In addition, tourism concessions should be explored as they can enhance tourism management efficiency thus resulting more revenue for conservation. For such tourism initiatives to be successful, efforts should be made to build capacity among protected area management, and establish appropriate systems and regulations to guide tourism investments and activities.

### *Tourism User Fees*

The value of recreation opportunities provided by parks is typically under-priced or inefficiently administered. Many parks around the world either charge low or no fees for visitation or try to overcharge in an effort to capture revenue—dissuading visitation in the process. Consequently, these charges, along with other funds generated by tourism, are usually insufficient to cover the costs of biodiversity conservation, or even the costs associated with providing visitation opportunities and services. Several countries have instituted new approaches to their fee collection systems to permit greater retained earnings. For example, the Galapagos Islands National Park, which generates approximately US\$5 million in visitor entrance fees annually, is no longer viewed as the primary source subsidy for the protected area network. Recent changes in the administrative structure of the

protected area system in Ecuador allow the Galapagos to retain 80% of revenues for local investment.<sup>25</sup>

There are various tourism fee systems, with fees depending on type of visitor (foreigner, local, student, etc.), type of visitor activity, length of stay, season, and other factors. Research tools can help managers develop fee levels and systems that achieve their objectives, whether that be cost recovery, visitor management, or other objectives. Of particular importance is price responsiveness—that is, how fees will affect the number of visitors to the site. This evaluation is especially important for protected areas since, typically, it is difficult for them to quickly modify fees, making it imperative to get it right the first time.<sup>26</sup> Surveys of visitors and reviews of fees at equivalent sites should be used to evaluate price responsiveness when setting fees, and managers should involve important stakeholders in the process to ensure buy-in, and avoid unintended clashes with the tourism industry.

### *Commercial Tourism Concessions:*

#### *A Means of Generating*

A move toward tourism concessions has resulted in a positive conservation strategy for the national parks system in South Africa. Initially, South African National Parks (SANParks) directly provided tourism services, however, due to inefficiencies in delivering these services, a new approach was adopted whereby SANParks refocused its energies and resources on managing biodiversity in protected areas while providing the regulatory framework for tourism and recreation. The management of commercial operations in the national parks has been transferred to commercial operators. A typical concession allows a private operator to construct and operate tourism facilities within a national park on the basis of a 20-year contract.

25 Benitez, S., 2001. Visitor Use Fees and Concession Systems in Protected Areas – Galapagos Case Study. The Nature Conservancy, Arlington, VA. Available at: [nature.org/ecotourism](http://nature.org/ecotourism).

26 Further information regarding research tools, fee-related management issues, fees charged at protected areas around the world, and the effect of these fees on visitor levels is available from: [kreg.lindberg@osucascades.edu](mailto:kreg.lindberg@osucascades.edu).

The commercialization process has greatly expanded the range and extent of sustainable economic activity generated by the national parks, without sacrificing biodiversity objectives. Since all revenues are retained by SANParks, the concessions are contributing to the core function of protecting biodiversity. The private ecotourism sector has accepted higher environmental standards, and has proposed imaginative schemes with real benefits for local communities and employees.

### ***Building Capacity of Protected Areas in Sustainable Tourism***

To promote the long-term sustainability of tourism in protected areas, there is an urgent need to build capacity among conservation and development agency staff to ensure that adequate planning and management frameworks are established. As such, it is proposed that local protected area managers are not trained to do tourism themselves, but instead, are trained to understand the industry so as to ensure effective visitor management frameworks (i.e. to enhance experiences and to minimize impacts) are established for their respective protected areas. The rationale is that such staff should not be developed as the key drivers for tourism in their protected areas, as tourism requires specific professional expertise to ensure its viability. This is particularly important in developing countries that rely on international markets. In cases where protected areas cater to an international clientele, tourism services should preferably be developed and operated by organizations and businesses that can bridge the divide between local realities and the demands and preferences of the international market. Furthermore, local communities, government agencies, and the private sector should collaborate to potentially form community-public-private partnerships as a mechanism for the establishment of sustainable and viable tourism projects in local communities. These partnerships can lead to increased capacity and understanding, allowing communities and small businesses to better respond to international demand.

### ***Conclusions***

Protected area managers should ensure that there are adequate mechanisms in place to generate income from tourism in order to cover all costs related to the management of tourism activities, and with flexibility to amend them based on impacts and needs. In addition, decisions and operations related to tourism-based revenues should be decentralized to the site level where implementation occurs. Local stakeholders should be involved in this process, and revenues shared with local communities. It is also recognized that the private sector—through concession arrangements—can be highly effective in carrying out tourism activities in protected areas within a regulatory framework that ensures the protection of biodiversity. Protected area managers should strive to put in place a defined process, standards, and compliance mechanisms for the involvement of the private sector. This role for protected area managers will most often require capacity-building to build the necessary skills to manage concession contracts and oversee facilities management in the protected areas.

### **THE ROLE OF THE PRIVATE SECTOR IN SUPPORTING PROTECTED AREAS**

The private sector is playing an increasingly important role in the activities of protected areas, ranging from corporations that provide substantial recreation, education, and hospitality-related visitor services, to local or national businesses that provide support inline with their own green-business planning, to initiatives that provide business expertise for the financial management of protected areas. Such partnerships with the private sector, if fostered effectively, can bring substantial financial benefits to protected areas while ensuring the protection of biodiversity.

### ***The U.S. National Parks Business Plan Initiative***

The U.S. National Parks Business Plan Initiative (BPI) has integrated business tools with more traditional park management expertise to produce business plans for



parks across the United States. The project is a joint initiative, co-managed by the National Parks Conservation Association (NPCA) and the National Park Service (NPS), with separate but integrated teams of managers at the non-profit, agency, and park level. Like business plans used worldwide to help private interests educate potential investors about the design of a business, its potential, the scope of its current operations and needs, this tool has been applied to parks to educate government, the public, and others about their financial situation. The process of developing park business plans has helped managers identify areas of opportunity, inefficiency, and potential refinement. The business plan has also helped managers to focus on external opportunities for additional support, and on areas of inefficiency for internal improvement. In addition, government support has improved with the increased awareness of the financial difficulties facing parks.

#### ***Private Sector Investments: Venture Capital as a Financing Tool for Conservation***

Recent trends in the development of markets for environmental products and services has sparked the participation of private sector agents as either suppliers or consumers of these goods and services. Markets for products and services such as conservation tourism, sustainable timber, or non-timber forest product extraction, or even ecosystem services can present attractive sources of income for protected areas and their surrounding communities. Protected areas have potential for a varied number of business opportunities, which could be developed by private entrepreneurs or neighboring communities within the specific parameters and regulations of the area in which they will operate.

Enabling productive projects for private sector actors in protected areas with specific profit-sharing agreements can provide an alternative source of financing while at the same time ensure that the productive activities are de-

veloped within defined standards. Under certain specific conditions, venture capital investors could finance this investment. The experience to date has proven that it is necessary to adapt the traditional venture capital model to the reality of remote areas in which these businesses are developed, as well as to the degree of development of the industries in which investors will be active.

#### ***Concession Arrangements in U.S. National Parks: Delaware North Companies Parks & Resorts, USA***

The U.S. National Park Service collaborates with federal, state, tribal, and local governments; private organizations; and businesses to work toward common goals.<sup>27</sup> This includes contracting with private sector companies to provide many of the visitor services that are available at the parks, including lodging, dining, retail, recreation and interpretive activities. In Yosemite National Park, California, a successful partnership emerged in 1993 between the National Park Service and Delaware North Companies to manage guest services through a concession arrangement. This has provided substantial revenue to the national park, with a promised return of about 15 percent, including investment into a capital improvement fund, a US\$61 million buyout of the previous concessionaire's investment in the park, and a US\$12 million environmental cleanup project at the park. In addition, Delaware North has invested an additional US\$40 million voluntarily into major renovations and improvements to the park's facilities. This arrangement emphasizes the importance of partnering with companies that will provide substantial benefits to the protected area through demonstrating a commitment to conservation by providing financial resources and expertise.

#### ***Private Sector Investment in Marine Conservation: Experiences of Chumbe Island Coral Park Ltd.***

Chumbe Island Coral Park Ltd (CHICOP)<sup>28</sup> was established in 1991 as a privately managed marine protected

27 See [www.nps.gov](http://www.nps.gov), the official Web site of the National Park Service

area (MPA) in Tanzania, East Africa. The experiences of this MPA demonstrate that the private sector can play a decisive role in establishing and managing “no-take” ecological marine reserves that support biodiversity and fisheries. Non-extractive and non-destructive use through ecotourism adds economic value to coral reefs, and creates incentives for effective and sustainable conservation. Encouraging private investment in partnerships for conservation requires a conducive investment climate, security of tenure, and contractual security. Furthermore, international insurance schemes for MPAs could help buffer risks of volatile tourism markets.

### ***Conclusions***

The private sector is well poised to deliver services and benefits to conservation and to local communities. To do so, there is a need to reduce barriers to entry, and to develop multi-level partnerships (all levels of government, communities, and businesses). A paradigm shift is also necessary—moving away from the perception of “business” that needs to be controlled and regulated, or as a source of funds, to business opportunities providing important know-how and innovative approaches that can significantly benefit the conservation of protected areas.

There are many different models of private sector involvement in conservation, including: integrating private sector approaches such as business planning, venture capital investments, concession arrangements, and private sector management of protected areas. Governments, NGOs, and protected area managers should explore appropriate models for partnering with the private sector in order to meet their conservation objectives and long-term financial goals. It is noted that the companies investing in protected areas must possess an understanding of the importance of biodiversity conservation, and strive toward maintaining it as part of their mission.

### ***Forging Effective Partnerships with Oil and Gas Companies for Protected Area Conservation***

A number of complex issues arise when oil and gas companies invest in and around protected areas. There is an important role for conservation organizations in influencing such projects, so that companies recognize and accept the responsibility for both immediate and secondary impacts of their investments. This involves going beyond regulatory requirements toward a broader dialogue that will ensure proper attention to protected area issues and the needs of local communities. This dialogue requires early engagement of all stakeholders to ensure a better understanding of key issues, improved avoidance and mitigation, and more appropriate investments in priority areas. A balanced dialogue among oil and gas companies, government, protected areas and their advocates, and local communities can minimize impacts and generate funding for conservation priorities.

In order to maximize the benefits to conservation from oil and gas projects, there must be adequate assessments of the cost of protected area management and the investments needed to meet sustainable development goals. These assessments should be available prior to negotiations with companies. Knowing these values allows the establishment of more appropriate funding mechanisms for conservation and development with the funds provided by the companies. Companies can also provide technical expertise to support conservation. Experiences indicate that where values are not considered properly, unequal negotiations have led to insufficient support for conservation as well as tension and distrust among concerned parties.

