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Financing mechanisms

A guide for Mediterranean Marine Protected Areas

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Design: Un Point C'est Tout

BlueSeeds is a service agency whose mission is to ensure the financial sustainability of conservation projects and marine protected areas, and maximize their economic, environmental and social impacts. The cross-functional areas of expertise of its multidisciplinary team - economics, marine biology, finance, project management, law, international relations, and pedagogy - enable BlueSeeds to develop new conservation models. For more information : www.bluseeds.org



WHO IS THIS GUIDE FOR?

This guide can be used by **various stakeholders involved in MPA management** such as:

- ▶ **Authorities responsible for MPA management** at the national and local levels. This guide aims to help authorities identify financing opportunities for their MPAs.
- ▶ **Stakeholders responsible for the development of MPA management plans**. There is often a separation between MPA management plans and associated financial strategies. This guide therefore provides practical information to co-construct these **two complementary tools**, in order to facilitate the implementation of conservation activities.
- ▶ **All other local stakeholders involved in MPA management**, whether they have an official mandate in this regard or may be consulted in the decisional process.

WHY IS THIS GUIDE USEFUL TO MAKE MEDITERRANEAN CONSERVATION IMPACTFUL ?

Mediterranean **Marine Protected Areas** (MPAs) have historically relied on two key sources of funding: government and donor funding. However, these financing sources are not sufficient and many MPAs in the Mediterranean Sea are still **facing a recurrent lack of the financial resources** needed to function properly.

More specifically, a study that analysed the financial situation of Mediterranean MPAs, prepared in 2015 by Vertigo Lab, showed that **64% of MPA managers** interviewed in the survey stated that there is a **financing gap preventing the proper implementation of their management plan** (Binet et al. 2015a).

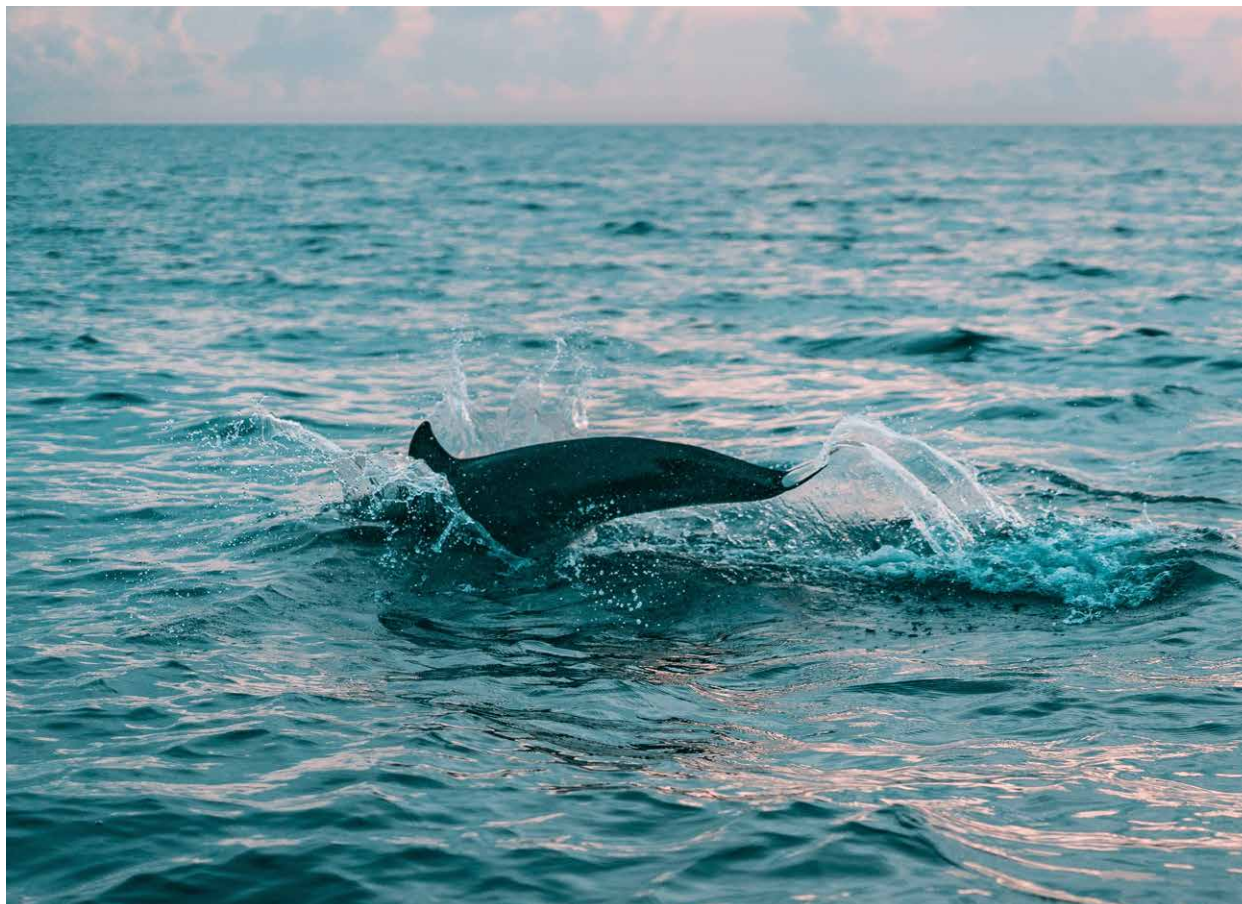
A well-established financial strategy can enable MPA managers to close this financing gap by **optimising the cost/revenue ratio** of their **conservation objectives**, and, as a result, **strengthen and sustain their conservation activities** over time (Binet et al. 2015b).

This guide contains **practical and useful information** to help MPA managers **consolidate their financial strategy in agreement with their management plan**. It aims, in this way, to serve as a tool to strengthen the financial sustainability of the MPA network in the Mediterranean Sea.

The guide focuses mainly on the **Strategic Objective n°4** of the Roadmap for Marine Protected Areas in the Mediterranean: *«Strengthening financial resources to establish and sustain an effectively managed ecological network of MPAs.»*

A STEP BY STEP APPROACH

This guide is a **continuation of a work initiated in 2015** by Vertigo Lab, MedPAN, SPA/RAC and WWF Mediterranean (Binet et al. 2015a and 2015b). It has been specially designed for **MPA managers of the Mediterranean Sea**. It provides a **step-by-step approach** to help MPA managers accurately plan their **financial strategy** and implement relevant and effective financing mechanisms adapted to their needs. It **avoids superfluous theoretical economic information** and focuses on more pragmatic information and practical tools.



INTRODUCTION

DEFINITION AND PURPOSE OF A MARINE PROTECTED AREA

This guide refers to protected areas as defined by the IUCN (Dudley 2008) and adapted to the marine environment in a study conducted jointly by MedPAN and SPA/RAC:

«A marine protected area is a clearly defined marine geographical space - including a subtidal, intertidal and supra tidal region or coastal lagoon/lake continuously or temporarily linked to the sea, as well as the waters overlying it, recognised, dedicated and managed, through legal or any other effective means, to ensure the long-term conservation of nature and the associated ecosystem services and cultural values» (Claudet et al. 2011).

While several approaches can be used to protect marine ecosystems from anthropogenic threats, **marine protected areas (MPAs) are recognized as a key management tool** for long-term conservation of the marine environment, including species, habitats, ecosystems and their services, and for ensuring the sustainable management and use of marine resources. Levels of restriction range from partial protection (e.g., focus on benthic species, or limit one type of fishing gear or activity), to high protection (e.g., 'no-take' zones, also often named 'marine reserves'), to total protection ('no-entry' zones).

INTERNATIONAL CONTEXT AND OBJECTIVES

According to the **Aichi Objective 11**, included in the Strategic Plan for Biodiversity adopted in 2010 by the member countries of the Convention on Biological Diversity (CBD 2013):

"By 2020, at least (...) 10 per cent of coastal and marine areas, especially areas of particular importance for biodiversity and ecosystem services, are conserved through effectively and equitably managed, ecologically representative and well connected systems of protected areas and other effective area-based conservation measures, and integrated into the wider landscapes and seascapes".

