Alternative Funding Mechanisms for Protected Areas

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Current situation

• There is an increasing awareness in Mexico of the importance of protected areas in biodiversity conservation and sustainable development,

• Lack of funding IS a threat to biodiversity,

• Core funding for the management of protected areas is provided by the Federal Government and FANP, but it is necessary to supplement these resources with alternative funding mechanisms.

The Protected Area

The Islands of the Gulf of California Wildlife Refuge is located in Northwest Mexico.

It includes approximately 900 islands and islets.

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We identified four financial mechanisms because of their potential to be implemented in the short term:

- User fees,
- Creation of a local fund,
- Partnerships with non-government organizations and foundations,
- Creation of a trust fund for a specific group of islands.

Mechanism 1. User fees

- User fees are mandatory by law since January 2002.
- Revenues are used for the management of protected areas.
- Two dollars/day/person in coastal and marine protected areas.

User fees do not cover the cost of maintaining the area, and do not even cover the cost of servicing visitors:

- In 2003, 45% of the area’s total budget was used for tourism management activities.
- Revenues generated by user fees during 2003 at Espiritu Santo Island, cover 27% of the cost of tourism management activities implemented.

Willingness to pay

- The fee was set at nominal, nationwide rate that is affordable to a large proportion of the population.
- There is still evidence of a willingness to pay among tourists to support conservation activities in the protected area.
- Besides user fees, other sources of accessing donations by tourists can be implemented.
Mechanism 2: Local Fund — FOSANP —

- FOSANP is a local fund that can capture voluntary donations from tourists visiting the protected areas in Baja California Sur.
- It is the result of a strategic partnership among protected areas managers, local NGO, and TNC.
- Integral component of a sustainable tourism strategy that is currently being developed with assistance from TNC for the five protected areas in the state.
- Is not structured as a trust fund. It is simply a bank account managed by a local NGO, with its own board of directors.
- It has statutes that explain how the funds can be used and the NGO will charge an overhead for administering the fund.

Set up of the mechanism

- Econometrics: Pilot Survey and full scale survey (Consult with Visitors re WTP and preferences of fee mechanism and type (donation, entrance fee, user fee)).
- Administrative issues: Appropriate practicable mechanism for charging fees, administration, legal aspects, fiscal responsibility, expenditure of funds and process for selecting expenditure priorities.
- Social and Policy issues: Consultation with tour operators and orientation re user fees and donations.
- Implementation: Action plan for implementation proposals, capacity building requirements, promotion of fund.

Recommendations

- Start by having a financial plan. Ask the questions: How much do we have? How much do we need? Focus on closing that gap as much as possible.
- Involve other sectors in identifying funding channels.
- Build capacities and establish partnerships.
- Define clear objectives, efficient administrative systems and transparency in management for mechanisms such as environment funds and trust funds.
- Look beyond present circumstances in existing policies and public perceptions.