

# MPA NEWS



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## Creating Self-Financing Mechanisms for MPAs: Three Cases

Marine protected area practitioners regularly face the challenge of meeting their conservation goals with a budget that is less than needed. Short on funding, MPA managers must limit their conservation programs and visitor services.

This situation is what attracts many practitioners to the concept of finding additional resources besides those budgeted. By harnessing the economic potential of an MPA -- as by charging fees on visitors -- they can use that revenue to support the costs of resource protection.

Around the world, MPA practitioners have instituted self-financing programs, and in many cases these programs have played an important role in supporting protected areas. Nonetheless, the art of self-financing an MPA is still very much evolving. This month, MPA News examines the different strategies that three sites -- a national marine park, a private MPA, and a set of community-managed no-take areas -- have taken in pursuing self-financing as a key part of their funding.

### Bonaire: Implementing a revenue generation plan

With a reputation as a scuba diving paradise, Bonaire National Marine Park (BNMP) in the Netherlands Antilles has since 1992 covered the cost of basic park operations through a fee charged to divers. Revenue from the US \$10 fee covers such expenses as management salaries, boats and vehicles, mooring maintenance, outreach materials, and law enforcement. Routinely, this has amounted to 80%-90% of BNMP's total budget; the remaining expenses -- including boat purchases, research, and monitoring -- have generally been covered through grants. BNMP receives no government funding.

In recent years, however, BNMP managers have felt a financial pinch, due to rising expenses and a diving fee that has remained flat. In 1998, BNMP management described the park's financial situation as "poor" and in need of changes.

Kalli De Meyer, BNMP manager for nine years before leaving late last year, says BNMP's financial challenges stem from the fact that the \$10 fee, which comfortably covered the marine park's running costs in 1992, is now too small. "Back then, the marine park consisted of a manager and two rangers, one boat, and two vehicles," she said. "Since 1992, costs have skyrocketed; we had inflation running at 7%-10% for several years. Additionally, the marine park has grown into its task and now employs a manager, four full-time rangers and four part-time members of staff. The amount of work and the ambitious projects undertaken by the park have likewise snowballed."

De Meyer points out that the number of divers since 1992 has also increased -- from 19,500 in 1992 to around 28,000 now -- but the net result has still been a deficit for the park.

In response, BNMP staff crafted a program in 1998 to expand revenue generation. The program proposed the following measures, among others:

- To increase the diving fee to US \$20, OR to charge a US \$10 fee to all users of the park (the staff proposed implementation of either of these, but not both)
- To implement fees for public and private moorings in the park
- To obtain tax-exempt status in the USA for donations
- To explore possibilities for the sale of BNMP merchandise in retail outlets

Management has already applied some of these measures. In 1999, BNMP's multistakeholder management body (STINAPA, a Dutch acronym) -- consisting of conservation, tourism, and island interests -- approved the charging of a \$10 fee to all users of the park except for islanders, children under 12, and swimmers. (Notably this has not yet been implemented, partly due to the challenge of collecting such a fee, according to De Meyer.) STINAPA has approved the charging of mooring fees, and collection is underway. And BNMP has teamed with the Coral Reef Alliance (CORAL), a US-based NGO, to accept donations through CORAL's tax-exempt status. The sale of BNMP merchandise has not yet developed: BNMP lacks its own retail outlet, and retailers have been reluctant to share profits, said De Meyer.

Fundraising can be a frustrating and time-consuming aspect of MPA management. At the time De Meyer left BNMP, she was spending up to 15% of her time on finance-related issues. "But there was no other way," she said. "The alternative was to run the park at a basic maintenance level only, and I could not do that." She recommends that other managers be as creative as possible with their financing strategies and avoid placing all their "eggs in one basket."

"We should all be looking for longer term solutions to our financing woes in order to ensure a future for our marine parks," she said. "Trust funds, corporate sponsorship, who knows?"

### Chumbe Island: Riding the tourism wave

Chumbe Island Coral Park Ltd. (CHICOP) is a privately run reef- and forest-conservation project covering tiny Chumbe Island and its western fringing reef, eight miles (13 km) southwest of Zanzibar, Tanzania. The park was established in 1992 to create and manage the Chumbe Reef Sanctuary. Its reef is among the healthiest in the region, with 370 species of fish and over 200 species of scleractinian corals, 90% of all recorded in the region.

CHICOP, a small, private not-for-profit company, aims to create a model of sustainable conservation area management where ecotourism supports conservation and education. Profits from the tourism operations are to be reinvested in conservation area management and free island excursions for local schoolchildren.

Along this line, CHICOP has constructed a visitors center and seven "eco-bungalows" for visitors, in addition to establishing a ranger program and a sanctuary for an endangered species of antelope. About two-thirds of the US \$1 million start-up cost was financed privately by a benefactor, while the rest was covered through grants from various international NGOs and foreign donor organizations. Now, CHICOP receives no additional donor support and depends entirely on income from ecotourism. The CHICOP website - <http://www.chumbeisland.com> -- plays a central role in attracting tourists from all over the world.

CHICOP's annual budget is roughly US \$120,000, and the park is "coming closer every year" to meeting that through tourism revenue, said Sibylle Riedmiller, CHICOP project director. When asked in early January of this year what factors could potentially threaten the park's tourism revenue stream, Riedmiller said the only one about which she was seriously concerned was political violence in the country. "Political violence can reduce tourist arrivals from a boom to a trickle within weeks," she said.

Her words were prophetic. On January 27, Zanzibari police clubbed and opened fire on unarmed supporters of the Civic United Front, the opposition party on the semi-autonomous island. The civilians had been planning demonstrations to demand new elections. More than 40 people were killed, and sporadic violence continued well into the month of February.