### ***Partnerships to Support Sustainable Development and Conservation: West-East Pipeline Project, China***

A major pipeline project in China demonstrates how oil and gas companies have the potential to make an important contribution to sustainable development

28 For further information, please visit: <http://www.chumbeisland.com/>.

and conservation through partnerships with their joint venture partners, government entities, NGOs, and the public. While the West-East Pipeline Project<sup>29</sup> will bring environmental and health benefits by harnessing a cleaner fuel, the process raises a number of serious environmental, cultural, and social challenges. Activities aimed at offsetting these impacts are being identified, as principles for establishing a social investment and sustainable development fund are agreed upon<sup>30</sup>. There are opportunities for the companies to support innovative, responsible approaches to environmental and social management in partnership with others, including technical exchanges, capacity building, research and studies, and support for the development of the regulatory framework. Opportunities also exist to broaden private sector assistance to conservation activities beyond grants and donations. Further consideration might be given to exploring how multinational companies can bring a business approach to conservation management in China through sharing their core business skills. This includes expertise in business planning, financial management, human resources, health & safety, emergency response, communications, marketing, and supply chain management.

### *The Chiquitano Forest Conservation and Sustainable Development Plan, Bolivia*<sup>31</sup>

The construction of a gas pipeline in the 1990s to connect the large natural gas reservoirs in southern Bolivia with Cuiabá Brazil resulted in a rapid fragmentation of the Chiquitano dry forest. It became apparent to conservation organizations working in the region that simply fulfilling the existing legal requirements of the project did not guarantee the long-term conservation of the eco-region. This led to a long-term Conservation and Sustainable Development Plan for the Chiquitano

Dry Forest, Cerrado, and Bolivian Pantanal, covering a region of 8 million hectares in eastern Bolivia. The plan is being financed with US\$30 million over 15 years from Enron and Shell and four environmental organizations—Foundation Friends of Nature (Fundación Amigos de la Naturaleza–FAN), Foundation Friends of the Museum of Natural History Noel Kempff Mercado (Fundación Amigos del Museo de Historia Natural Noel Kempff Mercado–FAMHNNKM), Wildlife Conservation Society (WCS), and Missouri Botanical Garden (MBG). The program is managed by a private, non-profit conservation organization—Fundación para la Conservación del Bosque Chiquitano (FCBC), and many of the projects it supports are implemented by a wide range of local stakeholders. A portion of the funds will be used to establish an endowment which will allow the FCBC to continue to support conservation and sustainable development in this important ecosystem.

This project involved the participation of many actors and stakeholders and dealt with a variety of complex political, economic, and social issues and interests. The program developed, early-on, an effective communication strategy to ensure the flow of accurate information to all stakeholders, as a result more than 30 agreements were signed with the most representative institutions and organizations at the governmental, municipal, community, and private levels. This served to promote the broadest participation in the stakeholders committee, which is in charge of planning and approving yearly work plans and budgets. These efforts minimized conflict throughout the process and gained support from most stakeholder groups for the sustainable development program in the region.

The program also set realistic objectives from the outset. It ensured adequate funding for planning and analysis and developed a funding strategy that facili-

29 This US\$8.5 billion project is made up of an international consortium of companies, including ExxonMobil, Gazprom, PetroChina, Sinopec, and Shell. Shell is not formally an official partner in the project, as negotiations toward finalizing the Joint Venture Contracts are still taking place.

30 Details will not be finalized until Joint Venture Contracts are signed.

31 For further information please visit: <http://www.fcbcinfo.org>.

tated negotiations with the companies. The program recognized how much funding it needed to meet its conservation objectives and built that analysis into the creation of the FCBC and its endowment. The attention to financial planning and broad stakeholder participation has contributed to the success enjoyed by FCBC, and has ensured that benefits from the pipeline investment accrue to conservation and to the affected populations.

#### *Foundation for Environment and Development in Cameroon (FEDEC)*

FEDEC<sup>32</sup> was created as an environmental compensatory mechanism within the framework of the Chad-Cameroon Pipeline construction project to provide long-term conservation funding. The foundation was established out of negotiations with the World Bank, an Exxon-Mobil-Chevron-Petronas consortium, the Government of Cameroon, and Cameroonian civil society, supported by the international community. FEDEC is part of a broader Environment Management Plan for the oil project, providing assistance with the biodiversity conservation activities in the Campo-Ma'an and Mbam-Djerem National Parks<sup>33</sup>, and support to development activities for the Indigenous peoples living between Lolodorf, Bipindi, and Kribi.

FEDEC was allocated a start-up capital of US\$3.5 million from the project partners<sup>34</sup>, with the fund to operate as a sinking fund over 28 years. However, this funding allocation is insufficient to cover the administrative and operational costs of a fully functional environmental foundation, not to mention the financial requirements of protecting the ecological biodiversity of two national parks. Despite these constraints, FEDEC has recently established two funding agreements to support the development and implementation of Management

and Development Plans for the two national parks through implementing organizations. Recognizing its funding constraints, FEDEC is actively fund-raising, and also plans to engage the government and the oil consortium in a renegotiation to ensure the flow of more appropriate levels of funding.

The experiences of FEDEC highlight the importance of sound negotiations from the outset. Knowing the financial requirements prior to negotiations and committing to negotiate and apply pressure until those financial needs were met could have led to a greater capitalization of FEDEC. FEDEC also recognized the importance of providing long-term funding to realize its mission. Although FEDEC was designed as a sinking fund at the outset, it is striving to become financially sustainable in the long-term.

#### *Conclusions*

Due to the controversial nature of oil and gas projects, there continues to be disparate views among conservation organizations as to the appropriate level of engagement with this industry, or whether there should be any engagement at all. Some organizations stress the need to foster a dialogue to determine how and under what conditions conservation organizations can best engage with oil and gas companies to ensure adequate financing for protected area conservation and to ensure that the interests of all stakeholders are equally represented. Where specific projects directly and indirectly affect protected areas, these projects should recognize the full costs of protecting biodiversity using best practices. Policies, institutions, and mechanisms for engagement need to be developed without delay to ensure an early stage participation in future projects and to maximize the conservation benefits of such projects.

32 For further information please visit: <http://www.fedec.org/>.

33 An Offsite Environmental Enhancement Program has been developed to help create two new national parks to support protection of biodiversity in two reserves, the Campo Reserve in the Atlantic Littoral forest area and the new national park in the Mbam Djerem area to the west of the Deng Deng forest. These programs include commitments by the Government of Cameroon for future protection of the designated reserve areas.

34 The Cameroon Oil Transportation Company Ltd (COTCO)

There are different ways that the oil and gas industry can compensate for the environmental impacts of their projects. While adequate monetary contributions should be allocated, viable institutional structures must also be in place to provide sustainable long-term funding for conservation. In addition, other types of contributions should be considered, including providing knowledge capital (i.e. transferring skills such as marketing, communications, project management, financial analysis, mapping and GIS analysis, and information technology); providing infrastructure where appropriate; and helping to leverage additional funds. Ultimately, oil and gas projects should provide protected areas and surrounding communities with monetary resources to support long-term conservation of biodiversity in addition to non-monetary assistance that can maximize the effectiveness of the institutions that manage and implement these resources.

#### **DEBT RELIEF AND CONSERVATION FINANCE**

Debt-for-nature swaps have been successful in generating long-term funding for conservation. Debt swaps are a method by which debt owed by a developing country can be renegotiated with creditors to fund nature conservation activities. The payments generated by these transactions are often used to create and support environmental funds, which disburse grants to specific projects or provide long-term funding to parks and protected areas. Countries can negotiate debt swaps with government (bilateral debt) or with the private sector (commercial debt). In addition, very poor countries and those facing unsustainable levels of debt are eligible for debt relief under a program aimed at highly indebted poor countries (HIPC). The HIPC program was designed to provide debt relief within an overall framework of poverty reduction.

Debt swaps offer an opportunity to diversify sources of funding for conservation. However, they are often complicated to negotiate and require large investments of time. The decision to pursue a debt swap will depend

on conditions in each country, including feasibility, cost of debt, and government willingness to participate in such an exchange. Where conditions are favorable, debt swaps can be an important sustainable finance tool. The papers in this session provide examples from a range of debt swap types.

#### ***Bilateral Debt-for-Nature Swaps:***

##### ***The PROFONANPE Experience in Peru***

Debt reduction arrangements beginning in the 1990s have allowed Peru to reduce about 70% of its debt with Germany, Canada, the United States, Finland, Holland, and Switzerland. These debt swaps have generated about US\$57 million for environmental programs. The Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE)<sup>35</sup> has negotiated several of these debt swap transactions with Germany, Canada, Finland and the United States for a total amount of US\$34.6 million. Debt swaps have provided PROFONANPE with the largest portion of its financial portfolio's resources (41.3%). At present debt swap arrangements allow PROFONANPE to fund biodiversity conservation and sustainable development programs in 28 protected areas, approximately 93% of the surface area under Peru's National Protected Areas System. Programs and projects underway in these protected areas are implemented by government and private organizations through agreements signed with PROFONANPE. Thus, proceeds from debt swaps transactions have proven to be a very significant source of financing for protected areas in Peru.

##### ***Debt-for-Nature Swaps and a Highly Indebted Poor Country (HIPC): Debt Relief in Madagascar***

Madagascar is one of only a few countries in the world that has had experience with both commercial and bilateral debt-for-nature swaps and has also committed to allocate a portion of Heavily Indebted Poor Country (HIPC) debt relief savings to the environmental sector. In 2003, the Government of Madagascar signed a

debt swap agreement with the German Government, which is expected to capitalize the new Madagascar Foundation for Protected Areas and Biodiversity and provide support for the Association Nationale pour la Gestion des Aires Protégées (ANGAP), Madagascar's Park Management Authority. Efforts are currently underway to negotiate the integration of environmental priorities into Madagascar's Poverty Reduction Strategy Paper (PRSP) through HIPC debt relief. This will allow environmental funds and other conservation agencies to access HIPC, or debt relief, funds for direct investment in conservation activities.

Based on Madagascar's experience, it is recommended that in future debt relief arrangements, the environmental community should be more involved in financial issues, including interacting with financial and planning ministries on an ongoing basis regarding fiscal aspects of the environmental sector, including the sector's potential contribution to economic growth and poverty alleviation. Furthermore, financial management of debt swap proceeds should reflect international standards of best practice for fund management.

#### *Debt Relief and Endowment Funds: The Philippine Experience*

There are several important lessons learned from the experiences of the Foundation of the Philippine Environment (FPE)<sup>36</sup>, an endowment fund that was established through debt-for-nature swaps. High-level political support for the financial arrangement is critical, which often requires intense advocacy by the environmental community. Establishing credibility at the outset is also important; for the FPE this included nationwide consultations to explain the fund, help determine its specific objectives, and design its structure and procedures. In addition, NGO management is important for flexibility and sustainability as it is less susceptible

to changes in government administrations and is less bureaucratic. Also important is formulating a strategic business plan that provides a clear vision, identifies priority areas, and establishes a mixed funding portfolio. Participation of experts and professionals is also vital, particularly financial and economic specialists. An ongoing challenge that needs to be addressed is sustaining, and even increasing, the value of the fund. Finally, it is important to foster an environment of learning and analysis in developing endowment funds, including investing in capacity building of staff, and promoting information exchanges with other funds.

