

# Funding Protected Areas in the Wider Caribbean

*A Guide for Managers and  
Conservation Organizations*



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For further information on Funding Protected Areas projects or to provide feedback, please contact:

Randy Curtis  
Director, Policy and Finance Program  
The Nature Conservancy  
International Headquarters  
4245 North Fairfax Drive  
Arlington, VA 22203  
USA

Alessandra Vanzella-Khouri  
Programme Officer  
Caribbean Environment Programme  
United Nations Environment Programme (UNEP)  
14-20 Port Royal Street  
Kingston, JAMAICA

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## INTRODUCTION

**T**his document is an orientation to sources of funding for protected areas and biodiversity conservation. It is designed to serve as a primer for protected area agencies and managers as well as non-governmental organizations carrying out programs of conservation, education, and sustainable uses of biodiversity resources in and around protected areas. The editors intend to provide the reader with a basic understanding of the mechanisms that can be used to raise funds and generate revenues, as well as the sources of financial and technical support generally available for protected areas and biodiversity conservation in the Wider Caribbean. All of the mechanisms, and many of the sources, will also have applications outside the Wider Caribbean region. This document is also intended to assist governments of the region in meeting their obligations acquired under biodiversity-related agreements, such as the Convention on Biological Diversity (CBD) and in particular the 1990 Protocol Concerning Specially Protected Areas and Wildlife (SPA) and the Convention on the Protection and Development of the Marine Environment of the Wider Caribbean (Cartagena 1983). Therefore, the report responds to requests made by the governments of the region, members of the Caribbean Environment Programme of UNEP, and Parties to the Cartagena Convention and SPA Protocol. In this context, it is expected that this document will contribute to regional and national efforts in strengthening protected areas and also the work of the regional network on Marine Protected Areas (CaMPAM) of the Caribbean Environment Programme. It is a joint effort of UNEP's Regional Coordinating Unit for the CEP and The Nature Conservancy.

During the 1990s, it became increasingly clear that protected areas and conservation are not a sector unto themselves, but rather, a fundamental element of any country's overall planning for development and

sustainability of the resources fundamental to development —watersheds, forests, fisheries, recreational sites, and more. So, this guide will take a somewhat broader view of funding and revenue generating options than previous overviews of resources available strictly for conservation. We will also take a fairly broad view of the social goods and services provided by, and demanded from, protected areas, bearing in mind that conservation is the fundamental, core purpose. The challenge for managers of achieving participatory management while assuring that community needs and aspirations do not overrun the fundamental purpose of the protected area is, itself, a contributing factor to the need for more resources and more depth of skilled management at many protected areas.

Through the 1970s and 80s and into the 1990s, many protected areas in the Wider Caribbean relied heavily on financing from external donors —bilateral and multilateral assistance, international NGOs, and philanthropic institutions. Today, the resources available from these sources are stretched ever thinner. In many cases, the resources were available primarily for start-up and infrastructure costs, with the expectation that protected area systems would develop on-site or in-country sources for recurrent costs. Protected areas are also turning to permanent income-generating mechanisms to diversify their revenue sources. As protected area systems rely increasingly on revenues from services ranging from tourism and recreation to watershed protection, the very nature of protected area management has undergone subtle and not-so-subtle changes of emphasis, including meeting increased demands for visitor services. Financial planning for protected areas now focuses on both short and long-term prospects, and the potential for generating recurrent resources often influence decisions about whether to establish new areas and how to manage areas that are established.

This guide will attempt to show through examples and case studies how managers of protected area systems have incorporated different funding sources for the distinct phases of establishment and management. We will discuss "making the case" for the tangible and intangible benefits protected areas provide, as a means for building support for both national appropriations and external support. The examples and case studies will also show how protected areas that provide tangible benefits such as education, recreation, and tourism can recover costs and generate income from those activities. It is important to note in this regard, however, that not every protected area can or should become financially self-sustaining through fees and revenues. Often the issue of where costs can be recovered, where profits may be realized, and where subsidies will be needed on a recurring basis is best addressed at the level of the national system. This may mean adding areas specifically for their revenue generating potential as a means of assuring the sustainability of the entire system.

Surveys of the current financial situation of protected areas in the Wider Caribbean show great differences among countries in the percentage of costs covered by national budgets, the level of reliance on volunteer services, and the severity of crises resulting from financial shortfalls. In the early 1990s, many countries established park trust funds or directed debt swap proceeds toward protected area management. However, user fees, voluntary donations, and revenues from sales and concessions are still the exception rather than the rule. In most areas, there are many opportunities to improve revenues for protected areas, as well as opportunities to improve coordination among donors and revenue-generating sectors.

To address these challenges and take advantage of these opportunities, protected area systems need to build capacity in a variety of ways. Factors crucial to building a financially sustainable system include skilled personnel who can analyze financial needs and opportunities, and select approaches appropriate to

each area; infrastructure sufficient to the needed management and visitor services, including accommodations, communications, and transportation; a policy environment in which necessary actions (such as dedicating revenues to the system) can be accomplished; and developing systems for community participation. This guide attempts to identify sources of capacity-building assistance that can help protected area managers meet these challenges.

This report includes material from a UNEP document, "General Guidelines on Revenue Generation in the Management of Protected Areas in the Wider Caribbean," prepared by Francisco Brzovic Parilo, in collaboration with Claudia Sepulveda, and submitted to the Third Meeting of the Interim Scientific and Technical Advisory Committee to the Protocol Concerning Specially Protected Areas and Wildlife in the Wider Caribbean Region (Kingston, Jamaica, 11–13 October 1995). It also draws on training materials from The Nature Conservancy's "Workshop on Financing Protected Areas and Conservation Organizations" (Mérida, Yucatán, Mexico, 3–4 December 1998) and "Economic Valuation and Funding Mechanisms for Protected Areas: A Venezuelan Case Study" (Master's thesis by Leida Y. Mercado S., Cornell University, 1996).

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## I. PLANNING FOR FINANCIAL SUSTAINABILITY

**F**unding protected areas is a big challenge. Since this publication is intended for protected area managers and for the NGOs working with them and in surrounding zones, it is probably not necessary to discuss the difficulties and obstacles that limit the financial resources available for conservation and management—limited national government appropriations, intense competition for international donor funds, increasingly complex tasks associated with participatory management, to name a few. These are, doubtless, all too familiar already. The way to overcome these obstacles, we firmly believe, is to understand the various mechanisms and instruments available to generate funds and to *strategically* select the approaches most appropriate for a given area. Thus, this publication is not simply about “how to get money.” Its aim is to encourage protected area managers and conservation organizations to analyze potential sources, rank them according to their applicability and usefulness in a given situation, and develop a *diversified portfolio* of funding sources that will sustain a conservation area over the long term.

This type of planning is different from preparing a budget—although it is important to have a protected area management plan and budget as a starting point. Preparing a budget answers the question of how much money you need for different types of activities. Preparing a financial sustainability plan tells you which are the most appropriate sources for short, medium, and long-term needs. Different sources of funds have different characteristics. Some are more reliable than others, some more or less difficult to raise, some can be used freely according to management priorities while others come with many strings attached. Some funding mechanisms take a long time and a lot of effort to establish, and therefore don’t provide a good short-term return, but over the long term offer a possibility of steady, reliable

financing for recurrent costs. Understanding these characteristics, and building a revenue stream that does not rely too heavily on short-term or unreliable sources, is the key to financial sustainability.

Preparing a financial sustainability plan also involves setting priorities within the panorama of budgeted activities—knowing which are the essential core functions to which fundraising efforts must be dedicated and all unrestricted funding concentrated, and which might be postponed or downsized without serious harm to the resources of the protected area. This kind of planning may involve making adjustments in the protected area budget and priorities to allow for the initial costs of revenue-generating mechanisms. It often highlights new skills that the organization needs to acquire, either through training or recruitment of additional personnel, to implement revenue-generating activities.

The best options for increasing revenues or diversifying the portfolio of sources are those that fit well with the characteristics of the protected area and the country. Areas with substantial visitation are good candidates for user fees, concessions, and sales. Areas strongly linked to national heritage and culture may be good candidates for national surcharges, levies, trust funds, and campaigns for corporate support. Areas harboring “charismatic” flora and fauna are well suited to cause-related marketing. New areas, or new national protected areas systems, might form a good focus for bilateral or multilateral funding for the start-up phase, or the establishment of a trust fund, particularly if the biodiversity to be protected is of global significance. Efforts to involve local residents in the management of and benefits from such an area might also be good candidate projects for international funding, depending on the objectives.

The most sustainable financing schemes for protected areas are built step by step, not neglecting the fundamentals of state support, starting new

programs and activities only when there is some assurance, or at least a plan, for their long-term continuation, continuously testing a few new funding mechanisms and continuing to invest in those that produce while divesting of the non-starters. Financially sustainable conservation plans strike a balance between meeting urgent needs and setting aside some income to build a contingency fund for the future.

There is no simple, step-by-step guide to developing a financial sustainability plan. It's like the shoe slogan, "Just do it." The following list of key questions should help to start the process:

- What are the current sources of funding? Can these be relied on indefinitely? What can you do to increase, extend, or strengthen each one of them?
- Who are the protected area's constituents? Sightseers? Hikers? Campers? Boaters?

Fishermen? Tourism service operators (shops, hotels, restaurants, guides) in the area? What do they currently contribute to the costs of managing the area? Could they do more?

- What services are currently provided? Parking? Trails? Campsites? Picnic areas? Boat launching, anchorage, or mooring? Do the users pay for these services? Are the fees what they should be? Would the users pay more?
- What new services might be provided? What is the likelihood of their profitability?
- What organizations are interested in the conservation of this area? Can you form a partnership to launch and share the costs of a fundraising campaign? Can you get campaign services pro bono from local companies (radio/TV, newspaper, advertising agency,

#### Information Resource

*Developing a Long-term Financial Plan for National Parks and Protected Areas.* Manual and diskette with Excel spreadsheet formats. Updated August 2000. Available from The Nature Conservancy, Conservation Finance and Policy Department, International Conservation Program. Contact: Irma Clarke ([iclarke@tnc.org](mailto:iclarke@tnc.org)).

### CASE STUDY: NELSON'S DOCKYARD NATIONAL PARK, ANTIGUA

Antigua's National Park Authority was created in 1984 as a "self-financing" Crown agency to operate and manage national parks in Antigua and Barbuda. The nation's first park is Nelson's Dockyard National Park. It was conceived with two objectives: protecting important natural and cultural resources, and facilitating the development of tourism-oriented businesses by Antiguanians. The institutional structure and legislative authority include provisions for monitoring, for private sector concessions, and for a positive partnership with the tourism industry. Four principles have guided all activities since the park was established: self-sustaining park operation, a planning framework, an orientation to economic development, and maintenance of a positive investment climate.

The management agency is a National Parks Authority including a Board of Directors and a Commissioner. The Authority has the power to retain revenues from leases or rentals of Crown lands and facilities. Its revenue base includes fees and other income generated by yachting, land leases (for peppercorn production and harvest), building rentals, park admission fees, and tours. In establishing its revenue plan, the Park Authority made several strategic decisions. One was to lower yachting fees at English Harbour in an attempt to make the site more attractive and increase the number of visitors. A second was to develop a tour program whose primary audience was cruise ship passengers. The Park Authority runs the tours, and the marketing is done directly with the major ground operators who serve the cruise ship industry — that is, tours are sold in bulk rather than one-by-one. Gift shops also market to tourist visitors and provide some 15 percent of the park's revenues.

As the plan was implemented, several weaknesses became apparent, and these were addressed by adjustments in the plan and operating strategy. Revenues from tours were not as much as anticipated, and this required improvements in the marketing strategy. The Park Authority had increased its staff significantly to implement the revenue-generating programs, beyond what was justified by the revenue stream, and eventually had to cut back. Finally, the Park Authority had to seriously re-examine all expenditures and revamp its management program to keep costs under control and in line with the ongoing revenue stream.

celebrity appearances, site/food/music for a special event, etc.)?

- What donors, on a global or regional scale, have supported activities similar to what is included in the conservation plan here? Have you made them aware of your area and plans, to sound out their interest?
- Has your government considered special taxes or levies? What are the pros and cons of such

programs in your area/country? Can you make a case for establishing such a program, and build the necessary coalition to support it? Are there one or two key leaders who might be instrumental in establishing a “conservation sales tax” or some other type of surcharge or levy? Who could enlist them in the campaign? ■

## II. CURRENT CROSS-CUTTING THEMES IN BIODIVERSITY FINANCE

### Public–Private Partnerships

Cash-strapped government protected area agencies are increasingly entering into partnerships with private organizations, academic institutions, and businesses —and not only for economic reasons. Sharing management responsibilities is a way to take advantage of the diverse technical expertise and institutional capacities offered by other types of institutions. These types of partnerships take many forms. Non-governmental trust funds and foundations work in partnership with protected area agencies to diversify financial resources and develop agile, transparent means of disbursing funds, often providing a way around cumbersome government financial mechanisms. Conservation organizations play leading roles as providers of technical expertise and in constituency building, and in many cases, enter into agreements for co-management of protected areas. Some organizations establish private reserves or private conservation easements. Protected area managers may contract with businesses to provide such services and amenities as food and lodging, guide services, and some types of infrastructure.

Partnerships with private-sector organizations give protected area managers greater agility and freedom in deciding where and how to spend their own limited resources, while maintaining essential roles of planning, coordination, and law enforcement. These partnerships may also open revenue generating options not available under a purely governmental regime, as in the case of the Blue and John Crow Mountains National Park in Jamaica, where an NGO, the Jamaica Conservation and Development Trust, has entered into an agreement that includes collection of visitor fees. The NGO can maintain these fees for park management, whereas the government agency would not be able to earmark them.

Several of the examples and case studies appearing throughout this manual to illustrate the distinct financial mechanisms also show how public–private partnerships have been important in making them work —for example, the study of the Saba Marine Park in Section II and Bonaire Marine Park in Section III.

### Community Participation

Discussions of paying for protected areas and biodiversity conservation often focus on the direct costs of establishing and managing conservation areas. But it is important to recognize that conservation has other costs as well. Surrounding communities particularly bear the brunt of *indirect costs* such as crop damage caused by protected wildlife, and *opportunity costs* incurred when local residents lose access to resources. There are many reasons beyond simple economic calculations to count local residents and communities as stakeholders in protected areas and biodiversity conservation, but planning for long-term financial sustainability needs to include calculations of local communities' expectations for income generating opportunities for themselves as a benefit of conservation areas. That is, there needs to be some sharing of income generating opportunities among conservation agencies and local residents.

