Guidebook
for the Development **of Simplified Business Plans** for **Protected Areas**

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Guide
for preparing
simplified business plans
for protected areas

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Contents Table

List of tables, diagrams and boxes

Introduction
Executive Summary

Business Plans are management tools used in all sectors of the economy. As a management tool, the Business Plan aims to demonstrate the effectiveness of a given activity in the long term. In the standard business world, bankers decide to finance a project or company or not by closely analysing the strengths and weaknesses of a Business plan. They want to be sure of the financial viability of the initiative proposed as well as the quality of the strategy proposed. Applied to Protected Areas or Protected Areas networks, Business Plans **complement Management Plans** which maximize environmental performance in a limited financial context; generally too focused on the short term. More specifically, the Business Plan should allow to put in perspective over 5-10 years, expected annual expenditure (investment, staffing, operations, and additional cost to carry out activities) and expected revenue (self-financing, funding from the national budget, bilateral and multilateral funding donors, and other funding mechanisms). It also enables an overall strategy to be developed aimed at implementing management objectives established in the Management Plan, and to modulate PA activity based on the resources available, or to initiate pro-active approaches to raise the shortfall in funds. Long-term financial planning provides PA managers with indicators to maximise the use of their natural resources and make conservation more effective.

This guide is for managers of Protected Areas to provide them with a simple tool to draw up their own simplified Business plans. In particular, it is designed for African Protected Marine Area managers for whom financial planning is already underway as part of various projects and programmes. The Guide is supported by simplified spreadsheets that managers can complete and update regularly.

The content of a Business Plan can vary according to the model. In all cases, it is principally about:

1) **Determining long term financial needs to carry out the Management Plan.**

2) **Presenting existing funding sources.**

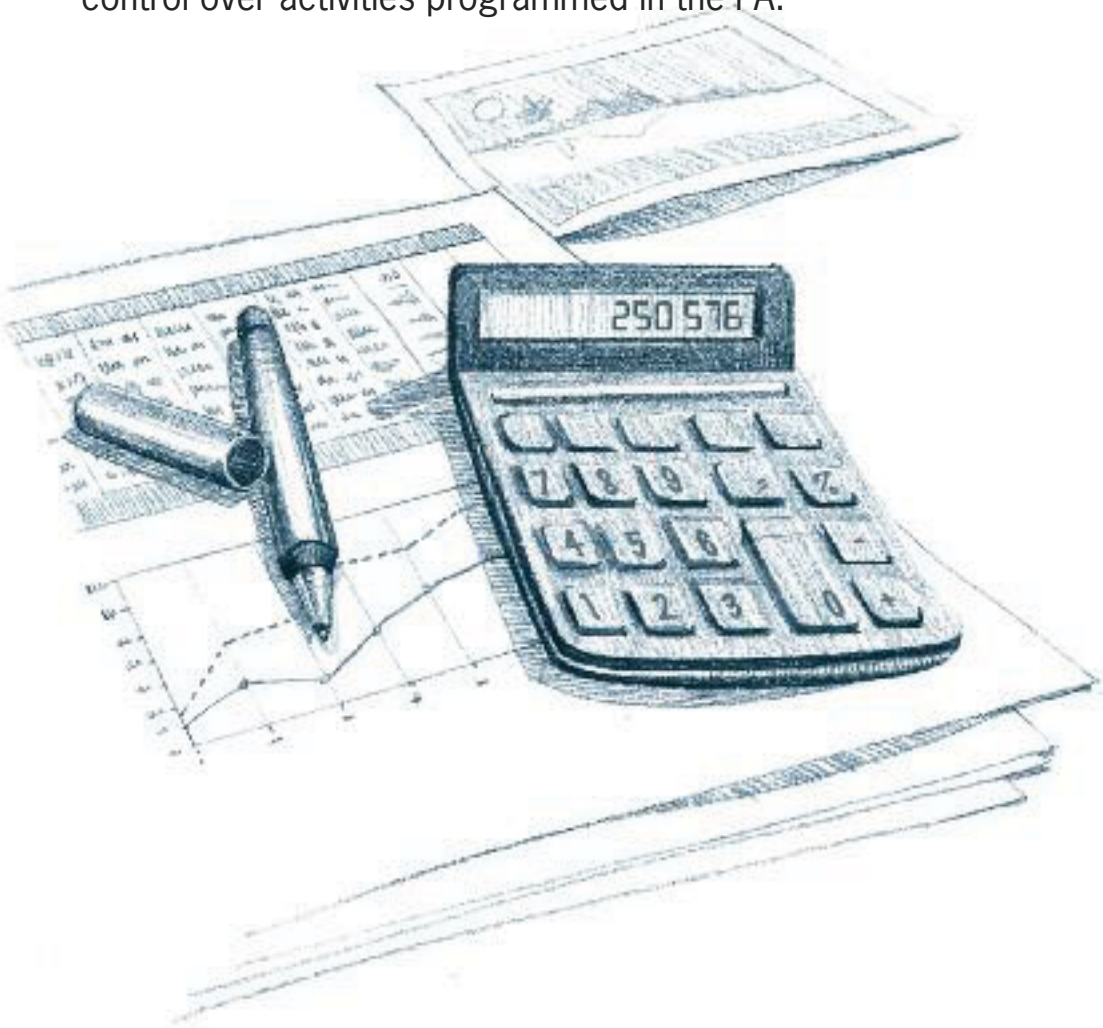
3) **Carrying out a comparative evaluation of long-term revenue and spending.**

4) **Exploring possible new funding sources.**

5) **If funds are lacking, determining alternative scenarios and carrying out activities identified as priority.**

Business Plan results are usually presented to all stakeholders and supported by a spreadsheet (e.g. Excel). A written summary report can also be drawn up and circulated as widely as possible. Beyond its technical interest, the Business Plan also becomes a very interesting instrument of communication to promote a Protected Area (PA), raise funding, show management transparency and present priority objectives.

The Business Plan can be more or less detailed but generally makes estimates based on assumptions (concerning staffing for example), that must be explained and defended before possible funding donors. For most PAs, a simplified and well-argued Business Plan is enough to meet the tool's objectives.Finally, the simplicity of this tool to give a long-term financial vision and communicate it better makes it of great interest to the world of conservation. It is in PA managers' interest to write their own Business Plan in order to know and make their objectives and financial constraints known, and thus, considerably improve performance in the field. Finally, the Business Plan will enable managers of PAs or PA networks to be pro-active in seeking funding and to have better control over activities programmed in the PA.



1 Role of a Business plan

a. Management tool for implementing the Management Plan

Above all, the Business Plan is an internal management tool for a Protected Area or a network of Protected Areas. It enables a series of indicators to be created to ensure close monitoring and appropriate planning of PA activity. There is sometimes confusion between the Business Plan and the Management Plan, although the 2 tools are quite distinct and complementary. The Management Plan defines the activities to be carried out to achieve conservation objectives. For its part, the Business Plan offers a long-term financial strategic vision to ensure that environmental performance defined in the Management Plan is achieved, or that it will be maximized. Thus, the Business Plan will only be useful if the Management Plan has already been negotiated, drawn up and approved. The Business Plan is not a substitute for a Management Plan but will support its implementation1.

Complementarities between Management Plans and Business Plans

OBJECTIVES OF MANAGEMENT PLANS	OBJECTIVES OF BUSINESS PLANS
Compiling scientific data.	*Long-term financial planning.*
Description of the PA.	*Prioritizing objectives and activities.*
Identifying threats and developing appropriate responses.	*Taking into consideration time factors (timetabling).*
Determining conservation objectives.	*Estimating long-term financial resources.*
Demarcation of the PA.	*Estimating long-term financial needs (to carry out the DMP).*
Determining rules on use of resources (legal document).	*Developing a long-term funding strategy.*
Action to carry out, presented as a logical framework (Programme, Sub-programmes, Objectives, Activities, and Results).	*Evaluating and promoting ecosystem goods and services.*
Use of indicators (including monitoring and evaluation).	*Promoting the PA, supporting strategy for raising funds and researching financial partners.*

1 Conservation Finance Alliance: Business Planning for PAs.

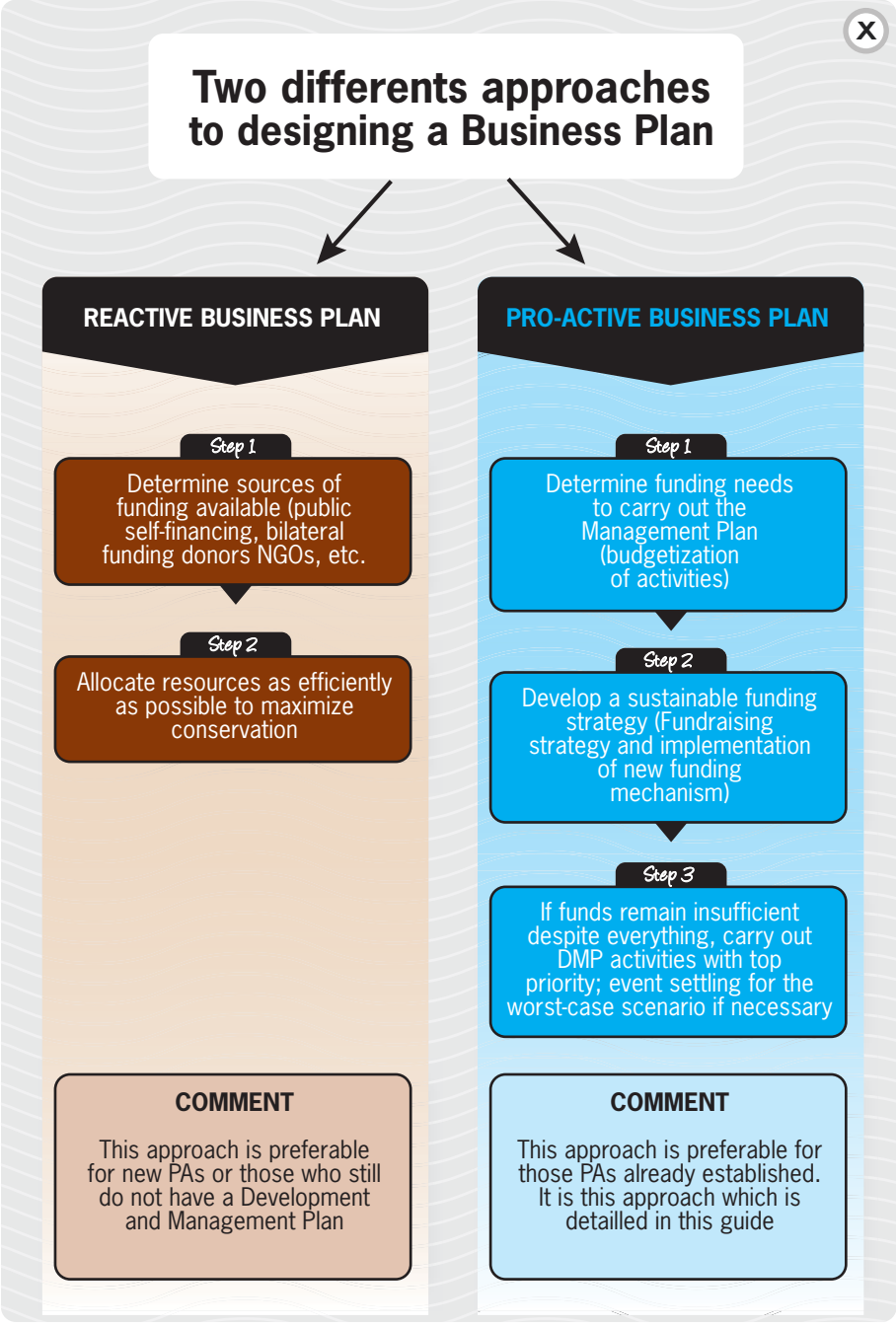
b. Long-term strategic and financial vision within a restricted budgetary framework

Many Protected Areas (PAs) have to deal with considerable financial constraints which greatly limit their long-term environmental performance. Funding PAs by project (usually not exceeding 5 years) has certain advantages; in particular for initial funding investment which is usually substantial. However, this funding has often proved to be too irregular. The effort and progress made in the field can be called into question not just due to a lack of stable and regular funding, but also because of a sometimes uncontrolled increase in expenditure.