#### *Conservation as a Priority in the Poverty Reduction Strategies*

Poverty Reduction Strategy Papers (PRSPs) provide the basis for assistance from the World Bank and the International Monetary Fund as well as debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative.<sup>37</sup> Launched in 1999, PRSPs have become key instruments in economic planning and are also witnessing a positive trend in the integration of environmental priorities and conservation concerns in particular, partly due to increasing involvement of the environmental constituency. There is a clear trend toward increases in land area protected in PRSP countries. Probable drivers include the Convention on Biological Diversity, the Global Environment Facility (GEF) and donor agency financing, community-based management, and improved policy and capacity of countries. There remains, however, an uneven record of integrating environment and conservation priorities. Only 16 of the 49 PRSPs that have been prepared to date discuss biodiversity and conservation issues. Therefore, there is a strong call to the conservation community to intensify its involvement and engage in dialogue with finance and planning leaders to demonstrate that biodiversity conservation

35 For further information please visit: <http://www.profonanpe.org.pe/>.

36 For further information please visit: <http://www.fpe.ph/pages/index.html>.

does contribute to poverty alleviation. This will allow protected areas to receive poverty reduction debt relief funds, presenting an important new source of conservation funding.

### *Conclusions*

Debt relief arrangements have been widely implemented to provide resources for conservation. Their complexity comes from the fact that these transactions are lead by sectors of government other than the environment, and least of all protected areas. This means that those agencies responsible for protected areas, if they are going to benefit from these types of transactions, must work closely and effectively with ministries of finance and economy in their respective countries. Protected area system administrators must understand how these transactions work and must place themselves in the middle of the dialogue that makes them a reality. Protected area managers must be able to develop financial strategies and projections, including financial sustainability plans, that could effectively absorb the influx of funding coming from debt-swaps. Depending on the structure of the debt swap and its revenue generation profile, to realize their full potential, effective multi-donor coordination and a strict adherence to the highest standards of financial management and operational transparency are essential.

For the poorest countries, debt relief funds to support conservation may likely come via the HIPC (Highly Indebted Poor Country) debt relief program managed by the World Bank, which involves as its first step the preparation of a poverty reduction strategy. Success in this arena will depend on the ability of conservation organizations and national environmental institutions to present compelling arguments regarding the contribution of conservation in general, and protected areas in particular, to poverty alleviation. Acceptance of this

interrelationship by governments will permit conservation activities to be included within poverty reduction strategies, providing funding under HIPC or other debt relief mechanisms.

### CONSERVATION INCENTIVE AGREEMENTS

Conservation incentive agreements<sup>38</sup> hold the potential to protect a wide variety of critical terrestrial and marine habitats. Under such agreements, national authorities or local resource users agree to protect natural ecosystems in exchange for a steady stream of structured compensation from conservationists or other donors. In its simplest form, a conservation concession might be modeled after a timber concession, whereby a logging company pays the government for the right to extract timber from an area of public forest lands. Rather than log the concession area, the conservation investor would pay the government for the right to preserve the forest intact. The conservation concession thus presents an alternative opportunity for countries to capitalize on vast tracks of forest or other areas of high conservation value. With the ultimate objectives of long-term protection of biodiversity and the stimulation of economic development, this mechanism offers a land-use alternative that conservationists, development agencies, governments, and local communities alike can support.

It should be noted that conservation concessions are one of many possible conservation interventions and are more appropriate in certain situations rather than others. For example, they may not be appropriate where guaranteed permanence is of preeminent importance, or where payments are impractical for political or institutional reasons. It is therefore important to view conservation concessions as a complement rather than as a replacement to national parks and other traditional protected areas.

37 The HIPC Initiative is an agreement among official creditors to help the most heavily indebted countries to obtain debt relief.

38 Also referred to as conservation concessions.

*Conservation Contracts Direct Incentives to Communities for Biodiversity Conservation in Madagascar*

Under existing legislation in Madagascar, communities can enter into contracts with the State to manage a forest area. These arrangements tend to be effective in controlling deforestation and logging, but still erode biodiversity as a result of hunting and small-scale forest use. Under a new initiative, conservation contracts will be offered to communities to protect strict conservation areas at sites that are strategically important for biodiversity—areas that contain endangered species, that lie adjacent to protected areas, and that maintain corridors and connectivity between habitats. Annual incentive payments will follow monitoring of mutually agreed upon parameters such as forest cover and presence of target species. Eight villages in the Menabe region of Madagascar have been targeted to protect 10,000 ha, adding 30% to a new protected area containing the only habitat of four endemic vertebrate species. These conservation contracts require long-term funding sources, ideally by continually capturing the conservation interest of the public abroad, so that those who value biodiversity pay to conserve it. Zoos provide a good potential marketing mechanism as they can connect the public to animals and their conservation. A number of zoos have expressed interest in marketing and funding conservation contracts as a way to directly contribute to biodiversity conservation.

*Direct Payments as a Mechanism for Ecosystem Level Conservation: The Kitengela Wildlife Lease Program, Kenya*

The Wildlife Lease Program inspired by Friends of Nairobi National Park (FoNNAP) and The Wildlife Foundation (TWF) is an attempt to halt the loss of important migration lands linking Nairobi National Park with the Athi-Kapiti plains. Direct payments through a wildlife conservation lease program have provided an important avenue for bringing land under conservation.

The lease program which pays a fee to landowners to leave their land open for wildlife is proving successful for two key reasons: there is a direct link between the fee and a conservation service rendered, and there are many social benefits (evident through improvement in school enrollment as families are better able to pay education fees). To ensure the program's continued success, a new approach to transition into multi-year contracts needs to be sought in order to improve planning, and ultimately, to perpetuate arrangements such as easements to ensure the long-term availability of land for wildlife. Furthermore, land purchase should also be considered in order to secure high value crossing points into and out of the park and lands under the lease program that come up for purchase.

*Conservation Concessions: A Tool for Financing Marine Protected Areas in Southeast Asia*

Indonesia's forest and coral reef ecosystems play a significant role in supporting biodiversity and contributing to the abundance of natural resources. However, traditional natural resource concessions offer tangible, short-term economic benefits, often at the expense of important, but less tangible, conservation values. One option for addressing this dilemma lies in the use of conservation concessions as an alternative to traditional concessions to provide local communities with the means to generate revenue and meet community socioeconomic needs. Conservation concessions essentially pay local communities to conserve their natural resources rather than exploit them, providing a means for immediate protection of ecosystems from irrecoverable damage, and preserving future options for sustainable local business practices. This requires an understanding of how traditional commercial concessions are awarded, implemented, and managed in order to be able to compete with commercial interests seeking to extract natural resources in a potentially unsustainable manner. If conservation concessions are to present an alternative opportunity for Indonesia to capitalize on vast areas of high conservation value,



they must be designed, implemented, and managed to succeed in a challenging setting.

### *Conclusions*

Conservation concessions are not a source of funding for conservation. To be successful these transactions require external financing. However, as direct economic incentives for biodiversity conservation, they can be more effective and efficient than indirect incentives. The more direct the incentives are, the closer the link to biodiversity will be, and the larger the effect on actual conservation. Important variables to the success of these arrangements include: the sustainability of direct economic incentives, security of land tenure, effective monitoring of these schemes, the determination of the payment vehicle and rates, the distribution of revenues, and local involvement. A concern is that the economic payments provided in direct incentive schemes might be inadequate to offset the opportunity costs of changing land use, or that they might distort the market. It is also noted that providing direct economic incentives to protect biodiversity is not the ultimate solution, however, it is an option that should be seriously considered.

### **BUILDING COMPLEX PORTFOLIOS TO SUSTAINABLY FINANCE MARINE PROTECTED AREA (MPA) NETWORKS**

Long-term financial stability in any context, whether it is in a for-profit venture or protected areas, must involve a variety of revenue generating arrangements or investments. Designing and implementing such portfolios is needed because no single source of funding is likely to cover all recurrent and investment costs, and buffers are needed against unanticipated events, such as abrupt declines in tourism or deterioration of financial markets. This is particularly true of marine protected area

(MPA) networks, where some PAs in the network may be conducive to certain approaches but not others, and funding may need to be transferred among MPAs within the network in order to sustain the network as a whole. In addition to mechanisms that generate funding, also important are approaches that reduce costs or delegate management actions (and costs) to others, as well as policies that would support long-term financial sustainability of MPAs and MPA networks. The following case studies provide useful approaches of combining financial mechanisms to develop such financing portfolios in the marine context.

### *Developing a Diversified Portfolio to Finance Marine Protected Areas in Mexico*

An analysis of the funding sources of four marine protected areas<sup>39</sup> in Mexico identifies both long- and short-term funding used to cover their financing needs. The long-term funding includes interest derived from a private endowment fund (Protected Areas Fund–FANP) and federal support through a successful private-public partnership. Federal support channeled to the MPAs has increased substantially over the last six years, with entrance fees now providing an additional source of long-term support. In addition, short-term funding is supplied by a range of donors and covers specific conservation needs in these protected areas. This funding is leveraged by the long-term funding base that ensures the continued operation of the protected areas. Having multiple funding sources allows the strengths of one funding source to compensate for the shortfalls of another. Marine protected area managers have also developed partnerships to facilitate the application of funds and attract other donors, resulting in improved use of the limited resources available for marine conservation.

This case study of MPAs in Mexico demonstrates that combining different revenues successfully can trans-

39 The MPAs include: the Islands of the Gulf of California, Ría Lagartos Biosphere Reserve, Sian Ka'an Biosphere Reserve, and Contoy Island National Park.

late into secure and stable funding by addressing the full spectrum of protected area needs. Securing long-term funding sources to support the main operation of the marine protected area is key. When the basic expenses of protected area personnel are covered, this attracts additional sources of funding, which can then support specific projects that are necessary to ensure the long-term protection of marine resources.

***Private Sector Investment in Marine Protected Areas: Experiences of the Chumbe Island Coral Park in Zanzibar, Tanzania***

The case of Chumbe Island Coral Park illustrates the opportunities and challenges that arise with the establishment of a private MPA. Even though the legal and institutional environment for private investment in conservation in Zanzibar/Tanzania required much higher investment than originally anticipated, establishment and management of the park cost only a fraction of what is commonly budgeted for donor-funded projects through government agencies. Out of necessity, private investors worry more about cost control and focus on income-generation capabilities, thus creating better prospects for sustainability. However, risks for private investors remain high due to a generally unfavorable investment climate, the lack of long-term security of tenure, competition from over-funded donor projects, and the volatile tourism market. It is suggested that the international conservation and donor community would improve the impact of investment in coral reef conservation if project designs focused more on direct resource users and stakeholders in a particular area who have long-term economic incentives to support sustainable management. This may include support to private management, particularly where small highly protected MPAs are created.