Usually, the rural populations living closest to protected areas are characterized by very low income, with few viable economic alternatives. These local residents need to be involved in the planning process and to have a say about who carries out which activities. It is important to avoid generating unrealistic expectations, assuring that local communities have a realistic understanding of the potential for income and the cost of generating it. However, it is reasonable to expect that with appropriate training, local inhabitants, with their knowledge of the landscape, flora, and

### Information Resource

*Community-based Land Use Planning in Conservation Areas: Lessons from Local Participatory Processes that Seek to Balance Economic Uses with Ecosystem Protection* (1999). By Beth Ritchie Chung. América Verde Training Manual No. 3, available from América Verde Publications, The Nature Conservancy, Arlington, Virginia.

Draft Report on the *Evaluation of Caribbean Experiences in Participatory Planning and Management of Marine and Coastal Resources* (1999). By CANARI and UNEP.

*Community and the Environment: Lessons from the Caribbean. No. 1 Protected Areas and Community Management* (1994). By CANARI and PANOS.

*Community and the Environment: Lessons from the Caribbean. No. 2 Community Participation in St. Lucia* (1994). By CANARI and PANOS.

fauna of the region, can be effective guides and providers of hospitality services, and operate concessions for visitor services, among other options.

## Economic Valuation of Protected Areas and Biodiversity

### Information Resource

*Economics of Protected Areas: A New Look at Benefits and Costs* (1993). By J. Dixon and P. Sherman. Island Press, Washington, DC.

*Water Valuation Methodology for Conservation* by Marlou Tomkinson-Church (2000). Available from The Nature Conservancy, Conservation Finance and Policy Program, International Conservation Program. Contact: Irma Clarke ([iclarke@tnc.org](mailto:iclarke@tnc.org)).

In “making the case” for conservation of protected areas and biodiversity it is increasingly common to calculate dollar values for the goods and services provided. There are three main categories of benefits (Dixon and Sherman, 1993):

- Economic returns such as harvest of renewable and non-renewable resources, and non-consumptive uses such as tourism and recreation;
- Ecological services such as maintenance of watersheds, air quality, and biodiversity; and
- Enhancement of knowledge by provision of opportunities for research, monitoring, and education.

Many of these benefits are not commonly thought of in terms of market value. There is little “market competition” since one person’s enjoyment of any benefit does not usually infringe on another’s right to do the same. Many of the beneficiaries enjoying cleaner air and water, for example, may not be aware that they are receiving this benefit from the protected area. And some of the benefits, such as the future value of a biodiversity resource not currently known to be useful, are reserved for future generations.

Understanding the nature of these benefits is an important first step to determining who should, and who will be willing to pay for conservation. It is difficult to interest people in paying for services they have taken for granted as free, or for benefits that accrue to the society at large, but articulation of the value of those benefits can be an important factor in securing appropriate levels of government support. Even simple statistics, such as the number of overseas visitors to protected areas and their contribution to national economies, can be powerful arguments in favor of protected areas. Relatively basic systems for gathering, analyzing, and disseminating basic statistics are extremely important to making the case for protected areas.

The following is a sample of parameters useful in measuring economic values of coastal and marine areas:

- Gate or license fees demonstrate the economic value of tourism and indicate the willingness of the public to pay for recreation.
  - The economic value of the breeding ground of a fishery resource can be indicated with data on total tonnage of fish at dockside, or retail value of landings.
  - Value to industries dependent on the protected area can be calculated by estimating income from sale and rentals of recreational and commercial equipment, lodging, food, and transportation, and the number of individuals employed in these industries.
  - Value in protecting against natural disaster can be stated as the value of property, roads, livestock, crops, and jobs at risk from storm waves and winds if mangroves, dune vegetation, and coral reefs were destroyed. This calculation should also include some estimate of the likelihood of such storms and the natural system’s ability to mitigate damage.
- It is also important to indicate the extent of benefits that are not purely economic.
- *Social values* might be demonstrated by showing the number of students and teaching institutions using the area for educational purposes; the number of researchers, theses, and publications—including any important findings—to show the knowledge and research value, and visitor counts to demonstrate the extent of use.
  - *Option value* (the amount society might be willing to pay in order to maintain the benefits received) and *existence value* (what society would pay to safeguard the area for present and future generations, performing an ethical duty of stewardship regardless of benefits received) are more difficult to demonstrate but nevertheless should be included as part of the equation.

## Ecotourism

Tourism is a highly significant economic user of protected areas. The tourism industry has shown significant growth in recent years. Several studies

have shown that protected areas are an important factor for international visitors to the Wider Caribbean in choosing their destinations, and that half to two-thirds of these tourists actually visit protected areas. Tourism, however, is subject to severe seasonal variation, as well as fluctuations based on supply and demand, and many other factors

beyond the control of protected area managers and national governments.

Tourism and ecotourism as a source of revenues for protected areas and conservation is a subject worthy of a book in its own right—and indeed, many useful books and publications are available. (See “Information Resources” in this page.) In evaluating

### CASE STUDY: SABA MARINE PARK

The Saba Marine Park was created in 1987 by the government of Saba, in the Netherlands Antilles, to promote diving and snorkeling tourism, while protecting the marine resources upon which that tourism depends. The park includes all nearshore waters of the island, to the 60-meter depth contour, totaling 870 hectares. It is authorized by the 1987 Marine Environment Ordinance and zoned for a variety of sustainable uses. Management is delegated to an NGO, the Saba Conservation Foundation, which has authority to carry out all management activities, including law enforcement, permitting, and dive safety and rescue. The NGO was especially created to manage the park.

The park is fully self-financing under a comprehensive plan driven by the following strategic considerations:

- Since it is more feasible to raise international funds to create a park than to operate it, the Foundation took advantage of the start-up period to obtain maximum external financing.
- The financing options had to be compatible with the specific circumstances of the park.
- Income generation by the park leads to income generation for the local community.
- The users (clients) should benefit from the services for which they pay.
- Income generated must be reinvested in the area.
- Income collection methods should be as simple and transparent as possible.
- Community participation is essential.

The park was established over the period 1986–1989 with grants from the Island government, Dutch Development Corporation, and private foundations, totaling \$270,000. The Saba Conservation Foundation embarked on a three-pronged revenue generation strategy emphasizing user fees, souvenir sales, and voluntary donations. The strategy also focused on keeping operating expenses low by using volunteer services wherever possible, soliciting in-kind goods and services, and requesting grants for special projects such as research and monitoring. The Island government continued to subsidize operating expenses for three years beyond the start-up period as the revenue streams were coming on line.

User fees were first charged only to divers (US\$1 per dive) and snorkelers (US\$1 per visit to the island). The fees were collected by commercial operators of dive and snorkel excursions, who were required, under the terms of their operators permits, to turn over all fees collected (as well as diver/snorkeler statistics) to the Foundation on a monthly basis. The fee was later doubled, and a yacht mooring/anchorage fee was introduced. These fees bring in about half of the park’s revenue. Souvenir sales bring in another 32 percent, and voluntary donations and other income 17 percent. Donations are generated through a “Friends of the Saba Marine Park” promotion that encourages park visitors to register, give donations, and receive information via a newsletter. The “Friends” organization is registered in the USA, so USA visitors can give tax-deductible contributions on site or by mail after their return.

### Information Resources

The Ecotourism Society  
PO Box 755  
North Bennington, VT 05257-  
0755 USA  
Tel.: (802) 447-2121  
Fax: (802) 447-2122  
Email:  
[Ecomail@ecotourism.org](mailto:Ecomail@ecotourism.org)

A membership organization providing publications, research assistance, networking, etc.

#### Books and Publications:

*Ecotourism and Sustainable Development: Who Owns Paradise?* (1999). By Martha Honey. Island Press, Washington, DC.

*Ecotourism and Conservation: A Review of Key Issues* (1996). By Katrina Brandon. Environment Department Papers, Biodiversity Series No. 033, The World Bank, Washington, DC.

*Ecotourism: The Potential and Pitfalls* (1990). By Elizabeth Boo. World Wildlife Fund.

*Ecotourism: A Guide for Planners and Managers* (1993). Edited by Kreg Lindberg and J. Enriquez. The Ecotourism Society.

*Ecotourism in the Wider Caribbean Region — An Assessment*. CEP Technical Report No. 31 (1994). UNEP.

#### Websites

EcoTravels in Latin America: [www.planeta.com](http://www.planeta.com). Articles, upcoming conferences, links to many other related websites. In Spanish and English.

The Ecotourism Society:  
[www.ecotourism.org](http://www.ecotourism.org)

tourism's potential as a source of revenue, and the role tourism should play in a given protected area or protected area system, it is important to weigh many positive and negative factors:

- Are there conflicts between promotion/expansion of tourism and conservation of biodiversity and natural resources? If conflicts exist, how can they be managed?
- If tourism is highly seasonal, how can the boom/bust cycles be evened out to generate reliable local employment? Will the employment generated benefit local communities or result in an influx of outsiders?
- How can infrastructure developed for tourism also serve the needs of local residents, for example, providing transportation and communications systems?
- Will tourism improve intercultural understanding, or contribute to a sense by local people that the resources are being preserved for the benefit and enjoyment of outsiders?
- Will an emphasis on tourism and tourism revenues cause protected areas agencies to neglect biologically important areas (mangrove swamps, dense tropical forest) in favor of touristically attractive sites such as beaches and coral reefs? Will an emphasis on income generation encourage exclusion of economically non-productive areas from the system? Will managers pursue potentially destructive development such as large hotels, highways, and golf courses within protected areas to increase their economic returns?
- Do managers adequately understand the carrying capacity of visited sites?
- Will local residents have opportunities to enjoy recreational facilities?

### **Conservation Trust Funds**

Conservation trust funds have been set up in many developing countries during the past decade as a way to provide long-term funding for biodiversity conservation. They are typically private organizations capitalized by grants from

governments and donor agencies or the proceeds of debt-for-nature swaps, and, less often, from taxes and fees specifically designated for conservation. Generally, funds seek to provide more stable funding for national parks and other protected areas, or small grants to NGOs and community groups for projects to expand understanding of conservation and to conserve biodiversity by using resources more sustainably.

Conservation trust funds are more than just financial mechanisms. They have been formed as the product of broad consultative processes. They have governance structures involving people from different sectors, credible and transparent operational procedures, and sound financial management practices. They can act as independent organizations to influence their environment to build effective, responsive, and focused programs. The creation of such a trust fund requires a substantial investment of time and resources, and long-term commitment to building a new institution. The fund may employ one or a combination of the revenue generating strategies outlined in this publication.

One of the first questions often asked about trust funds is whether the advantages of creating a fund outweigh the opportunity costs of tying up capital to generate relatively modest amounts of income over a long period of time. But this is essentially a false dichotomy. The choice of approaches depends on what a program is trying to accomplish; it cannot be answered on purely financial grounds. Several other factors are crucial:

- the nature of the threat to be addressed;
- the type of—and time horizon for— activities to be carried out;
- the abilities of other organizations;
- the need for—and value of— providing a mechanism for governmental and non-governmental organizations to work together to address conservation issues;
- the degree of commitment from government and other key players to support a trust fund and participate in its work; and
- the confidence in a country's legal and financial practices and supporting institutions.

Conservation trust funds are appropriate when the threat to biodiversity that is being addressed is of a long-term nature that requires sustained response over a number of years. Trust funds are not the solution when the biodiversity resource in question faces major, urgent threats requiring mobilization of significant amounts of funding in a short time.

Trust funds can be structured financially in three ways. Creating an endowment allows capital to be invested; only income from those investments is used to finance activities. Sinking funds disburse their entire principal and investment income over a fixed period, usually a relatively long period, e.g. 15 years. Revolving funds provide for the receipt of new resources on a regular basis —e.g., proceeds of special taxes designated to pay for conservation programs— which can replenish or augment the original capital of the fund and provide a continuing source of money for specific activities. Any particular fund can combine these features as part of its mix of resources.

Faced with a decision about whether to invest capital in an endowment or sinking fund or spend it in a more

traditional 4–5 year project, donors and local and international conservation communities should focus on the time horizon of the activities they seek to support. Endowed trust funds can be appropriate for ongoing activities such as basic protected area management costs. Shorter term projects may be better for immediate needs such as infrastructure development. Between these two extremes, sinking funds can provide predictable but medium-term support for activities that eventually conclude, are handed over to organizations whose capacities have increased, or develop other sources of recurrent funding.

Trust funds focused on protected areas have been successful in providing “resource security” —assurance that basic operating costs and staff salaries will be covered— for protected areas and protected area systems. This allows park managers to concentrate on conservation activities, attracting project funding, and collaborating with communities and interested organizations. It is, however, unrealistic to expect a trust fund to generate all the resources needed to manage a national system. A fund is most effective when its resources can be used in a catalytic way to cover basic

### **CASE STUDY: JAMAICA NATIONAL PARKS TRUST FUND**

The Jamaica Conservation and Development Trust (JCDT), an environmental NGO, established the Jamaica National Parks Trust Fund (JNPTF) in 1992 as part of the output of the USAID funded Protected Areas Resources Conservation Project (PARC). A Board of Trustees made up of representatives from the JCDT, the government, and the private sector manages the Fund.

The Fund was capitalized by the first debt-for-nature swap in the English speaking Caribbean. Subsequently, a further and smaller swap was done which was partly earmarked for migrant bird research in the Blue and John Crow Mountains National Park (BJCMNP) (please see section on Debt for Nature Swaps). It was designed to yield US\$200,000 per year, which would take care of the operational costs of the two parks established under PARC (the BJCMNP and the Montego Bay Marine Park). It was envisaged that the JNPTF would grow along with the Jamaican National Parks System and therefore ensure its financial sustainability.

As it is, despite growing at the average rate of 15% per year over the period 1992–2000 (at its zenith the fund had returns of about 50% in one year) the fund finds itself under-capitalized. This is mainly because of a gross under-estimation of the costs associated with running of the two parks which is about US\$500,000 per annum. Also because of increased pressure from diminishing government funding to the parks.