In addition, Protected Areas budgets are usually determined based on funds available, and not on the actual needs of Protected Areas. This management by default is pragmatic but does not always see satisfactory results in the field.

Drafting and implementing a Business Plan will also enable these 2 problems to be addressed and to have a well-defined long-term technical and financial vision. It also enables better control of expenditure, in particular by rationalizing and justifying the latter based on equipment or investment needs identified to obtain the best results in the field.

C. Different approaches to Business Plans



d. Maximizing environmental results in an adverse financial context

Business Plans are a tool generally used in the profit-making private sector. An investor only commits financially if, and only if, the project stakeholder can show the profitability of the project (and its limited risk). Since the 1990s, Business Plan methodology has been advocated in the world of conservation but remains different to it counterpart in the market sector. Indeed, the objective of Protected Areas is not to create profit but maximize environmental results. This difference is of course important since investors are quite different from those of the market sector. In the Business Plan, PA managers should demonstrate that they are following a clear strategy with well-defined priorities for action based on the more or less favourable financial context. Thus, alternative solutions can be clearly identified in case of budgetary restraints.

In chess, the player with a strategy has a considerable advantage over an adversary playing move-by-move; likewise for PAs. With the help of indicators provided by the Business Plan, the PA manager can anticipate problems and modify their strategy as a result. Thanks to the Business Plan, the attitude of PA managers before funding donors, which often consists of accepting all projects without critically examining or negotiating them, becomes more constructive.

Ideally, Business plans should enable managers to determine priority needs and to present them to funding donors. Moreover, many funders will be very impressed by managers' strong leadership. In an adverse financial context, the PA manager should also think about reducing expenditure; for example by ensuring that fuel expenses do not increase uncontrollably over time. They should envisage new sources of funding to balance the budget long-term. This is not always easy, but the tool proposed in this guide should help do this.

e. Prioritizing objectives and activities and developing various scenarios

For the case where the funding identified is not enough to assure execution of the Management Plan in its entirety, it is also necessary to consider rescue strategies when drawing up a Business plan. The most important is only carrying out part of the Management Plan, and setting aside the rest until more favourable conditions present themselves. Determining which objectives and activities should set aside is difficult. The ideal is to do this on a consensual basis, during a workshop involving PA managers, as well as the main representatives from the major stakeholders. The objective is to classify activities (or sub-objectives) by order of importance, and based on the budget available, to always know what the priority activities are to be achieved. The results obtained should be presented in the final Business plan.

The other alternative strategy central to the Business Plan is to create several scenarios. Up to 3 different scenarios can be created: worst-case, realistic and best-case. Here, we advise creating 2: worst-case and realistic. These scenarios should be clearly detailed in the same way as in the final Business plan. Developing several scenarios enables PA managers to have an alternative strategy; discussed and agreed upon beforehand in the case of unexpected budgetary restraints.

- **The worst-case scenario** is that where any less activity calls into question the very existence of the PA. It will probably concentrate on monitoring activities with both the team and material means reduced to a minimum. Non-essential investments are postponed until later, as is the Management Plan in its entirety.

- **The realistic scenario** enables implementation of the Management Plan in nearly all its entirety, and only some activities judged non-priority and costly are set aside. Investments and other major expense are also set aside for later and an expenditure control policy is systematically applied.

f. Communication and fundraising document

The Business Plan is a vital tool in demonstrating the strengths and weaknesses of a given PA, or a network of PAs. The model enables expenditure and revenue to be projected with a sufficient level of detail and thus, determine the amount of funding needed.

Having a Business Plan plays a vital role since funding donors and other stakeholders have a clear and concise vision of the PA's long-term activity, funding requirements, and supplementary activities which can be carried out thanks to additional funding. The funding donors can easily see how serious local partners are and anticipate the positive environmental impact of their support. Conversely, funding donors will be less inclined to make funding available to PA managers who do not appear to control the management of their PA. The relative advantage of PAs with a Business Plan, which inspires confidence in donors, will be important in comparison to PAs who are obviously less successful in controlling long-term strategy.

In order to have maximum impact, the Business Plan should be widely circulated among existing and potential partners; it can also be easily put on the internet, so as to inform a wider public of the strengths and weaknesses of the PA. Sometimes 2 versions of the Business Plan are drawn up; one containing strategy elements which are not necessarily interesting for the general public and mainly designed for PA professionals and the main stakeholders. A second more pared-down version, without all the technical details can be circulated to a wider public.

2 The main steps to follow in completing a Business plan

a. When to draft a Business plan?

It is important here to make the distinction between Protected Areas in the midst of being created, and Protected Areas which already exist. For Protected Areas being created, it might be advantageous to draw up a Business Plan right at the beginning of the process, so as to briefly review the funding sources available and potential funding sources. This enables both mid- and long-term accessible objectives to be defined. In this particular case, the Business Plan can be done even before writing the Management Plan, to decide whether or not a Protected Area has a chance of being viable. In that case, the goal is to design a strategy for financial stability once the funders dedicated to funding the creation of a PA will have withdrawn (3-5 years in general). The most concrete example is the setting up of a PA relying on ecotourism to obtain the revenue essential for their resources. The Business Plan can enable the different services to put in place to be quantified (entrance revenue, capacity for overnight visitors, and access services, etc) to be able to obtain the minimum revenue for funding the operating costs of the PA.

For PAs already created, the Business Plan should be done just after approval of the Management Plan, and updated regularly. The document is a tool for the successful execution of the Management Plan. This guide focuses in particular on PAs already created, but also applies to PAs in the process of being created.

b. Who to involve?

The process of drawing up a Business Plan should be initiated by the PA director or PA network. S/he should nominate somebody responsible for this task e.g. the financial head. The latter should make up a small team of 2-3 people to support him/her with this; in particular, it will be necessary for one person in the team to have good knowledge of Excel.

It is also recommended to have at least one advisory workshop, gathering together all team members in the park; in particular, to define the main hypotheses based on the various scenarios selected (number of visitors, and evolution of salaries, etc.) and to determine priority activities or objectives in the case where funding might be lacking.

In addition, in the absence of the necessary skills internally, it might prove necessary to call upon external technical support who will of course strive to closely involve local stakeholders.

c. How much time is needed to draw up a Business plan?

The time needed depends on several variables. If the objective is to complete Excel spreadsheets, the work can be done properly in 2 or 3 days, with 2 or 3 people. If it is a matter of writing a more formal document designed to be published and presenting the different possibilities of potential funding, the technical level is greater and might require several weeks of research and work. In the end, everything depends on the level of precision and level of analysis required, but at the most, drawing up a Business Plan should not take more than 2 months.

d. When does the Business Plan need to be updated?

As explained previously, the Business Plan is an excellent monitoring chart of future activity of the PA. A Business Plan, if it is not updated periodically, becomes obsolete and loses relevance. On the other hand, the Business Plan is a long-term management tool and so is not designed to be modified every day. It is recommended update it for example **once a year,** or each time an important event takes place (significant unforeseen expenses, or new funding from a donor etc.). Updating a Business Plan regularly only needs a few hours. It should be done by the finance manager who can report the results to the director and/or other PA managers.

3 OBJECTIVE NUMBER 1 Determining long-term financial needs

a. Quick analysis of budgetary implementation of previous years

To anticipate the future, it is necessary to know the past. PAs are often faced with several problems which makes the task of analysis complex. First of all, the accounts are rarely consolidated; each funding donor conducts its activities without always sharing financial information with PA managers. To resolve this problem of accounting dispersed across funding donors and PA managers, consolidated financial accounts known as ex post can be done i.e. detailing for example all activities of the previous financial year. The objective consists of moving gradually to accounting categories in line with the reality PA managers have to work in, i.e. based on activities to be carried out (and not on accounting categories disconnected from the reality on the ground). In the case where this consolidated information does not exist (or not yet), it will be necessary to work on the basisof the information available and ask stakeholders to estimate as best as they can future overall needs.

Another problem which often arises is that of inflation. Depending on the country where the PA is located, inflation can be high. Although the simplified version of the Excel document 'My Business plan' does not require this, it is quite possible to include a 'X' inflation rate that can be adjusted, and that should preferably be included in the summary tables.

b. Analysis of staffing costs

The costs linked to staffing are part of operating costs but as they often constitute major expenditure for PAs, it is desirable to treat this category separately. When carrying out an analysis of staffing costs, it is important to include all revenue received by PA employees; starting with salaries but not forgetting bonuses, per diems and other allowances.

The issue of public employees' salaries often arises. The latter are paid from state budgets but PA managers have no room for manoeuvre regarding the use of these resources. Thus, some hesitate to include these staffing costs in the Business Plan. However, it is essential to include them and make sure to include state participation in funding salaries in the section on Funding Sources; all the more so due to international funding donors being more inclined to commit to conservation of a PA when the state is in the process of increasing or at least continuing its financial contribution.

This work on staffing costs also often highlights differences in salary for similar posts. For example, it can sometimes happen that park rangers are paid by different projects and receive different salaries. Thus, the Business Plan can be an excellent occasion to examine the issue, and propose a uniform salary structure ('same work; same salary'), with possible allowances dependent on isolation or hardship factors of some posts. Ideally, funding donors should respect the salary scale proposed by the PA.

Finally, the voluntary contribution of local stakeholders (such as eco-guards and non-salaried members of management committees), who spend a lot of time carrying out Protected Areas management activities can be mentioned in the Business Plan. Indeed, these contributions lend extra weight to the PA and can facilitate the mobilization of new resources.

C. Determining major mid-term investment

i. The costs of construction linked to new infrastructure

Writing a Business Plan is often a good opportunity to examine investment needs. It is about making a coherent list which is essential for the smooth running of the PA, and not increasing investment which is not justified by the Management Plan.
The distinction between investment and operating costs may be small. For example, regular maintenance of premises should preferably be considered as operating costs; in contrast, renovation or expansion of infrastructure can be considered as an investment.

ii. Renewing car and patrol boat fleets

The other significant item among investments generally concerns the purchase of new vehicles; mainly cars, patrol boats or motorbikes. Similarly, the number of vehicles must be detailed (including in particular, a presentation of the existing vehicle fleet whilst writing the Business Plan) and adequately justified so that readers have a clear overview of the situation. Transparency helps convince funding donors of the importance of new investment.

Whether or not to use depreciation tables

Major investment can sometimes generate peaks in long-term financial requirements. An accounting tool exists to uniformly spread investment over several years; depreciation.

The use of depreciation tables is justified by the loss in value e.g. vehicles or patrol boats. The depreciation time will depend on the duration of the use of goods.

Thus, rather than entering 30 000 Euros for a patrol boat for the year 2012, assuming the life of the patrol boat is 6 years, the sum of 5 000 Euros per year for 6 years can be entered in the Business Plan.

Although depreciation tables are commonly used in the private sector particularly for tax purposes, this tool should be used carefully in the conservation sector. Indeed, PA managers generally have to face considerable budgetary constraints and the risk is to under-evaluate a PA's budgetary needs. This does not prevent the tool, however, from readily being used to spread financial needs over several years.

d. Determining operating costs

Operating costs can be significant. The major ones which should not be overlooked are:

- Fuel for vehicules: as far as possible, financial requirements are calculated based on the number of kilometres covered (for land vehicles), or based on the number of hours of patrols (for patrol boats and other boats). The consumption of fuel per kilometre or per hour is then specified to calculate annual requirements.
- Maintenance of vehicles (this is based on previous years' expenditure)
- Utility bills (water and electricity)
- Costs of missions (for national and international missions)
- Rent and other service charges
- Telecommunication bills (telephone, internet, and radio communication)
- Consumables (office supplies, paper, etc.)
- Uniforms of park rangers and other basic field equipment (tents, camping beds etc.)
- Other costs for park rangers (perdiems, daily allowance)

e. Additional costs linked to activities

From a conceptual point of view, this category is the most difficult to understand. Here, it is a matter of determining as accurately as possible the budget needed for the smooth running of all the activities listed in the Management Plan.

