CBD

Convention on Biological Diversity

Distr.
GENERAL

UNEP/CBD/WG-PA/2/4
29 November 2007

ORIGINAL: ENGLISH

AD HOC OPEN-ENDED WORKING GROUP
ON PROTECTED AREAS
Second meeting
FAO, Rome, 11-15 February 2007
Item 3.2 of the provisional agenda*

EXPLORATION OF OPTIONS FOR MOBILIZING, AS A MATTER OF URGENCY, THROUGH DIFFERENT MECHANISMS ADEQUATE AND TIMELY FINANCIAL RESOURCES FOR THE IMPLEMENTATION OF THE PROGRAMME OF WORK

Note by the Executive Secretary

EXECUTIVE SUMMARY

The Conference of the Parties (COP) decided to include financial needs assessments, exploration of options on innovative financing mechanisms, and options on innovative mechanisms to develop public-private partnerships, as one of the substantive issues for consideration by the Working Group at its second meeting for mobilizing adequate and timely financial resources for the implementation of the programme of work.

Information on financial needs assessment for implementing the programme of work is available only for few least developed countries, small island developing States, other developing countries and countries with economies in transition. Estimated annual funding gap for implementing the programme of work by these countries as per available information ranged from US$ 3.28 million to US$ 142.25 million.

A wide range of innovative financial mechanisms with considerable potential for raising protected area finances is available and about forty such mechanisms are presented in the note. There are better opportunities to raise funding for protected areas pursuing innovative financial mechanisms that mix regulatory, voluntary and market-type initiatives, to supplement traditional sources. A majority of the innovative mechanisms are yet to be institutionalized, warranting to foster their development, pilot implementation, adoption and scaling up.

Public-private partnerships in the sectors of ecotourism, watershed services and drinking water provision, offer opportunities for improving the economic sustainability of protected areas, enhancing the quality of services and efficiently leveraging investment in conservation. Innovative mechanisms for the development of public-private partnerships include, *inter alia*, the demonstration and creation of markets for protected area goods, services and benefits, government interventions through the creation of enabling conditions, and the introduction of a tax system to correct market failure.

* UNEP/CBD/WG-PA/2/1.

/…

By combining sound financial planning, improved financial management capacity, transparency, accountability and a diversified financial portfolio (combination of traditional and new financial mechanisms), funding for protected areas can be improved.

SUGGESTED RECOMMENDATIONS

1. The Ad Hoc Open-ended Working Group on Protected Areas is invited to welcome the UNDP/GEF project "Supporting country action on the programme of work on protected areas under the Convention on Biological Diversity".

2. The Working Group on Protected Areas may also wish to recommend that the Conference of the Parties at its ninth meeting:

(a) *Urges* Parties to:

(i) Undertake speedy completion of country–level sustainable financing plans including the development of necessary legislative, policy and institutional measures to administer and implement the plan;

(ii) Develop a diversified financial portfolio of both traditional and innovative financial mechanisms by strengthening traditional financial mechanisms and considering adoption, development and implementation of one or more new and innovative financial mechanisms among the ones listed in table 3;

(iii) Create enabling environments and develop innovative mechanisms for promoting public-private partnerships;

(iv) Identify and remove policy and legislative barriers hindering the diversification of sources of income for protected areas including retention of revenue generated at site level;

(v) Enhance effectiveness of resource utilization by improving the quality of protected area projects;

(vi) Mainstream and integrate protected areas to development agendas including to the achievement of Millennium Development Goals for raising the funding portfolio for protected areas;

(vii) Consider a fund-raising target for implementing the programme of work;

(viii) Submit a report on the progress regarding the follow up to this recommendation, as a part of the in depth review of the programme of work on protected areas by the Conference of the Parties at its tenth meeting.

(b) *Urge*s donor countries to report on measures taken to implement paragraphs 24 (b), (c) and (d) of of decision VIII/24; and

(c) *Invites* the Global Environment Facility to:

(i) Consider increasing funding for the implementation of the programme of work on protected areas including increasing the size and scope of the UNDP/GEF project to cover additional activities of the programme of work, as well as to extend support to other developing countries and countries with economies in transition; and

(ii) Support proposals for the development of innovative financial mechanisms.

