Conservation Concessions: A Tool for MPA Financing in Southeast Asia

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Conservation Concessions
An Overlooked Opportunity

- Conservation concessions seek to provide tangible economic benefits while conserving natural ecosystems
- Effective tool for halting highly destructive practices in high-threat areas in the short- to medium-term
- Uses the strategies of private developers to immediately protect ecosystems and preserve future sustainable practice options for local economies

Conservation Concessions
What are They?

Traditional Concession: Economic payment in exchange for the right to use a natural resource

Conservation Concession: Economic payment in exchange for conservation of natural resources

Conservation: A careful preservation and protection of something; especially: planned management of a natural resource to prevent exploitation, destruction, or neglect (Merriam-Webster Dictionary, 2003)

Concession: A right or an advantage that is given to a group of people, an organization, etc., especially by a government or an employer (Oxford Dictionary, 2000)

Conservation Concessions
What are We Up Against?

Traditional concessions provide economic benefits in exchange for access to natural resources

Access to natural resources:
- Logging
- Mining
- Fishing

Economic benefits gained through:
- Royalty income
- Employment income
- Foreign currency from exports
- Public tax revenues

However, these activities are often environmentally destructive
Conservation Concessions

What are the Advantages?

• A properly executed conservation concession:
  — Allows countries to capitalize on their ample supply of biodiversity-rich habitats
  — Stimulates economic development by mimicking the payment structure of other business transactions
  — Offers immediate, transparent protection for the land in question
  — Catalyzes conservation in situations where creating a national park may be infeasible
  — Reduces risk of failure by establishing ongoing economic incentive for cooperation

What are the Hurdles?

Conservation Concessions

What are the Advantages?

• Sovereignty issues
• Transparency of local power structures
• Fair valuations of resources
• Legal sustainability of concession agreements
• Enforcement of terms settled under the concession agreement
• “Double dipping”
• Funding management
• Defining performance metrics and payment structures
• High conservation value per dollar
• Low extractable resource valuation
• Clear land tenure
• Clear jurisdictional authority
• Non-complex threats to ecosystem
• Transparent benefits
• Payment to most affected parties
• Direct link between conservation and compensation
• Funding management
• Defining performance metrics and payment structures
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Conservation Concessions

An Example of Success

Pearl Farm concession - Raja Ampat, Indonesia

Effective
• Consideration of community objectives, i.e. contributions for church / school buildings, educational scholarships, books, etc.
• Agreement, planning and implementation of activities based on traditional local community claims of ownership
• Established relationships with local political leaders
• Threats are clear and not complex

Efficient
• High biodiversity value
• Low operational costs
• Payment structures clearly understood by both parties

Equitable
• Paid a one time direct cash payment of approx. US$ 40,000 (1997) to community plus annual royalties
• Contribute to community development, i.e. support building of a jetty, community office, school, church, market place, and medical center
• Provides medicines, scholarships, transportation, enforcement, and monitoring
• Pays annual fees to government authorities