To properly understand the idea, the key concept to remember is as follows: since the PA will have a team of professionals and vehicles, and a certain amount of investment will already have been made, what supplementary revenue will be needed for the Management Plan to be executed smoothly? In other terms, the PA staff can carry out a large part of the activities without incurring supplementary costs. Thus, for each scenario (i.e. with a more or less complete team), the amount of work that the staff can carry out is determined.

Whilst developing the Business Plan, each activity described in the Management Plan should be analysed, and 'additional' needs considered, defined in terms of investment, manpower, consultant support and / or training. Ideally, this work should be done as a group in order to agree on the best strategy to employ to carry out particular activities smoothly. It should be noted that based on the Management Plan, the number of activities listed can be huge and so

necessitate a great deal of time. If there is not enough time, it is possible to identify additional costs for each objective or sub-objective of the Management Plan instead of for each activity.

To properly understand how additional costs linked to activities are defined, let us take an example and imagine that one of the activities concerns laying buoys to zone a Marine Protected Area. Is the team able to carry out this work without external help? A priori, investment (the purchase of buoys) should be planned, as well as a consultant who will give technical instructions, and the manpower necessary for laying the buoys (unless staff members have the necessary skills).

All this information will be laid out in the 'Activities' spreadsheet in the Excel document 'My Business Plan'.

Of course, this exercise involves close analysis of needs and, as far as possible, the minimization of costs.

4 OBJECTIVE NUMERO 2 Presentation of existing funding sources

a. Analysis of self-financing sources

This is estimating revenues generated by the Protected Area itself. Self-financing sources can vary greatly from one PA to another, but certain categories are found quite frequently. Most importantly these include:

- **Ecotourism** (concession rights, entrance fees, and taxes linked to recreational activities etc.). It is necessary to make a clear distinction between revenue from ecotourism boosting the PA's budget, and that generated by local communities which constitute an alternative income-generating activity (the Business Plan will focus on income made available for the AP, but it is possible to present revenue from tourism supporting local communities as a guide). Extrapolations are then made and an attempt to predict future revenue which tourism could generate. It is possible to make certain assumptions such as an annual increase of 10% in the number of tourists, and an increase of 5% every 3 years in entrance fees and other taxes linked to recreational activities.

- **Fines.** Revenue from fines is rarely returned to a PA and as before, the Business Plan will record fine revenues only if funds are made available to the PA. Assumptions made on future evolution are possibly more difficult to make since a high number of fines can mean that park rangers are doing their job well or that pressure on resources is increasing. Nevertheless, knowledge of the terrain and threats to the environment should enable each PA manager to make and justify the choice of assumptions.

More generally, it is useful to compare existing and possible self-financing compared to overall financial needs. Thus, we can see the part of total needs that self-financing is likely to cover in a best-case, realistic and / or worst-case scenario. This type of information is very useful when making decisions regarding the main objectives in order to increase funding sources. If, for example self-financing represents less than 5 % of total needs, it should not be relied upon mid-term or even long-term to resolve the PA's financial problems. Other solutions should be studied.

Centralized Government appropriation versus financial autonomy

Business Plans should only consider revenue which is directly available to Protected Areas. Indeed, resources should only be recorded that enable recurring costs to be funded and PA objectives to be carried out as defined in the Management Plan.

Protected Areas who are part of a centralized government appropriation system should not record it as self-financing since this money is not returned to the PA directly. It is possible, however, to indicate self-financing generated in the Business Plan but without including it in the revenue sources total.

Due to the lack of incentive that it generates, the centralized government appropriation system is often counter-productive and can be a hindrance in a PA's development.

When they have the chance, managers should systematically advocate for their PA to have a desirable degree of financial autonomy.

b. Analysis of state subsidies and extrapolation of future trends

Depending on the political context, it may be difficult to anticipate exactly state subsidies available to a given PA or PA network. First of all, from one year to the next, a state might have more or fewer resources, mainly dependent on the evolution of a country's Gross Domestic Product (GDP). In planning the state budget, authorities have the possibility to favour a particular sector in political life (education, health, defence, and environment etc.). If, for example GDP increases each year by around 5 %, and given that the environment is an increasingly 'in' topic, we could then reasonably assume that state subsidies will increase each year by 7 %. Of course, to anticipate the future evolution of state subsidies with the greatest possible precision, it is also necessary to base evolution of state subsidies on previous years and make projections.

In contrast, a budget line in a state budget does not automatically lead to a disbursement. Thus, some PAs have in theory significant public funding but which does not always translate into reality on the ground. When developing the Business Plan, only actual expected disbursements must be considered, and not promises which are risky. Indeed, organizing the Business Plan based on promised but unconfirmed state funding could risk skewing calculations and leading to falsely believing the financial situation is satisfactory.

C. Presentation of existing and potential funding donors

For many PAs today, bilateral and multilateral funding donors, and NGOs still make up the main source of funding. Writing a Business Plan (and updating it periodically) will enable detailed monitoring of all funding donors. It is preferable to give contact details i.e. name, address and telephone numbers. In case of a change of management, it is essential to make this information available to the new managers in charge to ensure smooth continuity of this monitoring. It should be noted that information on donations granted by funding donors can be presented as 2 tables whose totals should be identical (see the 'Funding donors' tab in the Excel document 'My Business plan'):

- **Funding by project**
- **Funding by funding donors**

When completing the spreadsheets concerning the donations made by funding donors, make sure that activities proposed by the donor are included in the Management Plan and have been correctly budgeted for in the 'Funding needs' section. If a funding donor finances activities not included in the Management Plan, these could be pointed out in the 'Funding donors' spreadsheets, but in a separate table so that the donations total granted is not artificially overestimated. Indeed, counting funding 'outside the Management Plan' could result in overestimating funding sources as funding needs are calculated simply based on activities in the Management Plan.

The previous point demonstrates the essential role which PA managers should play in their relations with funding donors: as far as possible, they should urge the latter to give priority to carrying out activities laid out in the Management Plan, i.e. guide activity of funding donors, or at least negotiate this activity so as to maximize environmental results on the ground. It is, of course necessary to remain flexible and always maintain excellent relations with funding donors; from time to time, do not hesitate to revive relations with and call upon new funders regarding their preferred themes of choice.

Thus, a good PA manager should know the strategic priorities of the different funding donors, and be able to identify its future partners based on their priority thematic areas of funding. The manager will use the Business Plan to call upon a donor specializing in funding research; a donor specializing in ecotourism to develop park activities; a donor of development for alternative and revenue-generating activities, or even a private patron interested in education for educational activities and awareness-raising of the environment.

d. Analysis of the funding gap and different scenarios

Business plans maximize environmental results in often difficult financial contexts. This idea must be clarified before proceeding further. The *Funding Gap* is one of the main pieces of information produced that is automatically generated by the Excel document 'My Business plan' i.e. in the 'Final summary' tab. It enables needs, whether covered or not to be put in perspective, allowing several types of strategies to be developed:

- The reduction in expenditure remains the best way of reducing the Funding Gap; the idea being, as far as possible, to do better with less! Better management of resources often allow substantial savings to be made. Hence, managers can easily compare their Business Plans with those of other Protected Areas to analyse their structural costs and identify possible sources for reducing expenditure.

- Returning to the less optimistic scenario. Indeed, the Funding Gap varies according to the scenario: it is more important for the realistic scenario than for the worst-case scenario (which are the 2 scenarios that we advise you to examine).

- Only develop those activities identified as high-priority and postpone the less important activities in the Management Plan until later. Note that one alternative might be to set aside very costly activities or activities which are of rather uncertain benefit. Once again, managers' familiarity with the terrain enables them to make the best possible decision.

- Increase fundraising activities and envisage possible new funding.

Reducing expenditure: Some ideas to improve Protected Areas' Funding Gap

Improving the Funding Gap leads systematically to not only a rise in revenue sources (developed in the following section), but to a reduction in expenditure. Understandably, this is often considered to be a lower priority by PA managers, although it is often possible to greatly improve results on the ground by reducing or limiting the increase in expenditure.

Recurrent costs of Protected Areas generally tend to rise substantially with time, without necessarily seeing an improvement in the execution of the Management Plan. Drafting the Business Plan is a good opportunity to evaluate the structure of expenditure and envisage any possible changes.

The exercise consists of taking the largest expenditure items and closely analysing everything whilst examining if expenditure could also be limited. The main points to study are the following:

- ***Investment***
  - *In broad terms, distinguish any unnecessary investment from essential investment.*
  - *Consider each investment separately and evaluate its interest. It is possible to make substantial savings by scaling down the amount and/or the type of new infrastructure, or postponing the purchase of new vehicles until a later date.*

- ***Staffing***
  - *Before considering the recruitment of new staff, ensure that all employees have well-defined job descriptions and have work which occupies them full-time.*
  - *Developing a culture of results within teams can indirectly help in limiting expenditure.*

- ***Operations***
  - *Concentrate effort on reducing the largest expenditure.*
  - *Closely examine fuel expenditure which is often one of the major expenditure items, and envisage ways of reducing it. It is sometimes possible to make large savings by better routing of patrols and optimizing eco-warden housing.*

- ***Additional costs for carrying out activities***
  - *Carry out the largest number of activities in the Management Plan with the team in place and limit outsourcing external staff. Of course, specific experts are often essential, and the quality of results on the ground should always remain priority.*
  - *Establish monitoring systems.*

It is important to emphasize the fact that the costs reduction strategy should be established for each of the scenarios.

5 OBJECTIVE NUMBER 3
Identifying other possible funding

Before starting, it should be stressed that other possible funding is difficult to put in place. It involves a committed and dedicated team, as well as the external support of partners.

a. Setting up tourist concessions

While the development of ecotourism can be an excellent source of funding for PAs, it is nevertheless a complex and competitive sector. Many PA managers have embarked on ecotourism despite a lack of expertise, and not always with success. It is of course possible, but the risks of failure are high, and failure is all the more painful as initial investment is usually very substantial. The development of community rural tourism can, to a large extent, be a decisive alternative revenue-generating activity for local communities. However, in order for these initiatives to succeed, support from specialized institutions is generally necessary to obtain donations or micro-funding and ensure capacity-strengthening programmes over several years.

The first thing to do is to check a PA's real potential for ecotourism. Is it possible to observe emblematic rare animals, capable of attracting nature lovers? Are specific cultural attractions able to attract a new type of tourist? Is the destination easily accessible? More than one day's travel from the capital may be considered far away unless the journey in itself is of particular interest or if the destination is part of a classic circuit of emblematic natural sites. Will the quality of services offered meet tourists or travellers' expectations? Is it better to rely on very high quality ecotourism (and so fewer tourists) or the opposite, and offer relatively low prices to increase the potential number of tourists? Do the national authorities really want to promote tourism? What concrete support can they offer? Is the country's geopolitical situation sufficiently stable in order not to be of concern to travellers?

All these questions are difficult to deal with, and to estimate the potential of a destination they should be studied in detail by a specialist on the issue. A consultant in ecotourism could reply to these questions for a PA or national PA network, putting forward the strengths and weaknesses of each PA, and proposing strategies to limit the risk of failure.

Before embarking on the promotion of tourism, there are 2 essential points:

- Ensure that developing tourism will not have a significant negative impact and fix certain limits on acceptable change (for example, on the maximum number of tourists).