On this basis, participants in the Marine Theme at the 6th IUCN World Parks Congress in Sydney (Australia, 2014), increased their recommendation to **30% of the oceans to be highly protected by 2030**. Additionally, many countries have established their own national targets for MPAs, ranging in coverage from 10% to 30%.

In order to meet their obligations, states must first **create a sufficient number of MPAs** and then take conservation **measures required to ensure the long-term sustainability** of these protected areas. In practice, various activities are needed to ensure the effective management of national MPA systems, such as the development of management plans, field surveys and monitoring, habitat restoration, or education programmes.

However, ten years later, the global picture is still off target, with **MPAs covering only 5.8% of global ocean in 2020**, while only 2.6% are highly protected reserves¹.



¹ <https://mpatlas.org/zones>

WHERE WE STAND TODAY IN THE MEDITERRANEAN SEA

Representing less than 1% of the world's ocean surface, the Mediterranean Sea is nonetheless one of the **world's biodiversity hotspots**. The 21 Mediterranean coastal states host between 4 and 18% of known marine species and have the second highest percentage of endemic species in the world (Mouillot et al. 2011, Coll et al. 2011). The Mediterranean is also one of the marine areas with **the most intensive anthropogenic activity** in the world. The significant fishing pressure, the population density (150 million inhabitants on the Mediterranean coast and over 320 million tourists visiting the region each year), the increasing pollution, and the rising temperature, have justified the need to protect species and habitats through the creation of MPAs since the 1960s¹.

In 2016, governments of the Mediterranean region renewed their commitment to the objectives of the Barcelona Convention, and stated in the **Declaration of Tangier** (December 2016) that *"the 10% protection target is not enough, [and that governments] must strive for a Good Environmental Status as well in the remaining 90% of the sea."*

In this context, in 2019, approximately **9.7% of the Mediterranean Sea's surface area is designated as MPAs**, but this corresponds mainly to the northern part of the basin. Over the past 10 years, a large part of the increase in MPA cover is due to France and Spain, with a small contribution from Albania, Croatia, Greece, and Malta. However, **only 2.5% of the Mediterranean Sea is covered by MPAs with a management plan**, and **only 1.3% is covered by MPAs that effectively implement their management plan** (Gomei et al. 2019). In addition, **only 0.03% is covered by fully protected areas**, i.e. no-take zones. As a consequence, most of the Mediterranean is actually unprotected (Gomei et al. 2019).

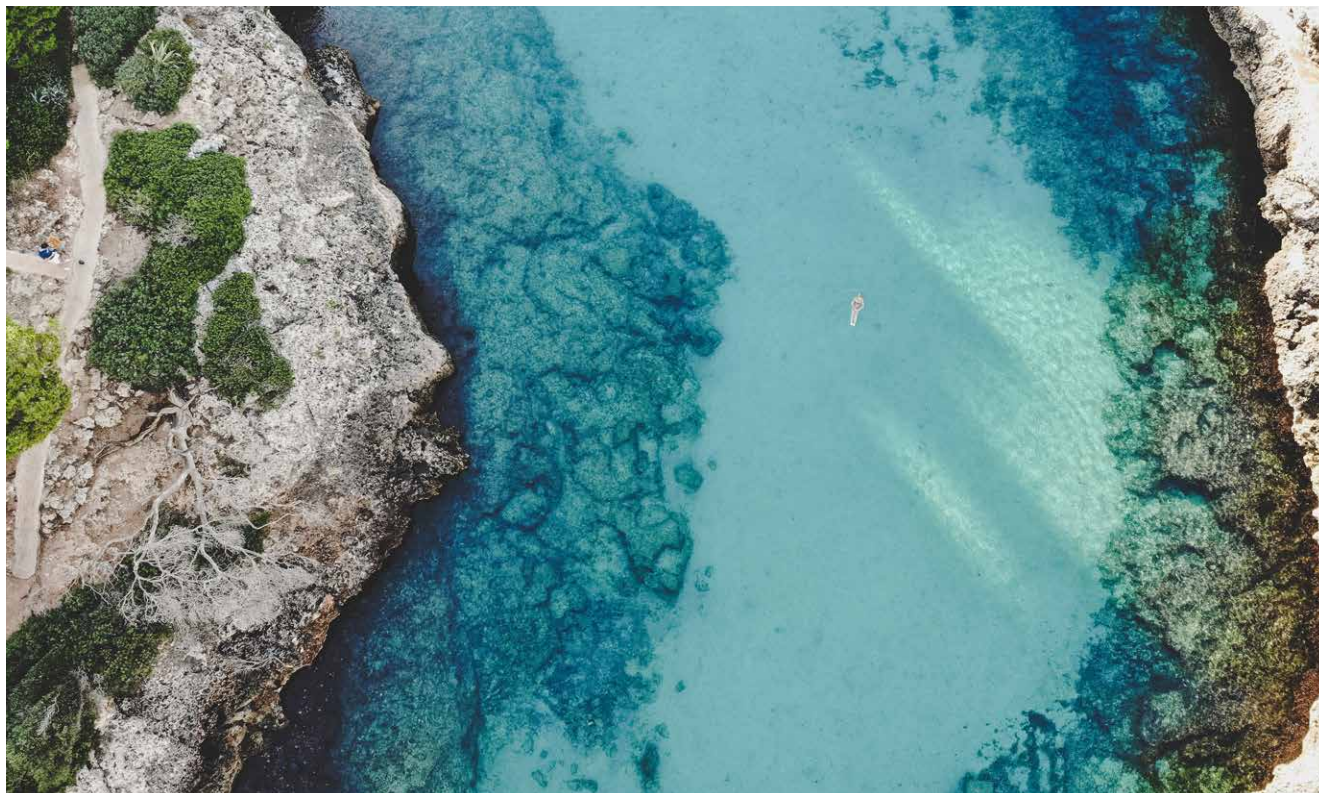
FINANCIAL SUSTAINABILITY OF MEDITERRANEAN MPAS

The level of success and sustainability of MPAs **depends directly on the budget available** to support management measures, such as hiring staff, managing and monitoring the protected area, investing in infrastructures, and conducting research on local habitats and species. However, despite increasing efforts to develop MPAs and initiatives to strengthen their financial resources, Mediterranean MPAs remain underfunded, which compromises the protection of species and habitats for which they have been designated.

According to Bovarnick et al. (2010), **financial sustainability** is defined as the ability of a funding system *«(1) to secure sufficient, stable and long-term financial resources and (2) to allocate those resources in a timely and appropriate manner to cover the costs necessary»* for the effective and efficient management of a MPA in accordance with its objectives.

The financial situation of Mediterranean MPAs was examined within a study prepared in 2015 by Vertigo Lab (Binet et al. 2015a). Official data from 14 countries surveyed indicated that the total resources available for MPAs in the Mediterranean region amounted to nearly 54.5 million Euros per year. However, estimates of the needs for effective management of national MPA systems revealed **a financing gap (available funds minus financial needs) of 700 million Euros per year**, resulting in an insufficient financing of MPAs in the Mediterranean Sea, **leading to inefficient management**.

Therefore, there is an urgent need to consider increasing the funding of existing MPAs in the Mediterranean region, as only 12% of the financial needs to ensure their effective management are covered by current financial resources.



Increasing pressures on MPAs linked to anthropogenic and natural factors **may also increase financial needs** to adapt management to such pressures. The long-term impacts of climate change and increasing pressures from tourism and coastal development will greatly increase these needs and amplify the problem of underfunding. In addition, the global COVID-19 crisis is affecting the world economy globally and, as a consequence, the availability of financial resources for Mediterranean MPAs, such as those which derive from the tourism sector.

Although this is a significant budget, this financing gap is relatively small considering the fundamental role of MPAs in ecosystem services, such as international tourism activities in the Mediterranean region. For comparison, the gap **represents only 0.20% of the annual economic output of international tourism in the Mediterranean**, estimated at 355 billion Euros in 2017 (Binet et al. 2015a, Randone et al. 2017).

