

MPA NEWS



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How the Global Financial Crisis Could Affect MPAs, and What Practitioners Are Doing to Prepare for It

The economic meltdown that began last year in the U.S. financial industry has now spread nearly everywhere, affecting industry, governments, and households around the world. This global financial crisis will likely impact marine protected area planning and management as well, through cuts in private and public funding, decreased global tourism, and other impacts.

This month *MPA News* asks MPA practitioners how they foresee the crisis affecting their sites or institutions, and what steps they are taking to prepare for it. Their answers are below:

Chumbe Island Coral Park, Zanzibar (Tanzania)

- **Background:** Chumbe Island Coral Park is a privately operated, no-take MPA. Its goal is to create a model of sustainable park management where ecotourism supports conservation and environmental education.
- **Expectation for financial crisis:** Decline in international tourism to the site.
- **Strategies in response:** Control operating costs; market park to locals.

By Sibylle Riedmiller (sibylle@chumbeisland.com), Project Director, and Frida Lanshammar (chumbe@zitec.org), Project Manager

"Due to the crisis, we expect lower occupancy of our Eco-lodge, which generates all income for the Chumbe Island Coral Park MPA and Forest Reserve (www.chumbeisland.com). International arrivals in Zanzibar have declined since August 2008. Over the last couple of months we had about 15% fewer bookings than a year ago. The coming season will certainly be tough, although we seem to be doing better than other hotels in Zanzibar, in particular the larger mid-range beach hotels that have experienced, or expect, a downturn of 30-50%.

"As the Government tax authorities also suffer from lower income, there is now the added risk that they will try to buffer this by 'squeezing' more out of smaller companies, particularly foreign-owned ones that have all their operations within the country and are thus considered 'soft targets'. This includes Chumbe Island Coral Park Ltd., a private company that is registered in Zanzibar but owned by a German national. The Tanzanian Revenue Authority has already told us that they will perform another tax audit of our operations, for the second time in two years.

"To prepare for these financial challenges, we will not employ new staff, avoid non-core expenses, and try to limit our costs in any possible way. To address the decline in international tourism, we have created a long-weekend special offer with another hotel in Zanzibar to attract residents of the capital (Dar es Salaam) to Chumbe. We are considering other ways to market ourselves more to the local market, which does not need expensive international flights to get to Zanzibar.

"Our company has weathered some financial challenges before, such as when riots in Zanzibar in 2001 reduced travel to the region. When comparing the present crisis with earlier ones, this one appears to be deeper and wider, and possibly longer-term. It affects travelers themselves and not so much Zanzibar as a destination: recovery [from past crises] usually started as soon as Zanzibar dropped out of the headlines. We hope that the average Chumbe guest, who is well-educated and higher-income, is not among the worst-hit by the economic crisis. That said, even with a 15% drop in occupancy so far, we still have twice the occupancy we had before 2001, when we struggled to get into the markets we wanted. Fortunately, Chumbe could still be managed as an MPA - our core mission - with half our present occupancy, although we would need sponsors for our education and other programs."

Edmonds Underwater Park, Washington State, U.S.

- **Background:** Edmonds Underwater Park is a no-take MPA with extensive underwater trails for recreational diving. It is maintained and enhanced on weekends by a team of volunteers, the Edmonds Underwater Park Stewards, who provide thousands of volunteer hours annually.
- **Expectations for financial crisis:** Fewer volunteers; increased poaching; more users.
- **Strategies in response:** Change volunteer recruitment efforts; improve user access to account for increased visitation.

By Bruce Higgins (BHiggins@psc.gov), Coordinator of Edmonds Underwater Park Stewards

"Maintenance of our park is a volunteer-based effort, and the expectation is that we will have fewer volunteer hours donated. I'm expecting about a 30% drop based on late 2008. One of our regular volunteers, for example, lost his job, so he is spending his time looking for work and doesn't have the luxury of volunteering as much as a year ago. In our volunteer-recruitment, we used to try to stretch each individual to volunteer as much as possible. Our goal now is to have more individuals investing their time at a more reasonable level. This translates into more training time, but it is viewed as a long-term investment to develop a more-sustainable team of volunteers.