However, the JNPTF has managed to significantly contribute to the running costs of both parks since 1993. It would be safe to say that the parks would have had to close their doors without the JNPTF. Efforts continue to raise more capital in an effort to meet the running costs of the parks.

costs but still encourage the adoption of complementary financing mechanisms —co-financing, government appropriations, user fees, and other special levies. The Mexican Nature Conservation Fund, for example, expects the protected areas it supports to phase in fees and other recurrent revenues.

An important question to ask when considering the creation of a conservation trust fund is whether there is a community of organizations able to carry out the range of activities needed to achieve the conservation objective being sought. This includes not only organizations to implement field-level activities, but also supporting

### Information Resources

The GEF *Evaluation of Experience with Conservation Trust Funds*, and a 16-page summary of the full report, are available the GEF website ([www.gefweb.org](http://www.gefweb.org)) or from the GEF Secretariat monitoring and evaluation team. Three recent issues of GEF *Lessons Notes* focus on trust funds (No. 5, "When is a Conservation Trust Fund An Appropriate Approach?"; No. 6, "Creating Program Focus"; and No. 7, a profile of the Mexican Fund for Nature Conservation. These are also available from the GEF website or the monitoring and evaluation team. If requesting publications by mail or e-mail, indicate whether you wish to receive an electronic version or a hard copy, and which language (English, French, or Spanish) you would prefer.

GEF Secretariat Monitoring and Evaluation Program  
1818 H Street, NW  
Washington, DC 20433  
Tel.: (202) 458-7387  
fax: (202) 522-3240  
email: [geflessons@gefweb.org](mailto:geflessons@gefweb.org)

The Latin American and Caribbean Network of Environmental Funds (REDLAC) was launched at a conference in Kingston, Jamaica, in November 1998. For information, contact the Mexican Nature Conservation Fund, tel.: (525) 611-9779; email Rosario Alvarez: [r\\_alvarez@attglobal.net](mailto:r_alvarez@attglobal.net) or the Inter-Agency Planning Group on Environmental Funds (IPG), addresses below.

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## FACTORS IMPORTANT FOR ESTABLISHING A TRUST FUND

### FROM GEF EVALUATION OF EXPERIENCE WITH CONSERVATION TRUST FUNDS

*Factors in bold type are essential. Some "critical mass" of the remaining factors should also be present; absence of more than a few greatly increases risk.*

- **A valuable, globally significant biodiversity resource whose conservation is politically, technically, economically, and socially feasible. Absence of major threats requiring urgent mobilization of large amounts of resources (i.e., the conservation action required is long term and addressable with the flows a trust fund could produce).**
- **Government support of the concept of a fund outside government control, that bridges the public and private sectors. The support should be active and broad-based, from the Head of Government to regional and local bodies, extending beyond environmental ministries and departments to include ministries of finance and planning. A reasonable financial contribution from government, if not directly to the fund, then to co-financing of project activities. This condition often takes a long period of advocacy during the design and start-up phases.**
- **A legal framework that permits establishing a trust fund, foundation, or similar organization. Tax laws allowing such a fund to be tax exempt, and providing incentives for donations from private contributors.**
- **People with a common vision —from NGOs, the academic and private sector, and donor agencies—who can work together despite their different approaches to conservation. The support and involvement of business leaders is crucial to bring in private sector management skills, especially skills in financial management.**
- **A basic fabric of legal and financial practices and supporting institutions (including banking, auditing and contracting) in which people have confidence.**
- **Mechanisms to involve a broad set of stakeholders during the design process, and willingness of stakeholders to use these mechanisms.**
- **Availability of one or more mentors —a donor agency with good program support, a partnership with an international NGO, "twinning" with another, more experienced trust fund— who can provide both moral and technical support to the fund during the start-up and program implementation phases.**
- **Realistic prospects for attracting a level of capital adequate for the fund to support a significant program while keeping administrative costs to a reasonable percentage. In most cases this means having clear commitments from other donors beyond the GEF, or debt swap mechanisms established, before starting the fund.**
- **An effective demand for the fund's product, i.e. a client community interested in and capable of carrying out biodiversity conservation activities on the scale envisioned, and sufficient to achieve significant impact.**

## FACTORS IMPORTANT FOR SUCCESSFUL TRUST FUND OPERATIONS

- Clear and measurable goals and objectives. A “learning organization” mentality and environment oriented toward results and achieving objectives, and flexibility to make adjustments in objectives or approach based on feedback and experience.
- A governance structure with appropriate checks and balances, conflict of interest provisions, and succession procedures. “Ownership” of the fund by its board and other governing bodies, indicated by members’ commitment of time, engagement in policy and leadership, and building support of the fund with varied constituencies.
- Linkage between the trust fund and the leadership of any national biodiversity strategy or environmental action plan.
- Ability to attract dedicated, competent staff, particularly a strong executive director. Harmonious and productive board–staff relationships.
- Basic technical and other capabilities that permit the fund to become a respected and independent actor in the community. Access to, and constructive use of, training, mentoring, and technical assistance programs to build capacity.
- Constructive relationships with relevant government agencies, with intermediary organizations that provide services to grantees, and with other organizations in the community. The fund should avoid becoming an executing agency itself.
- Financial and administrative discipline combined with program flexibility and transparency; and procedures that support this and are consistently applied.
- Mechanisms for continuing to involve a wide range of stakeholders in the fund’s programs and direction, with enough clear vision and leadership to avoid being pulled in many directions and program fragmentation.
- Asset management competitively selected; diversified portfolio of investments; financial expert to provide regular reporting; and oversight by fund boards comparing actual performance to benchmarks.
- A supportive, nurturing Implementing Agency task manager, able to bring in the resources and expertise needed.

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The Inter-Agency Planning Group on Environmental Funds (IPG) is an informal network of individuals and organizations providing financial and technical support to conservation trust funds, or engaged in policy advocacy in support of funds and the financial mechanisms that support them. The group, headquartered at The Nature Conservancy, can be contacted at [ipg@tnc.org](mailto:ipg@tnc.org). It includes donors, conservation organizations, and consultants. Publications available from IPG include summary reports of four global and regional forums on national environmental funds and:

*The IPG Handbook on Environmental Funds* (2000). Edited by Ruth Norris. Pact Publications, 274 Madison Avenue, Suite 1304, New York, NY 10016. Email: [books@pactpub.com](mailto:books@pactpub.com), internet: [www.pactpub.com](http://www.pactpub.com).

institutions to conduct monitoring and data collection, awareness and education, and management training to support local groups. Trust funds have shown an ability to work flexibly to build capacity in partner organizations. For example, some of the funds analyzed in the evaluation helped potential recipient organizations plan their activities better and strengthen internal management skills. They also collaborated with others to improve understanding of the threats to biodiversity, and expand environmental education efforts in support of biodiversity conservation.

A recent evaluation of conservation trust funds by the Global Environment Facility (GEF) concluded that two conditions are essential for the success of a

conservation trust fund. First, there must be active government support—not just acquiescence or agreement—for a mixed, public–private sector mechanism in which it actively participates but which operates beyond direct government control. The most effective trust funds studied enjoyed broad-based government support at all levels—from the President to regional and local bodies, extending beyond environmental ministries and departments to include ministries of finance and planning. Second, there must be a critical mass of people from diverse sectors of society—NGOs, the academic and private sectors, and donor agencies—who can work together despite what may be different approaches to biodiversity

conservation and sustainable development. Such a common vision is needed for a trust fund to realize many of the potential advantages discussed above. Developing this support and common vision may require substantial encouragement through broad consultations and advocacy often over long periods. However, when prospects for meeting these two conditions are bleak, a trust fund is not likely to be a viable approach.

Trust funds can provide a steady stream of resources only if their capital is invested prudently and managed well. Accountability to donors and the public requires rigorous record keeping and regular, independent audits. Optimum performance depends on the trust fund's ability to have faith in and enforce contracts with project implementers, technical assistance providers, and others. Thus, a successful trust fund must be set in an environment with well-established systems of banking, auditing, and contracting, including appropriate legislation and oversight.

## Volunteers

Developed countries have relied on volunteers to provide many services for protected areas for some time, but the concept is relatively new in the Wider Caribbean. The activities that can potentially be carried out by volunteers are limited only by the imagination. It is important to identify and define tasks clearly before hiring the volunteer. It should also be noted that volunteers do require managerial and supervisory time to be effective. Some examples of functions carried out by volunteers in protected areas and private reserves in the USA and the Wider Caribbean include:

- Staffing gift shops and information booths.
- Providing visitor services, particularly environmental education and interpretation.
- Trail maintenance.
- Bird counts and other wildlife surveys and data gathering.

- Management of “friends” groups and letter-writing campaigns soliciting donations from visitors.
- Research of potential donors and assistance with writing and translation of proposals.

The keys to a successful volunteer program include developing specific “job descriptions” of volunteer tasks, to assure that the volunteers recruited are suited for and truly interested in and committed to the task; remembering that the volunteer needs to get something out of the experience, and paying attention to what will keep volunteers active and satisfied; recruiting enough volunteers so that the burden on any one is not too daunting, and there can be some flexibility in scheduling; and periodically evaluating the program with the volunteers. Most of the successful volunteer programs in the Wider Caribbean to date involve NGOs whose members serve as the volunteer corps. These are not necessarily environmental groups but can also include service organizations such as Kiwanis, Rotary, and diplomatic spouses’ clubs. There are also examples of programs that recruit individuals directly, particularly graduate students who perform services in exchange for research and occupation permits, or retirees who receive free or reduced-rate camping/living arrangements in return for visitor contact services.

It is also possible to recruit the service of international volunteers through donor–country agencies that provide trained technical volunteers for short or long periods of service. These include the U.S. Peace Corps ([www.peacecorps.gov](http://www.peacecorps.gov)), United Nations Volunteer Programme, ([www.unv.org](http://www.unv.org)), Canadian University Service Overseas ([www.CUSO.org](http://www.CUSO.org) or [www.chebucto.ns.ca](http://www.chebucto.ns.ca)), Canadian Executive Services Overseas, Volunteers in Technical Assistance (VITA, [www.vita.org](http://www.vita.org)), Earthwatch ([www.earthwatch.org](http://www.earthwatch.org)), and volunteer service agencies in the United Kingdom, Germany, and Japan. Some of these agencies also provide additional financial support to projects to which volunteers are assigned. ■

### III.OVERVIEW OF FINANCE AND REVENUE GENERATING MECHANISMS

**P**art of the financial planning process (Chapter 1) is an analysis of potential funding sources and mechanisms to determine which may be appropriate for a given protected area or system, or organization involved in conservation. This chapter and the one that follows provide brief introductions to the various financing sources and mechanisms, with

information about protected areas where those have been used, and references for gathering more information or contacting sources. The chart on the following pages is a schematic look at the possibilities, with comments about advantages, disadvantages, and circumstances under which each is most useful and appropriate.

SOURCE OR MECHANISM	DEFINITION	WHO CAN USE IT	ADVANTAGES	DISADVANTAGES
Government appropriations	Funds appropriated in national budgets for protected area management agency	National protected area agencies	<ul style="list-style-type: none"> <li>■ Regular, recurrent income</li> <li>■ Maximum compatibility with national environmental priorities</li> </ul>	<ul style="list-style-type: none"> <li>■ Usually inadequate to needs</li> <li>■ Funds sometimes not available in timely fashion or when needed</li> <li>■ Complex budgeting and accounting rules</li> </ul>
Taxes, levies, surcharges	Fees and levies imposed on certain classes of activities, sales or purchases	Government prerogative to impose and collect; proceeds may be earmarked for annual use, trust funds, etc.	<ul style="list-style-type: none"> <li>■ Regular, recurrent income, use generally unrestricted</li> <li>■ Can capture economic benefits from resource uses (tourism, water consumption, mining, oil and gas, hunting/fishing, boating, tourism, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>■ Can result in promotion of inappropriate activities as a means to capture income</li> <li>■ May require special authorizing legislation</li> <li>■ May generate controversy, especially among constituencies to be taxed (requires public education on advantages and purposes of levy)</li> </ul>
User fees	Charge for visitation, usually “per person” or “per vehicle”; may include such variations as seasonal or annual passes, charges to tour firms bringing escorted groups	The entity with jurisdiction over a protected area can collect fees itself or designate another party to do so on its behalf, depending on applicable law	<ul style="list-style-type: none"> <li>■ Regular, recurrent income, use generally unrestricted</li> <li>■ Embodies “user pays” principle</li> <li>■ Can be used to regulate access, control over-use, manage visitation flow among protected areas</li> <li>■ Easy to implement in areas with limited number of access points</li> </ul>	<ul style="list-style-type: none"> <li>■ Not appropriate for little-visited areas (projected revenue should exceed cost of collection)</li> <li>■ Potential equity issues (can be addressed by lowering fees for national/local residents, scheduling one free day per week)</li> <li>■ Introducing fees for areas that previously were free can generate controversy (requires local outreach and education before implementation)</li> </ul>

SOURCE OR MECHANISM	DEFINITION	WHO CAN USE IT	ADVANTAGES	DISADVANTAGES
Leases and concessions	Legally binding agreements between the entity with authority over the protected area and private organizations or entrepreneurs, who market goods and services related to the protected area and return some share of the profits, or a flat fee	Protected area agencies, private reserves, NGOs, businesses	<ul style="list-style-type: none"> <li>■ An effective mechanism to provide services with little up-front investment by the protected area.</li> <li>■ Concessionaire incurs the risks associated with potential non-profitability</li> <li>■ Concessionaires bring marketing and business skills to the table</li> <li>■ Frees management agency to focus on resource protection</li> <li>■ Provides opportunities for local entrepreneurs</li> </ul>	<ul style="list-style-type: none"> <li>■ Concessionaires operate for profit motive, may not share values of protected area and need to be carefully monitored</li> <li>■ Estimation of fees is complex and difficult; need to ensure healthy and safe service at reasonable price to visitor; fair return to both protected area and entrepreneur.</li> <li>■ Not appropriate for little-visited areas.</li> </ul>
Sale of goods and services	Gift and souvenir shops, sale of items such as maps and guides, fee-for-service tours, anchorage, mooring, equipment rental, camp or picnic space rental, entry to exhibits, etc.	Parks agencies, NGOs, concessionaires	<ul style="list-style-type: none"> <li>■ Goods and services can do double duty as sources of income and visitor education, promotion</li> <li>■ Generally does not require additional legal authorization; easy to keep proceeds within area</li> </ul>	<ul style="list-style-type: none"> <li>■ Initial investment required for production of inventory of goods, recruitment of providers of services</li> <li>■ Goods and services should be limited to those related to protected area purposes</li> <li>■ Potential for competition with other local providers of goods and services</li> </ul>
Cause-related marketing	Sale of mostly intangible items (membership, “adopt an Acre,” voluntary add-ons to hotel and restaurant bills, etc.) whose primary value is the purchaser’s knowledge of having helped conservation	Most often used by NGOs	<ul style="list-style-type: none"> <li>■ Combines promotion, education, and fundraising</li> <li>■ In some cases contributions may be tax-deductible</li> <li>■ Markets can be easily identified (park visitors, NGO members, etc.)</li> <li>■ Involves local business community in protection</li> </ul>	<ul style="list-style-type: none"> <li>■ Many areas have no built-in market, must develop visitor logs, etc.</li> <li>■ Requires fairly sophisticated understanding of marketing and what will sell, or an experimental approach</li> </ul>

