

# MPA NEWS



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## MPA Perspective: MPA Revenue Generation and the User Fee Option

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[Note from the editor: Kreg Lindberg, author of the following perspective piece, is a senior research fellow at the School of Tourism and Hotel Management at Griffith University (Queensland, Australia) and also works with Australia's Cooperative Research Centre for Sustainable Tourism. He is currently consulting on a project to review the economics of user fees in MPAs around the world, a joint effort of two NGOs -- The International Ecotourism Society (TIES) and the Programme for Belize (PFB). Lindberg invites MPA News readers to contact him with information on user fees at MPAs with which they are familiar. Results from the review will appear on the TIES website ([www.ecotourism.org](http://www.ecotourism.org)).]

As illustrated in the recent MPA News article on self-financing [March 2001](#), user fees like the US\$10 dive fee at Bonaire can make important contributions to the funding of MPAs. Nonetheless, there are several conceptual and practical issues facing MPA managers when deciding whether to charge fees. This article briefly discusses some of these issues in the context of user fees at Belizean MPAs.

### Four-step process

Ideally, as part of their decision making regarding fees, MPA managers should follow a simple four-step process. In this process -- which I've based on general planning principles and the experiences of fee implementation in various countries -- managers should:

1. Consider both the advantages and disadvantages of fees
2. Consider and state the fee objective
3. Conduct research necessary to guide decision making, and
4. Work with relevant stakeholders, including tour operators and local communities

Some of the advantages and disadvantages of instituting fees are listed in the box at the end of this article. It is worth considering which of the advantages and disadvantages are relevant in a given context, both in terms of which are important and whether fees will lead to the desired or feared result(s).

If a decision is made to charge fees after review of the advantages and disadvantages, consideration of possible fee objectives can help guide determination of the appropriate fee type and amount. Possible objectives include:

- cost recovery, which involves generation of sufficient revenue to at least cover tourism's financial costs (e.g., construction and maintenance of a visitor center) and possibly tourism's other costs (e.g., ecological damage)
- generation of "profit," with the excess of revenue over cost being used to finance traditional conservation activities (at the destination or at other sites) or to achieve other objectives
- generation of local business opportunities, which may involve low fees in an effort to maximize number of visitors and/or the earmarking of fees to enhance site or experience quality
- provision of maximum opportunities for learning and appreciation of the natural resource, which may also involve low fees, and
- visitor management to reduce congestion and/or ecological damage, which would involve fees high enough to influence visitor behavior.

Of course, a combination of objectives may exist. For example, in the case of a developing country, cost recovery or profit generation may be the primary objective for foreign visitation while maximum learning opportunities may be the primary objective for domestic visitation.

### Belize

As of August 2000, there were 12 MPAs in Belize, of which seven were designated World Heritage Sites. However, only five of these 12 (and only four of the seven WH sites) have had active management for at least one year. As in other countries, a key reason for this lack of management is lack of funding -- government resources are extremely limited. Adequate management of the eight marine reserves under Fisheries Department jurisdiction is estimated to cost \$80,000 per reserve per year excluding capital expenditures, yet the whole department, with responsibilities that go well beyond reserve management, receives government funding of only \$225,000 per year (all figures in US\$).

Two MPAs, Hol Chan Marine Reserve and Half Moon Caye Natural Monument, currently charge fees (\$2.50 and \$5.00, respectively), and the Fisheries Department has proposed expanding the use of fees in order to generate funding for reserve management. Though this proposed "Marine Protected Areas Network Initiative" (MPANI) remains under discussion, the approach involves dividing the country's MPAs into three zones and charging a trip pass to each zone. The proposed fee is \$25 per zone.

The extent to which the Fisheries Department considered the various advantages and disadvantages is unclear. However, the MPANI document and the system's features indicate that revenue generation is a key objective. In terms of research, the MPANI document refers to past visitor surveys in Belize that indicated a general willingness to pay substantial fees. The document also advises that "the most accurate revenue projection can only be derived from a minimum two-week comprehensive visitor survey."

Another project, developed independently of MPANI, includes visitor surveys at three Belizean MPAs, spread over high and low seasons. The project is a joint effort of The International Ecotourism Society (TIES), a US-based NGO, and Programme for Belize (PFB), a Belizean NGO promoting the country's natural heritage. The survey work is ongoing, but results from the pilot test suggest that a \$25 fee will not discourage many visitors (the effect may be greater for snorkelers than for divers).

The Fisheries Department has sought stakeholder input in response to its draft plan, and the TIES/PFB project has undertaken a complementary consultation process. Fee increases have been reversed in other countries, including Costa Rica and Australia (at the Great Barrier Reef Marine Park), due to opposition by a tourism industry that was inadequately consulted in the planning process -- which highlights the importance of stakeholder consultation.

It is rare for countries to fully implement the four-step process recommended above; the reality is that fees often are implemented to achieve a specific objective without full consideration of their unintended consequences, research to better understand these, or consultation with affected stakeholders. Belize has been a leader in nature tourism in many respects, including the use of innovative funding mechanisms. The fee system proposed in MPANI is an important step for MPA revenue generation, and TIES/PFB is working with the Fisheries Department to help ensure that the final system is as effective and as widely-accepted as possible.

#### For more information:

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## Box: Advantages and disadvantages to user fees

### Advantages

- Revenue generation

- Economic efficiency (society is best off, economically, when price is set to the marginal cost of supplying the visit)
- Equity insofar as the users of a good or service should pay for it
- Visitor management when fees are used to distribute visitors away from heavily used places or times
- Enhancement of site quality when revenues are used for this purpose

### **Disadvantages**

- Cost of collecting fees
- Possible conflicts with societal values regarding free access to nature
- Equity concerns if fees will have a disproportionate effect on low-income citizens (not usually a concern in the case of international visitation)
- Concerns that fees will commercialize the experience (again, may be irrelevant for international visitation, which often is already commercialized)
- Reduction of local business opportunities if fees reduce visitor numbers

*Source: Kreg Lindberg, 2001*

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