***Developing a Diversified Portfolio of Sustainable Financing Options for Bunaken National Marine Park, Indonesia***

Bunaken National Park (BNP) in Indonesia has been

developing a diversified range of financing options since 1999. The most significant achievement to date has been the development of a decentralized user fee system that is strongly supported by all local stakeholders, and that has the potential to raise up to half of BNP's projected optimal annual operating budget. Additional efforts have also been devoted to further diversify the BNP funding portfolio, including in-kind support from the local tourism sector, an international volunteer system to lower management costs, and national and international grants. Through the collaborative management structure developed at Bunaken, the park has been successful in leveraging funding from local government agencies represented on its management board (tourism, fisheries, environment) for development activities that benefit communities in the park; this, in turn, has increased support for conservation. Two additional sources of funding that are currently under development include visitor center merchandising and a possible endowment fund.

The experiences of developing a diversified funding portfolio in Bunaken National Park offer some important lessons learned for other MPA networks. It is noted that the private marine tourism sector can be a strong financial supporter of MPA management if relationships are cultivated properly. In addition, PA managers should be creative and persistent in seeking to diversify budgetary support from various governmental agencies with potential interest within their MPA. Finally, the proceeds from entrance fee systems must be communicated transparently in order to maintain public support.

***Long-term Financing Plan for Komodo National Park, Indonesia***

A number of approaches have been implemented and are being established for the long-term financing of the World Heritage Site Komodo National Park. Funding sources include gate fees, conservation fees, dive and hiking passes, various charges for boats using the park, and merchandise sales at a visitor center. In addition, there is potential for the establishment of a trust fund.

Komodo's financing strategy is being carried out through a collaborative management approach involving local communities and government agencies, and a tourism concession to a joint venture between a conservation organization<sup>40</sup> and a private enterprise. Rather than try to increase existing legally-controlled fees, the concession will add other fees related to specific uses. These fees will be phased in and/or increased over time as additional infrastructure investments and service improvements are made. A Global Environment Facility (GEF) project has recently been approved that will bridge the projected gap between revenue collected from fees and other funding sources over the next five years. The concession will provide a high degree of accountability over the use of fee income, and channel resources to park management, local governments for development projects, and for the

implementation of alternative income-generating projects for communities in and around the park.

### *Conclusions*

Many MPAs enjoy a significant initial injection of funding from either government agencies, international conservation NGOs, or development projects involved in the establishment of the MPAs, however, this funding often decreases dramatically or disappears altogether within a short period after establishment. Achieving long-term financial sustainability for MPAs and MPA networks requires the development of a portfolio of revenue regenerating arrangements that is complemented with actions to reform policies, increase cost effectiveness, integrating stakeholders, and building the capacity of all the participating actors.

40 The Nature Conservancy is the majority shareholder.

# CONSERVATION FINANCE TOOLS AND CAPACITY BUILDING

---

## **Session Coordinators**

Sheldon Cohen and Patrick Maguire  
The Nature Conservancy, United States



## **THE CONSERVATION FINANCE ALLIANCE (CFA) TRAINING GUIDE AND TRAINING PROGRAMS**

In order to increase awareness and understanding of the range of mechanisms available and how they operate in different contexts, and most importantly, how to implement them, the Conservation Finance Alliance (CFA) has developed a Training Guide for Conservation Finance Mechanisms.<sup>41</sup> This guide provides clear step-by-step instruction; tools for planning, assessment, and implementation of cutting-edge mechanisms; and a consolidated series of technical resources including national strategy case studies. It is designed primarily for government officials, protected area managers, environmental NGOs, technical consultants, and donor agencies. It covers in detail 13 specific mechanisms for financing protected areas, such as business planning, conservation trust funds, debt-for-nature swaps, tourism user fees, and carbon sequestration projects.

A more comprehensive conservation finance capacity-building program is also emerging where the tools in the CFA Guide will be developed into courses and curricula for training. This will help to expand the pool of practitioners who can understand and implement conservation finance mechanisms in the different regions where they are needed. There are several opportunities to develop a more comprehensive program of training and capacity-building. Collaborating with educational institutions presents some important opportunities, such as creating textbooks for university courses based on the CFA Guide; partnering with academic institutions to develop core curriculums for park managers, in programs such as forestry, wildlife management, and agriculture; and integrating the conservation finance curriculum into business planning and finance courses. There are also opportunities to link the CFA Guide tools to other existing capacity building initiatives worldwide.

## **BUSINESS PLANS FOR PROTECTED AREAS**

One of the tools highlighted in the CFA Training Guide is business planning for protected areas. Business planning is widely used in the private sector to define the business model, to evaluate the potential markets, to assess the potential profitability of the operation, to seek and inform prospective investors, and to assess the cost of putting it in place and keeping it running until positive cash flows are achieved. In essence, business plans are essential to determine the viability of an enterprise. Such plans, with the proper adjustments and modifications, are now proving to be an essential tool for protected areas as well. While most parks have incorporated management plans and accounting systems of various degrees of sophistication, many of them still lack a more comprehensive planning system that help them approach the management of PAs using state-of-the-art business management tools.

Additionally, business plans are an important tool for increasing visibility and attracting investment by communicating, clearly and effectively, the financial picture of the PAs, and strategies being put in place to increase and diversify revenues. Business plans play a crucial role in achieving conservation objectives by addressing the funding challenges that many protected areas in the developing world face.

More than 50 U.S. national parks have completed business plans, and several of these parks have further improved their financial sustainability by implementing the cost-saving measures and innovative alternative funding strategies developed in their plans. Business plans are now being applied to protected areas in developing countries as well. In order to test their applicability outside the U.S. prior to the V<sup>th</sup> IUCN World Parks Congress, the WCS, in collaboration with the NPCA identified two PAs for the development of demonstration business plans. The two PAs selected are Tijuca National Park in

41. The CFA Training Guide is available at <http://guide.conservationfinance.org/> and in the enclosed CD-ROM.

Brazil, and Masoala National Park in Madagascar.

#### **TIJUCA NATIONAL PARK, BRAZIL**

For the Tijuca National Park, the business plan seeks to identify and analyze the gap between its income and the financial resources it needs to accomplish its objectives. For Tijuca, this objective is comparatively more difficult because it is located in the heart of Rio de Janeiro, which is among the largest cities in Latin America, surrounded by over 8 million people. It is co-managed by the Brazilian Institute for the Environment, a federal agency, and the Municipality of Rio de Janeiro, an arrangement that is a pioneer in Brazil, but that has its set of challenges. Tijuca receives around 1,5 million visitors per year, because, in spite of its relatively small 3,200 hectares, it holds one of the Rio's most famous attractions—Christ the Redeemer—among many other attractions. At the same time, the fact that Tijuca is the second most visited national park in Brazil and it holds one of the most recognizable symbols, makes it a global attraction in its own right, yet its revenue generating potential has not been fully realized. The business plan prepared begins to analyze in a systematic way the financial situation and its potential in the broader context of its changes as a conservation and recreation area. It also becomes an important communication tool to inform and involve government agencies at all levels, NGOs, civil society in general, and the surrounding communities in particular.

#### **MASOALA NATIONAL PARK, MADAGASCAR**

For Masoala National Park in Madagascar, the business plan is an effective instrument of communication and management, presenting financial information in a clear and concise manner. There have been some challenges

in applying the business plan methodology to the local context. In constructing the plan, it was difficult to establish a budget history due to complications in inflation and exchange rates and the difficulty in accounting for shifts in management over time. Also presenting a challenge was the business plan's reliance on activity-based cost-accounting which is a new concept to Madagascar, where the staff tend to think in terms of activities based on available resources. The business planning process stimulated new ideas for incorporating structural changes in overall planning approaches at both the park and national levels. ANGAP (Madagascar's national park authority) has committed itself to carrying out business plans in all its principal protected areas, as well as to develop a system-wide business plan to guide its operations. The business plans will be used for fund-raising as a strong communications tool, and will help to produce and better identify standards of operation for annual and quarterly planning.

#### **CONCLUSION**

Business planning is emerging as a fundamental tool to achieve the financial sustainability of protected areas. In order to effectively integrate and diversify revenue sources, and implement the appropriate finance mechanisms, the first step is to produce a clear analysis of the financial situation and opportunities for new revenues through constructing a business plan. Developing and implementing a business plan requires significant commitment, effort, and organizational leadership. Also important to recognize are the challenges in applying a uniform methodology across different protected areas. Business plans will therefore continue to be modified and adapted to ensure applicability to local contexts.

# REGIONAL CASE STUDIES OF SUSTAINABLE FINANCING

---

**Session Coordinator:**

Lee Thomas

IUCN World Commission on Protected Areas, Australia



Case studies of sustainable financing strategies from different regions and countries stress the financial challenges of managing conservation programs and demonstrate the potential to successfully develop sustainable financing mechanisms<sup>43</sup>. The following case studies from Australia, Brazil, El Salvador, Meso America, Lebanon, Southeast Asia, South Africa, and Colombia illustrate the need to diversify sources of funding, and highlight the importance of effective stakeholder involvement. Developing long-term sustainable sources of funding is seen as a necessity and a challenge. It requires creative approaches to diversifying funding sources in order to confront reduced budgets and donor fatigue. Experiences also suggest that well-executed analyses of social and economic benefits of biodiversity conservation can convince the private sector, policy-makers, and governments of the importance of investing in protected areas.

#### **FINANCIAL STRATEGY FOR COLOMBIA'S NATIONAL PARKS SYSTEM (SPNN)**

Available resources to fund Colombia's National Park System have been insufficient to meet demand given the problems of armed internal conflict and fiscal crisis. However, a new strategy has been developed which involves institutional strengthening of the National Parks Unit and the formulation of management plans. The National Parks Unit has implemented this financial strategy over the last two years, with support from the Dutch Government; results show that diversifying sources of revenue and jointly working with other organizations is necessary for successfully funding the park system. In addition, the strategy identified the need to create an environmental trust fund for the conservation of protected areas in Colombia as a critical mechanism for the long-term sustainability of the system.

#### **SOCIO-ECONOMIC BENEFITS OF PROTECTED AREAS: CONCEPTS AND ASSESSMENT TECHNIQUES AS APPLIED IN NEW SOUTH WALES, AUSTRALIA**

Protected areas can significantly contribute to economic welfare by providing direct private and public benefits. Identifying and promoting these benefits is worthwhile in order to demonstrate to individuals, local businesses, and the wider community that protected areas can serve their interests as well as achieve conservation outcomes. Successful park planning and management is likely to depend increasingly on scientific credibility, plus improved understanding of the needs and aspirations of local communities.

#### **PROTECTING LOS VOLCANES NATIONAL PARK: SALVANATURA AND THE GRUPO ROBLE INITIATIVE**

A unique alliance between the real estate firm Grupo ROBLE and El Salvador's leading conservation group, SalvaNATURA, will provide at least US\$100,000 per year for a term of five years for the management of Los Volcanes National Park. The agreement is part of a larger initiative, launched by SalvaNATURA and the Ministry of the Environment and Natural Resources, to establish an endowment fund guaranteeing conservation of El Imposible and Montecristo National Parks and El Jocotal Wildlife Refuge, as well as Los Volcanes. This mechanism might easily become the fastest and most secure method of financially sustaining El Salvador's natural heritage.