I. INTRODUCTION

1. In decision VII/28, in which the programme of work on protected areas was adopted, the Conference of the Parties (COP) recognized the need for adequate financial resources and technical support to developing countries for implementing the programme of work. In particular, in paragraph 9 of this decision, the Conference of the Parties urged Parties, other Governments and funding organizations to mobilize adequate and timely financial resources for the implementation of the programme of work by developing countries. In paragraph 29 (b) of decision VII/28, the Conference of the Parties suggested that the Ad Hoc Open-ended Working Group on Protected Areas should assist Parties, other Governments and funding organizations in implementing paragraph 9 of that decision. The first meeting of the Ad Hoc Open-ended Working Group on Protected Areas was held from 13 to 17 June 2005, in Montecatini, Italy, and made recommendations to the Conference of the Parties on options for mobilizing financial resources for the implementation of the programme of work by developing countries, in particular the least developed and small island developing States, and countries with economies in transition. At its eighth meeting, the Conference of the Parties considered the recommendations of the Working Group and adopted decision VIII/24.

2. In decision VIII/24, the Conference of the Parties invited Parties to design and elaborate appropriate financial plans to meet the costs of effectively and sustainably implementing and managing national protected area systems. In this decision, the Conference of the Parties invited the Global Environment Facility (GEF) and urged donor countries to support implementation of the programme of work on protected areas. The Conference of the Parties decided to include exploration of options for mobilizing adequate and timely financial resources for the implementation of the programme of work as one of the substantive issues for consideration by the Working Group at its second meeting. The Conference of the Parties also decided that under this item the Working Group consider (i) financial needs assessments; (ii) options on innovative financing mechanisms; (iii) options on innovative mechanisms to develop public/ private partnerships; and (iv) coordination of technical and financial support to improve efficiency and effectiveness.

3. The Executive Secretary has prepared the present note to facilitate the Working Group's consideration of item 3.2 of its provisional agenda (UNEP/CBD/WG-PA/2/1). Section II of the note describes the financial-needs assessments based upon information received from Parties. Options on innovative financing mechanisms are dealt with in section III. Options on innovative mechanisms to develop public/private partnerships and coordination of technical and financial support to improve efficiency and effectiveness are dealt with in sections IV and V respectively.

4. An earlier draft of this note was posted for review from 14 October to 20 October 2007, in accordance with notification 2007-118, and comments received were incorporated as appropriate.

II. FINANCIAL-NEEDS ASSESSMENTS

5. In the programme of work on protected areas, the Conference of the Parties to the Convention called for establishment and implementation of country-level sustainable financing plans by 2008 for ensuring financial sustainability of national systems of protected areas. 1/ The assessment of financial needs and gaps for implementing the programme of work is one of the first steps in developing sustainable financing plans. Based upon information provided by the Parties on implementation of the programme of work and information gathered during sub-regional workshops, 2/ To date, only a few countries are in the process of completing country-level sustainable financing plans.

6. The Executive Secretary requested Parties to submit information on financial needs assessment through one of the key questions of the matrix on the implementation of the programme of work on protected areas annexed to the notification (number 2006-125) dated 30 November 2006 and the

1/ Activity 3.4.2 of the programme of work on protected areas.

2/ UNEP/CBD/WG-PA/2/2.

subsequent reminder notification (number 2007-32) dated 1 June 2007. Only the Governments of Australia, China and India provided information on the financial needs assessment for establishing and effectively managing protected area systems in their respective countries. Information on cost estimates for the implementation of the programme of work on protected areas in Bahamas, Belarus, Colombia, Philippines, Trinidad and Tobago and the European Union was presented in an information document (UNEP/CBD/COP/8/INF/6) in response to paragraph 10 of the decision VII/28. During the Donors' Meeting held in Montecatini, Italy, immediately after the first meeting of the Ad Hoc Open-ended Working Group on Protected Areas, some developing countries, small island developing States and countries with economies in transition, namely Cuba, Indonesia, Liberia, Palau, Panama and the Russian Federation, provided information on funding estimates and funding short falls for implementing the programme of work on protected areas. 3/ The Nature Conservancy (TNC) 4/ submitted information on system level financial plans in some countries where TNC has country support programmes. In six countries of South America, namely Bolivia, Brazil, Colombia, Chile, Ecuador and Peru, financial gap analysis has been completed and the estimated funding gap is presented. Based on this information, the financial needs assessment for implementing the programme of work is presented in table 1. Information on financial needs assessment for implementing the programme of work is available for only 19 least developed countries, small island developing States, other developing countries and countries with economies in transition. Estimated annual funding gap for implementing the programme of work by these countries ranged from US$ 3.28 million to US$ 142.25 million.

