

## *Forest Conservation Trust Fund of Sri Lanka*

### *by Sunil Liyanage*

#### **I. History**

All the protected forests managed by Sri Lanka's Forest Department — consisting of about 80,000 hectares of lowland rainforest (one World Heritage Site and 32 Conservation Forests) — are managed with foreign funding. For example, the Sinharaja World Heritage Forest has been managed with funding from the Norwegian Foreign Assistance for Development (NORAD) since 1988. However, continuous dependence on foreign funding is not a viable solution for protected area management. This has become evident with the withdrawal of World Bank funding for forest conservation management since 1996. Consequently, the Forest Department has undertaken initiatives to generate funding by establishing a trust fund.

The formulation of the fund started in early 1995 – subsequent activities lasting to the latter part of 1996 including strategic planning to finalize methods of fundraising. This fundraising process may be reviewed in two to three years.

The establishment of the fund was a lengthy and tedious process. It was first necessary to obtain initial Cabinet approval. Next, the concurrence of a Government Trustee who administers the Trust Fund Act was required. Then a report from discussions of senior staff of the Forest Department, Ministry, NGOs, etc., was needed. The draft report had to be sent to legal draftsmen for an agreement necessary for the smooth functioning of the fund. Once the trust fund document was ratified, it was again necessary to obtain Cabinet approval. Subsequent approval was obtained through a Parliament Bill presented by the Minister in charge of forestry. The trust fund became effective from the date of parliamentary approval in October 1996. Public awareness and interest in conserving Sinharaja forest areas have highlighted the importance of biodiversity conservation.

The limited funds for protected area management influenced the establishment of the fund. The NORAD assistance of US\$54,000 as initial capital enhanced efforts to establish the fund.

#### **II. Goals**

The fund's main objective is to generate funds for protected area management to supplement State funding and external sources. The overall goal is conservation of biodiversity of the protected area network under the Forest Department. Specific objectives are:

- Management of the protected areas for biodiversity, soil and water conservation;
- Promotion of public awareness, through education programs, on the need to protect forests;
- Improvement in the livelihood of the people in and around protected areas through training and provision of a well coordinated assistance program of efficient buffer zone management;
- Provision of visitor facilities and ensuring their proper use;
- Provision of facilities needed in the implementation of the management plans prepared for protected areas;
- Provision of necessary training to officers and others involved in the implementation of the management plans; and
- Assistance to research programs in the protected areas and their buffer zones in relation to forestry, conservation of biodiversity, soil, water, and socioeconomic aspects.

### III. Legal Structure

The fund was established as a government organization under the Trust Fund Act. The fund operates according to the finance policies of the country.

### IV. Governance/Administration

The fund is governed by a Board of Governors formed with Cabinet approval. The eight-member board is composed of the Conservator of Forests as Chairperson; the Deputy Conservator of Forests as Secretary; the Secretary to the Ministry in charge of forestry; the Secretary to the Treasury; the Secretary to the Ministry in charge of the environment; the Director of the Department of Wildlife Conservation; and two members appointed to represent voluntary organizations which are actively involved in conservation activities in the operational areas of the fund.

The Chairperson convenes a meeting at least once every three months or when it is deemed necessary. The Chairperson and the Secretary to the Board both work at the Forest Department thus facilitating the general administration of the fund.

The fund, supervised by the Forest Department, has a separate staff allocated for its purposes. The full-time employees of the fund are an administrative assistant and a financial assistant. Other positions will be filled as necessary when the fund becomes fully active in late 1997.

### V. Funding

Initial funding came from the NORAD grant of US\$54,000. Other funds come from an annual State budget allocation; income generated from protected areas as visitor fees; accommodation charges from conservation centers, circuit bungalows, camping and other sites within the

operation area; grants, donations and bequests from local and foreign sources; and court fines that may be diverted to the fund.

### VI. Fundraising

The fund will be revolving, and used as a funding source for protected area management. Revenues from visitors to Sinharaja World Heritage Site and other protected areas — more than 25,000 people annually — generate about US\$4,500 each year. Accommodation charges over US\$30,000 per year are also debited to the fund. Grants and donations will be directed to the fund as necessary. There are currently no international funding sources. However, there is considerable research interest both locally and internationally in these protected areas. A small fee will be charged to all researchers as a grant/donation to the fund.

### VII. Investment Policy

- The financial regulations and investment guidelines still need to be decided by the Board of Governors. A separate account will be maintained for the fund in a State bank. The board has considered fixed income securities in a suitable bank. For the smooth functioning of the fund, the Board of Governors has been given the following powers:
  - Acquire, hold, take or give on lease or hire, mortgage, pledge, and sell or otherwise dispose of, any movable or immovable property of the fund;
  - Employ a person to manage the fund;
  - Enter into and perform, directly or through any officer or agent authorized in that behalf, all such contracts for managing the fund;
  - Open and maintain current, savings or fixed deposit accounts in a bank;

- Invest the money belonging to the fund in a manner determined by the board;
- Accept and receive grants, donations and bequests, both movable and immovable property, from sources in Sri Lanka and abroad;
- Make rules in the management of the fund; and
- Perform all such acts that may be necessary to give effect the provisions of this Act.

### **VIII. Relation to National Environmental Plans**

The objectives of the fund are within the broad objectives of the National Environmental Action Plan, national conservation strategies and national forest policies. The generation of funds for the conservation of forests is stipulated in the national forestry master plan where fundraising and other strategies have been formulated.

### **IX. Criteria for Grants**

The Board of Governors decide the criteria for making grants on an individual basis, provided disbursement procedure is in accordance with the general financial regulation of the State. The board can decide on an individual basis if any disbursement can deviate from State regulations. The operation area can be decided by the Board of Governors but within the policy objectives of the fund. These conditions safeguard the diversion of finances away from fund goals and objectives. Before fund disbursements, the Forest Department has to prepare an annual plan with the participation of community based organizations in the protected areas. This annual plan should be presented for approval by the board at the beginning of the year. Upon the board's approval to implement the annual plan, the Secretary to the Board takes the necessary actions to release the funds to the Forest Department and other agencies if required. Funds disbursement takes at least one month.

### **X. Disbursements to Date**

The fund has just started, so no disbursement has yet been made.

### **XI. Monitoring and Evaluation System**

A monitoring and evaluation system is being developed.

### **XII. Auditing Requirements**

The fund has to follow the State auditing procedures. The internal audit division of the Forest Department and Government Audit Department conduct continuous and annual audits. All audit reports are presented by the Secretary to the board for approval.

### **XIII. Other Provisions**

- No suit or prosecution shall lie against the fund or any officer or servant of the fund, for any act which in good faith is done by him, or on the direction of the board;
- Any expenses incurred by any person as referred to above in any suit or prosecution brought against him before any court, in respect of any act which is done or purported to be done by him or on the direction of the board, shall if the court holds that the act was done in good faith be paid out of the fund unless such expense is recovered by him in such suit or prosecution;
- No writ against person or property shall be issued against a member of the board in any action brought against the fund;
- The board may make such rules as it may consider necessary in relation to any matter affecting or concerning, or incidental to, the exercise and performance of its powers, and duties; and

- > All employees of the fund shall be deemed to be public servants within the meaning, and for the purpose, of the Penal Code.

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