With foreign governments and newspapers warning against travel to Zanzibar ("Brits Trapped in Death Riots" was one paper's headline), tourism to the area plummeted. "After making news on BBC for a couple of days, this situation resulted in immediate cancellations of bookings far into the year 2001," said Riedmiller. "For the time being, we have resumed operations on Chumbe Island, but cancellations have now reached approximately US \$32,000 worth of business lost. New bookings are very few, and will probably remain low, as long as the image of Zanzibar as a safe destination remains dented in the international tourism market."

How can MPA managers prepare for such events so that they do not threaten an MPA's long-term financial stability? Riedmiller said the first and foremost precautionary measure is to keep overhead costs down. CHICOP does this in a number of ways, including encouraging help from volunteers, keeping some staff on seasonal schedules, and outsourcing some monitoring to university students. CHICOP also markets Chumbe Island primarily on the Web, rather than through more costly "traditional" channels (e.g., magazine advertisements, tourism fairs), and has negotiated with government for reduced rates or exemptions on fees and taxes.

Ideally, said Riedmiller, she would like to see international conservation organizations set up an insurance scheme to provide parks with a financial cushion against the risk of revenues suddenly drying up. Such insurance could be provided to parks that have proven their environmental sustainability.

As for the future of Chumbe Island, it remains uncertain. "The political situation in Zanzibar has calmed down a bit over the last couple of weeks," said Riedmiller, "but the underlying problems have not been solved, nor been acknowledged by the government."

## **Fiji: Bioprospecting as long-range funding source**

There are other methods besides tourism that MPAs can use to generate revenue. In Fiji, one project is using bioprospecting as a way to generate cash for area communities while raising awareness of the value of local biodiversity.

Bioprospecting involves the collection and testing of biological resources for the purpose of developing new products, often medicines. In the past, some community activists and scholars have criticized bioprospecting as an inappropriate venture for local communities. Its potential downsides include the fact that short-term financial benefits from sampling fees are not sustained for very long, and that there is typically little investment in the community in terms of infrastructure. In addition, calculating the magnitude and distribution of eventual profits can be difficult.

In 1995, the University of the South Pacific (USP -- Suva, Fiji) and the World Wide Fund for Nature (WWF) sought a way to create a conservation-based enterprise that carried little financial risk for local communities. They settled on bioprospecting, and focused their work on the coastal community of Verata, which suffered from overfishing.

The USP/WWF team contracted with a UK-based pharmaceutical research firm. A key feature of the contract has been that a small amount of sample is licensed through the pharmaceutical company for a limited period, usually one year. This sample remains the property of the community and, if not under a licensing agreement, can be reclaimed by the community. Collection and processing fees come to about US \$200 per sample. Royalty fees from development of products based on the samples will be passed on to Verata.

Bill Aalbersberg, a project leader from USP, said the proceeds from the contract have totaled about US \$30,000 to date. "This will increase to about \$50,000 from the initial contract," he said. "Once the exclusivity period ends, the samples can be licensed elsewhere."

Verata has received no royalties yet. "The period to develop a medicine is at least 15 years, so it has not been long enough," said Aalbersberg. Bioprospecting requires financial patience on the part of all involved.

The conservation benefits of the project have been more immediate in coming. Involved in the project's local-level planning and sample collection, fishers have been encouraged to monitor their marine resources while generating data to assess the overall health of the nearshore marine system and fishery populations. Early on, one village established a trial tabu (no-take) area for comparative study with fished areas. When the tabu area's clam population increased 1000%, other villages followed suit. There are now nine tabu areas in Verata, covering multiple habitat types and indicator species.

"The community has the choice of whether these areas are opened up again or not," said Aalbersberg. "We provide information but the choice is theirs. We suspect for species-specific tabu areas such as the Halimeda beds for the clams that the community may decide -- once their monitoring shows the increases have leveled out -- to open it up and close another area."

The Verata community has set up a trust fund with the money it has received through the contract. It has invested half the money and used the rest for conservation and education purposes.

In a project paper available online (<http://www.bcnet.org/results/insearchof.htm>), the USP/WWF team points out that if bioprospecting is carried out respectfully and judiciously, the benefits can be solid and the risks minimal. "Linked to community resource management and tied into other enterprise options," say the authors, "community bioprospecting can provide an important catalyst for sustainable rural development."

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## **BOX: Making Italy's MPAs Self-Financing**

Nick Marchesi of Pescares Italia Srl, an Italian consulting firm, envisions a future in which all of Italy's protected areas will benefit from tourism-based revenue. In essence, he says, he'd like to see his country's protected areas managed not as "state entities" but as "nature enterprises".

"Thanks to tourism, the environmental resources available in and around protected areas become, potentially, an extremely valuable economic asset," said Marchesi. "Nevertheless, we keep managing them as inexhaustible common goods to which everybody has to be granted free and unconditioned access. Although ethically sound, this management approach is in fact undermining the enormous value of these resources, preventing us from managing them effectively."

Marchesi is proposing a pilot project to the European Union in which self-financing mechanisms would be developed and applied to two marine protected areas along the Tyrrhenian coast of Italy. Among other things, the project would involve analysis of each MPA's socioeconomic and environmental conditions, as well as economic valuation of the sites' cultural and natural assets. Marchesi's ultimate intent is to transfer the lessons learned from this pilot project to the rest of Italy and the European Union.

"First we need to show decisionmakers that self-financing works before we [apply] it nation-wide," said Marchesi. He said that Italy is still working toward the strong pro-conservation mindset that characterizes northern European countries, and has a very limited fundraising tradition for protected areas.

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