7. Three separate studies estimated the total annual cost for effective management of the existing protected areas in developing countries to range from US$ 1.1 billion to US$ 2.5 billion per year 5/ and the funding shortfall (total cost minus current funding) to vary between US$ 1.0 and 1.7 billion per year. Since the Convention on Biological Diversity came into force in 1993, the world's protected areas grew almost by 100 per cent in number and 60 per cent in size, yet for the same period, international financing for biodiversity conservation grew only 38 per cent, 6/ warranting enhanced funding for implementing the programme of work.

Table 1: Overview of financial needs estimates, available financial resources and funding gaps for implementing the programme of work on protected areas (million US $) in some countries

Country	Financial needs estimates	Available financial resources	Funding gaps
Least Developed Countries Liberia 7/	7.00	NA8/	NA
Small Island Developing States Bahamas 9/	30.20	2.11	28.09
Cuba 10/	32.00	3.00	29.00
Palau 10/	2.50	NA	NA
Trinidad &Tobago[9]	42.32	4.21	39.26

3/ UNEP/CBD/COP/8/INF/26

4/ UNEP/CBD/WG-PA/2/INF/8

5/ James, A., Gaston, K., and Balmford, A. (1999). Balancing the earth's accounts. *Nature* 401: 323-324; Bruner, A., Gullison, R.E., and Balmford, A. (2004). Financial costs and shortfalls of managing and expanding protected area systems in developing countries. *Bioscience* 54:1119-1126; Vreugdenhil, D. (2003). Modeling the Financial Needs of Protected Area Systems: An Application of the Minimum Conservation System Design Tool. Paper presented at the Fifth World Parks Congress, 8-17 September 2003, Durban, South Africa.

6/ P.Gutman and S.Davidson (2007). A Review of International Financial Mechanisms for the Conservation of Biodiversity with Special Focus on the International Financing of Developing Countries' Protected Areas.

7/ UNEP/CBD/COP/8/INF/26, per year

8/ Not Available

9/ UNEP/CBD/COP/8/INF/6

10/ UNEP/CBD/COP/8/INF/26, per year.

Country	Financial needs estimates	Available financial resources	Funding gaps
Other developing countries Brazil 11/	NA	NA	142.25
Bolivia 12/	NA	NA	10.73
Chile 12/	NA	NA	40.47
China 12/	60.00	NA	NA
Colombia 12/	NA	NA	11.80
Ecuador 12/	NA	NA	3.50
Ecuador Galapagos 12/	NA	NA	NA
India 13/	840.00	NA	NA
Indonesia 7/	40.50	5.50	35.00
Panama 7/	36.00	NA	NA
Peru 12/			34.35
Philippines 9/	110.40	24.90	85.50
Countries with economies in transition Belarus 9/	4.42	1.14	3.28
Russian Federation 14/	95.00	62.00	33.00
Developed countries Australia 15/	250-350	NA	NA
European Union 16/	7600	NA	NA

III. INNOVATIVE FINANCING MECHANISMS

8. Traditionally, protected areas are funded through Government budgetary allocations, bilateral and multilateral aid, tourism, NGO and charity funding (table 2). In recent years, a lot of attention has been given to the search for new and innovative national and international financial mechanisms for protected areas to supplement the traditional sources. 17/ Proposed mechanisms range from reforms of the international monetary system (which currently looks highly improbable) to voluntary mechanisms that may need only the interest of a few Parties to get them started (e.g. joint implementation, charity lotteries, or voluntary offsets).

11/ UNEP/CBD/WG-PA/2/INF/8, estimated annual gap 2005-2006.

12/ Submission to the Secretariat on the review of implementation of the programme of work in 2007, per year up to 2010.

13/ Submission to the Secretariat on the review of implementation of the programme of work in 2007, per year up to 2012.

14/ UNEP/CBD/COP/8/INF/26, per year at federation level only.

15/ For achieving the target of 80% comprehensiveness of the reserve system by the 2010 deadline based on the submission to the Secretariat on the review of implementation of the programme of work in 2007.

16/ UNEP/CBD/COP/8/INF/6, EU estimates are per year for the management of Natura 2000 once fully established.