#### **MESOAMERICAN REEF FUND**

Securing long-term financial sustainability for conservation activities in the Mesoamerican Caribbean Reef (MACR)<sup>44</sup> is a priority. Most programs currently being

43 These are selected case studies from the session. The full set of papers and presentations are available in the enclosed CD-ROM.



developed in the region have a time frame of only 3 to 5 years, and lack financial mechanisms to allow continuity of the activities once the projects have been completed. Given the need to secure long-term funding for natural resources management and conservation initiatives in the MACR, four environmental funds from the four countries in the eco-region<sup>45</sup> have been established. The resulting partnership is called the Mesoamerican Reef Fund (MAR Fund), which is a participatory, privately managed mechanism.<sup>46</sup> From a financial standpoint, this single, centralized regional mechanism serves as an efficient long-term tool for the effective implementation of conservation efforts.

#### **THE BRAZILIAN BIODIVERSITY FUND—FUNBIO**

The Brazilian Biodiversity Fund (FUNBIO) provides financial and material support for conservation and sustainable use of biodiversity resources in Brazil. Through the Program for the Support of Sustainable Production (PAPS) and the Partnership Funds Program, FUNBIO has achieved significant conservation and social results. The objective of PAPS is to maximize the potential of small-scale innovative initiatives that are involved with sustainable-use of biodiversity by providing funding to carry out a business evaluation and strategy. The purpose of the Partnership Funds Program is to contribute resources to support projects that promote conservation and sustainable-use of biodiversity in Brazil.

#### **SUSTAINABLE MARINE CONSERVATION IN SOUTHEAST ASIA**

The establishment of Marine Protected Area (MPA) networks is widely considered to be the most effective way to protect the ocean's biodiversity and economic

values. The Regional Action Plan to Strengthen a Resilient Network of Effective Marine Protected Areas in Southeast Asia in 2002–2012 (RAP), recently released by the IUCN World Commission on Protected Areas (WCPA) Southeast Asian Marine Working Group, is a comprehensive and collaborative framework intended to coordinate, guide, and implement existing and new plans of action related to strengthening and networking of representative MPAs in Southeast Asia. The Working Group's objective for the region is to support an effective, self-sufficient, representative system of marine reserves that are managed by an empowered, responsible citizenry, to sustain biodiversity and human uses. Given this objective, the Working Group has appointed a Sustainable Financing Task Force to develop an innovative portfolio of financing mechanisms that support a network of MPAs throughout Southeast Asia.

#### **THE SOUTHERN AFRICAN CONSERVATION EDUCATION TRUST**

The objective of the South Africa Conservation Education Trust (SACET)<sup>47</sup> is to provide funding for education and training in nature conservation management. SACET thus plays an important and beneficial role in the socioeconomic development of both the southern African region and the continent. Without initiatives that sustain educational programs in conservation, it is impossible to protect and preserve the natural heritage of Africa. Attracting funding for the Trust remains a challenging task. In securing funding for SACET, a multi-sectoral approach has been adopted and a variety of individuals and groups have been approached for possible funding. These groups range from appeals to Game Lodges to attracting the support and financial contributions from

44 This area extends nearly 1000 km from the Bay Islands of Honduras north through Guatemala and Belize to the tip of Mexico's Yucatan Peninsula.

45 These funds have been set up with the endorsement of the Latin American and Caribbean Network of Environmental Funds (RedLAC), and the technical and financial support of WWF and TNC.

46 The MAR Fund is implemented by Fondo Mexicano para la Conservación de la Naturaleza, PACT Foundation (Belize), Fundación Biósfera (Honduras), and Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala (FCG).

47 SACET was set up as an independent capital trust fund by WWF-South Africa in the year 2000.

emerging businesses, influential women's groups, and hunters.

### **EXPLORING OPTIONS FOR SUSTAINABLE FINANCING OF PROTECTED AREAS IN THE MEDITERRANEAN CONTEXT: LEBANON'S EXPERIENCE**

A priority of the management plans established for the protected areas in Lebanon is the preparation and implementation of a viable funding strategy to ensure sustainable financing. While funding for protected areas in Lebanon has been provided by international organizations and government contributions, these sources of funds are insufficient given the increasing demands on protected areas. A comprehensive financing scheme with diversified actors and sources needs to be in place. Financial sustainability should be coupled with an enabling institutional environment with supporting legislations, policies, incentives, and mandates over protected area management.

### **CONCLUSIONS**

The Sustainable Finance Stream provided important input to the V<sup>th</sup> IUCN World Parks Congress by raising awareness about the financial and socioeconomic values of biodiversity, and by exploring how those values can best be translated into both revenue and broader support for biodiversity conservation. The value of benefits provided by protected areas throughout the world far exceeds the costs required to manage and protect them. Those benefits accrue to local and Indigenous communities, to national economies, and to the entire world. As such, the contribution of biodiversity conservation to economic development and poverty alleviation cannot be overemphasized.

The outcomes of the Stream are embodied in Recommendations 7 and 8 (see following section) approved by the V<sup>th</sup> IUCN World Parks Congress. They stress the necessity of diversifying and stabilizing the financial flows to protected areas and biodiversity conser-

vation. They also emphasize the importance of adopting appropriate fiscal and policy incentives, and supporting the implementation of diverse financing mechanisms and cost-effective management approaches for terrestrial, wetland, and marine protected area networks and systems, so as to ensure that long-term conservation objectives are fully met in each eco-region of the world.

To achieve the desired conservation results, there is a need to reshape policy, eliminate distortions, and break down the institutional barriers to sustainable financing solutions. This will ensure more effective allocation of resources across protected area networks and systems, so funding from both new and existing sources, and revenue generated by the protected areas, can be fully and efficiently directed to protected area management.

Filling the global funding gap facing protected areas requires a large-scale application of innovative approaches to financing conservation. This will mean broadening the range of stakeholders involved in protected areas and forging new and creative partnerships, particularly with the private sector. Engagement with the private sector offers possibilities to expand financial benefits to conservation as well as to local and indigenous communities. These opportunities need to be further explored to identify their potential for success in different settings. Engaging companies that share the concerns for biodiversity conservation and integrate conservation objectives into their bottom-lines is essential for the success of such arrangements.

Implementing new funding mechanisms and approaches will require intensive capacity building and training programs. The Conservation Finance Alliance (CFA) Training Guide provides detailed instruction on how to implement a variety of mechanisms. The CFA also plans to provide more formalized training courses and learning opportunities in an effort to expand the number of practitioners who can implement sustainable finance mechanisms.

The Stream reconfirms the belief that a more ef-

efficient and coherent implementation of the Convention of Biodiversity is required. The achievement by 2010 of a significant reduction in the current rate of loss of biological diversity will require the provision of in-

creased donor and government allocations along with the creation of new and diverse financial and technical resources as stated in the plan of implementation of the World Summit on Sustainable Development.

# WORLD PARKS CONGRESS RECOMMENDATIONS 7 AND 8

---

## RECOMMENDATION 7: FINANCIAL SECURITY FOR PROTECTED AREAS

Protected areas deserve significant financial support owing to the tremendous benefits they provide.

The International Community agreed at the World Summit for Sustainable Development (WSSD) to work toward the goal of significantly reducing the loss of biodiversity by 2010.

However, a significant funding gap means that protected areas system managers are being increasingly required to devote resources to raise their own funding and the protected areas are facing greater degradation.

As an indicator of this need, it is estimated that protected area budgets in the early 1990's totaled only about 20 percent of the estimated US\$20–30 billion annually over the next 30 years required to establish and maintain a comprehensive protected areas system including terrestrial, wetland, and marine ecosystems.

Nonetheless, there remain government policies and other institutional obstacles, which intentionally and unintentionally restrict the flow of funding to protected areas, such as:

- insufficient priority allocated to the conservation of nature and associated cultural values against other competing budget programs;
  - revenues from tourist income and environmental services provided by protected areas (e.g., water charges) not being earmarked for protected area management;
  - institutional barriers restricting the flow of funding to protected areas;
  - inappropriate management structures that fail to channel funding to protected area management; and
- lack of mechanisms to encourage donor organizations to participate in supporting protected areas.
  - limited use of business planning at both a protected area systems level as well as for specific protected areas.

To help address these problems the IUCN World Commission on Protected Areas has implemented an initiative on Sustainable Financing.

Therefore, PARTICIPANTS in the 5<sup>th</sup> World Parks Congress, in Durban, South Africa (8–17 September 2003):

RECOMMEND governments, national and international non-government organizations, international conventions, indigenous and local communities, and civil society to:

1. **OPERATIONALIZE** the WSSD biodiversity goal and assess the cost of achieving it.
2. **ENSURE** that the financial mechanisms adopted to increase protected area revenue do not lead to the degradation of biodiversity or the destruction of the natural and cultural heritage;
3. **COMMUNICATE** more effectively the results of investments in protected areas, to the global and national community to gain greater support for the funding of protected areas, including both conservation results and socio-economic benefits of protected areas.
4. **INCREASE**, diversify, and stabilize the financial flows to protected areas and biodiversity conservation, including through appropriate incentives and support for the implementation of diverse portfolios of financing mechanisms and cost-effective management approaches for terrestrial, wetland, and marine protected area networks and systems,

so as to ensure that long-term conservation objectives are fully met in each eco-region of the world;

5. **ENSURE** that there is proper valuation of the goods and services provided by protected areas and biodiversity in general so that decisions about economic development are made with the full understanding of the costs as well as the benefits, and the social impacts involved.
6. **REMOVE** policy and institutional barriers to sustainable financing solutions, including to the effective allocation of resources across protected area networks and systems, so that funding from both new and existing sources, and revenue generated by the protected areas can be fully and efficiently directed to protected area management; where such removal does not compromise biodiversity, natural and cultural heritage objectives.
7. **ENSURE** that protected areas, and the surrounding local and indigenous communities, as primary beneficiaries, are granted access to the benefits from the increasing number of opportunities to gain remuneration from ecosystem services provided by protected areas. These comprise existing sources such as tourism-related revenues as well as new opportunities like the provision of clean air and water, flood defense and disaster prevention, soil conservation, conservation of genetic material, recreational opportunities, and carbon sequestration.
8. **URGE** donors, government, and the private sector to support the establishment of trust and endowment funds for the conservation of biodiversity, as well as support other sustainable financing mechanisms, such as debt swaps, and the inclusion of support for biodiversity and the environment in countries' Poverty Reduction Strategies.
9. **IMPROVE** coordination of financial sources for protected areas based on jointly agreed strategies established with all relevant stakeholders; to support coordination, improve the quality and dissemination of conservation funding information;
10. **INCREASE** significantly future replenishments of the GEF to support the sustainable management of protected areas in developing countries through support for sustainable financing mechanisms;
11. **ENCOURAGE** governments at all levels to increase financial flows to protected areas by reducing and redirecting funding currently allocated to subsidies for fishing, agriculture, and other sectors, that contribute to environmental degradation and biodiversity loss;
12. **ENSURE**, where appropriate, that environmental compensation payments from economic activities are effectively channeled to protected areas or ecosystem restoration;
13. **FOCUS** greater attention on increasing the cost effectiveness of protected area financing through improved budgeting, financial planning, and the use of innovative arrangements such as conservation easements, direct incentive payments, tax credits, and other market-based transactions.

