Thank you very much for allowing me this opportunity to share certain thoughts that have come to fore in the application of sustainable financing for protected areas. I had the good fortune to be part of establishing three successful trust funds in the Philippines and am presently helping to manage, through UNDP, the GEF Small Grants Programme. The GEF Small Grants Programme is in a sense a form of sustainable financing, especially when it was transformed into a GEF corporate programme with a rolling replenishment modality.

Let me start by stating that those of us who have been in the conservation effort for a long time have come to realize that success, particularly measured in terms of the sustainability of positive measures for protected areas, comes only after a difficult long term effort. In my own early experience in organizing slash-and-burn cultivators so that they become part of the conservation effort and in my later assessment of conservation programs of major donors as a consultant, I have estimated that it takes on the average about 15 years, with active support from outside partners, for communities in and around protected areas to gain enough organizational capacity, political empowerment, and level of sustainable production and livelihoods to manage the challenge of balancing development and environment in their remote rural areas.

The larger the conservation area becomes and the more entrenched economic and socio-cultural differences are between major stakeholders, the longer it takes for sustainability of conservation measures to be achieved. Because protected areas are open systems and easily become the source of wealth of the greedy as well as the last refuge of the poor, they are very much vulnerable to changes in national economic and political situations which are then, as we have found out, vulnerable to global geopolitical change. Thus, ecotourism which several years ago looked like such a promising source of sustainable financing, has lost much of its potential with September 11th and its consequences. This is all exacerbated by the fact that to properly conserve biodiversity and the cultural integrity of those that live and depend on protected areas, we have to protect large landscapes. In such large landscapes, one, two, even ten successful projects would not do. That is why we have so many successful stories yet protected areas continue to deteriorate. A critical mass of projects, in synergy with each other, and as a consequence a strong constituency of empowered stakeholders, both within and outside protected areas, need to be developed over time to create needed shifts and keep them despite continuously growing negative pressures. There is also a need to try out new things and innovate. We have to be willing to take risks with new groups and communities, unlike profit making entities that will only work with highly capable individuals and groups, which are often already the elite, thus exacerbating inequity and poverty.

In reality, conservation work is not a clean upward curve denoting ever increasing success over time but rather a frustrating one step forward, two step backward, till some opportunity comes for making more steps forward to cover what has been lost and more.

Thus, sustainable financing is a necessity, for at least three reasons: (1) for conservation work to go at a large scale and in the long term; (2) for having enough resources for timely exploitation of opportunities when they arise; (3) and to enable us to take risks and innovate. In my own experience as Executive Director and later Chairman of the Board of a sizable endowment fund, the Foundation for the Philippine
Environment, I was able to leverage its funds to create other funds or influence policy when changes in government, either in the national or local levels, result in leadership that is friendly and supportive.

The topics selected in this workshop stream reflect the rich experience we have learned on sustainable financing and the variety of approaches and instruments available. The more traditional modality has been to continuously approach donors and build a mixed portfolio by using the appeal of socially important species or brand names such as World Heritage Sites. Trusts and endowment funds have been successfully established in a significant number of countries. Many of these trusts and endowment funds have come from debt relief agreements. Tourism is increasingly being seen as a source of sustainable financing and efforts to expand beyond this have led to looking at ecosystem services and user fees for them. The private sector is increasingly being seen as a major user (radical activists would say, “major destroyer”), has wealth and power, and could also gain directly or indirectly through positive publicity by being a partner of conservation. Fund-raising has therefore also been increasingly directed to this sector. We have also come to realize that communities actually are assets in themselves and do own local assets such as their traditional knowledge, and can build assets such as their products and incomes from sustainable livelihoods. With capacity building and empowerment, these assets could be directed at conservation, reducing costs at initial stages, and eventually contributing to sustainable financing once their efforts succeed and mature.

Whenever I am asked what is the best approach, I am always reminded of my martial arts “sensei”. We wear protective gear and have rules against hitting certain parts of the body in tournaments. But as he always emphasized, tournaments are not real life. In real life and death situations, fight with all you have, kick balls, bite the ears, gouge the eyes, look for a big stick, throw sand to blind, bring weapons if you can. In real conservation work, which in a sense is a life and death contest, we would have to use whatever tool we can. In my time as an Undersecretary (Deputy Minister) for Environment, we even had to use what can be considered as “managed conflicts” to create openings for positive policy change such as the creation of Environmental Guarantee Funds attached to Environmental Compliance Certificates needed to implement major resource extractive and infrastructure projects. But I guess a session on “Managing Conflicts to Create Sustainable Financing” would be too sensitive and controversial a topic for this Congress.

Let me therefore use my remaining time to raise certain questions that I myself as well as other fund managers have mulled over as we put into application over the last decade various sustainable financing approaches and tools, especially thoughts and ideas that delve into issues rather than the technical aspects of sustainable financing.

1. **Who are we actually doing sustainable financing for?**

In all my efforts at establishing trust funds, and this time in establishing long-term small grants programmes in new countries, there is always the unexpressed and sometimes expressed question of who will benefit from the financing. When we had big international NGOs helping us set up the Foundation for the Philippine Environment, we had to at the very start dispel the notion that such a fund was only to benefit the big international NGO and its local partners – that it was a way to provide sustainable employment for its advocates. And the only way to prove that it was not, was to promulgate a policy that the creators themselves and those who would become members of its Board would not receive any funding from the trust. This might be too harsh in cases where those who worked hard to access funds had to make substantial initial investments and/or have to continue to provide vital support services to maintain the fund and implementation of its projects. It is important, however, to be able to show without doubt that the effort at sustainable financing is not profit-making for personal or organizational gain at the expense of those that truly need the funds at the grassroots level. Processes that eventually transfer ownership and a major part of decision-making from external donor and foreign partner to country or even local ownership, transparency in its management, and accountability to stakeholders that are purportedly to be supported by the fund are therefore critical.
2. What are the consequences of the process used for raising funds?