Establishing sustainable funding for Mediterranean MPAs is therefore an important upstream activity for effective MPA management. In this respect, we consider that the problem of underfinancing is a direct result of a lack of reliable information on the costs of establishing and managing a MPA, coupled with a lack of information on the methodology to be followed to establish and implement an effective financial strategy for conservation objectives.

SUSTAINABLE FINANCING MECHANISMS FOR MEDITERRANEAN MPAS

It is estimated that 89% of Mediterranean MPAs have primarily and historically relied on two key funding sources: governments and donors. In 2014, the total amount of financial resources available for MPAs in the Mediterranean was 54.5 million Euros annually, of which national contributions represented 45.1 million Euros, while international philanthropic funding represented 8.3 million Euros (Binet et al. 2015a). It is **difficult to foresee how either government or charitable contributions could fill the considerable financing gap identified above**, which represents 12 times the size of their current contributions.

It is therefore **urgent to find complementary financing mechanisms**, while strengthening philanthropic and governmental funding. Indeed, both governments and donors will continue to play a crucial role, not just as funders, but also as partners in conservation activity, at the same time that other sources complement their contributions.

In order to do so, **MPA managers must develop diversified and sustainable self-generated revenue flows** that can drive **conservation impacts**. Successful use and application of financial tools will depend on a diversity of strategies and will need to consider the timeframe and the amount of financing required. For instance, some financing mechanisms can be put in place relatively easily, with quick results, while others require time resources and investments.

THIS GUIDE WILL HELP YOU TO ESTABLISH:

- 1 A financial strategy to **identify the financing gap** between the financial resources of a MPA and its financial needs (**Preliminary Chapter**).
- 2 A set of **methodologies for the implementation of sustainable financing mechanisms** that could allow MPAs to close their financing gap (**subsequent chapters**), thus ensuring on one hand an effective management, and achieving on the other the conservation objectives for which the MPA exists. To achieve the objectives identified above, two main options have been identified:
 - First, implement financing **mechanisms** that allow MPAs to **reduce their costs**.
 - Second, **generate additional revenues** for MPAs through market based financing mechanisms, enabling at the same time MPA authorities to **diversify their sources of revenues** and hence attain economic viability.



PRELIMINARY CHAPTER

Developing a Financial Strategy for Mediterranean MPAs

Sources of funding for biodiversity conservation are weakening, while increasing pressures on the environment are exacerbating the problem of underfinanced MPAs (Binet et al. 2015a). In such a context, Mediterranean MPAs need to rationalise their costs and diversify their incomes without losing sight of their conservation objectives.

Most MPAs have management plans that include strategic objectives, but they must also develop a financial strategy which states how these objectives will be achieved. This chapter provides MPA managers with the tools and information they need to develop their financial strategy according to their management and conservation objectives.

We believe that available sources of funding should not condition conservation measures to be put in place, but that the conservation objectives should determine the MPA financial strategy.

A financial strategy is therefore a long-term engagement, the main objective of which is to accurately plan the effective financing of those activities that contribute to the achievement of the environmental and socio-economic objectives of the MPA. At the same time, the financial strategy should allow to fine-tune those objectives according to financial constraints.

In practice, MPA managers must first define measures and activities to be implemented for achieving their strategic objectives. Only once those activities have been identified, they can consider how to finance them. The financial strategy must nonetheless be realistic to accurately estimate what is feasible over the considered timeframe. In this sense, the financial strategy is also an iterative process that will enable MPA managers to prioritise their conservation activities according to available resources.





OBJECTIVES OF THE FINANCIAL STRATEGY

- 1. Have an overview of costs and revenues to** anticipate needs over the management plan timeframe, identify all current and potential financing stakeholders, and assess annual financing gap to prepare a sound financial strategy accordingly.
- 2. Improve the administrative management and performance of funding to** ensure that funding is allocated and spent in a way that meets the financial needs of the MPAs management and conservation objectives.
- 3. Integrate and strengthen capacities** by taking financial analyses and mechanisms into account in the MPA planning process.
- 4. Develop a diversified and stable or secure income portfolio to** enhance resilience by reducing financing risks and income fluctuation.



PREREQUISITES

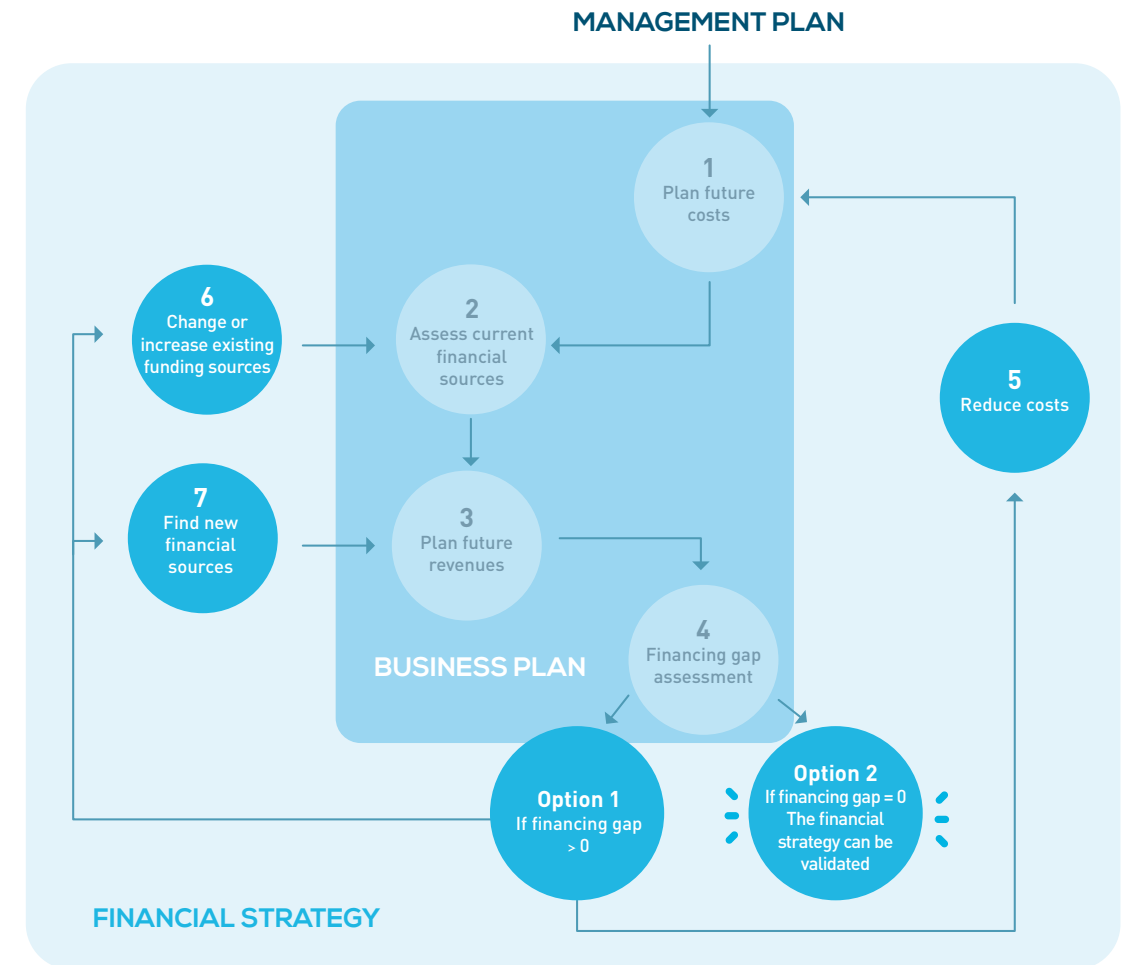
The management plan is a **prerequisite** to ensure a sustainable **financial strategy**. Hereafter, it is assumed that your MPA has a running **management plan** with clear conservation objectives.

However, in the **absence of an official management plan** validated by the relevant authorities, it is necessary to at least have a **clear vision of your main conservation objectives** and a temporal roadmap to achieve them. This long-term vision can be considered as an unofficial form of management plan, and a good starting point for developing a financial strategy for your MPA.