17/ Bishop, J. Kapila, S.; Hicks, F. and Mitchell, P. (2006). Building Biodiversity Business. Report of a Scoping Study. Shell International Ltd. and IUCN: London UK; Emerton L., Bishop J., and Thomas L. (2006). Sustainable Financing of Protected Areas: A Global Review of Challenges and Options. IUCN; Gutman, P. (ed.). (2003). From Goodwill to Payments for Environmental Services: A Survey of Financing Options for sustainable natural Resource Management in Developing Countries, WWF, Washington, DC, USA; Verweij, P.A. and de Man M. (2005). We Cannot Afford More Biodiversity Loss: The urgency of protected area financing. Report, Greenpeace International, Amsterdam, the Netherlands; UNEP/CBD/WG-RI/2/4.

Table 2: The most common traditional financial mechanisms for protected areas (Source: Gutman and Davidson, 2007 18/)

Level	Financial Mechanism
Local	- Protected areas entrance fees - Tourism related incomes - Local markets for sustainable rural products - Local NGO and charity funding - Local business good will investments
National	- Government budgetary allocations - National tourism - National NGO fundraising and fund granting - National business good will investments
International	- Bilateral aid - Multilateral aid - Debt-for Nature-Swaps - Development banks and agencies - GEF - International NGOs fundraising and fund granting - International foundations - International tourism - International businesses good will investments

9. Further to the request in paragraph 28 (c) of decision VIII/24, the Macroeconomics for Sustainable Development Programme Office of the WWF conducted a detailed study 18/ on international financial mechanisms with a special focus on the international financing of protected areas in developing countries. In this study, Gutman and Davidson (2007) reviewed some 60 mechanisms, both traditional and innovative, ranging from major overhauls of the world's financial system to using cell phones to elicit donations from the public, which may have potential for raising funding for protected areas. They have described these mechanisms in terms of their importance as a current source of funding, recent trends, future prospects and suitability of the mechanism to fund protected areas or buffer zones or production landscapes. From this study, 39 innovative mechanisms, which either have never been attempted or for which there are few examples of their use, have been identified and presented in table 3 below. Detailed report of this study has been submitted as an information document (UNEP/CBD/WG-PA/INF/8). Many of these mechanisms have been well researched and more detailed information on them can be found in the publications mentioned under footnotes 17 and 18.

Table 3: Innovative financial mechanisms (modified from Gutman and Davidson, 2007 16/)

Financial Mechanism	Main actors	Comments
High income countries budgetary allocation 1. Contributions to a global environmental fund, or bilateral investment based on the donor global ecological impact. 2. Joint implementation of the	Governments	**Current Importance:** None or minimal **Recent trend:** Technical and policy discussions stage **Future prospect:** **19/** Moderately good. **Suitable for:** Protected areas / Buffer Zones

18/ P.Gutman and S.Davidson. (2007). A review of international financial mechanisms for the conservation of biodiversity with special focus on the international financing of developing countries' protected areas (UNEP/CBD/WG-PA/INF/8)

19/ As assessed by the literature and expert discussions. For more details, see Gutman and Davidson, 2007