"Financially we operate from donations [used to acquire materials to enhance the trail system] and we were wise enough to have set aside a 'rainy day fund' to deal with shortfalls. Donation levels can fluctuate in these difficult financial times. Some potential donors become less willing to donate. Other donors recognize we can help them save the cost of throwing away their old supplies - such as concrete, which we can use to provide foundations for our underwater features, or 55-gallon drums to use as buoys.

"The threat of poaching rises as societal value systems shift and as government has less money for enforcement. [The park's regulations are enforced by Washington State wildlife officials.] In the last four months we have found evidence that indicates poaching pressure is increasing. Our volunteer stewards do not have enforcement authority but are being as vigilant as possible to engage enforcement efforts as needed.

"I anticipate an increase in park visits as local divers choose to stay near home for recreation rather than travel to distant locations, due to personal budgetary issues. To account for increased use, we have been working on improving the entry system of diver trails that allow access to the underwater park."

Indonesian MPAs

- **Background:** Indonesia has hundreds of community-managed no-take marine reserves and a few (significantly larger) MPAs managed by the Ministry of Marine Affairs and Fisheries and the Ministry of Forestry. The Coral Reef Management and Rehabilitation Program (COREMAP) was an initiative by the Government of Indonesia, The World Bank, and the Asian Development Bank toward better management of Indonesian coral reefs, including via MPAs.
- **Expectations for the crisis:** Decline in funds for MPA management; lowered fishing pressure on high-value species, but more fishing activity overall due to unemployment in other sectors.
- **Strategies in response:** Diversify funding sources; emphasize economic benefits of MPAs; seize opportunities posed by temporary declines in destructive industries (e.g., mining).

By Peter Mous (pjmous@gmail.com), former MPA Advisor for COREMAP and now Senior Advisor for the marine program of WWF-Indonesia

"The global financial crisis will affect both the availability of funds for MPA management and the threats that MPAs seek to abate.

"In respect to funding availability, NGOs that depend on private foundations will find it more difficult to meet their fundraising targets, and MPAs that depend on those NGOs for funding will receive less as a result. However, since there is a time lag of 6-12 months between an idea for a project and a funded proposal, it will still take some time before the pressure from this will be felt in the field.

"In Indonesia there has been a steep increase in NGO funding related to the Coral Triangle over the past year, and most of the larger NGOs are still scaling up their programs to meet secure financial commitments [made before the crisis hit]. Government officials from Indonesia's Ministry of Forestry whom I asked said that they did not expect any cuts in their budgets for MPA management, but bi-lateral and multi-lateral aid may decrease as priorities shift toward alleviating the crisis. Because most community-managed reserves in Indonesia still depend on some source of project funding for support, at this stage I do not think that the effect of the global financial crisis differs between community-managed, NGO-supported, and government-managed MPAs. In conclusion, I think that funding availability for MPAs will decrease and that the effect will start to be felt half a year from now.

"Nongovernmental organizations that support MPAs must develop more diversified sources of funding, thereby building in some resilience to sudden shortfalls caused by the crisis. Furthermore, it will become more important than ever to emphasize the economic benefits of MPAs in terms of sustained ecosystem services.

"In Indonesia, most MPAs seek to abate the threats of over-fishing and destructive fishing to nearshore marine ecosystems, so it is important to consider effects of the crisis on fisheries. The export market for high-value fish such as groupers and snappers is contracting, with cheaper tilapia and pangasius filets taking their place. As groupers and snappers are vulnerable to over-fishing it is likely that this threat will lessen somewhat. On the other hand, more people may seek a livelihood in Indonesia's open-access fisheries as employment in other sectors decreases. And fishing to satisfy local demand may remain an attractive option as costs for fuel and other inputs decrease or remain stable.

"There are some positive effects of the crisis, such as a decrease - or less-steep increase - in CO₂ output vis-à-vis global warming and coral reefs. Another local but very tangible positive effect for the environment is the complete stop in nickel mining in Raja Ampat (East Indonesia) due to a steep drop in demand and price of nickel. Uncontrolled strip mining was causing widespread sedimentation of reefs in Raja Ampat, but now all mining companies have ceased operations. This presents MPA organizations with an opportunity for pre-emptive action, such as working with local government officials and community stakeholders to raise their awareness of the risks of nickel mining, as well as working to control the future issuance of mining licenses."