In practice, a financial strategy consists of three steps:

- **Evaluation:** an evaluation of costs and revenues associated with the achievement of the objectives contained in the management plan, and an assessment of the financing gap, if any (corresponding to the BUSINESS PLAN, as detailed below).
- **Strategy:** a strategy to fill the financing gap (corresponding to the FINANCIAL STRATEGY, as detailed below).
- **Implementation:** implementation of a coherent financial strategy with a constant process of review and adaptation.

Figure 1. Financial Strategy implementation process (adapted from Binet et al. 2015b)





To help MPA managers to build their business plan and financial strategy, **BlueSeeds** has updated the **MedPLAN Tool** (<http://medpan.org/marine-protected-areas/themes-2/sustainable-financing/>), a business plan tool developed by VertigoLab, with the financial support of MedPAN, SPA/RAC and WWF Mediterranean in 2015 (Binet et al. 2015b).

Freely available online, this tool is a serie of excel spreadsheets containing formulas that allow MPA managers to build a business plan by **simply reporting the financial data of their MPA** in the corresponding cells.

This tool has been designed to:

- ▶ First, assess the total **annual costs to be incurred for the implementation** of the overall MPA management plan (see STEP 1 – Action 4)
- ▶ Second, assess the **present and future financial resources** of the MPA (see STEPS 2 and 3)
- ▶ Finally, **assess the financing gap** between estimated costs and financial resources (see STEP 4)

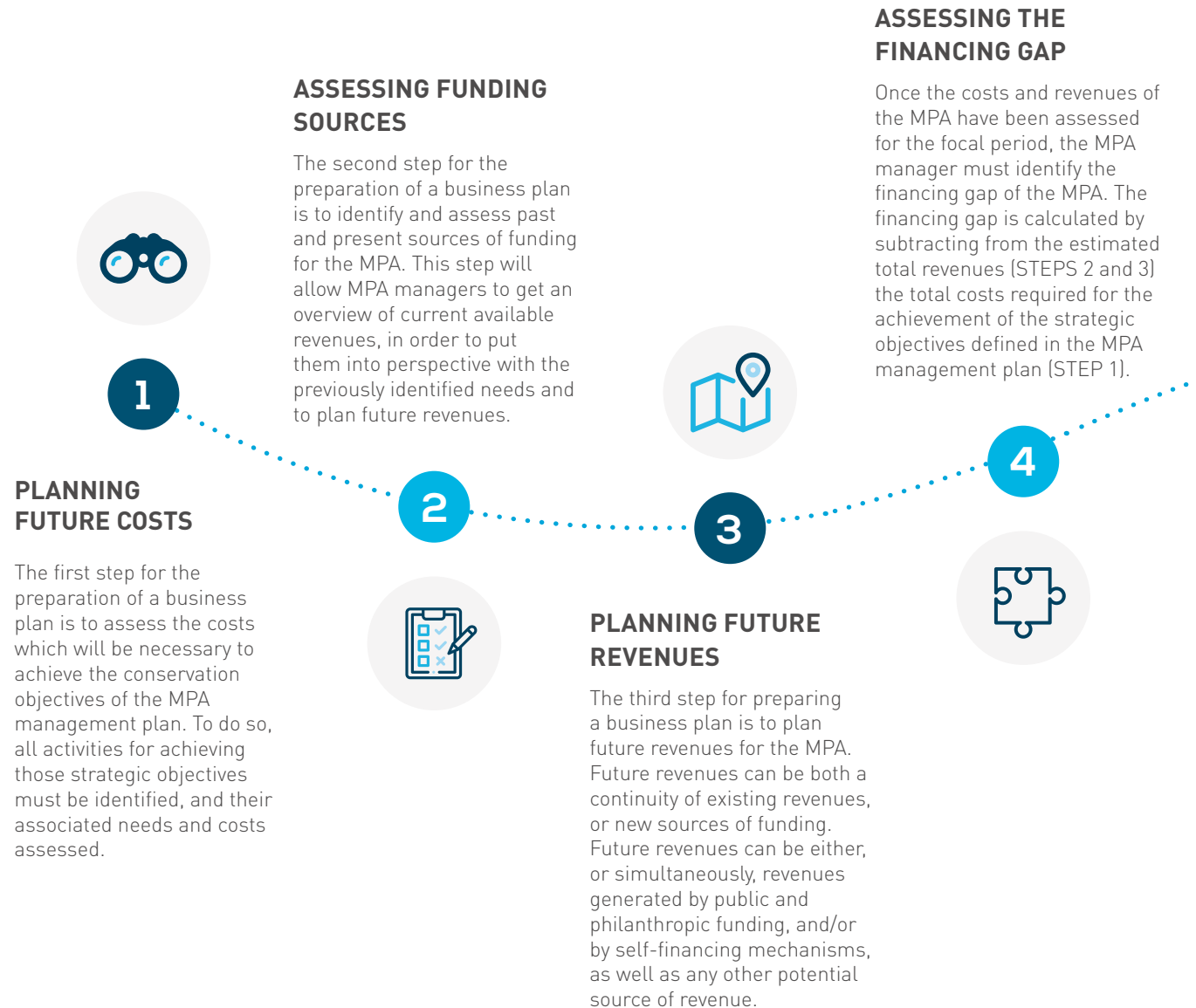
MPA managers can **download** and use this tool to build their business plan by **following the steps described throughout the present chapter**.

MedPlan Tool :



If you have any questions, please contact: guillaumeleport@bluseeds.org

IMPLEMENTATION PROCESS





5

REVIEWING INCOME FROM EXISTING FUNDING SOURCES

To close the financing gap, MPA managers need to reassess existing funding sources that could be optimised or adapted. To do so they should first proceed to analyse existing funding sources and then establish a strategy to secure and increase those revenues.



7

IMPLEMENTING NEW FINANCING MECHANISMS

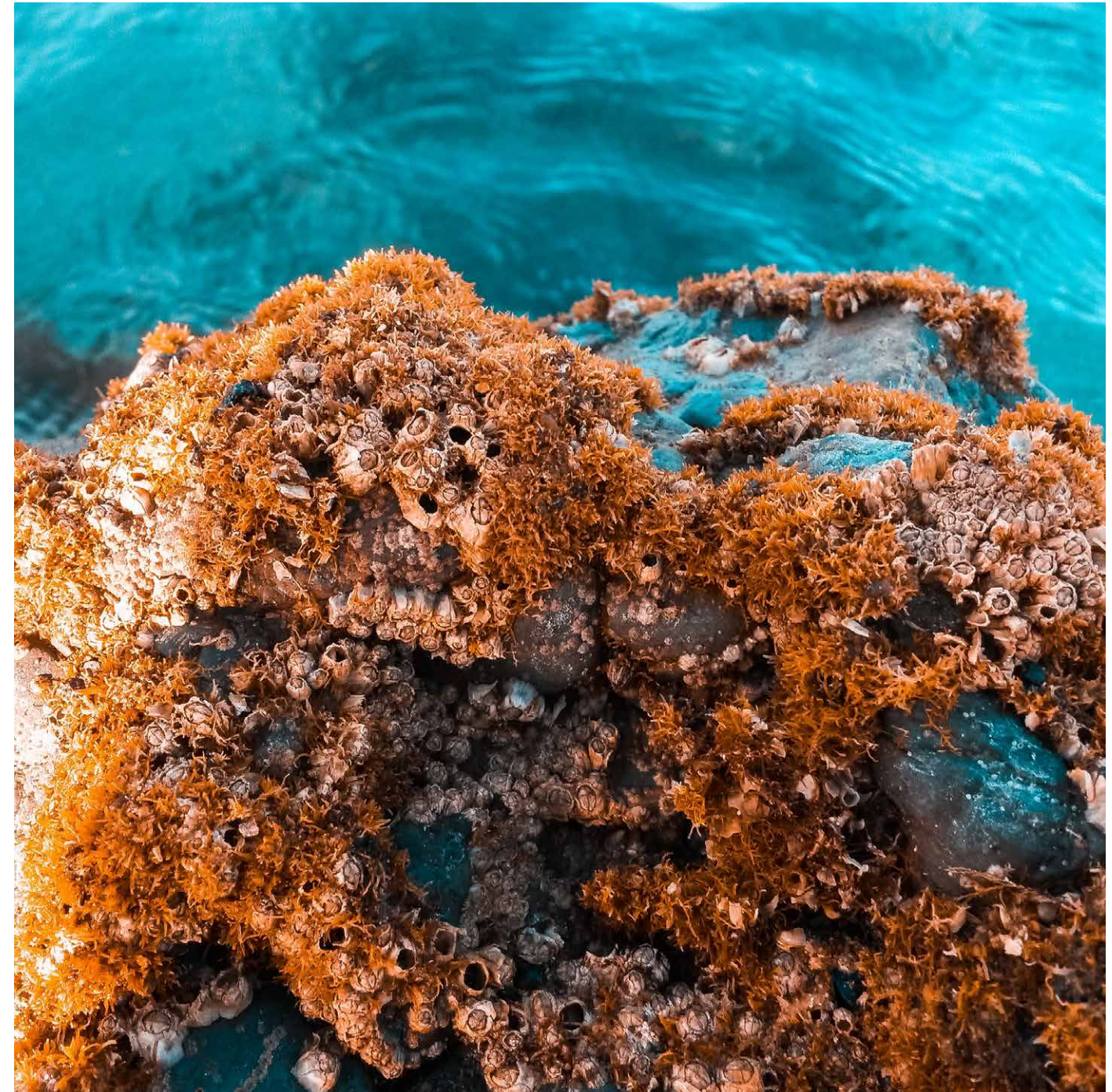
Once costs have been minimised for optimal efficiency and current revenues have been optimised, it may still be necessary to seek new funding sources. This can be useful, not only to finish closing the financing gap, but also to diversify the revenue portfolio. To choose adequate financing mechanisms, it is important to know the ecosystem services that are provided by the MPA, and who the beneficiaries of those services are.