- Put in perspective the expected financial benefits in relation to the human and financial effort necessary in launching the activity. If the profitability of the activity has very little chance of being guaranteed over the mid-term (5 - 10 years), it is preferable then to not follow this path.

One of the more convincing solutions in promoting ecotourism by limiting the financial risk taken by the PA is to put in place tourist concessions. They provide private entities the right to carry out economic activities in the tourism sector and to benefit from the PA's brand image; in exchange, the operator pays the PA fees e.g. based on the number of visitors.

All the features of the concession are defined in very clear specifications. The tourist operator should respect these specifications which in particular include the number, ecological standards and size of infrastructure permitted; park regulations that the tourist operator must respect including details of both authorized and forbidden activities; and the duration and terms of the concession. Finally, consideration of social parameters is essential for the concession to succeed (for example, at least half the staff should be recruited from the local population).

Where to begin:

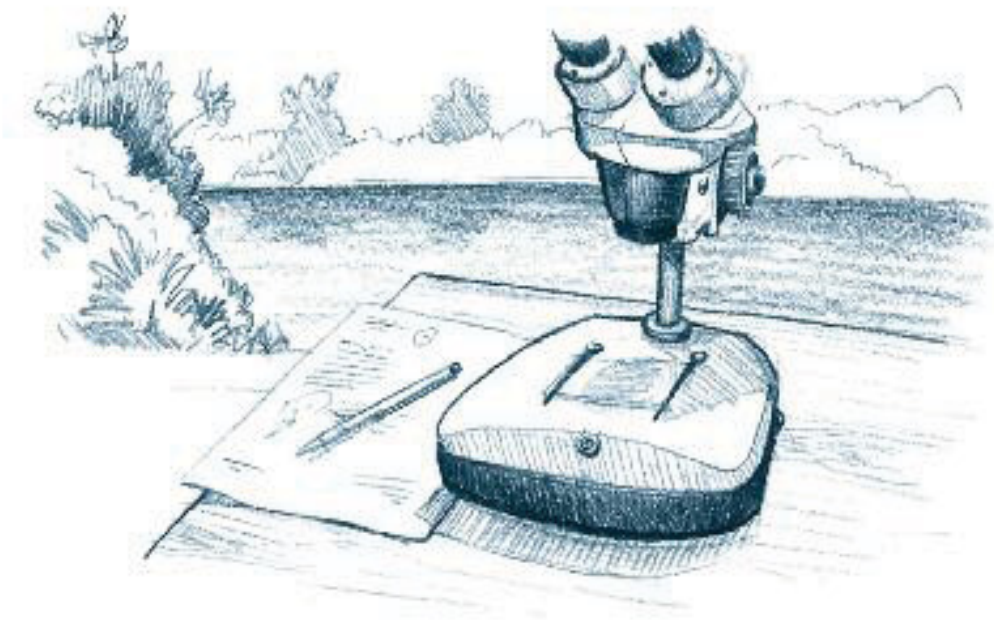
- Draw up detailled terms of reference to analyse the PA's potential for tourism
- Prepare a complete diagnostic of the PA
- Determine a vision with the local population and draw up an Ecotourism Management Plan
- For further reading: "Development of ecotourism, a manual for conservation planners" Andy Drumm and Alan Moore, 2002

b. Citizen involvement and the scientific community

Also called in-kind funding, groups of stakeholders, companies and private individuals might be interested in giving their time, equipment or materials to a Protected Area. In Europe and Latin America, 'voluntary work camps' are used more and more to construct hiking trails in PAs, and fishermen and local divers are used for monitoring. This model can also be applied to African PAs and at the same time, give meaning to 'participative management' whilst limiting expenditure. This type of support can be set up by the PA directly or through an association of PA friends. Note that calls for fundraising can be done through websites organized by donations (for example Greenvest, and Green Now).

Other voluntary-based mechanisms can also be proposed. For example, setting up a voluntary contribution to the PA national system can be suggested in hotels or at park entrances. This approach is welcomed by visitors and is also an opportunity to promote the PA national network. Social networks can also be set up by quite simply using existing platforms. If they agree to participate visitors can then periodically receive news on PA progress, and in case of need, can be called upon to support specific and urgent initiatives for protection of the environment.

Finally, the study on PA experiences shows that another source of funding allowing some MPAs to find long-term resources is to establish scientific research stations (basic reception centre, logistics and scientific equipment) which are then leased to universities or to research institutes who find them prime areas for research. Of course, it is necessary that results will be systematically shared with the PA.



C. Creating and capitalizing a Conservation trust Fund (ETF)

Trust funds are a financial mechanism whose objective is to ensure stable and long-term funding of Protected Areas and to bring micro-funding to NGOs and community groups. This is done to ensure biodiversity preservation projects are carried out and more sustainable use of natural resources. The main advantage of ETFs is to provide significant long-term funding as opposed to essential funding which is unfortunately, often too irregular from traditional funding donors. ETFs are powerful tools but which remain difficult to implement. They require high-level expertise. This section aims to simply give a rapid overview of ETFs so that PA managers have a good understanding of them.

So far, there are around 60 ETFs in 50 countries. The first ETFs usually covered just one PA, but since 2000 this trend has changed and more and more ETFs are being created with a national approach. They are mainly funded by the Global Environment Facility and bilateral agencies. Their average annual performance rose to 10.2 % until 2008 (source: Conservation Finance Alliance).

There are 3 different types of Conservation trust Funds:

- **Endowment Fund**
  Investment funds which only use revenue obtained from capital (interest) to finance its activities.

- **Sinking Funds**
  Funds designed to disburse all their capital and investment revenue during a determined and relatively long period (generally over 10 years). Useful to cover large investments.

- **Revolving Funds**
  Funds which regularly receive new contributions; such as the result of special taxes which replace or add to the funds' initial capital.

Note that these 3 types of funds are not exclusive. The Endowment Fund is generally preferred by funders, but on the condition that clear rules are fixed, the same fund might apply the 3 formulae e.g. by fixing a capitalization threshold below which the fund cannot go.

ETFs are more than just a simple financial mechanism. They also represent:

- A Forum between stakeholders in environmental protection (governmental organizations, NGOs, the private sector and international donors).
- A source of technical expertise in order to develop effective management approaches.
- Bodies which strengthen capacity and accompany the first phase of a NGO in the field of biodiversity conservation.

ETFs are characterized by 4 key elements:

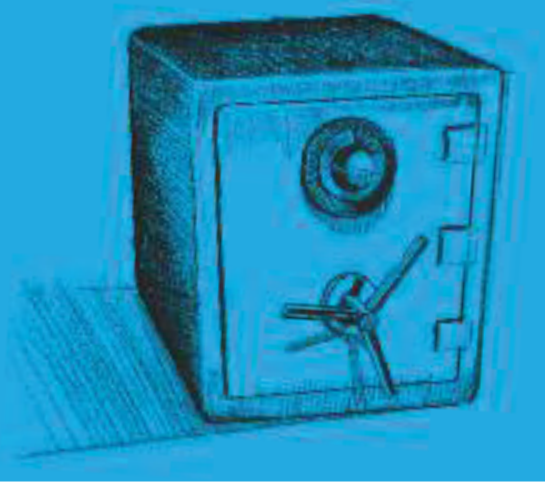
- Capital assets.
- A legal structure(usually in the form of a private body: trust fund or foundation).
- A supervisory body; for example, a Board of Governors (BG) who decide on the allocation of funds. This body should represent all interests and stakeholders.
- A management structure responsible for managing funds and implementing aid programmes.

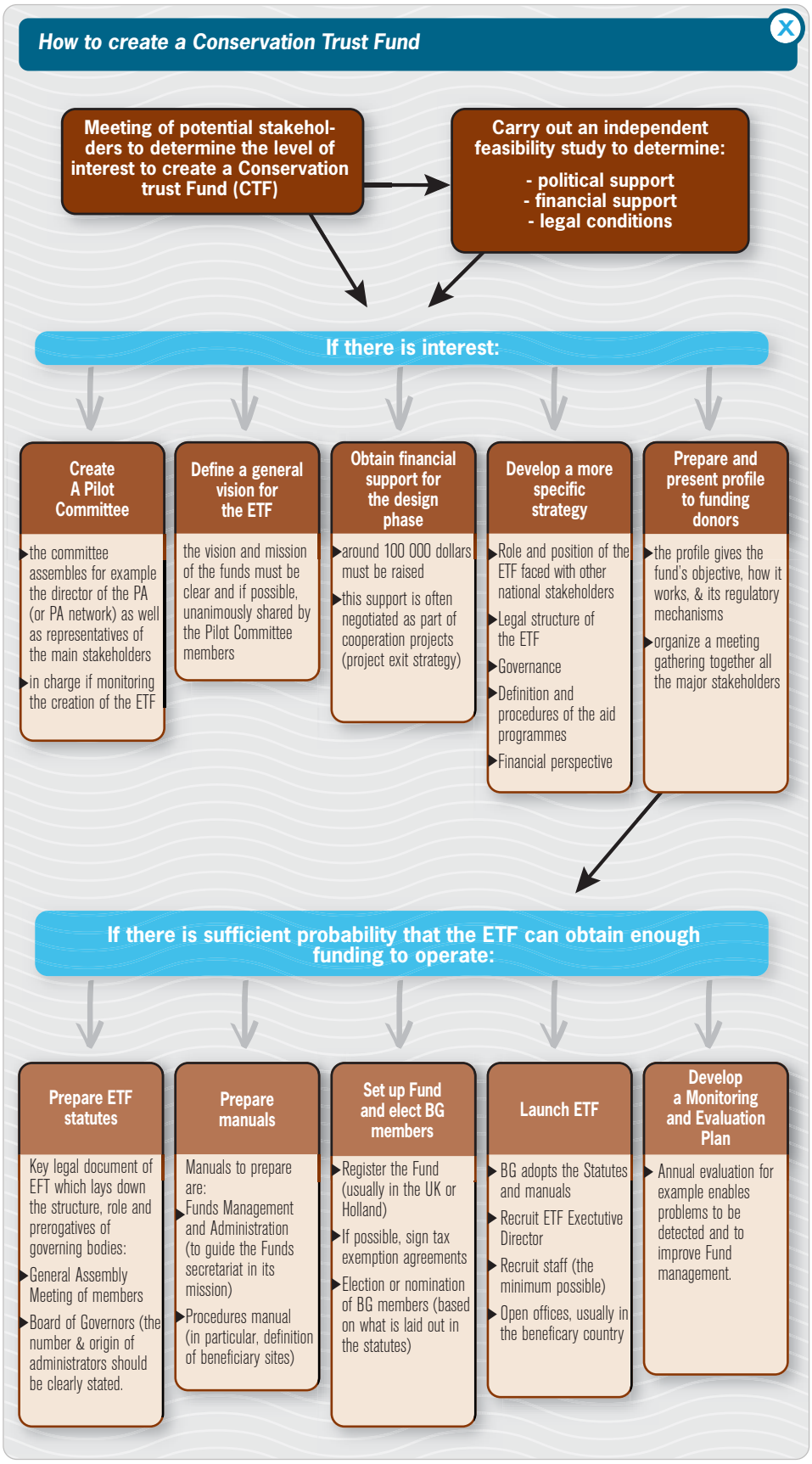
Creating an ETF involves a long-term strategy for managing PAs, with clearly established objectives. The creation of an ETF is generally part of a national strategy for Protected Areas and guarantees that a minimum of funds will be allocated to sustainably fund management operating costs of Protected Areas. Governments play a key role at 3 levels:

- They are usually the landowner of national park territory.
- Directors of Protected Areas, as well as other national representatives are members of the GB.
- In certain cases, governments play an important role in capitalizing funds (e.g. today the Mauritanian government is one of the main funders of Bacomab).