Financial Mechanism	**Main actors**	**Comments**
programme of work on protected areas in which high and low income countries, agree to jointly implement the POWPA		
Specific taxes as a source of revenue 3. A tax on international aviation 4. A tax on international navigation 5. A tax on the use of the stratosphere 6. A tax on trade on tropical woods 7. A tax on the use of oceans (fisheries and ocean bed) 8. A tax on greenhouse gasses 9. National (or international) auction of (some) carbon credits or other cap-and-trade permits.	Governments	**Current Importance:** Low **Recent trends:** France has recently implemented mechanism 3 to pay for health aid 20/ **Future prospect:** Slow progress. Some (e.g. mechanism 7) have made it to international treaties, but information on implementation not available. Others (e.g. mechanisms 3, 8) have been tabled many times. Mechanism 9 medium. **Suitable for:** Protected areas / Buffer Zones
Sharing the costs with future generations 10. A long-term Green Bond	Governments	**Current Importance:** None **Recent trends:** Technical and policy discussions stage **Future prospect:** Moderately good. **Suitable for:** Protected areas / Buffer Zones /Production landscape
11. Green lotteries	Governments Non-Profit organizations, Business (voluntary)	**Current Importance:** Low **Recent trends:** Growing **Future prospect:** Large opportunities **Suitable for:** Protected areas / Buffer Zones /Production landscape
Newer good-will fund-raising instruments 12. Sister Parks (North/South or South/ South) 13. Adopt a Park 14. Round ups 15. Internet charity shopping 16. Affinity credit cards 17. Cell phone based donations	Non-Profit organizations, Business (Voluntary)	**Current Importance:** Low **Recent trends:** Growing **Future prospect:** Good. **Suitable for:** Protected areas / Buffer Zones
Businesses initiatives 18. International businesses good will environmental investments 19. Businesses' codes of conduct and voluntary standards 20. Private-Public Partnerships 21. Private- NGOs Partnerships	Non-Profit organizations, Business	**Current Importance:** Medium **Recent trends:** Growing **Future prospect:** Good **Suitable for:** Production landscape
Green markets 22. Eco Labelling schemes 23. Promotion of green consumption and production 24. International trade in organic, fair-trade, sustainable products 25. International green investment funds	Non-Profit organizations, Business	**Current Importance:** Medium **Recent trends:** Growing **Future prospect:** Mechanisms 22 and 23 very large opportunities, mechanism 24 slow growth outside the clean energy sector **Suitable for:** Production landscape

20/ www.rfi.fr/francais/actu/articles/092/article_55734.asp

Financial Mechanism	Main actors	Comments
Payments for ecosystem services 26. Regulated International market for bio-carbon offsets 27. Voluntary International market for bio-carbon offsets 28. Voluntary payment for ecosystem services (PES) for watershed protection 29. Voluntary households environmental offsets 30. GEF payments for global biodiversity conservation 31. Voluntary international business biodiversity offsets 32. Regulated international business biodiversity offsets	Non-profit organizations, Business	**Current Importance:** Mechanisms 26 to 30 Medium to low / 31 Low/ 32 None **Recent trends:** Mechanisms 26 to 31 Growing / 32 None **Future prospect:** Mechanisms 26, 27, and 28 Very large opportunities / 29 and 31 Moderate growth, 30 and 32 Low **Suitable for:** Protected areas / Buffer Zones /Production landscape
Long term ODA Commitments 33. An International Financial Facility **International Taxes** 34. A tax on currency transactions (CTT /Tobin tax) 35. A tax on international trade 36. A tax on international arms trade 37. A surcharge on international post and telecommunication 38. A tax on the internet or bit tax 39. Charges for exploration in or exploitation of Antarctica	Governments	**Current Importance:** None **Recent trends:** Discussions in the UN. Some European country Governments have at times endorsed some of them. Academic and technical discussions. **Future prospect:** Very improbable **Suitable for:** Protected areas / Buffer Zones /Production landscape

10. There has been significant development in the establishment of some new financial mechanisms and strengthening of some traditional mechanisms for protected areas. Some examples are:

(a) In Mexico, an increase of the gasoline tax was approved (5.5 per cent) in October 2007. 21/ Of this increase, 12.5 per cent will be used to support investments in the environment sector, including protected areas. In addition, the budget of the National Protected Area Commission (CONANP) was increased by over 40 percent in 2006; 22/

(b) Guatemala is in the process of establishing a new debt-for-nature swap that will benefit the protected area system with US$ 1.5 million per year in the next 15 years. 19/ Additional swaps have taken place in Costa Rica 23/ and Panama; 22/

(c) New protected area trust funds are being established in Colombia and Costa Rica;

(d) Water-based payment for ecosystem services and related endowment funds are being established in Colombia and Brazil, following the success of the Water Fund established in Ecuador in 2006; 22/

(e) In Peru, as a result of the new Free Trade Agreement, funding for the forest sector will be augmented to support illegal logging control in and outside protected areas; and

21/ http://www.nytimes.com/2007/09/15/business/15peso.html?partner=rssnyt&emc=rss

22/ TNC personal communication

23/ Recently approved. Costa Rica, USAID, TNC and Conservation International agree to US$ 26 million debt for nature swap, http://www.scidev.net/content/news/eng/costa-rica-and-us-swap-debt-for-nature.cfm

(f) The environmental compensation scheme in Brazil has the potential for significant increase of funding support to the protected area system once it is fully operational. 24/