6

COST REDUCTION

To close the financing gap, the first and easiest option is to minimize planned costs. Efficient strategies for reducing costs include reducing investments costs by prioritizing planned investment costs over time, optimizing human resource costs by ensuring that current staff are fully occupied before proceeding with new recruitment, or implementing relevant partnerships.



PART 1 – The Business Plan: Assessing the Financing Gap

+ DESCRIPTION

The business plan includes an **assessment of costs to be incurred** to implement all **management and conservation objectives** (hereafter also called **strategic objectives**), and **revenues generated by existing and future sources of funding** of the MPA.

This assessment is required **to calculate the projected financing gap** between available revenues and necessary costs.

The **preparation of a business plan** is divided into several stages:

- ▶ Planning of **future costs**
- ▶ Assessment of **current and future revenues**
- ▶ Calculation of the **financing gap**

The associated information is **integrated into the financial strategy** (see Figure 1).

☑ PREREQUISITE

The business plan and the financial strategy must always be elaborated bearing in mind the strategic objectives to be achieved throughout the existence of the MPA. A **MPA with an established MPA management plan** stating clear management and conservation objectives is therefore required to develop a **business plan**.

STEP 1 PLANNING OF FUTURE COSTS



GOAL:

Assessing the **future costs** to be incurred for achieving the strategic objectives defined in the MPA management plan



OUTPUT:

- ▶ Table detailing **activities comprising each strategic objective** of the MPA
- ▶ Table detailing the **needs and associated costs** to be incurred **per activity**
- ▶ Table detailing the **needs and associated costs** to be incurred **per strategic objective**
- ▶ Table aggregating **the total annual costs** per item of expenditure for the implementation of the **overall MPA management plan**

The first step for the preparation of a business plan is to **assess the future costs necessary to achieve the management and conservation objectives contained in the MPA management plan**. To do so, all activities planned to achieve those strategic objectives must be identified and their associated costs assessed. This analysis should be carried out annually over the entire period of validity of the management plan.

ACTION 1

First, you must determine the activities which are necessary to achieve the MPA strategic objectives.

A good financial strategy always begins with a **detailed management plan** that allows the MPA manager to clearly identify the essential management and conservation objectives and activities to be achieved throughout the existence of the MPA.

Box 1. Examples of Management and Conservation objectives of a MPA
Examples of strategic objectives for a MPA and their respective associated activities
(taken and adapted from Binet et al. 2015b)

N.B.: This example is based on a real case study conducted by the author. Each MPA manager will therefore need to identify his or her own strategic objectives and activities on the basis of his or her management plan.

Objective 1: Management and Protection of natural resources				
Activity 1: Patrols and enforcement	Activity 2: Scientific research and monitoring	Activity 3: Habitat restoration and biodiversity management	Activity 4: Mooring maintenance	Activity 5: Management of cultural resources
Objective 2: Education and Awareness-raising programmes				
Activity 1: Environmental education	Activity 2: Information of the general public	Activity 3: Development of alternative livelihoods	Activity 4: Reinforcement of local capacities for environmental protection	
Objective 3: Tourism activities management				
Activity 1: Selling of leisure activities	Activity 2: Concessions and special uses	Activity 3: Visitor safety	Activity 4: Visitor education	
Objective 4: Extractive activities management				
Activity 1: Fisheries management	Activity 2: Management of extractive uses			
Objective 5: Administrative management				
Activity 1: Planning	Activity 2: General administrative management	Activity 3: Financial management	Activity 4: Stakeholders engagement and partnerships	Activity 5: IT
Objective 6: Exploitation and Maintenance of facilities				
Activity 1: Facilities for boats	Activity 2: Buildings and lands	Activity 3: Paths and roads	Activity 4: Boats exploitation and management	Activity 5: Underwater trails

ACTION 2

Second, you must assess the needs and costs associated with each activity identified.

Based on the identification of those activities necessary to achieve your strategic objectives, you must then **estimate the needs and costs associated with each activity**. Those costs are expressed in **terms of items of expenditures** (number of employees, vehicles, buildings, etc.). **Recurrent costs** (including human resource expenses, routine scientific survey costs, maintenance costs, etc.) are distinguished from **investment costs** (purchase of new equipment, education and training costs, etc.). The **cost estimate of previous years** can help in **estimating** future costs.



Try to be **realistic** about your projections. The purpose of the business plan is **not to draw up an exhaustive wish list**, but to **translate your core management plan activities into actual costs**. The ultimate goal is not only to assess where your main needs are, but also to estimate what is feasible over the period considered.

It is recommended to perform a **long-term evaluation** (i.e., the period of time covered by the management plan or at least 5 years).

To illustrate this Action 2, we selected the **Objective 1- Activity 1: Patrols and Enforcement**, as identified in Box 1. You will find below two tables assessing respectively the **needs and costs** necessary for the implementation of this activity (Box 2.), and the resulting **total annual budget** needed for achieving it (Box 3). The following process must be **replicated for every activity** identified through Action 1.

N.B.: Here again, the following example is given only as an illustration of the process of identifying the needs and costs associated to a specific activity. The same process must be replicated with every activity identified. This example is based on a real case study conducted by the author. The needs and costs identified below are thus specific to this case study and may differ from one MPA to another.

Box 2. Example of assessment of needs and associated costs to be incurred for the implementation of Objective 1 – Activity 1: Patrols and Enforcement

First, it is necessary to **define precisely what the focal activity includes**. It could be for example: performing boat patrols to sites at least 4 days/week during the high season (April-September) and once a week during the low season (October-March), or covering a minimum of 1000 ha/day within the 12nm zone within the MPA boundaries.