Advantages and disadvantages of CTFs

Advantages	Disadvantages
They offer a long-term funding mechanism for PAs. Good matching with financial and biological time scales.	Subject to the vagaries of international funding.
Facilitate planning over the long term.	Management costs are often high (ideally between 15-20%; sometimes as high as 40%).
Large participation of multiple stakeholders, and development of civil society.	Only generate relatively small amounts in view of the amount of funds blocked.
Interdependence and autonomy regarding governments.	Cannot generate large amounts in a short time frame.
Micro-funding capacity by distributing international aid from large donors to multiple local funding.	The break-even point of an ETF is in the order of 5 million Euros (or even10 million). Sometimes difficult to mobilize.
Facilitate coordination between the different stakeholders (government, funding donors and civil society).	May be used for political purposes divergent from ETF objectives.
Leverage effect: existence of an ETF attracts new funding donors.	The way projects sometimes operate prevents more comprehensive reforms being formulated (legal, political, and economic etc.).
Has certain privileges such as tax breaks which enable all the funds available to be allocated to beneficiaries.	An ETF can cause a reduction in other sources of funding intended for conservation.




How to create a Conservation Trust Fund
X
Meeting of potential stakeholders to determine the level of interest to create a Conservation trust Fund (CTF)
Carry out an independent feasibility study to determine:
- political support
- financial support
- legal conditions
If there is interest:
Create A Pilot Committee
the committee assembles for example the director of the PA (or PA network) as well as representatives of the main stakeholders
in charge if monitoring the creation of the ETF
Define a general vision for the ETF
the vision and mission of the funds must be clear and if possible, unanimously shared by the Pilot Committee members
Obtain financial support for the design phase
around 100 000 dollars must be raised
this support is often negotiated as part of cooperation projects (project exit strategy)
Develop a more specific strategy
Role and position of the ETF faced with other national stakeholders
Legal structure of the ETF
Governance
Definition and procedures of the aid programmes
Financial perspective
Prepare and present profile to funding donors
the profile gives the fund's objective, how it works, & its regulatory mechanisms
organize a meeting gathering together all the major stakeholders
If there is sufficient probability that the ETF can obtain enough funding to operate:
Prepare ETF statutes
Key legal document of EFT which lays down the structure, role and prerogatives of governing bodies:
General Assembly Meeting of members
Board of Governors (the number & origin of administrators should be clearly stated.
Prepare manuals
Manuals to prepare are:
Funds Management and Administration (to guide the Funds secretariat in its mission)
Procedures manual (in particular, definition of beneficiary sites)
Set up Fund and elect BG members
Register the Fund (usually in the UK or Holland)
If possible, sign tax exemption agreements
Election or nomination of BG members (based on what is laid out in the statutes)
Launch ETF
BG adopts the Statutes and manuals
Recruit ETF Exectutive Director
Recruit staff (the minimum possible)
Open offices, usually in the beneficary country
Develop a Monitoring and Evaluation Plan
Annual evaluation for example enables problems to be detected and to improve Fund management.

d. Carbon finance

Carbon finance can be defined as presenting all sources of funding linked to reducing greenhouse gas emissions or adapting to climate changes. In many respects, carbon finance is one of the new and very promising opportunities for long-term funding of Protected Areas, although it is important to immediately make clear that until now results have been relatively disappointing and have fallen short of expectations. Carbon finance could take the form of carbon markets (we often hear of '*cap-and-trade*') or taxes on carbon emissions. Although various taxes on carbon (and other greenhouse gases) have been introduced at national level, it is really setting up carbon markets upon which the international community have relied to fight against climate change. From PA managers or PA networks' viewpoint, it is important to have an overall picture of these new mechanisms to be able to determine the real potential at local and national levels.

Certain Protected Areas might develop programmes for afforestation, reforestation (AR) or avoided deforestation (REDD), or even renewable energy projects (wind, solar, hydro-electricity, and biomass energy) which, to a certain extent can qualify for payments for the purpose of fighting against climate change. For PAs, the main outlet concerns afforestation, reforestation and REDD projects, and so here we shall only deal with those projects.

There are several carbon markets in which greenhouse gas emission reductions are traded (more commonly called 'carbon credits'). The main carbon markets:

- **Markets with binding commitments:** this is primarily about the Kyoto Protocol which has led, in Europe in particular. to the creation of a European market for emission quotas (EU ETS). This European market consists of more than 80 % of global carbon credits trading. For developing countries (or transitional economies), the tool to transform an activity into carbon credits is called the Clean Development Mechanism (CDM), as defined by Article 12 of the Kyoto Protocol. As laid out in rather complex procedures, it is possible to register afforestation or reforestation projects but the process is long and random, and until now no PA has benefited from carbon credits through this process. It should also be noted that REDD is still not admissible under the Kyoto Protocol.

- **Voluntary markets** assemble companies or private individuals who want to compensate for their greenhouse gas emissions, without these reductions being made compulsory from a legal point of view. Companies generally do this to improve their image; and individuals for ethical reasons. It is possible to develop afforestation, reforestation or avoided deforestation projects (REDD) in the voluntary markets. Until now, it is the best strategy for Pas to follow.

How to determine if it is possible to develop a project?

▸ Methodology

The carbon credit calculation is done based on approved methodologies. The first step is then to find a methodology that corresponds to a proposed activity. Reforestation projects, including voluntary markets use methodologies approved by the UN and available online on UNFCCC[2]: http://cdm.unfccc.int/methodologies/index.html

Concerning REDD projects; the 3 main methodologies which currently exist are the following[3]:

- Avoiding planned deforestation
- Avoiding unplanned frontier deforestation and degradation
- Avoiding unplanned mosaic deforestation and degradation

▸ Additionality

It is the key concept in obtaining carbon credits. The idea is that a project should only obtain carbon finance aid on the condition that the project would not have taken place without the existence of carbon finance. This can sometimes be difficult to demonstrate and support from professionals in the sector is essential to increase the chances of success.

▸ Eligibility

First of all, it is necessary to find out the definition of forest (in terms of size, density and surface area) from the Designated National Authority[4] of the country concerned.

In order to avoid individuals causing deforestation to then develop reforestation projects, it was decided that reforestation projects would be eligible to obtain carbon credits on condition that deforestation was prior to1990. The difficulty is proving the date when deforestation occurred (based on satellite photos or field surveys which are costly and difficult to undertake).

For REDD projects, the forest should be at least 10 years old. Similarly, it is necessary to prove this

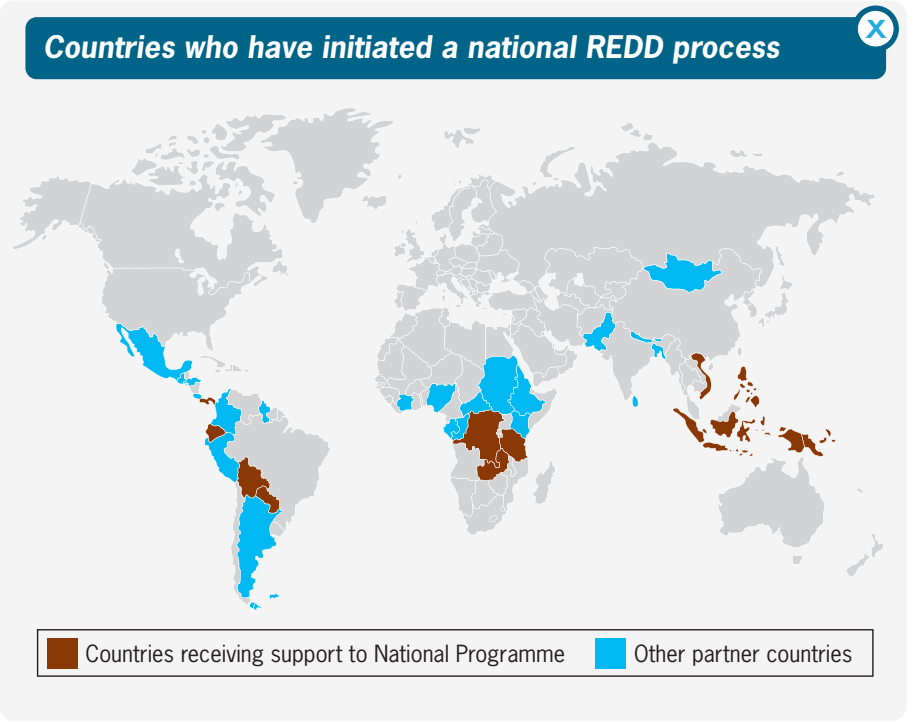
▸ Estimating the number of carbon credits

Before initiating the process, the number of carbon credits likely to be generated by the project needs to be estimated. If the number obtained is too low and does not cover the cost of the transaction, it is preferable to abandon the project (which does not necessarily mean abandoning reforestation or avoided deforestation activities; it just has to be done with other means).

2 UNFCCC = United Nations Framework Convention on Climate Change
3 The Voluntary Carbon Standard propose several REDD methodologies (www.v-c-s.org)
4 See the Designated National Authorities list on http://cdm.unfccc.int/DNA/index.html?click=dna_forum

▸ Leakage

The concept of *leakage* applies particularly to REDD projects. Assuming that deforestation declines in a given territory, how to ensure that deforestation will not simply be displaced to a neighbouring territory? And how to check this? To resolve this problem, REDD methodologies apply quotas: for example, it is necessary to generate 120 carbon credits in order for the project initiator to obtain 100 carbon credits. The difference of 20 is used to offset leakage. This rather unconvincing solution has led the international community to opt for national REDD programmes(as opposed to local REDD initiatives), by arguing that the fight against deforestation is more effective if conducted by national authorities themselves..



Source: UN-REDD.org

The number of countries subscribing to national REDD should significantly increase in the coming years. From the viewpoint of PA managers (or national PA networks), it is essential to follow these negotiations in order for PAs to benefit from funding generated at national level.

Indeed, we have already seen that national authorities responsible for REDD do not consider it necessary to fund PAs since, a *priori*, the rate of deforestation is lower than elsewhere. Therefore, in order to benefit from possible resources PAs must demonstrate their importance in promoting protection of the environment at national level.

How to proceed:

- Identify a project which could qualify for carbon compensations and write a Project Idea Note (PIN)
- Contact the Designated National Authority and ask them for the definition of the forest and their point of view on a PIN
- If the project seems viable, contact a carbon project developer
- Carry out a feasibility study which addresses issues of methodology, eligibility, additionality, and leakage, and which gives an estimate of the number of carbon credits that the project could generate
- Search for partners, investors and / or buyers of carbon credits
- Negotiate an ERPA (or VERPA for Voluntary Emission Reduction Purchase Agreement), which is a carbon credits forward sales contract.
- Initiate the validation process (draw up a Project Design Document and start the AR or REDD project)

e. Debt-for-Nature Swaps

Debt-for-Nature Swaps have been one of the main tools for creating a large number of Protected Areas since the end of the 1980s. Although setting up the conversion of debt is quite complex, the general principle is quite simple. PA network managers should be familiar with the general workings so as to determine whether or not there is a funding potential through this strategy. A Debt-for-Nature Swap consists of buying all or part of a country's external or commercial debt, converting it into local currency, and using the funds generated to fund conservation. The debtor country generally gladly accepts the Debt-for-Nature Swaps as they alleviate the country's debt by transforming a strong currency debt into local currency. In addition, the Debt-for-Nature Swap is systematically carried out at a lower value than the nominal value of the debt. In other terms, the repayment only represents a fraction of the initial debt; a fraction which is subject to negotiations between the parties.

Debt-for-Nature Swaps allow important funding to be accessed, which for example can be used to capitalize an Conservation trust Fund. It should be noted that negotiations to carry out a debt swap is done at national level and aims to fund a Protected Area network rather than one sole PA. There are certain limits to this mechanism and the main ones are as follows:

- Only one part of the country's debt can be a Debt-for-Nature Swap: this is essentially bilateral public debt (country to country). The main debt swaps have happened with permanent members of the Paris Club which brings together the richest economies of the world.