High Seas MPA Task Force

- **Background:** The High Seas MPA Task Force of IUCN's World Commission on Protected Areas works to build support among scientists and policy-makers for high-seas protection.
- **Expectations for financial crisis:** Decreased funding for task force's work; lowered willingness of countries to adopt new measures.
- **Strategies in response:** Work more closely with fishing regulators and industry; promote a cooperative approach to marine spatial planning and enforcement; expand education efforts; apply financial lessons to ocean management.

By Kristina Gjerde (kristina.gjerde@eip.com.pl), Coordinator of the WCPA High Seas MPA Task Force; Alistair Graham, Task Force Deputy Director; and Jeff Ardron, Task Force Science Advisor

"The High Seas MPA Task Force will be strategic in how we proceed with our work, as funding may be curtailed and States' willingness to adopt new measures outside of their EEZs may decline. We will need to become more pragmatic, more results-focused. This will probably entail making new and unconventional partnerships and encouraging governments to apply the lessons learned from the global financial crisis to global oceans management.

"As Graeme Kelleher has long recommended, we will need to work more closely with the fishing industry and fisheries regulators to identify win/win solutions for MPA sites on the high seas. These could include protecting areas of high bycatch of vulnerable species, or rough terrain that may snag nets and damage catch.

"At the same time, we will work together with fishers and other ocean users to find better ways of siting protected areas while assuring user access to high seas resources by using spatial management tools. We will also focus our efforts on eliminating illegal, unreported and unregulated (IUU) fishing that can undermine protected areas. This will be done, for example, through continuation of the above partnerships as well as incorporating more cost-effective technology for surveillance and enforcement. Mandatory use of such technology should reward the responsible fishers while providing a stronger disincentive to those who prefer to roam the seas breaking the rules.

"It will also be necessary to spend more time on education and awareness-raising, both of policy-makers and the general public, so those policy-makers do not give in to the temptation to renege, or turn a blind eye, on their prior commitments to improve oceans governance and management.

"Unfortunately for us, the global financial crisis, while it may check growth in emissions here and there, will neither slow the pace nor lessen the impacts of global climate change. Previous CO₂ emissions have already altered the chemistry of the oceans in ways that may undermine the ability of corals, some phytoplankton, sea snails, and other organisms to survive. Thus the need remains to inform policy-makers and the public that we cannot afford to let up in our efforts to maintain and restore the resilience of the global ocean. An impaired ocean is less able to provide us with vital necessities such as food, nutrient recycling, CO₂ absorption, and even oxygen itself.

"Finally, there are interesting lessons learned from the global financial crisis that we need to call on governments to apply to global oceans management and governance. Specifically, tipping points exist but are hard to predict; bailouts are very expensive. Transparency, accountability, and oversight are essential components of effective management. High-risk strategies, while delivering high returns for the few in the short term, eventually end in tears for the many. Thus low-risk strategies, like establishing comprehensive networks of MPAs and precautionary management of ocean uses, provide the best long-term value to help us weather the economic and environmental storms to come."

Micronesia Challenge Trust

- **Background:** The Micronesia Challenge Trust (MCT) is raising funds for a US \$18-million endowment to support conservation activities in the Micronesia region of the Pacific Ocean. The endowment will help implement the Micronesia Challenge, a pledge by the governments of Palau, the Federated States of Micronesia (FSM), Marshall Islands, Guam, and the Commonwealth of Northern Mariana Islands to conserve 30% of their nearshore waters in marine managed areas by 2020.
- **Expectation for financial crisis:** Funding will be harder to acquire.
- **Strategies in response:** Avoid supporting work at new sites; assure funding for existing programs.

By Willy Kostka (mctdirector@mail.fm), Executive Director of the Micronesia Challenge Trust

"MCT is not feeling the financial crisis yet. I suspect, though, that funding from private foundations and individuals will become harder to acquire in the near future until the global financial situation improves. This is certainly going to make our goal of increasing private support for Micronesia Challenge activities and programs much more difficult.

"We currently have the financial resources to continue funding our programs in the next two years. However, I think we are going to refrain from working at new sites/programs, unless we have some initiatives that are sure to get donor support. We are also going to continue to work with our existing donors to ensure the programs we currently have will be funded, even if it is just for core activities so we do not lose any momentum on them."

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