ACTIVITY 1 : PATROLS AND ENFORCEMENT

	Needs	Estimated annual cost	Explanations
INVESTMENTS	One 6-meter semi-rigid inflatable boat with 115 HP four-stroke outboard motor	Approx. 15,000€	<ul style="list-style-type: none"> - A starting fleet of two boats is assumed necessary in this theoretical example. To be efficient, patrolling this fictional area should be performed at a frequency of 4 days/week during the high season (April-September) and once a week during the low season (October-March), which equals to 130 days out per year by boat, or 780 hours/year (with an estimate of 6 hours of patrolling/day). - That being said, a sea boat engine has an expected lifespan between 5,000 and 8,000 hours depending on the quality of the maintenance. In our example, it represents a lifespan of 6 to 10 years. The manager of this MPA should be ready to purchase new engines between years Y+6 and Y+10. - This example does not consider other uses of those boats, such as scientific surveys. Other uses must be assessed through their corresponding activities, and cost estimates will have to be adjusted accordingly, as well as the expected lifespan of the engines.
	One 9-meter fibreglass rigid boat, with 250 HP inboard motor	Approx. 28,000€	
	Uniforms for 4 patrol officers	200€/uniform	
HUMAN RESOURCES	Two experienced patrol officers	42,400€/officer the 1st year	<ul style="list-style-type: none"> - It is assumed that 4 full-time staff are necessary to perform enforcement activities in this case. According to inflation, salaries are expected to respectively increase by 1.6 and 1.8% every year. - Once again, human resources necessary to perform the enforcement activities depend on the enforcement strategy and the specific situation of the MPA. Salaries must be estimated according to the local labor market.
	Two junior patrol officers	39,800€/officer the 1st year	
OTHER RECURRENT COSTS	Maintenance for two boats	2,000€/boat	Fictitious estimates for the purpose of the guide. Estimates must be adjusted according to the type of boats used and local prices for their maintenance.
	Fuel for two boats for patrolling only	17,200€	<ul style="list-style-type: none"> - Annual budget calculated by multiplying: - A fictitious unit fuel price of 1.30€/liter - An average fuel consumption of a sea boat engine of 8.5 L/hour - And the number of hours of use, estimated as 780 hours/boat/year
	Berthing	2,190€	Recurrent costs to be adapted to the location, situation and needs of the MPA.
	Insurance for two boats	600€	
	Boat administrative fees	850€	

On this basis, you can now assess **the total annual budget per item of expenditure needed for achieving the activity in question**. In this example, we selected a 6-year period, corresponding to the **period of time covered by the management plan** in our case study. This time period may differ from one MPA to another, but it is nonetheless recommended to **perform a long-term evaluation** (at least 5 years) in order to anticipate your needs and costs as accurately as possible.

Box 3. Example of assessment of the total annual budget per item of expenditure necessary for the implementation of Objective 1 – Activity 1: Patrols and Enforcement, over a 6-year period

ANNUAL BUDGET - ACTIVITY 1: PATROLS AND ENFORCEMENT						
Items of expenditures	2021	2022	2023	2024	2025	2026
Investment costs						
Boats and engines	43 000	0	0	0	0	0
Boat patrollers uniforms	800	0	0	0	800	0
Subtotal	43 800€	0€	0€	0€	800€	0€
Recurrent costs						
Employment of officers	164 400	167 220	170 000	172 800	175 600	178 400
Fuel for patrolling	17 200	17 200	17 200	17 200	17 200	17 200
Boat maintenance	4 000	4 000	4 000	4 000	4 000	4 000
Marina berthing	2 190	2 190	2 190	2 190	2 190	2 190
Boat insurance	600	600	600	600	600	600
Boat administrative fees	850	850	850	850	850	850
Subtotal	189 240€	192 060€	194 840€	197 640€	200 440€	203 240€
Total	233 040€	192 060€	194 840€	197 640€	201 240€	203 240€

ACTION 3

Third, you must assess the annual budget needed for achieving each strategic objective.

The **annual budget for each strategic objective** is equal to the **sum of the total annual costs per item of expenditure calculated for every activity** (Action 2) contributing to the objective in question.

For example, for **Objective 1 - Management and Protection of natural resources**, the **total annual cost per item of expenditure** of **Activities 1-5** (see Box 1), as calculated following the process described in Action 2, must be added up to obtain the **total annual budget per item of expenditure needed for the implementation of Objective 1**.

- ▶ Here again, it is recommended to perform a **long-term evaluation** (i.e., the period of time covered by the management plan or at least 5 years).
- ▶ This **cost management analysis** per strategic objective can be used to **support management decisions and orientations** by providing a detailed overview of the estimated **needs and budget** associated with each objective.



- ▶ To **avoid unnecessary costs or double counting** when adding up all the costs identified per activity, MPA managers should try to **optimise the use of equipment that can serve for several activities and objectives**. For example, **the same boats** can be used **for patrolling as well as for scientific surveys**. The same applies to **staff that can be affected to different activities and objectives** according to their work schedule. Such optimisation should be done not only **at objective level** (Action 3) but also for the **assessment of the total budget needed for the overall implementation of the management plan** (see Action 4).



ACTION 4

Fourth, you must assess the total annual budget necessary for implementing all strategic objectives described in your management plan.

The **total annual budget** required for the implementation of **all strategic objectives** is equal to the **sum of the total annual costs per item of expenditure** calculated earlier for **each strategic objective** (see Action 3).

For example, for the implementation of the management plan for which strategic objectives are detailed in Box 1, the **total annual costs per item of expenditure** of **Objectives 1-6** (see Box 1), as calculated in Action 3, must be added up to obtain the **total annual budget per item of expenditure needed for the overall implementation of the management plan**.

The **total amounts per item of expenditure** can then be **reported** in the **business plan tool** (MedPLAN tool download link : <http://medpan.org/marine-protected-areas/themes-2/sustainable-financing/>) provided for this purpose. This tool will then automatically calculate the **annual budget needed** for the overall implementation of your management plan (see Box 4).

This **overall budget analysis** can facilitate the **identification of expenses** that could be **covered** by already **available resources** (human, material, or financial).



As previously mentioned, in order to **avoid unnecessary costs or double counting** when adding up all needs and costs assessed per strategic objective, MPA managers should try to **optimise the use of equipment (e.g., boats) that can serve for several activities and objectives**, as well as **staff that can be affected to different activities**.

STEP 2 ASSESSING FUNDING SOURCES



Box 4. Example taken from the business plan tool, which allows MPA managers to automatically assess the total annual budget per item of expenditure needed for the overall implementation of their management plan.

RECURRENT COSTS			2021	2022	Etc.
Human resources	<i>Permanent staff</i>	ex: Director, rangers, etc.			
	<i>Short-term and seasonal staff</i>	Touristic guides, scientists, etc.			
TOTAL human resources					
Maintenance	<i>Infrastructure</i>	Oustide/inside cleaning, etc.			
	<i>Vehicule</i>	Fuel, boats maintenance, car maintenance, etc.			
TOTAL maintenance					
Local utilities		Internet, electricity, water, etc.			
TOTAL local utilities					
Basic equipment		Paper, toner, aid kits, etc.			
TOTAL basic equipment					
TOTAL recurrent costs					
INVESTMENT COSTS			2021	2022	Etc.
Material resources	<i>New equipment</i>	ex: Vehicles, Computer, electronic devices, printers			
	TOTAL Equipment investments				
	<i>Local infrastructures</i>	ex: Local offices for management authority staff, Visitor centre, Signs, Water tanks rehabilitation			
TOTAL Infrastructures investments					
Studies	ex: P. nobilis survey, Fish stocks assessment, Bird nesting monitoring, strategy for ecotourism development				
TOTAL Study investments					
Education	ex: Waste management training, Data collection training with fishermen and diving centres, Junior ranger programme, etc.				
TOTAL Education investments					
Remediation of the quality of ecosystems and compensatory actions		ex: Posidonia rehabilitation, Sand dunes refurbishment			
TOTAL Remediation investments					
TOTAL INVESTMENTS					



GOAL:

Identifying and assessing **past and present sources of funding** of your MPA



OUTPUT:

Table summarizing the total amount of money provided by the different funding sources of your MPA

ACTION

The second step in the preparation of your business plan is to identify and assess all funding sources of your MPA.

After assessing the costs required for achieving the strategic objectives, the second step of the financial strategy concerns your MPA's revenues. This step will allow you to get an **overview of the past and present revenues of your MPA**, in order to put them **into perspective** with the previously identified **needs and to plan your future revenues**.

This action will also **serve to provide useful information** about:



- ▶ The **number of funding sources** for the MPA;
- ▶ The **predominance** of some funding sources and the **level of dependency** to these sources;
- ▶ **Funding trends** for all sources (Is a revenue declining? To what extent is it decreasing? Are incomes increasing?).