- Following debt reduction or cancellation arrangements, Heavily Indebted Poor Countries (HIPC) then have very limited debts with members of the Paris Club, or these debts are not sufficiently old to justify a debt swap.

- Negotiations take a long time

- Debt swaps are done by intermediaries, usually international NGOs. If there is the possibility of using this mechanism, PA managers should work in conjunction with the latter to propose action programmes, with the risk of being influenced by NGO priorities.

5 La liste des membres permanents du Club de Paris est la suivante : Allemagne, Australie, Autriche, Belgique, Canada, Danemark, Espagne, Etats-Unis, Finlande, France, Irlande, Italie, Japon, Norvège, Pays-Bas, Royaume-Uni, Russie, Suède et Suisse.

How to proceed:

- Study the debt structure (information that can be obtained from government finance departments
- If there are outstanding debts- ideally with members of the Paris Club- there is a possibility
- Contact an international NGO and advise them of your intention
- Write a mail to the Embassy concerned, giving a brief outline of the project
- If the creditor country is interested, develop a programme detailing the objectives and use of funds
- Further reading: 'Debt-for-Nature Swaps', CFA

f. Other sources of potential funding

Apart from the main instruments presented previously, other tools can be used to improve the financial health of Protected Areas. The principal tool available to governments to raise funding is fiscal instruments, which consist of putting in place new taxes or contributions, usually at national level.

The main fiscal instruments which can be put in place at national level are the following:

- Fines for illegal fishing. The point to stress is that these fines are usually collected by government finance departments and do not systematically lead to additional revenue for PAs.

- Departure tax contribution at international airports. The application of such a tax to fund PAs is justified by the fact that the plane is an extremely pollutant means of transport.

- Tax on hydrocarbons (at the pump). This works very well e.g. in Costa Rica where a 13% tax on hydrocarbons goes to the Funds for the Protection of the Forest. Problem: detrimental effect on the population's purchasing power, not necessarily popular (hence, the significance of its low amount).

- Contribution by companies carrying out extractive activities of natural resources. It should be argued that these activities generally pose a significant risk for the environment which PAs aim to protect.

- Conversion tax on forest lands permanently allocated to other uses

It should be noted that these instruments have advantages and disadvantages that should be closely examined before proposing a new fiscal measure:

Advantages and disadvantages of fiscal instruments for conservation

Advantages	Disadvantages
Supplies a source of regular and reliable revenue.	*Ensuring that revenue is properly allocated to conservation is a real challenge.*
The existence of tax collection mechanisms makes it unnecessary to create new collection mechanisms.	*It is necessary to have strong institutional and fiscal capacity. It could prove difficult to introduce new taxes – political acceptability risks require considerable effort to obtain information which would increase costs.*
Establishing fiscal instruments with a wide tax base means that managers depend less on individual donors.	*Strengthening the powers of local authorities or PAs might require a modification of current legislation.*
Taxes levied on economic benefits from the use of natural resources direct the economy on a more sustainable path.	*Recovering all the environmental costs and profits requires a large volume of information to be collected.*
Ecotaxes can lead to 'double dividends' by reducing certain existing ones (e.g. tax on revenue).	*New instruments might have adverse effects. The instruments should remain sufficiently flexible to enable an iterative approach.*

Sourcet: Conservation Finance Alliance

How to proceed:

- Organize a meeting and plan a list of contributions which could be put in place either at local or national level
- Select the easiest to implement and the most promising from a financial point of view
- Promote and / or set up the instruments selected

6 OBJECTIVE NUMBER 4 Identifying and putting Payments for Environmental Services (PES)

a. Identifying and evaluating ecosystem goods and services

In conjunction with the analysis of new sources of funding, the identification and evaluation of ecosystem goods and services is not essential but can be a real 'trump card' for the Business Plan. In particular, refining and honing PA managers' knowledge and discourse is very useful when justifying the need for new funding.

This is a proven tool in Anglo-Saxon countries in particular, which consists of promoting a business approach. It points out the fact that Protected Areas offer economic goods and services to individuals, companies and to society in general. This work can eventually lead to the clear identification of beneficiaries of certain environmental services given by PAs, and put in place Payments for Environmental Services (see the following sub-section).

The concept of ecosystem goods and services emerged with the worsening of the current ecological crisis that has seen the damage and loss of numerous ecosystems. The increasing fragility of ecosystems has led to the idea that it is advisable to understand our environment and better recognize the benefits received from nature. Although technically complex, this exercise allows a real value to be given to nature and thus, might lead to including negative environmental externalities generated by economic activity. In other terms, it gives a value to nature to encourage humans, companies and society to better respect and reflect on it.

Environmental services are defined in the Millennium Evaluation of Ecosystems: '*It is about benefits that people obtain from ecosystems. These include provisioning services such as food and water; regulating services such as flood and disease control; cultural services such as spiritual, recreational, and cultural benefits; and supporting services that maintain the conditions for life on Earth such as nutrient cycling*'.

A break down of the different types of ecosystem goods and services is as follows:

⊙ Value in use

- Direct value in use represents the benefits from the environment by economic operators who make direct use of resources from the environment.

- Indirect value in use (or ecological value) is the sum of benefits resulting from maintaining ecological services of an ecosystem. Most of these services have no artificial substitute and represent a crucial source of well-being for the human community.

- Option value is based on the hypothesis that if an individual can not currently benefit from a direct or indirect advantage from the resource, s/he might wish to conserve the option of using this resource in the future.

⊙ Value to people's lives such as:

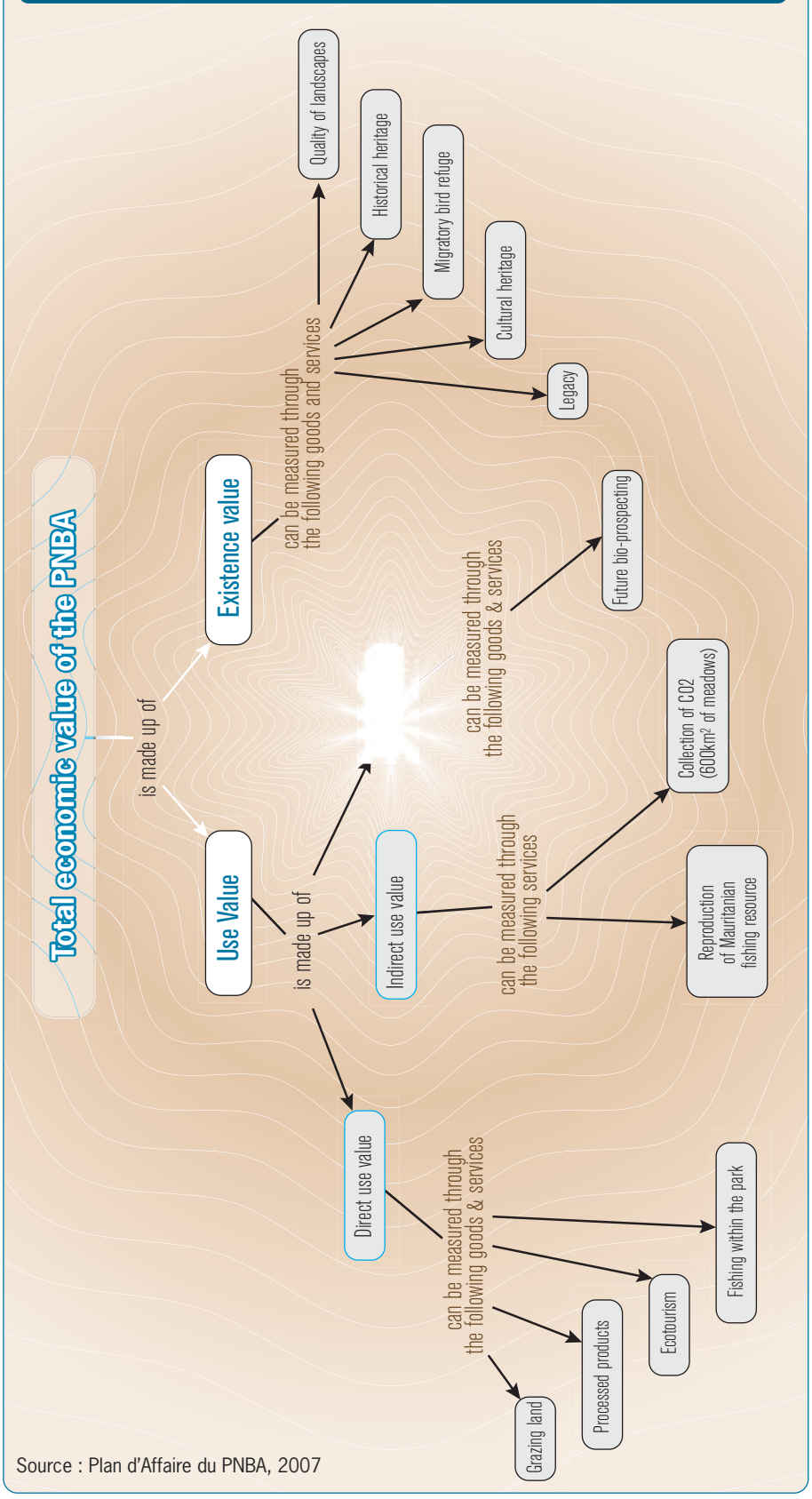
- Quality of landscapes

- Cultural heritage

- Historical heritage

For each PA (or for a PA network), it is possible to identify ecosystem goods and services. It is advisable to show all these goods and services by using a graph such as the one below:

Identification of Ecosystem Goods and Services offered by the PNBA



Source : Plan d'Affaire du PNBA, 2007

The diagram above represents the goods and services identified. This work of identification is also called **qualitative evaluation**. Once the goods and services are identified, it is possible (but not necessarily essential) to proceed to the stage of quantitative and even monetary evaluation:

- **Quantitative evaluation.** We shall look and try to use one unit of weight or measurement to quantify each good and service delivered by the PA. For example, to list the number of kilogrammes of fish caught in the PA, the number of visitors to the PA, and the number of endemic species. This quantitative evaluation allows goods and services offered to be better evaluated, and to follow their evolution over time. In fact, they are biological indicators (but also economic and social) with which we can study evolution, including better management of the PA.
  In certain cases, it can be interesting to classify goods and services identified in order of importance. We shall use the contingent choice method which is to carry out a survey to ask people to classify goods and services by order of importance.

- **Monetary evaluation.** We shall try to determine economic value of goods and services given on a monetary basis. This notion of monetary value has suffered some criticism, in particular due to its imprecision (for example, what is the economic value of a tree or the value of a landscape?) but nevertheless, the tool can be powerful at the moment of justifying figures on the table; an economic incentive for a country to conserve its natural resources well. However, it is necessary to remain prudent and only use the monetary value if the methodology employed is indisputable and if the results produced do not risk being counter-productive e.g. in the case where we got too low an economic value. In short, the main methods to carry out monetary evaluation are the following:

  - Market price method (just the market price is used e.g. the price of fish per kilo or the price of a tonne of wood. This method is applicable to direct use values).

  - Opportunity costs method (estimate the cost of an alternative which should be abandoned for the environmental service to be supplied; applicable to indirect use values).

  - Avoided costs method (e.g. conserving a forest will avoid the costs caused by flooding; this method is applicable to indirect use values).

  - Travel cost method (tourism value of a PA can be measured, in part, by the amount of money that tourists pay to reach the site).