SOURCE OR MECHANISM	DEFINITION	WHO CAN USE IT	ADVANTAGES	DISADVANTAGES
Biodiversity prospecting	Contracts in which a pharmaceutical company or other entrepreneur secures rights to genetic resources (plant materials collected and processed for analysis) in return for cash payments and/or royalties on any medicines/ products that may be developed	Generally government or parastatal agencies, sometimes private research institutions with consent of appropriate government agencies	<ul style="list-style-type: none"> <li>■ Up-front cost is minimal</li> <li>■ Opportunity to train and employ local researchers in collection and initial processing</li> </ul>	<ul style="list-style-type: none"> <li>■ Speculative enterprise, impossible to know potential financial return up front</li> <li>■ Requires skilled legal representation for contracts</li> </ul>
Debt-for-nature swaps	Transactions involving the forgiveness or buy-back of foreign debt in return for commitments to conservation (usually local-currency payments into a conservation project or fund)	<p>Key actors include national government (Ministry of Finance); country or commercial bank to whom the debt is owed; intermediary organization that raises funds to purchase discounted debt (in commercial swaps); national beneficiary entity (often a parks trust fund)</p> <p>To participate, the country must have a significant amount of commercial or bilateral debt in arrears.</p>	<ul style="list-style-type: none"> <li>■ Reduction of national debt, substituting local-currency payments to national fund or bonds for hard-currency debt service</li> <li>■ Donor increases conservation investment by buying debt notes below face value and redeeming them at full value</li> <li>■ Net transfer of funds to conservation purposes</li> <li>■ Can help to capitalize national protected areas trust funds</li> </ul>	<ul style="list-style-type: none"> <li>■ Potentially controversial due to debt legitimacy issues</li> <li>■ Valuable only when debt is deeply discounted or creditor is willing to write off</li> <li>■ Requires policy authorization and full participation of national government</li> </ul>
Global environment facility	A funding mechanism that supports activities under the Biodiversity and Climate Change conventions, implemented by World Bank, UNDP, and UNEP	Governments and NGOs	<ul style="list-style-type: none"> <li>■ Source of new money for conservation planning and implementation</li> </ul>	<ul style="list-style-type: none"> <li>■ Restricted to areas of global significance and to the <i>incremental</i> costs of their protection.</li> <li>■ Application procedures can be time-consuming and cumbersome</li> <li>■ Generally not applicable to ongoing or recurrent costs</li> </ul>

<b>SOURCE OR MECHANISM</b>	<b>DEFINITION</b>	<b>WHO CAN USE IT</b>	<b>ADVANTAGES</b>	<b>DISADVANTAGES</b>
Bilateral donors	Aid agencies of developed countries, e.g. USAID, JICA, GTZ, etc.	Most aid is government-to-government but there are significant opportunities for funding of NGO activities	<ul style="list-style-type: none"> <li>■ Significant source of revenue, particularly for start-up and public-involvement aspects of protected area management</li> </ul>	<ul style="list-style-type: none"> <li>■ Funds will be restricted to specific uses</li> <li>■ Generally not a source for recurrent costs</li> <li>■ Long application procedures and complex reporting requirements</li> </ul>
Philanthropic foundations	Grant-giving organizations	Generally available only to nonprofit organizations	<ul style="list-style-type: none"> <li>■ Can be a significant source of revenue for specific project activities or start-up of new programs</li> </ul>	<ul style="list-style-type: none"> <li>■ Not a source of recurrent funding</li> <li>■ Intense competition for limited funding often leads to significant investment of effort in proposals with low-to-medium chance of funding</li> <li>■ Language may be an issue (most foundations accept proposals only in their own language)</li> </ul>
Corporations	Sponsorship or other types of voluntary payments by companies	Parks agencies, NGOs	<ul style="list-style-type: none"> <li>■ Generally a means of raising both national and international support for facilities or management</li> <li>■ Corporate donors' expectations often can be met with simple acknowledgment placards</li> <li>■ Means to link companies that benefit from protected areas to supporting them (tourism, hospitality industries)</li> </ul>	<ul style="list-style-type: none"> <li>■ Often corporations desiring to be sponsors are those with whom the protected area may not wish to be associated (resource exploitation sector)</li> <li>■ What corporate sponsors get in return needs to be carefully limited before donations are solicited and accepted</li> </ul>
Individual donations	Gifts by individuals through a variety of mechanisms—direct gifts, memberships, wills and bequests, etc.	Generally NGOs but sometimes protected areas agencies	<ul style="list-style-type: none"> <li>■ Potential donors come to you and only need to be asked</li> <li>■ No cumbersome application process</li> <li>■ Can build donor loyalty over time</li> <li>■ Usually unrestricted gifts</li> </ul>	<ul style="list-style-type: none"> <li>■ Requires insight into potential givers and what motivates them</li> <li>■ Some gifts, especially bequests, may take years to cultivate and eventually realize</li> </ul>

## Government Appropriations

Funding from national governments has been the predominant source of support to protected areas in the Wider Caribbean. Generally these appropriations cover basic staff and operational costs, but often fall short of the full complement of staff necessary to provide adequate management. Rarely is there funding sufficient for infrastructure development and maintenance. Also, the present trend in the region is toward budget reductions, as national budgets come under more pressure from economies under siege. National budgets and budget processes are often quite inflexible, making it difficult to re-allocate resources appropriated for one purpose to any other purpose. In some countries, all protected area appropriations are made through ordinary budget processes; in others, legislation can direct specific appropriations to a particular region, activity, or protected area.

In this short publication we will not attempt to provide any guidance on the appropriations process of the various countries—and their various legal systems—throughout the Wider Caribbean. However, we will emphasize that conservation of biodiversity resources and protected areas is a *fundamental responsibility of the state* which should not lightly be shifted to private and nongovernmental entities simply because they may have easier access to financial resources. Any sustainable long-term financial plan for protected areas will include appropriate financial commitments from the national government. The following are examples of some strategies and techniques for developing government financial commitments to protected areas:

- Public–private partnerships that provide incentives or matching funds to government contributions (see Chapter II).
- “Making the case” for the economic values of protected areas and long-term economic returns to be realized by good management. This is also discussed in Chapter II. Advocacy by nongovernmental organizations is often a key.
- Advocacy for revenue generation mechanisms that are the exclusive prerogative of government (such as taxes and levies) can demonstrate how

increased appropriations can be balanced by revenues.

## Taxes, Levies, and Surcharges

Government’s power to tax can be used in a variety of ways to raise funds for conservation and to promote conservation activities in general. Examples include:

- **Belize** charges a tourist tax of US\$3.75 for each passenger arriving in country by plane or cruise ship, with the proceeds going to PACT (the Protected Areas Conservation Trust), a national conservation fund that supports protected areas and other conservation activities.
- **Cayman Islands** since 1997 charges an Environmental Protection Fee for departing airline (US\$3) and cruise ship (US\$5) passengers. At present, these funds go into the government’s General Revenue fund. Discussions are taking place as to how these funds could be more efficiently earmarked for environmental projects.
- **Costa Rica** and other countries impose a tourism tax on the price of hotel rooms, some of which is earmarked for conservation.
- **Quito, Ecuador** uses part of urban dwellers’ water use charges, and water fees paid by hydroelectric utilities, to finance a fund for conservation of the national park where Quito’s watershed is located.
- The **Turks and Caicos Islands** have since 1998 charged a conservation levy (\$10) to all departing aircraft passengers. This levy is placed within a Conservation Fund and used for the protection, conservation, and enhancement of natural and historical resources of those islands. The Board of Trustees is appointed by the government and the Fund is governed by legislation contained in the Conservation Fund Act (1998).
- The **Brazilian** states of Paraná, Minas Gerais, and others dedicate 5% of the portion of value-added tax designated for municipalities, to those municipalities with conservation areas within their borders. Qualification to receive the resources is

based on an index measuring the extent and quality of the areas. The amount of money involved is significant—in Paraná in 1995, US\$ 36 million—and has resulted in the creation of new protected areas as well as improvements in the management of existing areas.

- In the United States, purchases of certain kinds of recreational equipment (boats, fishing gear, etc.) are subject to a special surtax, the proceeds of which go to a trust fund for purchase of conservation lands.
- Several states in the USA include a voluntary “checkoff” on state income tax forms that allow taxpayers to donate a portion of their tax or refund to wildlife conservation.
- Many countries charge taxes and levies on forestry concessions, using a portion of the proceeds for conservation.
- Licensing fees for recreational vehicles (boats, trailers, campers, off-road vehicles), as well as hunting and fishing license fees, can be fully or partially dedicated to conservation.
- Tax deductions and exemptions can be offered to encourage financial support of conservation as well as specific kinds of conservation activities, such as easements and transfer of development rights, that allow protected area systems to conserve key areas without going through the expense of full acquisition.

The advantages of using the tax structure to generate income flows for conservation include:

- 1 Income is generated nationally, reliably, and sustainably, year after year.
- 2 The burden of payment falls generally on users of the protected areas (hotel guests, tourists, recreationists, self-selected groups) even though not all users will end up paying.
- 3 Income generated in this manner can be used as the recipient sees fit, accountability being to the public at large and not to a donor that may have its own agenda.
- 4 Income generated in this manner can often be used as a national “matching” component to generate additional flows of funding from international donors, who are increasingly

requiring evidence of national commitment as a prerequisite for support.

- 5 There is usually no need to set up a new collection bureaucracy, as the existing systems for collection of taxes, levies, and surcharges can handle the job, although some percentage may be charged as an administrative fee.

The primary disadvantage of these systems is the difficulty of winning political support for new taxes, and of keeping them earmarked for conservation once they are enacted. This is particularly true in countries that the perception of the citizenry is that they already have high taxation. In Belize, years of negotiations were required before the conservation tax was established, at a much lower level than originally anticipated. Here, as in many countries, special legislation was required for the tax to be “earmarked” for a special fund rather than paid into the general treasury.

Although the level of effort required “up front” to establish taxes, levies, and surcharges can be large, it has one of the largest payoffs of any investment in developing financial resources. The flow of funding is **permanent**. The process of building a constituency to support protected areas through tax legislation goes hand in hand with constituency building for many other purposes—a necessary investment in any case.

## User Fees

In recent years, user fees have proven their effectiveness in several countries in the Wider Caribbean, including Saba, the British Virgin Islands, St. Kitts, Nevis, Bonaire, and Costa Rica. Although there are some dangers inherent in establishing a user fee system (primarily alienating constituencies used to free access, and favoring more-visited over less-visited areas) overall it is advantageous for protected area managers to be revenue conscious. However, concentrating visitorship and the impacts of that number of people in a small area of the protected area to generate revenues for the whole protected area is desirable.

The challenge is to devise systems that place a fair value on uses and services, and generate acceptable net returns. This requires clear objectives and benchmarks to evaluate the success of each fee, as

well as a pragmatic and adaptive approach to issues such as pricing and collection mechanisms. Many organizations and protected areas have begun with a single type of fee and then gradually added more to build a diverse structure.

The term “user fees” covers a broad spectrum of possibilities. Options include entry fees collected at the gate, admissions fees for special attractions such as museums or botanical displays, fees for camping and picnicking facilities, fees charged to concessionaires who profit from operating lodging, food and beverage, guiding, boats for diving or fishing (these include fees that may be charged for licensing the operation, and/or per person fees they collect), and fees for yachting or cruise-ship visit permits. Parks that provide a valuable service such as water supplies for downstream cities can collect user fees by such means as a tax or levy on water or electricity users.

In the United States, a study of state-run parks showed that approximately 25 percent of revenues were obtained from camping fees, 22 percent from miscellaneous revenues, 16 percent from entrance fees, 16 percent from lodge rooms, cabins, and cottages; 8 percent from concessions, and 7 percent from recreational use fees for golf courses, beaches, and pools (Eiken, 1992). Two state park systems, West Virginia and Kentucky, have developed modern resorts as a major theme within their state park operations, and report significant revenues being generated by these facilities.

## Leases and Concessions

However, the trend seems to be directed more toward privatization of resort and lodge facilities within the parks. Concessions granted for these private operations are another significant source of revenue. Concession operations typically include gift shops, souvenirs, beverage and food sales, equipment rentals, and sales or rental of other similar items. Depending on the legal framework of the country, any function or privilege of the state, including the management of the entire national park, operation of certain facilities, etc., can be contracted to a concessionaire. One particularly difficult aspect of concessions is arriving at

a balance between the amount that the concessionaire will earn by exploiting the resource, and the amount that will be returned to the state. (In the USA, this figure is about 2 to 3 percent of concessionaire earnings). It is particularly important to retain control over the concessionaire’s operations to assure that resources are not over-exploited or damaged, and that protection and management functions are not neglected in favor of profit-making functions.

Leases can also be used to generate revenue. The protected area can grant a physical or legal person the use and enjoyment of land or infrastructure for an agreed-upon fee. Protected area lands have been leased for mineral exploration, oil development, forestry activities, grazing, and other agricultural uses, although extreme care must be taken to assure that the income-generating activities do not conflict with the conservation purposes of the area. Other less potentially damaging uses that may be assigned for a fee are gathering of fallen trees, ornamental plants, seeds, and fruits —although it is important not to displace traditional local uses unless the traditional users are involved in planning and operating the revenue-generating activities.

## Sale of Goods and Services

Revenues are also obtained from reservations and permits (for example, for backcountry hiking or campground use), boat launching and picnic shelter use fees, anchorage fees, and trails use fees. Some protected areas obtain revenues by charging “publicity fees” to corporations using the protected area as a location or backdrop for advertising, films, posters, and other uses. Some charge fees for the installation and use of such facilities as transmission towers, marine platforms, or research stations.