#### RECOMMENDATION 8: PRIVATE SECTOR FUNDING OF PROTECTED AREAS

There is a universal need to provide adequate funding to protected areas to ensure sustained conservation of biodiversity, natural and cultural heritage without compromise.

At the same time there is increasing desire from the private sector to engage with protected area managers on a mutually beneficial basis.

Nevertheless, policy and institutional barriers ex-

ist, which may restrict the involvement of the private sector in the management and funding of protected areas.

These are exacerbated by lack of transparency and effective mechanisms for equitable participation in decision making.

Further, protected areas system managers are generally not familiar with the most appropriate forms of private sector participation required to secure the long-term financial future of protected areas, or the business methods and priorities of the private sector.

As a contribution to resolve this problem, the IUCN World Commission on Protected Areas has implemented an initiative on Sustainable Financing.

Therefore, PARTICIPANTS in the 5<sup>th</sup> World Parks Congress, in Durban, South Africa (8–17 September 2003):

1. **RECOMMEND** governments, national and international nongovernment organizations, local and indigenous communities, businesses and civil society:
  - a. **REMOVE** the obstacles and enhance the opportunities for public-private-community partnerships in protected area management and funding to ensure sustained conservation of biodiversity, natural values, and cultural heritage;
  - b. **DEVELOP** appropriate legal, administrative, and financial instruments which implement new partnership arrangements for the benefit of both the protected area and its private sector partners;
  - c. **ENSURE** through adoption of appropriate legislation and other mechanisms a more effective, equitable, and efficient distribution of the returns to the protected area from the emerging

environmental services markets;

- d. **ENSURE** that local and indigenous communities which provide services and contribute support to the protected area and its management are able to participate and engage in an equitable dialogue with the private sector, and share in the financial benefits earned by the protected area and for project activities linked to protected areas;
  - e. **FOSTER, ADOPT AND PROMOTE** business planning, marketing and related techniques appropriate to the management of protected areas;
  - f. **CREATE** business guidelines and standards for businesses that promote good governance and transparency, and enhance the objectives of the protected areas;
  - g. **ENSURE** that where specific private sector activities affect biodiversity, natural or cultural heritage adversely, the responsible parties should meet the costs of avoiding, minimizing, mitigating, restoring, or compensating for their damages, including for support of protected areas.
2. **CALL** on the WCPA to consider means to:
    - a. **ENHANCE** financing opportunities for protected areas and
    - b. **PROMOTE** a culture within all levels of protected areas management which recognizes and respects local and indigenous community aspiration, culture, and values.

# ANNEX I: SUSTAINABLE FINANCE STREAM PROGRAM

---

DAY 1: THURSDAY, SEPTEMBER 11

## Session 1: Overview and Policy

### Opening Plenary

#### Leads:

Carlos E. Quintela (WCS, USA)  
and Lee Thomas (WCPA, Australia)

#### Panelists:

1. **Andrew Balmford** (Univ. of Cambridge, UK).  
The global costs and benefits of conserving wild nature
2. **John Hanks** (CI, South Africa).  
Financing Africa's protected areas
3. **Gonzalo Castro** (GEF, USA).  
Conservation Finance: The long road to sustainability
4. **Philip Bagnoli** (OECD, France).  
Distributive issues relating to parks: Overview of economic issues and selected case studies
5. **Rob Wolcott** (WRI, USA).  
Perverse subsidies and the implications for biodiversity
6. **Tom Kiernan** (NPCA, USA).  
Business plans for protected areas: How and why they work

## Session 2: Institutional Arrangements for Financing Protected Areas

### Plenary

#### Chair:

Richard Leaky (Eden Wildlife Trust, Kenya)

#### Panelists:

1. **Elizabeth Estill** (US Forest Service).  
Protected Areas: funding and partnerships
2. **Walter Lusigi** (GEF, USA).  
The African Protected Areas Initiative (APAI): Enhancing support for protected areas
3. **Renee Gonzalez Montagut**

(Mexican Fund for the Conservation of Nature).  
Private-public collaboration in funding protected areas in Mexico

### Concurrent Workshops:

#### Government structures for financing protected area systems

##### Chair:

Murphy Morobe (South Africa National Parks)

##### Panelist:

1. **Effendy Sumardja**  
(Ministry of Environment, Indonesia).  
Public sector support and management of protected areas in Indonesia
2. **Julio Gonchorosky** (IBAMA, Brasil).  
Institutional solutions for the financing of protected areas in Brazil
3. **Matthias Bechtolsheim** (KfW, Germany).  
Towards an enabling environment

#### Donor support for protected area sites

##### Chair:

Marianne Guerin-McManus (CI, USA)

##### Panelists :

1. **Mario Ramos** (GEF, USA).  
Donor support for protected areas
2. **Alberto Paniagua** (PROFONANPE, Peru).  
Sustainable financing for Protected Areas: New approaches beyond project boundaries
3. **Ton vander Zon**  
(Ministry of Foreign Affairs, Netherlands).  
Donor support for protected areas: Perspectives of a bilateral donor
4. **Melinda Kimble**  
(United Nations Foundation, USA).  
Donor support for protected areas

## **Private investments to support protected areas**

### **Chair:**

Pedro Leitão (FUNBIO & RedLAC, Brazil)

### **Panelists:**

1. **Daulos Mauambeta**  
(Wildlife and Environment Society of Malawi).  
Private investments to support protected areas:  
Experiences from Malawi
2. **Leigh A Talmage-Perez**  
(Asian Conservation Company, Philippines).  
Asian Conservation Company and Ten Knots  
Group: Private business in El Nido-Taytay  
Managed Resource Protected Area, Philippines
3. **Kristalina Georgieva** (World Bank, USA).  
Paying for the Environmental Services of Protected  
Areas: Involving the Private Sector
4. **Colin Bell** (Wilderness Safaris, South Africa).  
Making conservation pay

## **Plenary: Closing Session**

### **Chair:**

Lorenzo Rosenzweig (FMCN & RedLAC, Mexico)

### **Panelists:**

1. **Murphy Morobe** (South Africa National Parks)
2. **Marianne Guerin-McManus** (CI, USA)
3. **Pedro Leitão** (FUNBIO & RedLAC, Brazil)

## **DAY 2: FRIDAY, SEPTEMBER, 12**

## **Session 3: Applications for Sustainably Financing Protected Areas: Learning from Concrete Successes**

### **Plenary**

### **Chair:**

Sean Southey (UNDP Equator Initiative, USA)

### **Opening Remarks:**

Delfin Ganapin

(UNDP/GEF Small Grants Programme, USA)

### **Concurrent Workshops:**

#### **Trust & Endowment Funds**

### **Coordinator:**

Ray Victorine (WCS, USA)

### **Chair:**

Delfin Ganapin

(UNDP/GEF Small Grants Programme, USA)

### **Panelists:**

1. **Tobgay S. Namgyal**  
(Bhutan Trust Fund for Environmental Cons).  
Sustaining conservation finance in Bhutan:  
The experience of the Bhutan Trust Fund
2. **Geo Dutki**  
(Mgahinga and Bwindi Impenetrable Forest  
Conservation Trust, Uganda). Mgahinga and  
Bwindi Impenetrable Forest Conservation Trust  
Fund (MBIFCT), Uganda
3. **Peter Prokosch and Uwe Klug** (WWF, Germany).  
Establishing environmental funds for protected  
areas in Francophone Africa: The experience of  
the Sangha Tri-National Initiative and proposed  
Madagascar Foundation for Protected Areas and  
Biodiversity
4. **Pedro Leitao** (Funbio, Brasil).  
Fundo Brasileiro para a biodiversidade (FUNBIO):  
Brazilian Biodiversity Fund
5. **Valerie Woods** (PACT, Belize).  
Financing of conservation in Belize: The experience  
of Protected Areas Conservation Trust (PACT)



## **World Heritage status appeal to donors: A tool to strengthen sustainable financing mechanisms**

### **Coordinator:**

Marc Patry (UNESCO, France)

### **Chair:**

Andrew Bovarnick (UNDP GEF)

### **Panelists:**

1. **Martin Hollands** (FFI, UK).  
Securing sustainable financing for World Heritage Sites
2. **Javier Coruera**  
(Fundacion Vida Silvestre, Argentina).  
Using World Heritage Status to maximize effectiveness of sustainable financing strategies in Argentina
3. **Seema Paul** (United Nations Foundation, USA).  
The appeal of World Heritage Designation to funding agencies: Case of the UN Foundation

## **Building a complex portfolio to sustainably finance marine protected area networks**

### **Coordinator & Chair:**

Scott Smith (TNC, USA)

### **Panelists:**

1. **Renee Gonzalez Montagut**  
(Mexican Fund for the Conservation of Nature).  
Developing a diversified portfolio to finance marine protected areas in Mexico
2. **Sibylle Riedmiller**  
(Chumbe Island Coral Park Ltd, Tanzania).  
Private sector investment in Marine Protected Areas: Experiences of the Chumbe Island Coral Park in Zanzibar/Tanzania
3. **Mark Erdmann** (USAID, Indonesia).  
Developing a diversified portfolio of sustainable financing options for Bunaken National

Marine Park

4. **Rili Djohani**  
(TNC: SE Asian Center for Marine Protected Areas).  
Long-term financing plan: Komodo National park

### **Commentators:**

1. **Lucy Emerton** (IUCN, Sri Lanka).  
Covering the economic costs of Marine Protected Areas: extending the concept of financial diversity and sustainability
2. **Kalli De Meyer** (Coral Reef Alliance, Bonaire).  
Building diverse funding portfolios for marine protected areas
3. **Andreas Merkl** (Conservation and Community Investment Forum, USA). A new approach to financing protected areas

## **Role of communities in sustainable financing of protected areas**

### **Coordinator:**

Sean Southey (UNDP Equator Initiative, USA)

### **Chair:**

Charles McNeill (UNDP, USA)

### **Panelists:**

1. **Wil Maheia** (Toledo Institute for Development and Environment, Belize).  
Participatory co-management of natural resources and development of community monitoring
2. **Ratu Pio Radikedike**  
(Fiji Locally Managed Marine Area Network).  
Trust Fund as a sustainable financing mechanism for protected areas: A case study of Veratavou project and the FLMMA Network in Fiji
3. **Misael Recinos** (Pawisa Agency for the Development of the Honduras Mosquitia).  
Ecoturismo comunitario como alternativa económica de la Reserva del Hombre y la Biosfera

del Rio Plátano, Honduras

4. **America Rodriguez** (WCS, Guatemala).  
How to harness local resources to make communities sustainable

## **Marketing the ecosystem services of your park**

### **Coordinator & Chair:**

Joshua Bishop (IUCN, Switzerland)

### **Panelists:**

1. **Jan Fehse** (Ecosecurities, Brazil).  
Selling carbon offsets from forestry projects
2. **Fernando Veiga** (UFRRJ, Brazil).  
Using fiscal instruments to encourage conservation: Municipal responses to the 'Ecological' Value-added tax in Parana and Minas Gerais, Brazil
3. **Stefano Pagiola** (World Bank, USA).  
Payments for watershed protection services of protected areas: Theory and practice
4. **Randy Kramer** (Duke University, USA).  
Ecosystem benefits and protected areas: An economic perspective
5. **Sara Scherr** (Forest Trends, USA).  
Who conserves the world's forests?  
Community-driven strategies to protect forests and respect rights

## **Tourism-based revenue generation**

### **Coordinator:**

Andy Drumm (TNC, USA)

### **Chair:**

Peter Fearnhead (SANParks, South Africa)

### **Panelists:**

1. **Andy Drumm** (TNC, USA).  
Valuing ecotourism as an ecosystem service
2. **Juan Rene Alcoba**  
(Bolivian Protected Area Park System).