  - Hypothetical markets method (consists of carrying out a survey in order to ask people how much they would be prepared to spend to maintain ecosystem goods or services; applicable to all goods and services).

b. Setting up payments for environmental services

The work of the previous section in some cases can allow some direct or indirect beneficiaries to be identified for some goods and services produced by the PA. On this basis, it is possible to put in place Payments for Environmental Services (also called Payments for Environmental Services). PES can be set up at several levels (international, national and local) and financially support PAs:

- **International level:** some services are of international environmental concern. The best known are, for example, maintaining forests (avoided deforestation) or creating new forests (AR) to limit greenhouse gas emission concentrations in the atmosphere and so reduce the impact of climate change worldwide. The section on carbon finance (p. 23) details this potential source of funding for forest PAs.

- **National level:** It is often difficult to identify environmental services provided at purely national level. Indeed, ecosystems only rarely stop at national borders. However, national level is often useful to implement PES by national authorities. For example, preserving natural heritage can contribute to promoting tourism. Tourists should be considered here as beneficiaries of maintaining ecosystems. In this sense, it is possible to apply entrance fees divided proportionally or even national taxes to support associations or institutions (such as PAs) who champion environmental protection. Costa Rica created a National Forest Fund whose objective is to support all initiatives for reforesting and conservation. This policy is largely justified by the different environmental services provided by the forests.

- **Local level:** The example most frequently used is that of the hydro dam which benefits from proper conservation of the forest above the dam to limit erosion and siltation from the reservoir. The beneficiary here is the hydroelectric company who benefits from the erosion-fighting services provided by the forest. The Payment for Environmental Services here consists of making the beneficiary pay to assure that the service is maintained over time.

In conclusion, it is important to emphasize the fact that PES is a tool probably set for a promising future but which remains difficult to implement, primarily due to a lack of awareness and recognition of services provided by ecosystems. Thus, it is important to increase the number of studies in this promising area and consider solutions adapted to each Protected Area.

How to proceed

- Organize meetings with scientists who will contribute ideas to consider and discuss on goods and services provided by the PA
- Download the CMAP Tool (free software to create diagrams as above)
- For more detail, the leading website on the issue is currently www.teebweb.com (The Economics of Ecosystems and Biodiversity).

7 How to complete the Excel document 'My Business plan'?

a. Which IT skills are needed?

The Excel spreadsheets are extremely simple to use and an individual with very limited IT skills could manage. Nevertheless, it is preferable to have one individual with good Excel skills within the team responsible for writing the Business Plan, and for 3 reasons. Firstly, it is desirable to have good overall understanding of the tool, including from a technical point of view, before starting the process. A person with good Excel skills will quickly understand the links between values and quickly grasp the mathematical logic of the document. Ideally, this person should work alone on the document for one day, test it, and present the document to the members of the team. Secondly, small typing errors can occur or small changes might be necessary. Thus, it is necessary to be able to follow the existing model to ensure that the table is functioning correctly. Thirdly, Excel is a very practical tool which is worth being used to its full potential. Thus, based on the simplified Business Plan template, it is possible or even desirable, to include additional tables corresponding to the PA's specific needs e.g. to insert additional rows, calculate current and future requirements for fuel, and accurately determine per diems allocated each year, etc.

If the PA does not have somebody with the required IT skills, it is recommended to take on an IT intern or call upon a national IT specialist for a few days.

b. Presentation of spreadsheets

The Excel document 'My Business plan' is made up of the following spreadsheets:

NAME OF SPREADSHEET	DESCRIPTION	COMMENTS
General information	IThis is a brief presentation of the main features of the Protected Area. This information is found in the Management Plan.	Information to be taken from the Management Plan.
Investment	Presentation of all investments planned mid- and long-term.	Think about not just initial investment but also about future investment necessary.
Staff	All PA staff should be presented.	Do not hesitate to add rows and to modify the spreadsheet to correspond to headings.
Operations Activities	See section III) d) on operations The most complex spreadsheet. It is necessary to extract from the Management Plan the list of activities and 'copy-paste' them one by one into the left-hand column (use the logical framework from the Management Plan if it exists). See section III) e) on additional costs and section VI) c).	Surplus headings and rows can be deleted.
Activities (summary)	Presents additional costs to carry out activities based on 2 classifications (by thematic heading of the Management Plan and by type of additional cost).	Generated automatically; do not add anything to this spreadsheet.
Expenditure (summary)	Important summary document to analyse very quickly the different PA expenditure. Key information to present to donors and other stakeholders.	Generated automatically; do not add anything to this spreadsheet.
Self-financing	See IV) a).	Projections and assumptions.
Public funding	See IV) b).	Projections and assumptions.
Funding donors	See IV) c).	Detailed monitoring of donors.
Other mechanisms	See V).	Only include mechanisms which have strong potential to succeed.
Revenue (summary)	Important summary document to very briefly analyse the different sources of revenue of the PA.	Generated automatically; do not add anything to this spreadsheet.
Final summary	Presents the annual balance of the PA. The most important summarized statement for stakeholders.	Generated automatically; do not add anything to this spreadsheet.

C. Checking results and retrieving data from the summary

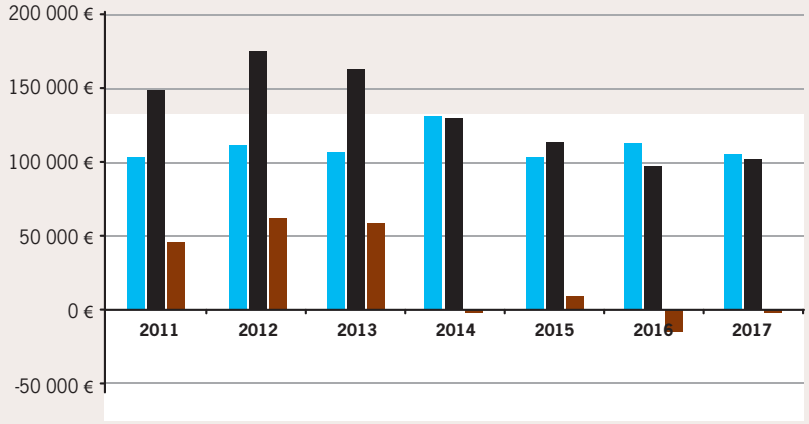
The Excel document is very simple to use and it is rare for problems to occur. However, some errors sometimes appear on 'Activities' of the Excel spreadsheet. To ensure that no errors are introduced into the document, it is advisable to check in the spreadsheet 'Activities (summary)' that the sums in the 2 tables are identical. In fact, 'Activities (summary)' presents the total costs to carry out activities based on 2 classifications; by the Management Plan thematic, and by the type of additional cost (investment, consultation, training, and manpower). If the 2 total sums are not equal, it will be necessary to return to the spreadsheet 'Activities' and correct the error. These errors usually occur when a new row is added to the table 'Activities'. To add a row, it is preferable to 'Copy and Paste' an existing row (that conserves the formula) rather than insert a new row (which does not conserve the formula).

d. Think about developing at least two scenarios

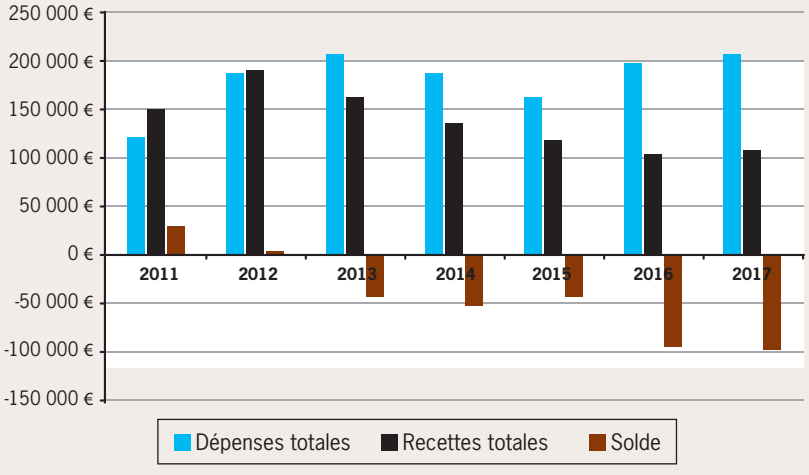
A Business Plan allows a long-term strategic vision to be defined and gives managers a set of indicators to help them make the most appropriate decisions depending on the environmental and economic context. Developing at least two scenarios is essential in order to have several possibilities.

To do this, base the Business Plan on one scenario e.g. the 'realistic' scenario. We shall call this scenario 'XXX PA Business Plan -Date- realistic scenario'. Once this version is finished, you should create a copy of the document and call it 'XXX PA Business Plan -Date- worst-case scenario'. The second scenario will take less time than the first. At the end, you will have summary tables of the following type:

PA Business plan, worst-case scenario



PA Business plan, realistic scenario



8 Further reading (list of references and other sources)

- Conservation Finance Alliance. Business Planning for PA, Conservation Finance Guide. http://www.guide.conservationfinance.org
- Conservation Finance Alliance, 2003. Les Echanges dette-nature, Conservation Finance Guide http://www.guide.conservationfinance.org
- Emerton, L., Bishop, J. and Thomas, L. (2006). Sustainable Financing of Protected Areas: A global review of challenges and options. IUCN, Gland, Switzerland
- Klug W. 2003. La mise en place de fonds fiduciaires pour l'environnement pour financer les aires protégées en Afrique francophone, Vth World Parks Congress: Sustainable Finance Stream. Durban, South-Africa, September 2003
- Parker C., Mitchell A., Trivedi M. and Mardas N., 2008. The Little Red Book, A guide to governmental and non-governmental proposals for reducing emissions from deforestation and degradation, Global Canopy Programme.
- Eagles Paul F. J., McCool Stephen F. et Haynes Christopher D., 2002. Sustainable Tourism in Protected Areas Guidelines for Planning and Management ». IUCN Gland, Switzerland and Cambridge, UK. Xv+183pp.
- Philipps A., 2000. Financing Protected Areas: Guidelines for Protected Area Managers No. 5. Financing Protected Areas Task Force of theWorld Commission on Protected Areas (WCPA) of IUCN, in collaboration with the Economics Unit of IUCN, 2000, viii + 58pp
- Philipps A., 1998. Economic Values of Protected Areas, World Commission on Protected Areas, IUCN Economic Values of Protected Areas: Guidelines for Protected Area Managers. No. 2. Task Force on Economic Benefits of Protected Areas of the World Commission on Protected Areas (WCPA) of IUCN, in collaboration with the Economics Service Unit
- Quintela C. et Phillips S., 2011. Strategic Planning for Environmental Funds . Capacity Building Project for Environmental Funds. RedLAC
- WWF. 2009. Guide to Conservation Finance. Sustainable Financing for the Planet. WWF, Washington, DC.
- Spergel, B. 2000. Financer les aires protégées - un éventail d'options. World Wildlife Fund - US, Center for Conservation Finance. http://www.worldwildlife.org/conservationfinance

Important internet sites:

Conservation Finance Alliance: www.conservationfinance.org

Evaluation of Ecosystems for the Millennium: www.millenniumassessment.org

REDLAC (Latin-American network of conservation trust funds): www.redlac.org

The Economics of Ecosystems and Biodiversity: www.teebweb.com

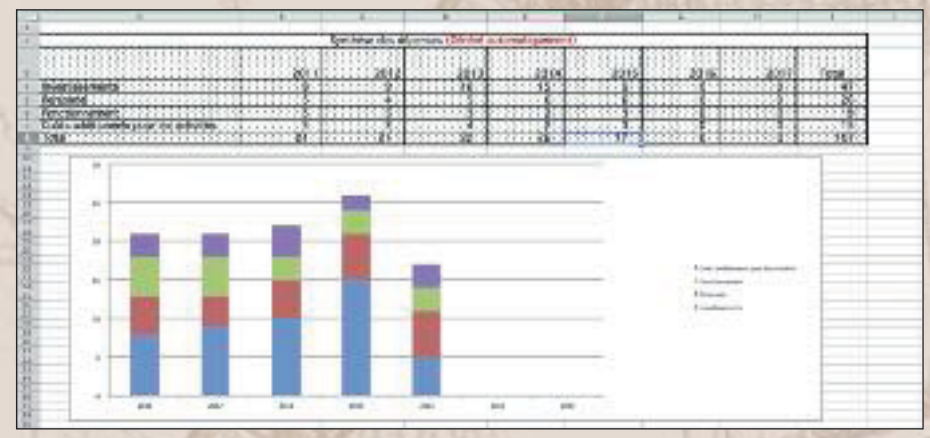
UNFCCC: www.unfccc.int

Voluntary Carbon Standard (REDD methodologies): www.v-c-s.org

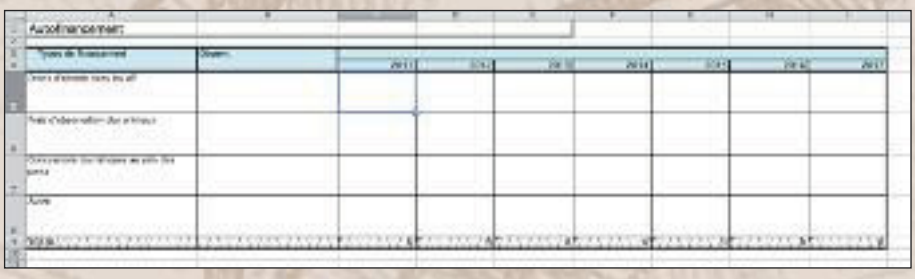
WWF: www.wwf.panda.org

Excel Tools on CD

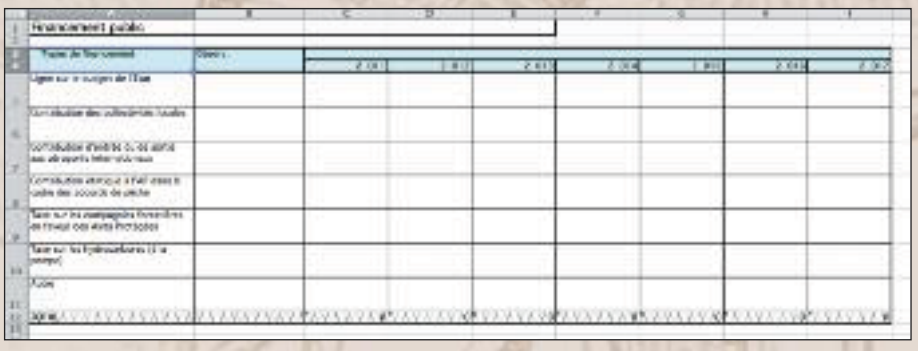
Expenditure (summary)



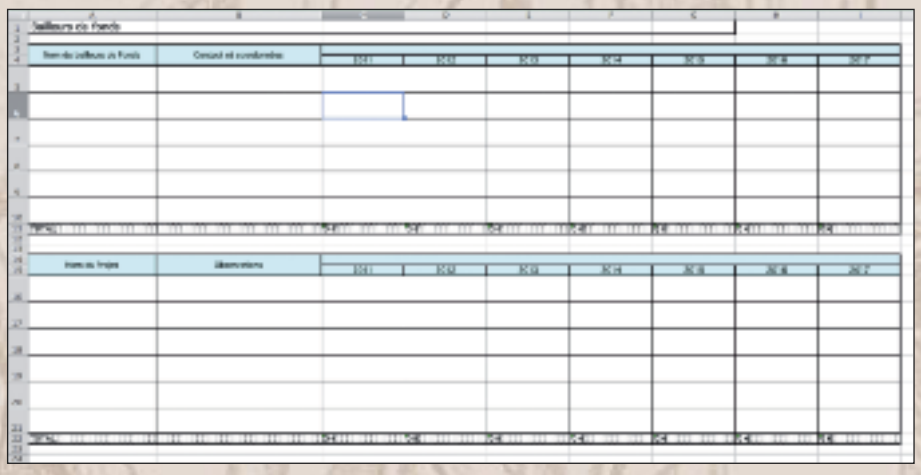
Self-financing



Public funding

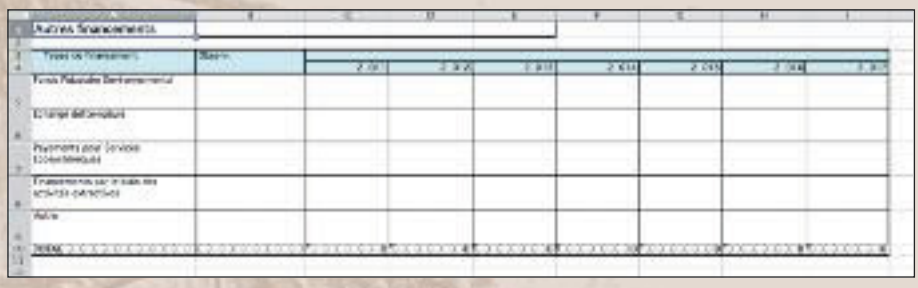


Funding donors

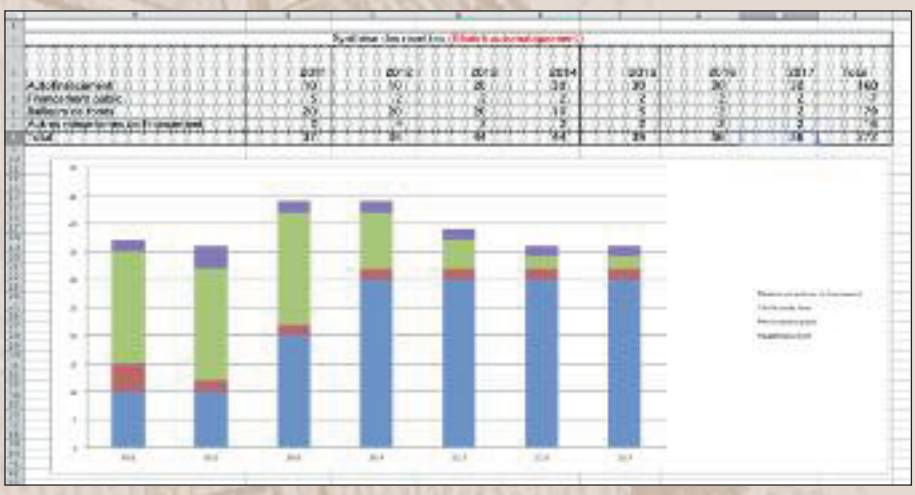


Model of summary tables obtained with spreadsheets

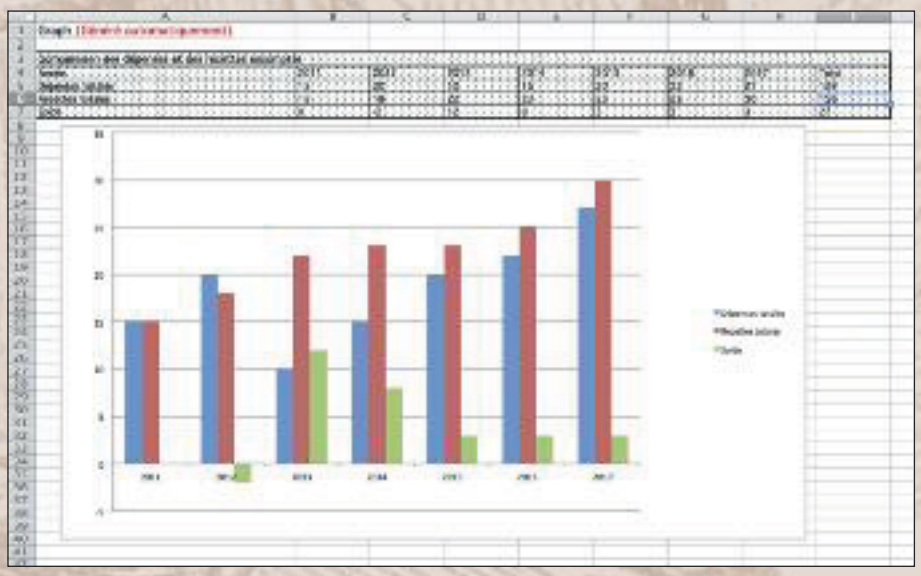
Other mechanisms



Revenue (summary)



Final summary



Business Plan contents table for a PA

At the end, the plan recommended for a Business Plan is the following (only the chapters of high importance are mandatory):

1) GENERAL DATA — IMPORTANCE: MEDIUM

- Overall presentation of the PA
- Maps and photos

2) METHODOLOGY USED — IMPORTANCE: LOW

- Explanation of methodology used to create the Business Plan
- Rationale for the length of the Business Plan (5 years, 10 years etc.)

3) PRIORITIZATION OF ACTIVITIES — IMPORTANCE: HIGH

4) FUNDING NEEDS OF THE PA — IMPORTANCE: HIGH

- Based on 2 scenarios (worst-case and realistic)
  - Analysis of staffing costs
  - Investments
  - Operating charges
  - Additional costs linked to activities
  - Summary of financial needs (to be taken from the 'My Business Plan' document)
  - Analysis of funding gap and expenditure reduction strategy

5) SOURCES OF EXISTING FUNDING — IMPORTANCE: HIGH

- Analysis of self-funding
- Description of national public subsidies (state subsidies)
- Presentation of existing funding donors
- Summary of existing funding sources (to be taken from the 'My Business Plan' document)

6) POSSIBLE FUNDING MECHANISMS — IMPORTANCE: HIGH

- Debt-for-Nature Swap
- Setting up tourist concessions
- Creating an Environmental Trust Fund? (or capitalization of existing funds)
- Carbon Finance
- Setting up Payments for Ecosystems Services
- Funding through extractive activities
- Setting up new taxes or contributions
- Summary of possible funding mechanisms (to be taken from the 'My Business Plan' document)

7) ECONOMIC EVALUATION OF PROTECTED AREA — IMPORTANCE: MEDIUM

- List of goods and services identified
- Quantative analysis of goods and services identified (facultative)
- Monetary analysis of goods and services identified (facultative)

8) CONCLUSIONS AND RECOMMENDATIONS — IMPORTANCE: MEDIUM

Acronyms & abbreviations

AR
Afforestation and Reforestation

BG
Board of governors

ERPA
Emission Reduction Purchase Agreement

EU ETS
European Union Emission Trading Scheme

GEF
Global Environment Facility

CTF
Conservation trust fund

NGO
Non-governmental organization

MP
Management Plan

PES
Payments for environmental services

HIPC
Heavily Indebted Poor Countries

REDD
Reduced Emissions from Deforestation and Forest Degradation (Avoided deforestation)

UNFCCC
United Nations Framework Convention on Climate Change

VERPA
Voluntary Emission Reduction Purchase Agreement

About the author

Benjamin Landreau graduated in Political Sciences (France); he holds a Master's degree in Environmental management and Ecotourism (Costa Rica). Benjamin has been working for 10 years in the area of conservation, particularly on the subject of Sustainable Funding for Protected Area Networks, especially for the United nationas Development Programme (UNDP), the European Union and different bilateral development agencies like German Agency for International Cooperation (GIZ). He is also specialized in « carbon finance » (Clean Development Mechanism CDM , REDD) and, as such, he has been for 5 years CDM project developer in Asia and Latin America for the Carbon Management Consulting. Currently independent consultant, he extensively works in West and East Africa, Latin America and Europe.

Guidebook
for the Development **of Simplified Business Plans** for **Protected Areas**

The Business Plan consists in giving a strategic financial long-term vision, to ensure that the environmental results as defined in the Management Plan of a Protected Area will be reached, or that, at least, the environmental results are maximized. It is also a very interesting communication tool, to promote a Protected Area (PA), raise funds, demonstrate the transparency of its management and present the priority goals. The PA managers have all interest in writing their own Business Plan, to better know and make their goals, their financial constraints and thus greatly improve their results on the field.

Benjamin Landreau

FIBA