Many protected areas earn income by selling products in book and gift shops, or providing services for which the user pays —guided hikes, float trips, lectures, museums and exhibitions, films and entertainment, rental of equipment, maps and guides, etc. These are often operated by concessionaires (see above).

Environment Canada’s Cost Recovery program began with a thorough analysis of policy issues arising

### Source in Brief: User Fees

**Financial potential:** Varies with level of visitation and use. It is not unreasonable to expect that the right combination of fees and levies can provide as much as half the operating costs of any given area. Some parks in the United States and Africa, and the Galápagos in Ecuador, provide revenues sufficient to support their own operations and subsidize less visited sites in their national systems.

**Available to:** Privately and most publicly owned protected areas.

**Conditions required:** Physical facilities for fee collection.

**Constraints/limitations:** Legislative changes may be necessary to allow collection of fees, to create dedicated funds (avoid having fees transferred to general treasury), or to establish special fees for nonresidents.

from user fees. In the end, the agency developed a structured approach for implementing a user fee policy, inspired by the classical approach to marketing and beginning with a series of steps similar to those taken by private companies before launching a new product. Over a five-year period ending in 1991, revenues for recreational services in the Canadian Parks Service increased from C\$15.5 million to C\$20.1 million per year.

The guiding principle of the user-fee policy is equity. Activities assuring the continuation of the benefits of parks to the public at large—that is, carrying out the primary mandate of the park service—are not generally subject to user fees. However, user fees based on cost recovery finance services that are geared to distinct user groups (“private” rather than “public” interests, such as camping areas and backcountry maps). The percentage of costs borne by users as opposed to the general treasury depends on the degree of “public” versus “private” benefit generated by each activity.

The largest risk inherent in a user-fee system is the risk of commercialization. A park agency that places its emphasis on user-fee revenues can lose sight of some of its objectives, and tend toward facilities designed to produce income rather than protect natural resources. Other risks include redeployment of scarce personnel resources toward collection of fees rather than protection of resources; controversy and public opposition; and an increased likelihood, in some cases, that the park service may be held legally responsible for accidents suffered by users (Leclerc, 1992).

These risks are outweighed by several advantages of a user-fee system. Park systems that charge fees often find an increased level of respect and professionalism on the parts of both staff and visitors. Fees can be used as a tool for managing use and directing activities to appropriate areas. And resources from both national treasuries and international and private donors can be easier to come by when the parks themselves are generating a good portion of their operating income.

In many cases, a park constitutes the centerpiece of a local tourism industry. The repercussions of a

user fee policy on this industry can be significant. An entry fee is generally a small part of the overall cost of a trip, but care should be taken to structure the entire spectrum of charges and fees so as not to adversely affect the tourist’s experience. Above all, the fee structure should not be seen as excluding local residents in favor of high-paying foreign visitors. And private-sector enterprises should not receive “free” use of public facilities; government agencies should make sure that they assess appropriate licensing or concession fees from businesses operated by the private sector on its territory.

Parks are tourist attractions, economic development tools, and educational and recreational instruments as well as mechanisms for conservation. Each of these functions has distinct clientele. It is possible to see parks as a consumer product, and to envision user fees as a marketing tool. To take into account the interests of various user groups and promote optimum use, Canadian parks have instituted special prices for residents/nonresidents; free days, low-priced annual passes, off-season discounts, package tours, etc.

User fees have a strong impact on park administration. The user-fee system may consist simply of charging an entry fee, or may include a complex range of service fees charged directly or by third parties, individually or in packages. The direct costs of collecting fees include salaries, contracts, installation and maintenance of toll stations, equipment, supplies, and more. There will be additional administrative costs, for example, accounting and control, data processing, and reports, and indirect costs such as personnel training, security, and public relations.

This creates a Catch-22 for already-strapped management agencies: How to start the program when its financial benefits will not be realized until later? The answer usually is to rely on short-term loaned or donated funds, from bilateral and multilateral agencies or donors, for the initial planning and startup phases, and move to reliance on self-generated funds as the program matures.

The planning process should begin by defining the purposes of the user-fee program. The basic orientation may be to adequately finance

environmental protection; to provide installations that promote user enjoyment or economic development; to limit use while increasing revenues; or some combination of these and other factors.

Planners should then analyze political, governmental, touristic, and marketing factors that may affect the success of the program, and the strengths and weaknesses of the park agency relative to implementing a user-fee program. Finally, the success of the program will depend on knowing the potential clientele.

Having analyzed these factors, it should be possible to determine objectives and define the broad outline of the user-fee program. After taking their views into account, it is especially important to consult with client groups and program administrators to receive their input. At this point a detailed program and action plan can be elaborated. The plan should identify what services will be provided; fee structures; modalities of collection, what equipment, supplies, personnel, and installations are necessary; administrative policies, including management and use of revenues generated; control systems; and a plan for program evaluation.

The following are some general observations about user-fee programs based on the Canadian experience:

- The user-fee program should not restrict public access. (To overcome the problem of user fees restricting local access, some park systems allow local residents free access on certain days or for special events.)
- The selection of specific fees and charges should favor those most efficiently collected and managed; and the system should prepare for other changes that will be necessary to support a user-fee system. The most obvious of these are changes in personnel and training that will be necessary to add for the fee-collection process to park management, including training in outreach

and education for the visitors from whom fees will be collected. One obvious danger is that revenues may begin to overshadow conservation goals if the program is not managed carefully.

To the extent permitted by national law, as many as possible of the sources of income to parks should be made proprietary—that is, legally restricted in their use to the national park system or the specific protected area where they are collected. Where national law does not permit this, efforts should be made to change the law. In recent years, Belize, Costa Rica, Ecuador, and the Netherlands Antilles, among others, have permitted the earmarking of funds for national parks.<sup>1</sup> This step can be time-consuming, and may take years to be resolved. However, it is so important that many experts believe that systems that do not invest the necessary level of effort to establish dedicated protected-areas funds are unlikely to achieve long-term operational self-sufficiency.

Efficient use of user fees requires investment in marketing. The agency must define the objectives of the user-fee program and select fees appropriate to those objectives (which may include revenue generation for specific or general purposes, management of visitor numbers, encouraging or discouraging commercial uses, etc.). Studies should determine current and potential visitation. Monitoring can determine whether fees affect visitation. The cost of collecting the fee needs to be determined so that the fee can be high enough to cover costs and provide a profit. Voluntary and third-party fee collections may not produce 100 percent compliance, but the offsetting reduction in cost of implementation may make these options more attractive.

Setting up to collect visitor fees can be as simple as training staff at existing visitor centers, or it can involve significant investment in park infrastructure for long-term returns. In most cases it is probably preferable to begin with programs that are simple to

1 In Ecuador, national legislation permits the Galápagos National Park to receive 40 percent of entrance fees collected—its share was about US\$1.8 million in 1999. Other sources of revenue (figures in US\$ for 1999) include annual operating fees for the 85 boats licensed to operate tours (US\$273,000), fees for visitation by private yachts (US\$123,000), film and video permits (US\$14,000), fines (less than US\$1,000), fees for exportation of scientific samples (US\$5,800), and voluntary donations (US\$155,000).

## Information Resources

### Publications

*Some Mechanisms for Biodiversity Protection in Brazil, With Emphasis on Their Application in Minas Gerais* (2000). Aline Tristao Bernardes. Case study of state value added tax mechanism for protected areas. World Bank.

*Policy Mechanisms for Watershed Conservation* (1999). By Marta Echavarría and Laura Lochman. América Verde Training Manuals No. 1. The Nature Conservancy, Arlington, Virginia. Case studies of various user fees and surcharge mechanisms.

*Financing Protected Areas: Guidelines for Protected Area Managers* (1999). IUCN Economics Unit, Gland, Switzerland, email: [economics@iucn.org](mailto:economics@iucn.org).

*Financing Strategies for Protected Areas in the Insular Caribbean* (1994). By Geoghagen, T. In *PARKS*, Vol. 4 No. 2.

*Meeting Ecological and Economic Goals. The Case of Marine Parks in the Caribbean* (1992). By Dixon, J.A., L.F. Scuro, and T. van't Hof. Second Conference on the Ecology and Economics of Biodiversity Loss of the Beijer Institute, July 29–31, 1992, Stockholm.

*Papers from the 1992 World Parks Congress*

*Revenue Programs in State Parks of the United States* (1992). By Douglas K. Eiken, Director, Division of Parks & Outdoor Recreation Sites, North Dakota Parks & Tourism Department. Paper

operate, and move to more capital-intensive systems as revenues are generated to support their start-up.

The rewards can be substantial. The Natal Parks Board in South Africa, which has invested in the construction of visitor accommodation facilities through its capital budget, now generates some 36 percent of its revenues from state appropriations, 35.9 percent from fees for visitor accommodations. Interest from a parks trust fund provides the remainder, a percentage that is expected to grow as the fund becomes more well endowed.

## Cause-related Marketing

There is no shortage of ideas —many of which have been tested in practice in one or more countries— for local and international marketing schemes to generate funds for protected areas. The key to successful use of

these mechanisms is selecting the combination of funding sources that will provide return on investment and continuing diversity of funding sources.

All of these ideas for income generation will work. Some will take more effort to set up and maintain than others, and this will depend to some extent on the particular characteristics of the protected area or project that they are designed to support. The most common mistake is trying too many at once, and not putting enough investment into each one to evaluate its true potential.

The selection should be limited to a manageable number of mechanisms, with monitoring so that those that produce well can be expanded and those that do not can be replaced. Successful use of these techniques often depends on finding ways to combine them so that they reinforce each other —as in using special events to recruit members and to upgrade

## CASE STUDY: BONAIRE MARINE PARK

The economic mainstay for Bonaire is tourism, particularly scuba diving. The island welcomes some 50,000 tourists per year, half of them divers. The Bonaire Marine Park was created in 1979 to protect the national resources upon which tourism depends. The main attraction is coral formations and their rich marine flora and fauna. The coral formations extend along the entire coastline of the island in a belt that stretches from the high tide line to the isoline 60 meters deep. The park's total area is 8,500 hectares, 5,900 of which are on land and 2,600 marine.

In the early 1990s, diving activity was estimated at 200,000 dives per year. Research indicates that the maximum sustainable level of diving might be twice that number, but that would depend on improved management (dispersing dives so that each site was visited by no more than 4,500 divers per year, for example) and diver education.

When the park was established, the Government of Bonaire contracted its administration to the National Parks Foundation of the Netherlands Antilles, an NGO. This arrangement worked for a few years, but the NGO eventually ran out of funding and was unable to continue managing the area. In 1991, bilateral assistance from the Dutch Government reactivated park management, covering the budget for two years and establishing conditions that Bonaire develop appropriate legal instruments to implement a fee system, and make the park self-financing by implementation of that system.

The fee system established a US\$10 annual fee for divers, which is collected by the marine park through the dive operators. Operators are required to participate in annual courses. As this manual went to press, the park was considering other fees, for guided snorkeling, wind-surfing, and yacht visits, as well as a US\$350 fee for private moorings. Fees may be used only for management of the park —general administrative expense, maintenance of buoys and other installations, surveillance, education and information, research and follow-up, and generation of revenue.

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## CASE STUDY: BRITISH VIRGIN ISLANDS MOORING SYSTEM

The waters of the British Virgin Islands (BVI) are among the most heavily used marine recreational areas in the Caribbean. At one site alone, the wreck of the Royal Mail Steamer Rhone, 100 divers visit per day, from as many as half a dozen dive boats and 30 yachts. The Rhone Marine Park, which is BVI's only designated marine protected area, formed the basis for the development of a comprehensive system of mooring buoys throughout the islands.

The system is managed by the BVI National Parks Trust, a statutory body. The Dive Operators Association, who volunteered equipment, supplies, and manpower for the installation, installed the first moorings in 1985, largely as a result of concern about anchor damage. At the same time, the Trust received a grant from USAID to install yacht moorings in a nearby bay. Since the program began, some 200 moorings have been installed in 17 locations.

Commercial users, government officials, and Trust staff discussed several options for collecting revenues from the users of the moorings, including concession fees for commercial operators, individual visitor fees, and a surcharge on an existing cruise tax. The option selected was Marine Conservation Permits, sold directly by the Trust, which retains all fees and puts the revenues directly back into maintenance and operation of the protected area and the mooring buoys. Anchoring within the protected area is not permitted, so use of the moorings is mandatory. The permit is required to use the moorings. BVI boat owners pay an annual fee of US\$25; charter boats pay a weekly fee of US\$10 to US\$15 depending on capacity, and dive operators pay US\$1 per diver per day. Non-commercial foreign boats pay US\$50 per year; foreign charter vessels, US\$375 per year. For convenience, Dive Operators Association members as well as Trust officials offer permits for sale. Fines for use of the buoys without permits can range up to US\$500.

regular members to higher giving categories, or using sales to generate mailing lists for marketing special events and tours.

This guide attempts to provide information to help protected-area managers analyze the potential productivity of various sources, the difficulty of tapping them, the cost/benefit ratio of effort to potential gain, and other values. Some funding mechanisms promote public awareness and political support along with finances. Others may generate in-kind as well as cash support.

- Many organizations use **special events** to great advantage. One Venezuelan organization netted US\$13,000 from a premiere of a movie. A Jamaican organization made US\$10,000 from a music and dance party. The Nature Conservancy's Long Island Chapter generally makes US\$80,000 or so from its annual dinner dance, which includes an auction of donated items. In general, you can make a great deal of money from special events if you can meet three conditions. First, you

must be able to recruit volunteers to do most of the work rather than relying on paid staff.

Second, you must be able to get goods and services donated rather than paying for them (the film, the hall, the food, the drinks, the performers, the waiters, etc.). Finally, the event needs to have social appeal, to be "the thing to do." If you don't have the power to create this aura on your own, consider joining forces with an existing event.

- **Sales:** Fundación Neotrópica's Heliconia project operates gift shops in the visitor centers of two national parks in Costa Rica, selling shirts, jewelry, postcards, membership in Neotrópica, and a variety of handicrafts. The shops make about US\$40,000 per year, some of which goes back to the parks. Pronatura Yucatán in Mexico makes a few thousand dollars a year from the efforts of tireless volunteers who sell T-shirts to people who visit its projects or attend talks by its staff. Generally, merchandising works best for

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presented at IV World Congress on National Parks and Protected Areas. Caracas, Venezuela, February 1992.