Tourism entrance fees in the Fauna Andina Eduardo Avaroa National Reserve

3. **Peter Fearnhead** (SANParks, South Africa).  
Tourism concessions: public-private partnerships for commercially sustainable conservation in South African National Parks
4. **Kreg Lindberg** (Colorado State University, USA).  
Tourism-based revenue generation: Information (Research) tools
5. **Gabriela Anaya** (Comisión Nacional de Áreas Naturales Protegidas, México).  
Financing instruments in the Flora and Fauna Protection Area, Islas del Golfo, Baja California, Mexico

## **Debt relief & conservation finance**

### **Coordinator:**

Matthias von Bechtolsheim, (KfW, Germany)

### **Chair:**

JeanPaul Paddack (WWF, Madagascar)

### **Panelists:**

1. **Alberto Paniagua** (PROFONANPE, Peru).  
Bilateral Debt-for-Nature Swaps:  
The PROFONANPE Experience – Peru
2. **Alain Lambert** (RAMSAR, Switzerland).  
Debt swaps: Theory and practices
3. **JeanPaul Paddack** (WWF, Madagascar).  
Madagascar's experience with swapping debt for the environment: Debt-for-nature swaps and Heavily Indebted Poor Country (HIPC) Debt Relief
4. **Delfin Ganapin** (UNDP-GEF Small Grants, USA).  
Debt relief and endowment funds:  
Philippine experience
5. **Jan Bojö** (World Bank, USA).  
Conservation as a priority in the poverty reduction strategies

## **Conservation Incentive Agreements**

### **Coordinator:**

Richard Rice (CI, USA)

### **Chair:**

Agi Kiss (World Bank, USA)

### **Panelists:**

1. **Richard Rice** (CI, USA).  
Conservation Incentive Agreements: A direct approach to ecosystem protection in the tropics
2. **Joanna Durban**  
(Durrell Wildlife Conservation Trust, Madagascar).  
Conservation Contracts: Direct incentives to communities for biodiversity conservation in Madagascar
3. **Helen Gichohi**  
(African Wildlife Foundation, Kenya).  
Direct payments as a mechanism for ecosystem level conservation: The Kitengela Wildlife Conservation Lease Program
4. **Andreas Merkl** (CCIF, US). Conservation concessions: A tool for MPA financing in Southeast Asia

## **Role of private sector partnerships in supporting protected areas**

### **Coordinator:**

Phil Voorhees (NPCA, USA)

### **Chair:**

Steve Raney (SANParks, South Africa)

### **Panelists:**

1. **Phil Voorhees** (NPCA, USA).  
Hallmarks of successful partnerships:  
Lessons learned from the National Parks Business Plan Initiative
2. **Patricia Moles** (Terra Capital, Brazil).  
Venture capital as a financing tool for conservation

finance: Lessons learned

3. **Bruce Fears** (Delaware North Park Services, USA).  
Living the vision: On Partnerships
4. **Brian O'Neil**  
(Golden Gate National Recreation Area, USA).  
Successful partnerships: Golden Gate National Recreation Area
5. **Sibylle Riedmiller**  
(Chumbe Island Coral Park Ltd, Tanzania)  
How can the private sector benefit from investing in marine conservation? Some experiences of the Chumbe Project in Zanzibar/Tanzania

## **Forging effective partnerships with oil & gas companies for protected area cons.**

### **Coordinator:**

Ray Victurine (WCS, USA)

### **Chair:**

John Robinson (WCS, USA)

### **Panelists:**

1. **Paulette Bisseck** (FEDEC, Cameroon).  
FEDEC: An environmental compensatory mechanism set up within the framework of a pipeline construction project, Cameroon
2. **Mike Seymour** (Shell China).  
Partnerships to support sustainable development and conservation: West-East Pipeline Project, China
3. **Martin Hollands** (FFI, USA).  
Forging effective partnerships with oil and gas companies for effective protected area management: looking for the limits of responsibility
4. **Hermes Justiniano** (FCBC, Bolivia).  
The Chiquitano Forest Conservation And Sustainable Development Plan
5. **Laine Powell** (Duke Energy, Brasil).  
Partnerships—A learning experience:  
Pipeline construction in environmentally

sensitive areas

6. **Andrea Athanas** (IUCN/Shell, UK).  
Going for broke

### **Role of communities in sustainable financing of protected areas (continued)**

#### **Coordinator & Chair:**

Dermot Smyth (James Cook University, Australia)

#### **Panelists:**

1. **John Chester** (South Australian Aboriginal Land Trust, Australia) & **Chelse Marhsall** (Nambucca Heads Local Aboriginal land Council, Australia).  
Indigenous Protected Areas in Australia: Incorporating indigenous owned land into Australia's national system of protected areas
2. **Oscar Castillo**  
(Wildlife Conservation Society, Bolivia).  
The Kaa-Iya Process : A pathway towards financial and economic sustainability within the frame of governance
3. **Bonifacio Barrientos**  
(Capitanía del Alto y Bajo Izozog, Bolivia)
4. **Jose Avila** (Kaa-Iya National Park, Bolivia)
5. **Fanny N'golo** (GEPRENAF, Cote D'ivoire).  
Financing of pilot community-based natural resources and wildlife management project
6. **Mauje Lal Jayaswal** (New ERA, Nepal) & **Krishna Oli** (Centre Promotion of Env. Law and Justice, Nepal).  
Revenue generation from community forestry and its impact on protected areas in Nepal
7. **Altaf Hussain** (WWF, Pakistan).  
Conservation funds and community financing
8. **Gehendra Gurung** (KMTNC/ACAP, Nepal).  
Securing financial sustainability for protected area management: A case study of Annapurna Conservation Area Project, Nepal

## **DAY 3: SATURDAY, SEPTEMBER 13**

### **Session 4A: Tools & Capacity Building**

#### **Plenary**

#### **Opening Remarks:**

Carlos E. Quintela (WCS, USA)

#### **The Conservation Finance Alliance Guide:**

Sheldon Cohen (TNC, USA)

#### **Environmental Funds Financial Planning Tool:**

Alberto Paniagua (PROFONANPE, Peru)

#### **Park Entrance Fee Planning Tool:**

Andy Drumm (TNC, USA)

#### **Capacity Building Program Overview:**

Alain Lambert (Ramsar, Switzerland)

#### **Concurrent Workshops**

### **Conservation Finance Capacity Building Program**

#### **Chair:**

Alain Lambert (Ramsar, Switzerland)

### **Economic Valuation of Protected Areas**

#### **Chair:**

Gunars Platais (World Bank, USA)

### **Business Plans for Protected Areas**

#### **Chair:**

Scott Edwards (NPCA, USA)

#### **Panelists:**

1. **Robert Rajaonarison** (ANGAP/Malagasy Parks Service) and **James McKinnon** (ANGAP/WCS, Madagascar)

2. **Sonia Peixoto** (Tijuca National Park, Brazil) and **Breno Herrera-Coelho** (Tijuca National Park, Brazil)
3. **Brian O'Neil** Golden Gate National Recreation Area, USA)

### **Hands-on Training in Conservation Finance Tools**

**Chair:**

Sheldon Cohen (TNC, USA)

### **Financial Issues & Tourism**

(continuation of Sept 12th tourism workshop)

**Coordinator:**

Elizabeth Halpenny  
(University of Waterloo, Canada)

**Chair:**

Paul Eagles (University of Waterloo, Canada)

**Panelists:**

1. **Andrew Skeat** (Great Barrier Reef Marine Park Authority, Australia).  
Systems to make tourism and others contribute to protected areas—the Great Barrier Reef
2. **Brent Corcoran** (Ezemvelo KZN Wildlife, South Africa).  
Building capacity amongst protected area staff in East and Southern Africa: Lessons learned from InWEnt's seminars on sustainable tourism
3. **Chip Bird & Dawn Bronson** (Parks Canada).  
Towards financial sustainability:  
Tourism & Canada's national parks
4. **Paul Eagles** (University of Waterloo, Canada).  
International trends in park tourism:  
A macro view of park tourism finance
5. **Elizabeth Halpenny** (University of Waterloo, Canada).  
Financing parks through marketing:

International case studies

### **Session 4B: Regional Case Studies**

**Chair:**

Lee Thomas (WCPA, Australia)

**Panelists:**

1. **Tony Flemming** (N.S.W. National Parks and Wildlife Service, Australia). Australia Socio-economic benefits of protected areas: Concepts and assessment techniques as applied in New South Wales, Australia
2. **Felipe García Cardona** (Parques Nacionales, Colombia).  
Financial strategies for Colombia's National Parks System (SPNN)
3. **Lesley Richardson** (SACET, South Africa).  
The Southern African Conservation Education Trust (SACET)
4. **Waleed Nasr** (UNDP, Lebanon).  
Exploring options for sustainable financing of protected areas: Lebanon's experience
5. **Tomme Rosanne Young** (ELC-IUCN).  
Legal issues and contributions to conservation finance
6. **Andreas Merkl** (CCIF, USA) & **Rili Djohani** (TNC Southeast Asia).  
Endowment model: MPA financing in Southeast Asia
7. **Juan Alvarez** (SalvaNATURA, El Salvador).  
Protecting Los Volcanes National Park: SalvaNATURA and the Grupo ROBLE Initiative
8. **Pedro Leitao** (Funbio, Brasil).  
Fundo Brasileiro para a Biodiversidade: FUNBIO (Brazilian Biodiversity Fund)
9. **María José González** (Fideicomiso para la Conservación en Guatemala).  
Mesoamerican Reef Fund
10. **Richard Bagine** (Kenya Wildlife Service).  
The economic benefits of Nairobi National

Park, Kenya

## **Session 5: Synthesis**

### ***Plenary***

#### **Chair:**

Carlos E. Quintela (WCS, USA)

## **Stream overview & summary**

## **Stream Recommendations**

## **Message to the CBD**

DAY 4: SUNDAY, SEPTEMBER 14

## ***Short Courses***

### **Economic Valuation**

#### **Instructors:**

Gunars Platais and Stefano Pagiola  
(World Bank, USA)

### **Business Planning**

#### **Instructors:**

Phil Voorhees and Scott Edwards (NPCA, USA)