In one of the workshops I have attended just the other day, several participants already raised this question about ecotourism and partnerships with the private sector: “are we not bartering biodiversity and cultural values for short term gains? Another question was: “Are we not causing inequity by allowing only those who can pay to visit the best of our protected areas?” Then there is also the question of: “Are we adding to the pool of resources available or are we just shifting limited funds from one user to another?”

I don’t know if you have also made this observation. NGOs that are frank and forthright tend to mellow and become more like diplomats when they receive funds from government or the private sector.

One other question is a challenge for us: “how can we raise funds so the it becomes a process of empowerment of the local people who would eventually use and benefit from them?”

3. What are the consequences for bringing funds into the area?

While the statement that “money is the root of all evil” is much of a cliché and too simplistic, there is some truth to it. For the experienced amongst us, we have seen that funds used unwisely eventually create dependency, destroy the values of people and eventually their communities, spoil NGOs and transform them into pseudo-consultancy organizations, or are massively wasted thereby drawing away donor partners from the area and from those others who may actually be able to do better.

For this reason, many of us are biased towards community-based small grants as a way to start, with upscaling developing at an appropriate pace that matches the growing capacity and maturity of the communities in protected areas and their partners.

4. Should we just finance conservation activities?

There seems to be already a widespread acceptance of the nexus between poverty and environmental degradation. But conservation work still tends to be still too much biodiversity conservation oriented. Note that our first tendency in our conservation work would be to approach the Ministry or Department of Environment. But why not the Ministry of Finance? Or the Ministry of Trade? Or the Ministry of Public Works? Even the Ministry for Economic and Development Planning?

Would it not help our conservation work if we draw in health programs and education projects into communities in and around protected areas? In a long term case study of three slash-and-burn communities in the Philippines that I once did, I found out that illness prevents farmers from participating in labor intensive work such as agroforestry and puts them in deep debt to pay for hospitalization and medicines thereby forcing them into illegal logging. And the most effective way of making young men and women leave the hard life of a slash-and-burn cultivator and reduce population pressure is to give them good education so that they can compete for better employment elsewhere outside the protected area.

If the application of sustainable financing is to be focused on a limited concept of biodiversity conservation, then we would be cutting short the sustainability of our own efforts. For some of us we realized too late that we signed agreements with donors limiting the mandate of our financing mechanisms.

5. Is there really a lack of funds?

From a sustainable development perspective, where economic development projects could also become tools for conservation, the funds allotted for health, education, agricultural productivity, water and sanitation infrastructure, and in selected cases, roads and bridges could also be transformed to serve conservation objectives. We have, however, to remove our own blinders and those development planners that actually believe that a protected area is pristine nature and only deserves support from the meager budget of the environment ministry or department. Massive funds are now being directed into poverty
alleviation programs. Could not some of these be drawn in to support, such as through co-financing or parallel financing with environment projects and programs, a holistic conservation effort in protected areas.

If we ask the major donor agencies and they are frank with us, we will also find that there are hundreds of millions of dollars of unutilized or inefficiently utilized funds in massive projects funded through loan agreements in many developing countries. There are also massive leakages due to rampant corruption.

There are also potential funds not realized because of existing economic and trade policies of developed countries. Right at this very moment in Cancun, Mexico, developing countries are in intense negotiations with developed countries on issues of fair trade and agricultural subsidies. Calculations show that agricultural subsidies by the EU alone amount to $100 billion per year which is twice the total of all official aid flows to developing countries. These subsidies depress the global price of sugar, dairy and wheat and allow dumping of cheaper agricultural products from the rich countries to the poor ones. Thus, it has been estimated (by the International Food Policy Research Institute) that sub-Saharan Africa could see annual gains of $3.3 billion if rich nations ended their farm support estimated at $300 billion per year.

At the opening of this Congress, if I remember right, there were strong messages about equity and justice as a concern of conservation and of this Congress. To stop the inefficiency and leakage of funds in national programs requires good governance at the national level. To allow developing countries to develop to the level that they can manage their own development, including funding the conservation of their protected areas, there has to be good governance at the global level. In an increasingly globalizing world, this good global governance is vital as protected areas will be affected by global policies and the demands of global interests.

My question therefore is whether sustainable financing be solely directed locally at specific protected areas? Or should it expand to cover advocacies on issues of national and global governance? This is perhaps thinking too much out of the box that I don’t expect many of you to answer in the positive. But at least one endowment fund, again the Foundation for the Philippine Environment, has decided that it should allocate funds to develop young environment leaders who would be able to lead conservation work at the field level while at the same time be able to understand political ecology at the national and global level and thus be part of a more holistic approach to sustainable development. We have found that the combination of grassroots work feeding into policy advocacy is more effective than approaches that do these separately.

I may have overstepped my bounds here in these opening remarks. But if I had at least got you a little bit agitated or interested to debate these points with me, then I would have done my job – that is get you to the workshops with ideas beyond what we usually share in our relatively closed community of conservationists.

Let me end by wishing you all “Mabuhay” which in Filipino means “long life” – to you and your funds. “Maraming Salamat” -- thank you very much for your patience and attention.