*Improving management in and Around Protected Areas: An Investment Framework* (1992). By IUCN Protected Areas Secretariat, Commission on National Parks and Protected Areas. With World Conservation Monitoring Centre, IUCN-US, CSERGE. IUCN, November 1992.

*User Fees in Natural Parks: Issues and Management* (1992). By Antoine Leclerc Project Manager, Cost Recovery, Environment Canada. Paper presented at IV World Congress on National Parks and Protected Areas. Caracas, Venezuela, February 1992.

*Financing Wildland Systems in South America* (1992). By Carlos Ponce with Arturo Elejalde. Unpublished paper from IUCN archives. Lima, Peru, July 1992.

*Revenue Enhancement and Cost Recovery for Protected Areas in New Zealand* (1992). By David Thom. Paper presented at IV World Congress on National Parks and Protected Areas. Caracas, Venezuela, February 1992.

### Information Resource

*Resources for Success. A Manual for Conservation Organizations in Latin America and the Caribbean* (1993). Edited by Paquita Bath. Institutional Development Program, International Conservation Program, The Nature Conservancy, Arlington, Virginia.

those who can market unique products, and those who can collaborate rather than compete with the existing sales industry. Marketing generally combines well with tourism programs. Visitor centers have proved to be a good location for shops and sales. Volunteers and entry-level staff trained to operate these centers have a high turnover rate as they are recruited to other jobs in the sales industry. The best way to get started is with a brainstorming session including representatives of park management, any NGO that will be involved, and interested members of the business community. A sound business plan is essential. Most of the organizations that have been successful in sales have experimented with various products, expanding production of those that sell well and discontinuing those that do poorly. Clothing such as T-shirts and caps, souvenir items such as post cards, photo books, and key chains, and maps, guidebooks, and other items specifically related to the site have been most successful.

- “Adopt an Acre”: The Nature Conservancy partners in Guatemala, Panama, Costa Rica, and other countries have raised money for park protection and for park endowment funds by selling “deeds” to an acre or hectare of a protected area. For about US\$35 to US\$120, the donor receives a certificate acknowledging his “adoption” of the acre and its wildlife. The certificates have been popular as gifts for Christmas and special events, and classes of schoolchildren have gotten together to raise enough nickels and dimes to buy an acre or two. This program can work well for organizations and protected areas that already have established an audience to market to (members, gift-shop customers, retail, or catalog merchants who will display and sell certificates, etc.). It is also helpful to have a group of volunteers since the work involved is time-consuming (producing certificates, mailing them, thank-you letters and answering correspondence). Best results occur when you have the capacity to identify purchasers who are also potential major givers to the park

or organization, and to follow up with personal thanks and cultivation for additional giving.

- Collecting “spare change”: The possible variations on this theme are endless. If you have a shop with cash registers, or can persuade a retail store to promote your cause, a can or piggybank next to the cash register with a display can encourage people to deposit their change. Some organizations give foreign visitors a self-addressed envelope to use to mail back any leftover currency that they may find still in their pockets at the end of their trip. Variations on this theme have included displays or tables staffed by volunteers at airports or other international exits, and in one case, an airline collecting unused foreign currency from passengers on its departing flights. Tour guides who accompany groups back to their home countries can also perform this service. Displays that ask for a voluntary contribution and provide an envelope and a place to deposit it are featured at many private reserves. In the United States, The Nature Conservancy collected US\$40,000 from “parking meters” set up in zoos, not in the parking lots but near the animals, as a means for asking each visitor to contribute an extra quarter or two. Fundación Natura’s displays in Colombian recreation areas look like gumball machines. Those who deposit the equivalent of a dollar get an encapsulated conservation message. Fairs and other public events provide an opportunity to set up a display table and collect contributions. Some organizations send volunteers door to door.

### Biodiversity Prospecting

Perhaps the best known example of biodiversity prospecting as a source of income for conservation is the 1991 agreement between Costa Rica’s National Biodiversity Institute (INBio) —a private, nonprofit organization— and the U.S.-based pharmaceutical firm Merck & Co. Ltd. INBio agreed to provide Merck with chemical extracts from wild plants, insects, and microorganisms from Costa Rica’s protected areas. Merck would screen these extracts for their

pharmaceutical potential. Merck paid 90 percent of the US\$1.1 million required to establish the sampling program, which trained and employed Costa Rican “parataxonomists,” and agreed to provide technical assistance and training to help establish drug research capacity in Costa Rica. INBio would get royalties on any marketable products identified through the system, 50 percent of which would go to the government’s National Park Fund. This agreement was a watershed in the history of biodiversity prospecting —the exploration of biodiversity for commercially valuable genetic and biochemical resources.

Protected area system managers and conservation organizations interested in biodiversity prospecting, as a potential source of income should consult *Biodiversity Prospecting* (1993 by World Resources Institute, ISBN 0-915825-89-9, Library of Congress Catalog No. 93-60546). This book provides the history of the Costa Rica program, details on the implementation of the program, lists of pharmaceutical companies, and sample contracts for biodiversity prospecting agreements.

## Debt-for-Nature Swaps

Since 1987, when the first debt-for-nature swap took place, almost a billion dollars has been leveraged through that mechanism for conservation. Much of this funding has gone into conservation trust funds or endowments for specified protected areas.

The chart below shows the history of debt swaps for conservation in developing countries, indicating the date of the swap, country whose debt was refinanced, name of the purchaser (NGO or government), face value of the debt (the amount that was actually canceled), what it cost the donor to cancel the debt, and, last item, the conservation funds yielded. In Bolivia, for example, US\$100,000 was used to cancel US\$650,000 of foreign debt. The last number represents how much money was generated for conservation. In Brazil, US\$746,000 was used to cancel US\$2.2 million. This face value then went into the conservation fund.

People wishing to fund protected areas through debt-for-nature swaps will have to study the procedure

quite carefully, but in summary, a swap can be carried out when a country has debt that is not being reimbursed. Especially in cases of commercial debt, the creditor tires of waiting and starts trading it at a lower price, usually on the international secondary market. What a purchaser (NGO or trust fund manager) wants is to purchase the debt from the creditor or secondary market. At a discount it can be 20, 50, 80 cents on the dollar. With the debt in hand, the purchaser approaches his or her own government and requests a redemption of the debt in local currency, either at face value or at some negotiated value higher than what was actually spent in hard currency to acquire the debt. The country benefits by cancellation of hard currency debt, and protected areas benefit by acquisition of local currency resources equal to a multiple of the hard currency amount that was spent.

The ultimate result of a debt-for-nature swap is to generate large amounts of local currency. A protected areas or trust fund manager should look at a number of factors before deciding to go through a debt-for-nature swap. In some cases it’s a bad idea —if a country’s own currency is very unstable (due to high inflation, or expectation of devaluation) the gain may be wiped out quickly. Or if you have a high need for hard currency to purchase equipment, for example, you don’t want to be stuck with local currency that you can’t reconvert. A third reason why not to do a debt swap is if it’s difficult to invest locally, or if returns are low. You need to produce interest, so doing a debt-for-nature swap with all your capital in such a situation is not a good idea.

Debt swaps are a good idea when debt is very cheap. Under that condition, a swap can produce a good premium. Even when debt is not cheap, if there are very good investment possibilities and low inflation in your country, a swap will produce considerable revenues. Another example of conditions under which a swap is a good idea is when it is the only way to access a specific source — for example, if a government or creditor is willing to make a gift of the debt (that you don’t have to put up hard currency for). Sometimes the donor really wants a debt swap to go through. One reason may be

## DEBT-FOR-NATURE SWAPS: EXCHANGES TO DATE BY COUNTRY

### A. COMMERCIAL DEBT

DATE	PURCHASER	FACE VALUE OF DEBT US\$ EXCEPT AS NOTED	COST TO DONOR US\$ EXCEPT AS NOTED	CONSERVATION FUNDS US\$ EXCEPT AS NOTED
<b>Bolivia</b>				
5/93	CMB	NA	NA	397,000
6/92	TNC/WWF/JPM	11.5 M	NA	2.8 M
8/87	CI	650,000	100,000	250,000
<b>Brazil</b>				
6/92	TNC	2.2 M	746,000	2.2 M
<b>Costa Rica</b>				
2/91	Rainforest Alliance	600,000	360,000	540,000
3/90	WWF/TNC/Sweden	10.8 M	1.9 M	9.6 M
4/89	Sweden	24.5 M	3.5 M	17.1 M
1/89	TNC	5.6 M	784,000	1.7 M
7/88	Holland	33 M	5 M	9.9 M
2/88	CI/WWF	5.4 M	918,000	5.4 M
<b>Dominican Republic</b>				
3/90	TNC/PRCT	582,000	116,000	582,000
<b>Ecuador</b>				
6/92	Japan	NA	NA	1 M
3/92	WWF/DKB	1 M.	NA	NA
4/89	WFE/TNC/MBG	9 M	1.1 M	9 M
12/87	WWF	1 M	354,000	1 M
<b>Ghana</b>				
91	DDC/CI/SI	1 M	250,000	1 M
<b>Guatemala</b>				
5/92	CI/USAID	1.3 M	1.2 M	1.3 M
10/91	TNC	100,000	75,000	90,000
<b>Jamaica</b>				
10/91	TNC/USAID/PRCT	437,000	300,000	437,000
4/94	TNC/USAID/Smithsonian	153,000	110,000	153,000
<b>Madagascar</b>				
05/94	CI	200,000	50,000	160,000
10/93	CI	3.2 M.	1.5 M	3.2 M
1/91	CI/UNDP	119,000	59,000	119,000
8/90	WWF	919,000	446,000	919,363
7/89	WWF	2.1 M	950,000	2.1 M
<b>Mexico</b>				
11/96	CI	670,889	440,360	560,752
7/96	CI	495,674	327,393	442,622
1/96	CI	391,000	191,607	254,000
12/95	CI	488,000	246,000	336,500
11/94	CI	290,000	248,395	290,000
06/94	CI	480,000	399,390	480,000
06/94	CI	280,000	236,000	280,000
6/93	CI	252,000	208,000	252,000
1/92	CI/USAID	44,100	355,000	441,000
8/91	CI/BA	250,000	NA	250,000
4/91	CI/MF	250,000	183,000	250,000
<b>Nigeria</b>				
7/91	NCF	149,000	65,000	93,000

DATE	PURCHASER	FACE VALUE OF DEBT US\$ EXCEPT AS NOTED	COST TO DONOR US\$ EXCEPT AS NOTED	CONSERVATION FUNDS US\$ EXCEPT AS NOTED
Panama				
3/92	TNC	NA	NA	30 M
Philippines				
2/92	WWF	9.9 M	5 M	8.8 M
4/91	USAID/WWF	NA	NA	8 M
8/90	WWF	900,000	439,000	900,000
1/89	WWF	390,000	200,000	390,000
Poland				
1/90	WWF	NA	NA	50,000
Zambia				
8/89	WWF	2.3 M	454,000	2.3 M

### B. BILATERAL DEBT

CREDITOR COUNTRY	YEAR	FACE VALUE US\$ EXCEPT AS NOTED	LOCAL FUNDS US\$ EXCEPT AS NOTED	DEBTOR COUNTRY
Canada	1993	Can\$ 18 M	12.2 M	Colombia
	1993	Can\$ 9M	6 M	El Salvador
	1993	Can\$ 33 M	15 M?	Honduras
	1993	Can\$ 18 M	9 M?	Nicaragua
	1994	Can\$ 22.7 M	C\$ 5.69 M	Peru
Belgium	1992	13 M	?	Bolivia
Finland	1990	?	14 M	Poland
	1995	27 M	8.1 M	Peru
France	1992	FF 4,000 M	?	Congo, Cameroon, Côte d'Ivoire, Gabon
	1992	?	11.6 M	Egypt
	1992	?	4 M	Philippines
	1993	520 M	52 M	Poland
Germany	1994	22.97 M	6.1 M	Peru
Holland	1996		.007 M	Peru
	1996	17 M	17 M	Costa Rica
Norway	1993/4	17.3 M	?	Egypt
	1993/4	6.2 M	?	Egypt
	1993/4	10.2 M	?	Nigeria
Sweden	1992	1.1 M	1.1 M	Tunisia
	1993	0.52 M	0.52 M	Tunisia
Switzerland	1993	480 M	48 M	Poland
	1995	83.5 M	16.7 M	Bulgaria
	1995	115 M	69 M	Egypt
	1995	SF 17.5 M	0	Guinea Bissau
	1995	32.2 M	16.1 M	Philippines
United Kingdom	1993	7.3 M?	7.3 M	Nigeria
	1993	15.4 M?	15.4 M	Tanzania
USA	1991	39 M	1.4 M	Chile
	1992	147 M	17.3 M	Chile
	1991	38.4 M	21.8 M	Bolivia
	1991	271 M	9.2 M	Jamaica
	1993	134.4 M	12.3 M	Jamaica
	1992	310 M	41.6 M	Colombia
	1992	335 M	25.6 M	El Salvador
	1992	279 M	15.6 M	El Salvador
	1992	1 M	0.093 M	Uruguay
	1993	38.1 M	3.1 M	Argentina
	1992	3,670 M	367 M	Poland
<b>Totals</b>		<b>7,600 M</b>	<b>873 M</b>	

that they like to see both a debt cancellation and generation of funds for conservation. This may be particularly true of bilateral agencies.

How to maximize the results of your swap: when you negotiate redemption with the Finance Ministry or central bank, you can ask to have the maximum amount of debt redeemed, within whatever limits may have been set by your country. Also negotiate the redemption rate—full face value, 80%—the higher the better. The nature of the redemption is another area that can be negotiated—cash, bonds, length of maturation, and amount of interest. Eventually, try to obtain an account within the treasury indexed on a hard currency. Another tip is to shop around looking for debt. Talk to traders and investment bankers, and try to find debt that is trading cheaply. Debt swaps can be a good deal. They can be used for the initial capitalization of a fund, and can add to the trust fund in a revolving manner. They should not be overlooked as a potential source of capital and recurrent income.