11. Legislative, political, and institutional constraints inhibit efforts to develop innovative financing strategies to help close the funding gap for protected areas. Financial planning and cost-effective management are not typically part of the operational culture of protected area agencies. All too often, agency managers are ill equipped and poorly motivated to engage in long-term financial planning, seek out new funding sources, or to adopt cost-effective practices. These barriers are common to protected area systems around the world. A UNDP/GEF supported study conducted in Panama, Ecuador, Bulgaria, Vietnam, Thailand and Gabon identified the following barriers for achieving system-level financial sustainability: 25/

(a) Government budget allocations are below the estimated needs. Conservation programmes attract low levels of political support and the environmental sector is generally in a weak bargaining position relative to other sectors in getting budgetary allocations. Finance ministries tend to favor investment in economic development and export-led growth;

(b) Protected areas are poorly integrated into national development policies, and are prevented or discouraged from generating or retaining revenues from alternative sources. At the same time, institutional systems and structures are overly bureaucratic and not conducive to cost-effective operations, such as co-management arrangements. The division of responsibilities between different institutions is often poorly defined with burdensome administrative procedures and with ineffective processes of participation, governance and accountability;

(c) Protected area managers are ill equipped and poorly motivated to diversify funding sources or adopt cost-effective operations. In most cases, individual protected areas and protected area systems have not developed strategic financial plans to support their management plans, and it is not uncommon that basic protected area management plans are not even in place. In addition, countries have not put in place a set of long-term financing mechanisms to adequately meet the needs of their protected area systems. Over-reliance on few funding mechanisms leaves them vulnerable should sources dry up. Furthermore, the managers lack financial planning frameworks that will enable the systematic assessment of financing needs, the viability of new revenue sources, and the development of system-wide financing strategies to meet those needs. Absence of financial information and business plans makes it more difficult to engage donors, the private sector, and ministries of finance, which are key actors to address resource allocation issues across protected area systems;

(d) Limited technical knowledge on screening, assessment, formulation and implementation of new mechanisms and market opportunities to improve protected area financing. Information, knowledge, and expertise on payment for ecosystem services (PES) and other mechanisms for generating financial returns are not available among protected area system personnel.

12. Thus, a wide range of innovative financial mechanisms with considerable potential for raising protected area finances is available. The majority of innovative mechanisms are yet to be institutionalized, warranting their development, pilot implementation, adoption and scaling up of these new mechanisms. There is a need, and better opportunities exist, to raise funds for protected areas by pursuing innovative financial mechanisms that mix regulatory, voluntary and market-type initiatives. Investments in experimenting with such mechanisms, building capacity and organization of training workshops to implement such innovative finance initiatives should therefore be a high priority for donors, Governments, and international conservation organizations. At the same time there is a need to strengthen and augment the traditional mechanisms.

24/ http://www.cifor.cgiar.org/Publications/Polex/polexdetail.htm?pid=544

25/ Financial Sustainability of National Systems of Protected Areas (Bulgaria, Ecuador, Gabon, Panama, Thailand and Vietnam) UNDP/GEF Project document 2006.

13. Traditional funding mechanisms like national government budgets, bi-lateral and multilateral aid, tourism, contributions from NGOs and charity foundations account for the bulk of the protected area funding and will probably remain so for many years to come. It is now increasingly recognized that in order to generate sufficient funding to protected areas, it is critical to move from the "site-level approach" (focusing on individual protected areas) to the "system-level approach" (focusing on the entire system of protected areas), assessing financial needs and gaps as well as financial viability and diversifying financial mechanisms, in accordance with country level sustainable financing plans. There is a need for addressing problems related to financial management capacity, and developing the enabling finance-related governance framework to stimulate generation and retention of revenue for protected areas. There is no one-size-fits-all solution for raising protected area financing. However, by combining sound financial planning, improved financial management capacity, transparency, accountability and a diversified financial portfolio (traditional and new financial mechanisms), funding for protected areas can be improved.

IV. INNOVATIVE MECHANISMS TO DEVELOP PUBLIC-PRIVATE PARTNERSHIPS

14. Protected areas are generally managed by public institutions. However, they provide space for interaction between public and private sector including non-governmental organizations and for intersecting public and private interests. The current lack of sufficient public funding for protected areas makes a case for responsible marketing of protected area goods and services through public-private partnership to augment protected area financing. In addition, the frequent requirement by donors that the receiving partner identifies funding to match their own contributions further enhances the need for innovative finance. There are some successful public-private partnerships in protected areas particularly in the areas of ecotourism, watershed services, drinking water provision, production of forest produce. These partnerships offer for improving the economic sustainability of protected areas, enhancing the quality of services and efficiently leveraging investment in conservation.