#### **Presenters:**

Valerie Hickey (World Bank, USA)  
Juan Jose Dada (TNC, Costa Rica)  
Andreas Merkl (CCIF, USA)

### **Conservation Finance Tools**

#### **Instructors:**

Patrick Maguire (TNC, USA)  
Ray Victurine (WCS, USA)  
Alain Lambert (Ramsar, Switzerland)  
Alex Shenkin (TNC, USA)

## ANNEX 2: LIST OF CONTRIBUTING PARTICIPANTS

---

1. Juan Rene Alcoba, Servicio Nacional de Areas Protegidas (SERNAP), Bolivia
2. Juan Marco Alvarez, SalvaNATURA, El Salvador
3. Gabriela Anaya, Comisión Nacional de Áreas Naturales Protegidas, México
4. Andrea Athanas, World Conservation Union (IUCN), Switzerland
5. Jose Avila, Parque Nacional Kaa-Iya del Gran Chaco, Bolivia
6. Philip Bagnoli, Organisation for Economic Co-operation and Development (OECD), France
7. Richard Bagine, Kenya Wildlife Service, Kenya
8. Andrew Balmford, Cambridge University, United Kingdom
9. Bonifacio Barrientos, Capitanía del Alto y Bajo Izozog (CABI), Bolivia
10. Matthias Bechtolsheim, KfW, Germany
11. Colin Bell, Wilderness Safaris, South Africa
12. Bret Bergst, World Resources Institute, United States
13. Joshua Bishop, World Conservation Union (IUCN), Switzerland
14. Chip Bird, Parks Canada, Canada
15. Paulette Bisseck, Foundation for Environment and Development in Cameroon (FEDEC), Cameroon
16. Jan Bojö, World Bank, United States
17. Andrew Bovarnick, UNDP/GEF, United States
18. Dawn Bronson, Parks Canada, Canada
19. Oscar Castillo, Wildlife Conservation Society, Bolivia
20. Gonzalo Castro, Global Environment Facility, United States
21. John Chester, South Australian Aboriginal Land Trust/Nambucca Heads Local Aboriginal Land Council, Australia
22. John Claussen, Conservation and Community Investment Forum, United States
23. Breno Coelho, Parque Nacional da Tijuca, Brazil
24. Sheldon Cohen, The Nature Conservancy, United States
25. Brent Corcoran, Ezemvelo KZN Wildlife, South Africa
26. Javier Coruera, Fundacion Vida Silvestre, Argentina
27. Juan Jose Dada, The Nature Conservancy, Costa Rica
28. Kalli De Meyer, The Coral Reef Alliance, Bonaire
29. Rili Djohani, The Nature Conservancy, Indonesia
30. Andy Drumm, The Nature Conservancy, United States
31. Joanna Durbin, Durrell Wildlife Conservation Trust Madagascar
32. Geo Dutki, Mgahinga and Bwindi Impenetrable Forest Conservation Trust Fund, Uganda
33. Scott Dresser, Conservation International, United States
34. Paul Eagles, University of Waterloo, Canada
35. Scott Edwards, National Parks Conservation Association, United States
36. Lucy Emerton, World Conservation Union (IUCN), Sri Lanka
37. Mark Erdmann, USAID, Indonesia
38. Elizabeth Estill, U.S. Forest Service, United States
39. Peter Fearnhead, South Africa National Parks (SANParks), South Africa
40. Bruce Fears, Delaware North Park Services, United States
41. Jan Fehse, Ecosecurities, Brazil
42. Cecilia Ferraz, Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis (IBAMA), Brazil
43. Tony Flemming, New South Wales National Parks and Wildlife Service, Australia
44. Delfin Ganapin, UNDP Small Grants Programme, United States
45. Felipe García Cardona, Parques Nacionales, Colombia
46. Kristalina Georgieva, World Bank, United States
47. Helen Gichohi, Africa Wildlife Federation, Kenya

48. Julio Gonchorosky, Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis (IBAMA), Brazil
49. María José González, Fideicomiso para la Conservación en Guatemala, Guatemala
50. Renee Gonzalez Montagut, Fondo Mexicano para la Conservación de la Naturaleza (FMCN), Mexico
51. Marianne Guerin-McManus, Conservation International, United States
52. Elizabeth Halpenny, University of Waterloo, Canada
53. John Hanks, Conservation International, South Africa
54. Valerie Hickey, World Bank, United States
55. Martin Hollands, Fauna & Flora International, United Kingdom
56. Altaf Hussain, World Wide Fund for Nature, Pakistan
57. Hermes Justiniano, Fundación para la Conservación del Bosque Chiquitano (FCBC), Bolivia
58. Deyra Kelly, Latin American and the Caribbean Network of Environmental Funds (RedLAC), Mexico
59. Tom Kiernan, National Parks Conservation Association, United States
60. Agi Kiss, World Bank, United States
61. Melinda Kimble, United Nations Foundation, United States
62. Uwe Klug, World Wide Fund for Nature, Germany
63. Randy Kramer, Duke University, United States
64. Mauje Lal Jayaswal, New ERA, Nepal
65. Alain Lambert, Ramsar Convention on Wetlands, Switzerland
66. Richard Leakey, Eden Wildlife Trust, Kenya
67. Pedro Leitao, Fundo Brasileiro para a Biodiversidade (FUNBIO), Brazil
68. Kreg Lindberg, Colorado State University, United States
69. Rebecca Livermore, Conservation International, United States
70. Walter Lusigi, Global Environment Facility, United States
71. Patrick Maguire, The Nature Conservancy, United States
72. Wil Maheia, Toledo Institute for Development and Environment (TIDE), Belize
73. Chelse Marhsall, South Australian Aboriginal Land Trust/Nambucca Heads Local Aboriginal Land Council, Australia
74. Dalous Mauambeta, Wildlife and Environmental Society of Malawi, Malawi
75. James McKinnon, Wildlife Conservation Society, Madagascar
76. Andreas Merkl, Conservation and Community Investment Forum, United States
77. Patricia Moles, Terra Capital Fund, Brazil
78. Murphy Morobe, South Africa National Parks (SANParks), South Africa
79. Melissa Moye, World Wildlife Fund, United States
80. Tobgay S. Namgyal, Bhutan Trust Fund for Environmental Conservation, Bhutan
81. Waleed Nasr, UNDP, Lebanon
82. Fanny N'golo, Participatory Management of Natural Resources and Wildlife (GEPRENAF), Ivory Coast
83. Krishna Oli, Centre for Promotion of Environmental Law and Justice, Nepal
84. Raymond Onana, Foundation for Environment and Development in Cameroon (FEDEC), Cameroon
85. Brian O'Neil, Golden Gate National Recreation Area, United States
86. Jean-Paul Paddack, World Wide Fund for Nature, Madagascar
87. Stefano Pagiola, World Bank, United States



88. Alberto Paniagua, Fondo Nacional para las Areas Naturales Protegidas por el Estado (PROFONANPE), Peru
89. Seema Paul, United Nations Foundation, United States
90. Marc Patry, UNESCO, France
91. Sonia Peixoto, Parque Nacional da Tijuca, Brazil
92. Gunars Platais, World Bank, United States
93. Laine Powell, Duke Energy, Brazil
94. Peter Prokosch, World Wide Fund for Nature, Germany
95. Carlos E. Quintela, Wildlife Conservation Society, United States
96. Pio Radikedike, Fiji Locally Managed Marine Area Network, Fiji
97. Steve Rainey, White & Case and South Africa National Parks (SANParks), South Africa
98. Robert Rajaonarison, Association Nationale pour la Gestion des Aires Protégées (ANGAP), Madagascar
99. Mario Ramos, Global Environment Facility, United States
100. Misael Recinos, Mosquitia Pawisa Agency for the Development of the Honduras Mosquitia (MOPAWI), Honduras
101. Dick Rice, Conservation International, United States
102. Lesley Richardson, Southern African Conservation Education Trust (SACET), South Africa
103. Sibylle Riedmiller, Chumbe Island Coral Park Ltd, Tanzania
104. Sarah Robin, Wildlife Conservation Society, United States
105. John Robinson, Wildlife Conservation Society, United States
106. America Rodriguez, Management and Conservation Organization (OMYC) and Wildlife Conservation Society (WCS), Guatemala
107. Lorenzo Rosenzweig, Fondo Mexicano para la Conservación de la Natureza (FMCN) and Latin American and the Caribbean Network of Environmental Funds (RedLAC), Mexico
108. Sara Scherr, Forest Trends, United States
109. Mike Seymour, Shell China, China
110. Alex Shenkin, Conservation International, United States
111. Andrew Skeat, Great Barrier Reef Marine Park Authority, Australia
112. Scott Smith, The Nature Conservancy, United States
113. Dermot Smyth, James Cook University, Australia
114. Sean Southey, UNDP Equator Initiative, United States
115. Effendy Sumardja, Ministry of Environment, Indonesia
116. Leigh A Talmage-Perez, Asian Conservation Company, Philippines
117. Lee Thomas, IUCN World Commission on Protected Areas, Australia
118. Carine van der Merwe, Southern African Conservation Education Trust (SACET), South Africa
119. Ton van der Zon, Ministry of Foreign Affairs, Netherlands
120. Fernando Veiga, Federal Rural University of Rio de Janeiro (UFRRJ), Brazil
121. Ray Victurine, Wildlife Conservation Society, United States
122. Philip Voorhees, National Parks Conservation Association, United States
123. Robert Wolcott, World Resources Institute, United States
124. Valerie Woods, Protected Area Conservation Trust (PACT), Belize
125. Tomme Rosanne Young, IUCN Environmental Law Centre, Germany





## **MEMBERS OF THE CONSERVATION FINANCE ALLIANCE**

Conservation International

DANIDA, Royal Danish Ministry of Foreign Affairs

Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH

IUCN – The World Conservation Union

Kreditanstalt für Wiederaufbau (KfW)

National Parks and Conservation Association (NPCA)

The Nature Conservancy (TNC)

Latin American and Caribbean Network of Environmental Funds (RedLAC)

The Royal Society for the Protection of Birds (RSPB)

Tropical Forest Conservation Act Secretariat (USAID)

United Nations Development Programme (UNDP)

United Nations Environment Programme (UNEP)

United Nations Educational, Scientific and Cultural Organization (UNESCO)–  
Man and the Biosphere Program (MAB)

Wildlife Conservation Society (WCS)

World Wide Fund for Nature (WWF)

**Conservation Finance Alliance  
c/o Conservation Finance Program  
Wildlife Conservation Society  
1700 Connecticut Avenue N.W., Suite 403  
Washington, DC 20009 USA  
Tel: +1-202-588-1108  
Fax: +1-202-478-1659  
www.conservationfinance.org**

**IUCN World Commission of Protected Areas  
IUCN – The World Conservation Union  
Rue Mauverney 28  
CH-1196 Gland, Switzerland  
Tel: + 41 22 999 00 00  
Fax: + 41 22 999 00 15  
E-mail: wcpa@iucn.org  
www.wcpa.iucn.org**