MedPLAN tool download link : <http://medpan.org/marine-protected-areas/themes-2/sustainable-financing/>

STEP 3 PLANNING FUTURE REVENUES



GOAL:

Planning the **future revenues** of your MPA



OUTPUT:

Table detailing **future revenues**. Respective amounts of planned future revenues must be reported in the '**Revenues data**' table of your business plan tool **as presented in Box 5**.

Once the past and present revenues have been identified, **the next step is to plan the future revenues** of your MPA over the same period of time as used earlier for the cost assessment phase. Future revenues can be both a **continuity of existing revenues** (e.g. a measure having already benefited from a specific budget in the past), as well as **new sources of funding**.



If the financial strategy is being carried out for **activities that have never been budgeted before**, an assessment of **funding sources available for similar conservation activities** (e.g., in terrestrial protected areas) can allow a **pre-identification of possible sources of funding** to be explored.

ACTION 1

Planning future revenues provided by public and philanthropic funding.

MPA managers need to develop a **strategic approach for targeting public funding** and **define their priorities** on the basis of a cost management analysis allowing for a **better use of available and often limited public funding**.

Donors and NGOs are also important sources of funding for many projects. **Philanthropic funding programmes** dedicated to MPAs are **often earmarked for a specific project** within the framework of the MPA management plan. **Once the project is completed, the funding ceases** to be allocated. Hence, this type of funding is not a reliable source of revenue and its contribution varies enormously over time. **Precise project management is necessary** to identify **new funding opportunities** and **ensure the sustainability of project activities**.

Expected amounts of future revenues provided by public and philanthropic funding must then **be reported in the 'Revenues data' table** of your business plan tool **as presented in Box 5**.

Box 5. Example taken from the business plan tool, which allows for detailing and reporting the respective annual amount of funding sources of your MPA.

Revenues of your MPA		2021	2022	Etc.
Public and project funding	<i>Ministry of Environment</i>			
	<i>MAVA foundation</i>			
	<i>CEPF</i>			
	<i>Medfund</i>			
	<i>Etc.</i>			
Total public and project funding				
Funding from self-financing (entry taxes, taxes on leisure activities...)	<i>Visitor fee</i>			
	<i>Concessions</i>			
	<i>Revolving fund</i>			
	<i>Etc.</i>			
Total self financing				
Funding from private sector				
Other sources of funding				
TOTAL REVENUES				

MedPLAN tool download link : <http://medpan.org/marine-protected-areas/themes-2/sustainable-financing/>



MPA managers need to **maintain excellent relationships with public authorities** (international, European, national and local) responsible for the allocation of public funds, as well **as with potential donors**, in order **to identify future financial contributions**.

ACTION 2

Planning revenues generated by self-financing mechanisms.

Self-financing mechanisms are the mechanisms which allow the MPA to **finance planned costs from its own resources**. Self-financing mechanisms include revenues from the collection of visitor fees, concession fees, licences, tourism and other economic sectors. It is **important to assess the present and future net profits** generated by these mechanisms, to ensure their **respective relevance in terms of financing opportunities** (see Chapters 1 and 2 for more details). Expected amounts of future revenues generated by self-financing mechanisms must then be **reported in the 'Revenues data' table** of your business plan tool **as presented in Box 5**.

ACTION 3

Planning other potential sources of revenues.

If you have identified other sources of revenues that **do not fall into the two previous categories**, make sure to **assess and report their respective expected amounts in the 'Revenues data' table** of your business plan tool **as presented in Box 5**.

STEP 4 ASSESSING THE FINANCING GAP



GOAL:

Assessing the **financing gap** (i.e. the difference between the financial means and the financial needs)



OUTPUT:

Financing gap **calculation**

Once the costs and revenues have been assessed for the focal period, the financing gap (i.e., the difference between the financial means and the financial needs) is **added to the business plan, with an annual distribution**.

ACTION

Assessing the financing gap.

The gap is the **difference between the financial means and the financial needs** of your MPA. The financing gap is calculated by **subtracting from the estimated total revenues** (see STEPS 2 and 3) the **total costs required for the achievement of the strategic objectives** defined in the MPA management plan (see STEP 1).

TOTAL REVENUES – TOTAL COSTS = FINANCING GAP

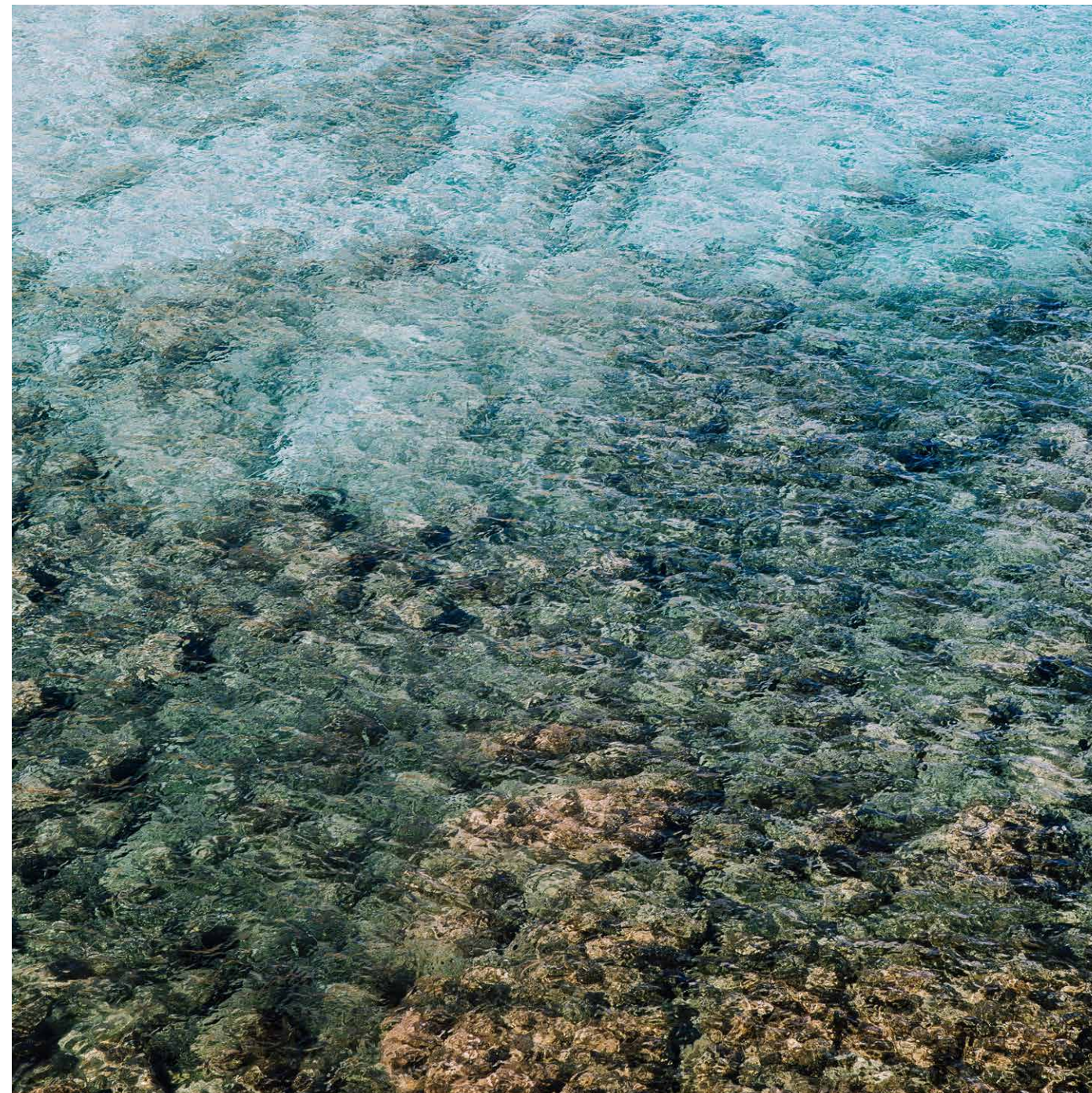


Assessing the financing gap will allow you to assess the **effort required to close it**. In this way it is possible to identify **the various measures** to be put in place to fill the gap, which includes **reducing costs, optimizing current revenues, and identifying new financing mechanisms**.