15. Based on the private partner involved, three categories of public-private partnerships in protected areas could be identified with different levels of responsibility and risk for the private partner:

(a) Public-private partnerships with conservation organizations, local communities or NGOs. In this partnership, the private partner performs a public function on behalf of the Government, such as the conservation of biological diversity through the management of protected areas);

(b) Public-private partnerships with corporations; and

(c) Public-private partnerships with financing institutions. In these partnerships the private partner uses the public natural assets to provide services and generate income) 26/

16. Accountable marketing of protected areas goods and services offers a way to capture significant economic value from protected areas. Public-private partnerships can play an important part in this. They offer a powerful policy tool for improving the economic sustainability of protected areas, enhancing the quality of services and efficiently leveraging investment in conservation. Three case-studies showcasing successful public-private partnerships in protected areas are presented in the boxes1 to 3.

26/ UNEP/CBD/COP/8/INF/21; Managing national parks: How public- private partnerships can aid conservation. Note number 309, June 2006. World Bank Public Policy Journal: Accessible at http://rru.worldbank.org/documents/publicpolicyjournal/309Saporiti.pdf

Box 1. Cajas National Park, Ecuador

Cajas National Park was declared a National Recreation Area in 1977, and became a National Park in 1999. In 2000, the Ministry of Tourism and Environment decentralized management of the Park to the Municipality of Cuenca. In part due to the importance of Cajas as a source of clean water, in 2003, the Municipality delegated responsibility for managing the Park to the newly created "Cajas National Park Corporation," a dependent of ETAPA, the Municipal Company responsible for potable water.
The corporation now manages the Park independently. It performs the two functions of managing the park and providing clean water. To finance these objectives, ETAPA placed a 1% water use fee on consumption of potable water to support the park. Private management of the park has also resulted in a significant increase in earning from park use, including from camping, fishing, and filming. Funds from these sources have allowed ETAPA to significantly increase the flow of funds to Park management, and also to support a range of activities that promote integrated watershed conservation and sustainable local development. In addition to park management activities, for example, ETAPA also supports environmental education, collects recyclable goods and solid waste, works with farmers, and has purchased land around the park to further improve watershed.

Enabling conditions for this partnership include the existence of a recognized environmental service (water) from a national park, and Government willingness to grant management responsibilities of this service to a private institution. The mechanisms for making this partnership beneficial to both parties include devolution of several important rights to the corporation (to tax, to manage a park), along with an obligation to provide the corresponding services (park and water management, broader environmental services).

Source: http://www.etapa.net.ec/PNC/default.aspx

Box 2. South African National Parks (SANParks)

The South African National Parks (SANParks), created in 1998 from the transformation of the National Parks Board, became a successful autonomous entity in the development of the ecotourism industry. In 1999, SANParks developed the concept of "commercialization as a conservation strategy". Part of this strategy was the concession of exclusive rights to commercial use of lodge sites together with the surrounding parkland. Since starting to implement the strategy, SANParks has leased 12 lodges, 19 shops, 17 restaurants, and 4 picnic sites to private partners. The 20-year concession contracts for lodges (with no right of renewal or first refusal on expiration) include environmental and social obligations and penalties for noncompliance. The concessionaires pay SANParks an annual fee calculated as a percentage of the turnover bid during the tender process. In 2004, lodges, shops, and restaurants generated concession fees of US$ 13.5 million, and lodges attracted private investment of US$42.5 million. SANParks is now independent from Government transfers for more than 75 percent of its operating revenue.

The commercialization strategy has vastly improved SANParks' standing in the eyes of stakeholders, reduced unemployment in neighboring communities, and created economic opportunities for previously disadvantaged ethnic groups. As a result of this success, the national government increasingly views national parks as a tool for economic development and has stepped up its annual financial commitment to SANParks. Thanks to the increase in public funds and the additional revenue from its partnerships, SANParks has been able to expand the land under its protection by 5 percent in the past 10 years.