### **The US EAI and Tropical Forest Conservation Act of 1998**

The United States has funded protected area conservation through debt-for-nature swaps in large measure through the Enterprise for the Americas Initiative (EAI). In 1998, the Tropical Forest

Conservation Act (TFCA) extended this program to lower and middle income countries in Africa and Asia. These programs authorize executive agencies of the United States Government to reduce certain forms of debt owed to the USA under the Foreign Assistance Act of 1981 or Title 1 of the Agricultural Trade Development and Assistance Act of 1954. In exchange, the eligible developing country would place local currencies in a fund to be used to preserve, restore, and/or maintain outstanding forests (under TFCA) or to support civil society roles in biodiversity conservation (under EAI). There is also a provision to allow third parties (NGOs) to raise funds to “buy back” debt in exchange for the developing country’s commitment to place local currency in a conservation trust fund.

To qualify for assistance, countries must meet eligibility criteria including (1) democratically elected government; (2) has not provided support for any acts of international terrorism; (3) does not fail to cooperate on international narcotics control matters; (4) does not participate in a consistent pattern of gross violations of internationally recognized human rights; and (5) has participated in any needed investment reforms.

Trust funds established under EAI and TFCA must include on their governing bodies one or more US Government officials (usually a representative of USAID

### **CASE STUDY: ENVIRONMENTAL FOUNDATION OF JAMAICA**

The Environmental Foundation of Jamaica (EFJ) was created from an Enterprise for the Americas Initiative (EAI) in 1991. Jamaica qualified under EAI rules and PL480 “Food for Peace” debt from the United States was used to establish the EFJ. Under the Agreement US\$271 million of debt was forgiven and US\$9.2 million was to be placed in the fund over a 15-year period. Funds from the EFJ were to finance environmental management activities by NGOs to address the environmental issues of the country.

Further, a second Agreement forgave another US\$134.4 million worth of debt and provided an additional US\$12.3 million for the fund which was also earmarked for child welfare and survival projects to be done by NGOs.

To date the EFJ has funded over 421 projects costing in excess of US\$10 million. The fund also reports in its 1999 annual report of having US\$25 million in its investment portfolio that resulted in income of about US\$4 million for that fiscal year.

Although, many major environmental issues remain the EFJ has shown that it can channel funds to environmental initiatives led by NGOs while relieving national debt burdens.

in the country); one or more individuals representing the country government, and a majority of representatives from environmental, community development, scientific, and academic nongovernmental organizations in the country.

Criteria for giving priority to countries requesting participation in these programs go beyond the eligibility criteria and also take into account the significance of the country's tropical forest resources, the degree of threat, the country's "track record" of interest and commitment to sound environmental management, the feasibility of setting up a trust fund (i.e. institutional capacity) and whether the funding is likely to make a significant difference.

Countries in the Wider Caribbean known to have eligible debt as of the writing of this manual include Belize, Costa Rica, Dominican Republic, Eastern Caribbean, Guatemala, Haiti, Jamaica, Mexico, and Panama.

The text of the TFCA can be retrieved from the US Library of Congress web site: <http://thomas.loc.gov>. Further information is available from USAID missions in country, or from The Nature Conservancy's

Conservation Finance and Policy Department, 4245 North Fairfax Drive, Arlington, Virginia 22203; Fax: (703) 841-4880, email: [iclarke@tnc.org](mailto:iclarke@tnc.org).

## Joint Implementation and Carbon Offset Projects

Joint Implementation (JI) and carbon offset projects stem from agreements developed under the Convention on Climate Change. Their fundamental element is reduction of the concentration of "greenhouse gases" in the atmosphere by conserving forests that "sequester" carbon in their biomass. The implementation of such a project requires a partnership among a firm subject to carbon emission restrictions, and an entity (usually an NGO or an NGO-government partnership in the cases to date) that can demonstrate specific carbon offset benefits of conservation of a particular area, and assure that the conservation will take place. These projects are complex and expensive and must conform to detailed regulations. Such a project requires the endorsement of the national government and approval by the Climate Convention governing body. ■

### CASE STUDY: RIO BRAVO CONSERVATION AND MANAGEMENT AREA, BELIZE

The Rio Bravo Carbon Sequestration Pilot Project in Belize is one of the first fully funded forest-sector projects implemented under the U.S. Initiative on Joint Implementation. The Project takes place at the Rio Bravo Conservation and Management Area (RBCMA) on 104,892 hectares of mixed lowland, moist subtropical broadleaf forest. Programme for Belize (PFB), a local NGO, manages the project and the private reserve overall. In addition to PFB, a number of energy producers provided the US\$5.6 million to fund the first 10 of 40 years of the project. Investors include Cinergy, Detroit Edison, PacifiCorp, Suncor, Utilitree Carbon Company, and Wisconsin Electric Power Company.

Through the prevention of deforestation and sustainable forest management practices, the project seeks to reduce, avoid, and mitigate approximately 2.4 million metric tons of carbon over the life of the project. The project is proving that a well-designed forest conservation and management project can produce significant net carbon benefits that are scientifically valid and long lasting. The project has contributed to biodiversity conservation, improved soil quality, and water quality in the reserve area, and through the promotion of technology transfer and sustainable development, has provided such local benefits as local economic development, forest resource, and habitat conservation. Project activities include both conservation (prevention of deforestation through land acquisition and management) and sustainable forest management and reforestation (improved timber operations and ecosystem management practices).

## IV. FUNDRAISING FROM INTERNATIONAL DONORS

### Information Resources

*Toolkits for Activists: A User's Guide to the Multilateral Development Banks* (1999). Bank Information Center. Booklets and newsletters on such topics as "Getting Access to Information from the World Bank," "The World Bank's Master Plan for Your Country," and "The World Bank's Policy Framework."

Bank Information Center  
733 15th Street NW Suite 1126  
Washington, DC 20005, USA  
Tel.: (202) 737-7752  
Fax: (202) 737-1155  
Internet: [www.bicusa.org](http://www.bicusa.org)

*Development Business*, a twice-monthly newspaper published by the UN, is a valuable source of information about the World Bank, Asian Development Bank, Caribbean Development Bank, Inter-American Development Bank, African Development Bank, and UN Development Programme. It is geared toward entities seeking to win contracts funded by these agencies, but can also serve to keep you up-to-date on projects being planned in your area. One year costs US\$350. You may be able to find it at libraries or the offices of any of the listed institutions in your own country, or borrow copies from local businesses that subscribe.

Development Business  
United Nations — One UN Plaza  
GCPO Box 5850  
New York, NY 10163-5850, USA

### Multilateral Donors

The term "multilateral donors" refers to the banks (World Bank, International Finance Corporation, Inter-American Development Bank, etc.) and international agencies (for example, of the United Nations, European Community, etc.) that support economic development by channeling resources from the developed world. These resources come in the form of loans to central governments, special projects, grants, and sometimes support for private-sector activities.

In recent years, support for conservation programs from the multilateral development banks has increased significantly. The major new thrust is the Global Environment Facility. However, regional development banks such as the Inter-American Development Bank are developing additional forms of conservation finance.

In general, multilateral bank funding is available only to governments or to private-sector projects expressly approved by governments, in the context of a Country Assistance Strategy (CAS). Typically a development bank grant or loan for establishment and maintenance of national parks and protected areas would come in the context of support for implementation of a national conservation plan. Sometimes conservation funding might also be attached to an infrastructure development project — for example, as mitigation to the environmental effects of developing roads, railways, dams, etc.

Most development agencies are not authorized to use their resources to finance land acquisition or payment of indemnification in case of expropriations. If a proposal for the establishment of a national park includes these items, it is generally necessary to inquire first about the donor/lender's regulations. Some that do not finance acquisitions directly may be able to participate in indirect financing, such as through debt swaps, or in related activities such as

feasibility studies, land titling, boundary demarcation, and the like.

Development agencies simply cannot cope with numerous small requests for isolated needs such as participation in conferences, translations, publications, and so forth. These should be planned for and made part of larger, more comprehensive projects.

Projects submitted to development agencies, especially multilateral banks, usually must have the backing of the appropriate government agencies, and generally be submitted by or with those agencies. There are exceptions, as in the case of the Inter-American Development Bank's small projects that finance NGOs directly. But generally, obtaining an official priority for the project is considered necessary for success.

Many people believe that the key to achieving funding is using political influence, or seeking sponsors within the agency to promote the advancement of a proposed project. But this is a double-edged sword. A good project will almost always be well received, with or without patrons. Attempts to use political influence have as much chance of causing resentment among those who will actually administer the project as of advancing it.

### The Global Environment Facility

Established in 1991, the Global Environment Facility (GEF) has become the world's largest single source of funding for projects that conserve biological diversity and protect international waters. To date, the GEF has approved more than US\$600 million for projects conserving biodiversity.

The GEF is a global trust fund, overseen by an international Council and a Secretariat headquartered in the World Bank. Three agencies — the World Bank, the United Nations Development Programme (UNDP), and the United Nations Environment Programme

(UNEP) actually oversee GEF projects (these are the “Implementing Agencies”). In general, projects involving investments are submitted to the World Bank; projects involving technical cooperation and capacity-building are submitted to UNDP, and projects involving scientific research are submitted to UNEP, although these distinctions are often blurred. The GEF has several financing “windows”:

- **Large (multimillion-dollar) projects** involving creation of new protected area(s), establishment/development of management regimes and agencies, etc. —available mainly to eligible governments, although in a few cases these have gone to establish non-governmental conservation trust funds linked to protected area systems. Application is made through the appropriate Implementing Agency (generally World Bank or UNDP). The average project receives US\$5.5 million and takes several years to implement. A typical process involves initial negotiations with the Implementing Agency (IA), application for Project Development Funding, preparation of a detailed project proposal in collaboration with a task manager or team from the IA, approval of the project as part of the work plan of the IA, submission to the GEF Council, and, following approval, implementation and supervision under the normal procedures of the IA. **For more information:** contact in-country offices of World Bank or UNDP.
- **Medium-Sized Projects** (up to \$1 million). This window is especially attractive for NGO-executed projects, and activities focused on one or two protected areas (as opposed to an entire national system). Eligibility and use requirements are the same as for larger projects, but the review process is expedited (projects up to US\$750,000 can be authorized by the GEF Secretariat without review by the Council). The number of applications or projects from a particular country is not formally limited. Application begins with a very brief concept document which is reviewed by the GEF before the applicant invests in a full-scale proposal. Both GEF and IUCN have

## SOURCE IN BRIEF: GEF

**Funding available to:** Government agencies, and in some cases NGOs, in eligible countries (generally developing countries that have ratified the Biodiversity and Climate Change Conventions, although international organizations and academic institutions may also qualify).

**Type of funding:** grants

**Use restrictions:** may be used only for incremental costs to achieve globally significant benefits in biodiversity, international waters, climate change, and protection of the ozone layer.

**For more information:** [www.gefweb.org](http://www.gefweb.org)

prepared excellent reference materials and guidelines for conceptualizing, designing, and submitting medium-sized projects. See

**Information Resources** in this page.

- **Small Grants Programme.** In more than 45 countries, the GEF operates a Small Grants Programme (SGP) that provides grants up to US\$25,000 to community groups for qualifying activities. The SGP is administered by a national coordinator and advisory council in each country. These grants are particularly appropriate for sustainable use and alternative livelihood activities in buffer zones and surrounding areas, or community mobilization for conservation. **For information** about how to apply locally contact national GEF Focal Points.

## The Inter-American Development Bank

One of the Inter-American Development Bank (IADB)'s fundamental objectives is to foster sustainable development in Latin America and the Caribbean by integrating social, economic, and environmental objectives in its operations. Natural resource management lending by the IADB has ranged from US\$20 million to more than US\$100 million per year during the 1990s. One example of a loan used to support protected areas in the Wider Caribbean is the

## Information Resources

Every GEF-eligible country nominates **focal points** who are key national contacts for coordination of GEF programs. Typically there is an operational focal point (often in the ministry or department of environment), a political focal point (finance/planning ministry), and sometimes an NGO focal point. In-country offices of GEF Implementing Agencies (UNDP, World Bank) can usually provide contact information for these people.

The GEF Web site, [www.gefweb.org](http://www.gefweb.org), contains information kits on medium size projects, copies of recent evaluation reports, project briefs, and information on various policies and programs.

An information packet on medium-sized projects, including an introductory brochure, answers to frequently asked questions, sample project briefs and concept papers, and application forms for project development funding, is available from the GEF Secretariat, 1818 H Street NW, Washington, DC 20433, USA. This packet is generally available at in-country UNDP and World Bank offices as well.

You can subscribe to a newsletter, “GEF Lessons Notes,” disseminating findings from monitoring and evaluation of GEF projects, by visiting the monitoring and evaluation page of the GEF Web site, sending an email to [geflessons@gefweb.org](mailto:geflessons@gefweb.org), or writing the GEF Secretariat's Monitoring and Evaluation Unit at the address above.

IUCN has published several very useful guides to the GEF aimed at NGOs. *The Global Environment Facility from Rio*

*continued on page 36*

US\$88 million Program for the Sustainable Development of Darien Province, Panama, including protection of the Darien National Park. Another is IADB support for Belize's Coastal Zone Management Act, and financing linked to policy reforms leading to the eastern Caribbean's first permanent coastal zone management program, in Barbados.

*continued from page 35*

*to New Delhi: A Guide for NGOs* is a 64-page booklet with a good orientation to the GEF, explanation of the processes by which funding is allocated, discussion of each of the four focal areas (biodiversity, international waters, climate change, and ozone depletion), options for NGO involvement, and a directory of contacts. *Biodiversity, International Waters and the GEF: An IUCN Guide to Developing Project Proposals for the GEF* is a step-by-step guide that clearly explains criteria and procedures and includes samples of the "products" — project brief, concept paper, annexes, etc. — that need to be submitted at each stage of the process. For copies, contact IUCN Publications Services Unit, 219c Huntingdon Road, Cambridge CB30DL, UK. Fax: (44) 1223-277175, email: [iucn-psu@wcmc.org.uk](mailto:iucn-psu@wcmc.org.uk).

The Ad Hoc NGO Working Group has prepared a case study of GEF procurement policies entitled *Partners or Hired Hands? Procurement Reform for Effective Collaboration Between NGOs and Multilateral Organizations*. For copies, contact Irma Clarke, Conservation Finance and Policy Program, International Conservation Program, The Nature Conservancy, email: [iclarke@tnc.org](mailto:iclarke@tnc.org).