Source: Managing national parks: How public- private partnerships can aid conservation. Note number 309, June 2006. World Bank Public Policy Journal

Box 3. Chumbe Island Coral Park Ltd (CHICOP)

African Parks was created in 1994 as a private company. In 2003, African Parks started developing partnerships with African governments to manage and finance protected areas. Within two years, the company had signed six concession contracts in the Democratic Republic of Congo, Ethiopia, Malawi, Sudan, and Zambia, with terms of 5–30 years.

African Parks has created many small private companies for the purpose of managing a single conservation area. One such company is Chumbe Island Coral Park Ltd. (CHICOP), which since 1994, has managed the first marine park in Zanzibar. The island of Chumbe is a sustainable model of a protected area run on a commercial basis. The profits from ecotourism are reinvested exclusively in conservation and education for tourists and local communities. The revenues fully cover operating expenses (CHICOP receives no public funding), but are insufficient to repay the initial investment in environmental restoration and tourism infrastructure (around US$ 1 million, donated by the private project sponsor and by institutional donors). Thanks to the public-private partnership, the over fished and depleted reef adjacent to the marine park has been restocked and the reef has become one of the richest and most pristine in the region, with 370 species of fish and more than 200 species of coral. The coral "forest" covering the island is one of the last intact in Zanzibar and has become a sanctuary for highly endangered species.

Source: Managing national parks: How public- private partnerships can aid conservation. Note number 309, June 2006. World Bank Public Policy Journal

A. Key enabling conditions for developing public- private partnerships

17. For successful implementation of a public-private partnership, there are several important parameters to be met. From the lessons learned in the case-studies examined, the following key-enabling conditions have been identified:

(a) Mutual willingness of the partners: The goals or desired results of the partnership should be clearly described to reinforce the participation of each partner in the implementation of the partnership. The private partner should be able to carry out the activities more efficiently than the Government, and benefit from doing that (e.g, through profit, from meeting its non-profit mission, etc.) Enlisting partner(s) with a high level of interest in conservation and sustainable development of resources is crucial for forging partnerships;

(b) Good understanding of environmental characteristics: It is very important to clearly understand and document the relationship between land use, the provision of the protected area goods and services, and the economic benefits. This gives private partners a degree of certainty that the intervention upon which their investment is based will realize the quantity and quality of the service;

(c) Good governance: Principles of good governance (transparency, accountability and environmental protection) and ensuring obligations and rights of each party clearly are key to public-private partnerships. There is a need to find tools to better implement good governance principles;

(d) Minimal transaction costs: The costs of establishing and maintaining public-private partnerships are often relatively high and a constraint to their development. The key is to establish a mechanism where the costs of capturing the protected area goods and services are lower than the benefits it provides;

(e) Dialogue between stakeholders and sharing of information: Forums for stakeholders and organizations involved in public-private partnerships need to be established and strengthened in terms of governance, negotiation, conflict resolution, monitoring, information sharing, and natural resource management.

B. Innovative mechanisms to develop public-private partnerships

18. Innovative mechanisms for the development of public-private partnerships include *inter alia*:

(a) Demonstration of protected area goods, services and benefits to enlist support from public and private organizations;

(b) Creating markets for protected area goods and services (water, recreation/tourism, forest products, pollen supply, etc.);

(c) Government interventions through creating enabling conditions, including granting of resource management rights to a private partner, introduction of a tax system to correct market failure etc.

V. COORDINATION OF TECHNICAL AND FINANCIAL SUPPORT TO IMPROVE EFFICIENCY AND EFFECTIVENESS

19. For the implementation of the programme of work on protected areas, adequate funding alone is not sufficient, it should be backed with adequate and focused technical support including availability of tools, methods and approaches, for efficient use of available funds. Experiences from subregional workshops have demonstrated that funding opportunities may have greatest impact when they are reinforced by mechanisms that facilitate technical support. In those countries that have established national coalitions or partnership agreements with NGOs, progress in the implementation of the programme of work is more pronounced. These partnerships usually provide technical support on implementation of various activities, in addition to helping leveraging funds.

20. The note by the Executive Secretary on review of implementation of the programme of work (UNEP/CBD/WG-PA/2/2) includes suggestions on the establishment of regional technical support networks and national coalitions for the implementation of the programme of work on protected areas, and the continuation of regional workshops. These activities have a direct bearing on the coordination of technical and financial support. Details of these measures are included in the review document. The coordination of technical and financial support is an important condition for achieving the targets of the programme of work and for improving the effectiveness of available funding.