The Bank's Environment Division plays an important role as a source of innovation and a clearinghouse for environmental information. Recently the IADB has made improvements to its Web page to make information about publications, upcoming events, and programs of interest more accessible. The Web page is divided into sections: Integrated Water Resources Management, Urban Environment and Pollution Control, Forestry and Biodiversity Conservation and Management, Coastal and Marine Resources Management, Sustainable Agriculture and Rural Development, Energy Conservation and Alternative Sources of Energy, and Environmental Management, Law and Economics. The Web page is accessible at <http://www.iadb.org/sds/enve.cfm>.

*An Annual Report on the Environment and Natural Resources* is available from the Environment and Natural Resources Divisions, Inter-American Development Bank, 1300 New York Ave., NW, Washington DC, 20577, USA. Electronic copies of this and other publications on the environment can be obtained from [www.iadb.org/sds/env](http://www.iadb.org/sds/env).

## The Organization of American States; Other Treaty and Technical Organizations

The Organization of American States (OAS) has provided considerable technical support for protected area planning efforts in the Wider Caribbean, and worked on linking tourism development with protected areas. It is not a source of direct financial support.

There are a host of other international centers, agencies, and bureaus that can provide technical assistance and occasionally funding for protected areas and conservation projects. Some examples:

- The International Commission on Monuments and Sites (ICOMOS);
- The International Commission on Museums (ICM);
- The World Tourism Organisation (WTO);
- The Intergovernmental Committee on Migrations;
- Treaty secretariats for the RAMSAR, CITES, Climate Change, Biodiversity, Desertification, and other conventions.
- The UNEP Regional Seas program.

## Bilateral Donors

In a brief publication such as this it is virtually impossible to give a full orientation to the community of bilateral donors, whose programs

### ECOENTERPRISES FUND/FONDO ECOEMPRESAS

In a ground-breaking partnership, The Nature Conservancy and the Multilateral Investment Fund of the Inter-American Development Bank have created the EcoEnterprises Fund (Fondo Ecoempresas), a US\$10 million fund that offers venture capital and technical support to environmentally responsible business projects in Latin America and the Caribbean. The fund will help achieve two crucial goals: spurring the growth of small and medium-size companies, and promoting the conservation of one of the Earth's most biologically important regions.

The Fund provides equity and loans to enterprises undertaken by private businesses in cooperation with local NGOs. Over a 10-year period (1999-2008), the fund will support up to 25 ventures meeting rigorous investment and environmental criteria. Some of the types of ventures that might be associated with protected areas include ecotourism and non-timber forest products. The Fund will be based in Costa Rica. For more information, email: [ecoenterprises@tnc.org](mailto:ecoenterprises@tnc.org).

can be as diverse as the countries they represent. Generally, it is best to research bilateral donors in-country by making inquiries at embassies and aid missions as well as organizations that have received bilateral donor support in the past. Bilateral donors that have been most active in the Wider Caribbean include the U.S. Agency for International Development (USAID), the Canadian International Development Agency (CIDA), the Canadian International Development Research Centre (IDRC), the United Kingdom's Overseas Development Administration (ODA), the Japan International Cooperation Agency (JICA), the German agency GTZ, Norad (Norway), DANIDA (Denmark), and Dutch and Swiss aid agencies.

It is often possible to collect information about these agencies and their current programs through the World Wide Web, either by visiting the agency's own site, [www.usaid.gov](http://www.usaid.gov) or by launching a keyword search using the agency's name. Generally, if a country provides bilateral assistance to your country, you can get general information from that country's embassy or the local office of its aid agency.

There are several ways to access bilateral agency funding:

- Direct, government-to-government grants and loans;
- Project proposals submitted by protected areas agencies, NGOs, consulting firms, or combinations of these types of organizations, usually in response to a formal Request for Proposals (RFP), or a Small Grants Program;
- Collaboration with donor-country conservation agencies (for example, the U.S. National Park Service, National Oceanic and Atmospheric Administration, National Marine Fisheries Service, U.S. Forest Service), which often receive funding from aid agencies for their international programs;
- Collaboration with NGOs in the donor country, who often receive funding from the agency to carry out programs overseas; and
- Debt reduction or buy-back arrangements that result in generation of local currency for conservation.

## International NGOs

Private organizations, with their relatively simple organizational structure and experience in obtaining results from limited budgets, are an attractive source of short-term and project-specific funding for protected areas. Organizations such as the World Wide Fund for Nature and World Wildlife Fund, are among the best known sources of private funding, but worldwide, there are many organizations operating on a local, national, and regional scale. Besides donating funds directly, private organizations can help catalyze national trust funds and debt-for-nature swaps, and can serve as sources of information and references to various funding mechanisms.

In general, NGO programs tend to focus on "projects." That is, they should not be counted on as long-term sources of operating funds, but rather to support discrete activities such as development of management plans, staff training, environmental education and community outreach programs, and new program initiation. NGO-donated funds generally come with restrictions on how they may be used.

## Philanthropic Foundations

It is difficult to find reliable information about the extent of private philanthropic giving for protected areas and biodiversity conservation in the Wider Caribbean, and much of the information that has been widely circulated is out of date. However, one can gain some understanding of the scope of the possibilities from the latest data (1997) on giving by U.S. charitable foundations for all international activities—more than US\$500 million, of which about 40 percent goes directly to overseas organizations and 60 percent to U.S. organizations with overseas programs.

There are a few basic points to be understood about foundation donors at the outset:

- A partnership with a conservation organization in the country where the prospective foundation donor is located can be a very useful point of entrée.
- Foundations are not generally a source for recurrent costs of basic management, nor do

### Information Resources

The Foundation Center, [www.foundationcenter.org](http://www.foundationcenter.org), is the best place to start research on foundations, corporations, and other institutional donors based in the USA. The Foundation Center maintains libraries in New York and Washington, DC (hint: recruit a volunteer to research there); sells directories and guidebooks including the *Foundation Directory*, *Foundation Grants Index*, and directories of international and environmental grantmakers; offers reference librarian services (some free online, others for a fee); and gives short courses on donor research and proposal writing, among other subjects. The Web site includes digests from philanthropy-oriented publications on trends in philanthropic giving. Libraries include many reference books on topics touched in this publication.

*The Complete Guide to Top U.S. International Foundation Grantmakers* from Chapel & York Ltd, London. A volume for nonprofits outside the U.S. wishing to fund raise from U.S. foundations. Lists interests, limitations, and deadlines for 95 U.S. foundations which accept unsolicited applications; give over US\$500,000 per year; and support international projects. 1998, 111 pp. Available at US\$55 includes shipping. Credit card orders: Center for Civil Society International (Seattle, WA, USA), tel.: (206) 523-4755; Fax: 523-1974, Internet: [www.friends-partners.org/~csi/](http://www.friends-partners.org/~csi/); for information, email: [info@chapel-york.com](mailto:info@chapel-york.com).

they generally support “core” activities of government agencies. Look to foundations to support special projects (developing a research program/research center, launching a public awareness campaign, involving conservation organizations with surrounding communities in efforts to support resource-based livelihoods).

- The activities that a foundation can support must meet the definition of charitable purposes in the country where the foundation is located.
- Foundations have missions, goals, and objectives. Your project will have a much greater chance of success if it is presented in terms of meeting those aims. (Information about specific foundations’ aims can be researched through directories, libraries, or copies of their annual reports.)
- Foundations are publicly regulated in the countries where they are registered. Their missions, officers and directors, and grant-making data are generally a matter of public record, and most will respond to requests for information. Many foundations issue guidelines for prospective grantees, and it is wise to consult these before making an approach.

The MacArthur Foundation has given institutional supporting grants which include purchase of equipment, meeting costs, public awareness programs, etc. to many organizations such as the Jamaica Conservation Development Trust (directly involved with protected area management) and the National Environmental Societies Trust (an umbrella organization with members that are involved with protected areas management) both in Jamaica. Grants were for three year periods and were about US\$600,000 and US\$250,000 respectively.

## Corporations and Individuals

### Corporate fundraising

Corporations are usually the most difficult type of donor from which to secure major support. They typically require a large investment of time in meetings and presentations, and long cultivation periods. In addition, some corporations have complex decision-

making processes, and it can take a long time to get a donation approved. The exceptions are generally corporations that need to bolster their “green” image (resource exploitation companies) or corporations with a direct stake in the success of the conservation area or program (cruise lines, the food and beverage industry, travel industries).

This is not to say that you should cross corporate fundraising off your list of potential sources, merely that you should choose your potential partners carefully, investing effort where it is likely to have the greatest return. Some tips:

- Start with a tangible effort—a trail, an interpretive signboard, a beach clean-up—that can be supported by a limited number of corporate patrons, say, 10 corporations contributing US\$250 each. Brainstorm a list of the companies most involved or likely to contribute, and recruit a corporate representative to chair the solicitation process. Be flexible about accepting in-kind as well as cash contributions, have a backup financing plan to make sure the project gets completed even if you don’t get as many corporate sponsors as you planned, and then make sure that the sponsors get good publicity and recognition for their efforts. Build on this goodwill with further events, calling on corporate officers pleased with earlier outcomes to assist with future projects.
- Work with local branches of international firms to gain access to their corporate foundations and corporate giving programs.
- If your list of involved and supportive corporations includes a significant number who actually use the protected area, analyze whether there is a way to issue permits or capture use fees—even if on a voluntary basis—rather than asking for straight donations.
- Think of the possibilities for corporate sponsorship of popular events—a school science day, students’ conservation poster exhibit, and student conservation clubs. Don’t take on activities outside the mission of the protected area simply to win corporate support, but if you do schedule public outreach activities, especially

those involving schools and students, look to service industries such as banks, insurance companies, travel agencies, and soft-drink bottlers as potential sponsors.

- Maintain a visitor registry that asks people for their name, address, telephone or email, business affiliation, and comments. Review the registry for frequent visitors who may have helpful affiliations.
- Talk to business leaders about the social and charitable activities their companies support and why. Ask them for advice about how to structure a corporate giving program that would appeal to them and their colleagues.

## Gifts from Individuals

In general, individuals are the easiest type of donor to raise money from —easy, that is, in the sense that you do not have to write a proposal, meet deadlines, or twist your program needs to meet their giving guidelines. Individuals are also the most flexible and most likely to give donations that you can use according to your own priorities. Most successful conservation organizations in the USA —indeed, most successful nonprofits in any sector— raise three-quarters or more of their income from individuals.

The trick is in the art of identifying individuals who are likely prospects for giving, and then asking them to make a contribution. The “ask” is an art and an act of courage, but it is a rare donor who gives without being asked. The more personal the request, the more likely the gift. Basically there are three steps to successful solicitation of individual donors. You must *inform and educate* them about the conservation program, and what needs to be done. You must *inspire* them, helping them to develop a personal vision of how their contributions will make a difference, and you must sincerely *ask* them to help make that difference.

Generally, a specific request is better than a general one (one of the most successful visitor-outreach campaigns we know of told potential donors, “We need US\$50,000 to build a boardwalk interpretive trail through this marsh, that’s US\$20 a board, won’t you contribute a

board or two?”). Several protected areas have used devices such as a visitor registry or raffle to collect names and addresses of visitors, and then following up with a personal letter requesting a donation. Even simple programs such as a “spare change” box in a gift shop, or a pitch by tour guides (with special donation envelopes) at the end of a tour can generate donations. Always remember to get the names and addresses of people who give, thank them, tell them how their gift has helped, and ask them to consider giving again.

## Planned Giving

Planned giving —that is, charitable donations made through a person’s will or estate, or by other mechanisms such as insurance and annuities— is one of the fastest growing and most lucrative aspects of charitable giving in developed countries today. There are many options available to individual donors. These include designating a gift to a protected area or conservation organization in a will; naming a conservation organization as the beneficiary of a life insurance policy; donations of properties or securities with or without provisions for the donor’s “life estate” (right to continue living in or using the property throughout his/her lifetime) or lifetime income from the securities; establishment of charitable trusts; and purchase of annuities. Most protected area system managers and conservation organizations will have far less sophisticated knowledge of these options than the potential donors themselves, but if you are approaching individual donors for contributions, it is worth developing some knowledge about the inheritance and tax laws that might affect local and international donors inclined to set up their giving as part of their estates or investment plans. You may also wish to cultivate a financial advisor who might volunteer services to develop information on options available in your country.

## Memberships

In contrast to the “pay-per-visit” concept of user fees, membership programs provide a vehicle for voluntary support by a constituency that may or may not actually visit the sites.

A “Friends of the Park” program or collaboration with existing NGOs provides an excellent opportunity to channel individual contributions directly to protected-area management. Staff can establish mechanisms to collect donations on site or to capture visitor information (names and addresses) for later fund-raising contacts. Some protected areas make this information available to NGOs for cooperative fund-raising efforts.

The very fact that people are willing to become members of a conservation NGO or a park-supporting group is a source of prestige and clout, both in the political process and in convincing potential donors to invest. Membership dues can be a significant source of income. Members can make other contributions as well: volunteer work, word-of-mouth publicity, providing information, buying products and tickets to benefit events, and identifying potential donors.

Memberships and how to build them are the subject of many books and reference materials. Members are individuals or entities (businesses, for example) who join an organization (usually by paying a membership fee) and in return receive benefits of membership. The primary benefit is to be part of an organization supporting a cause they believe in. Additional benefits may include free admissions, discounts on merchandise, a subscription to a bulletin or newsletter, invitations to special events, etc. A common mistake that organizations make in beginning

membership programs is to offer so many benefits to potential members that the program eventually costs more to run than it brings in. It is always important to remember that the main benefit of membership is support of the cause.

Membership development is the process of building, renewing, upgrading, and maintaining a membership to provide ongoing income, as well as a source of volunteers and community support. It is covered in detail in The Nature Conservancy’s manual “Resources for Success,” and in other publications.

In general, the proceeds will range from US\$20–50 from approximately one to 10 percent of the people you identify as prospective members (that is, friends, visitors, people who are already members of similar groups, etc.). The more direct contact you have had with the people you invite to become members, the more likely the results are to be in the upper range of the estimate.

Corporate memberships have ranged from \$50 to \$5,000 and are most successful when solicited in person by corporate peers who are connected with the organization soliciting the donation (usually members of the board of directors of an NGO, or members of the park’s private advisory committee, for example). Renewal of existing members is absolutely essential to the long-term success of a membership program and, unfortunately, is often overlooked. ■

## V. SOURCES OF INFORMATION AND TECHNICAL ASSISTANCE

### Publications Listed in “Information Resources” Boxes Throughout the Manual

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