Box 6. Example taken from the business plan tool, which allows for calculating the financing gap. With this tool, the financing gap is automatically calculated, using the financial data (costs and revenues) previously entered (STEPS 1, 2 and 3).

	2021	2022	Etc.
Recurrent costs			
Subtotal human resources			
Subtotal maintenance			
Subtotal local utilities			
Subtotal basic equipment			
Total recurrent costs	0	0	0
Investment costs			
Subtotal material resources			
Subtotal studies			
Subtotal education			
Subtotal remediation & compensation			
Total investment costs			
TOTAL FINANCING NEEDS			
Revenues			
Subtotal Public and project funding			
Subtotal Funding from self-financing			
Subtotal Funding from private sector			
Subtotal Other sources of funding			
TOTAL SECURED REVENUES			
FINANCIAL GAP			

MedPLAN tool download link : <http://medpan.org/marine-protected-areas/themes-2/sustainable-financing/>



PART 2 – The Financial Strategy : Reducing the Financing Gap

+ DESCRIPTION

As indicated in Figure 1, developing a financial strategy is an **iterative process**. The financial strategy must be revised **until the financing gap is reduced to zero**.

If the previously assessed financing gap (see STEP 4) is positive, **three options are available** to close the gap and reach zero:

- ▶ **REDUCING COSTS,**
- ▶ **OPTIMISING EXISTING SOURCES OF FUNDING, AND/OR**
- ▶ **IDENTIFYING NEW FINANCING MECHANISMS.**

PREREQUISITE

The elaboration of a financial strategy for your MPA results **inevitably from the development of a business plan** (see STEPS 1 to 4), which is based on the MPA management plan (i.e., strategic objectives).

An **established MPA management plan** stating clear management and conservation objectives, as well as an already established **business plan**, are therefore requirements for developing a **financial strategy for your MPA**.

STEP 5 COST REDUCTION



GOAL:

The first and easiest option for closing the financing gap is to **minimize planned costs**.



OUTPUT:

A **detailed review** of planned costs and a **strategy to optimise them**. Revised amounts must be reported inside the cost table of the business plan tool previously used, **as presented in Box 4**.

ACTION 1

Reducing investment costs.

An efficient strategy for reducing investment costs is to prioritise your planned investments and **spread them over time, according to your needs and priorities**. Revised amounts must be reported within the **'Investment costs' table** of the business plan tool previously used, **as presented in Box 4**.



To avoid costly investments, prefer **optimising the use of investments already available**, as well as setting up **relevant partnerships** through an exchange of good practices (e.g., a partnership with a university or a research institute whereby both parties use the same boat for patrols and scientific research).

ACTION 2

Reducing human resource costs.

In order to avoid new costs, it is important to **implement the majority of your activities through existing staff**. In order to do so, make sure that all **your staff are well utilised and fully occupied** before proceeding with a new recruitment, be it full-time, part-time or seasonal, or before subcontracting. Subcontracting for expert advice can be useful; however, **the quality of the results for achieving conservation objectives must remain the priority**.

In order to have an overview of **available resources and needs** in terms of staff, it is useful to build an **organisational chart** of your structure that will enable you to **clearly identify who does what, as well as potential needs**. Also, make sure that **all employees have a clear job description**, and **set targets and objectives**, so that all employees have a precise idea of their respective goals and will be able to **work to achieve them**.

Revised amounts of human resource costs must be reported within the **'Recurrent costs' table** of the business plan tool previously used, **as presented in Box 4**.



Setting up **relevant partnerships** can again allow you to **avoid hiring new staff or subcontracting** (e.g., a partnership with a university or a research institute that allows them to conduct research within the MPA, in exchange for researchers sharing their data and results with the MPA).

ACTION 3

Reducing operating costs.

Regarding the reduction of operating costs, it is important to **focus efforts on optimizing costs of the items with highest cost**. Revised amounts of operating costs must be reported within the **'Recurrent costs' table** of the business plan tool previously used, **as presented in Box 4**.



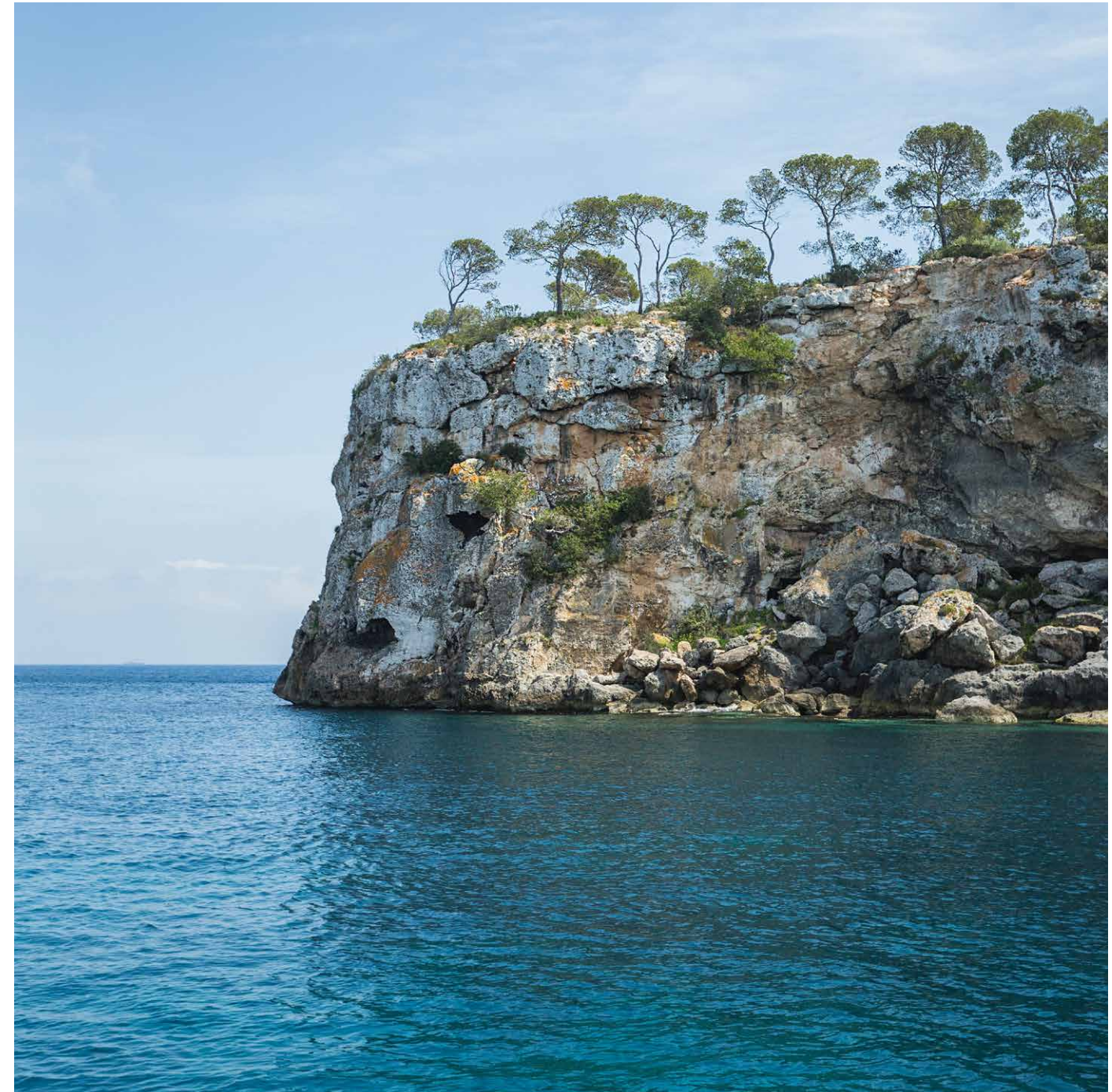
The **fuel item, for example, usually a major source of expenditure**, is often a good starting point. Savings can be made by introducing measures like 'carpooling' (land and/or sea vehicles) for the various missions, by combining scientific monitoring with surveillance activities, or improving patrol itineraries.

ACTION 4

Cost reduction can be optimized through relevant and efficient partnerships.

Setting up **relevant and well-managed partnerships** can enable MPA managers to **delegate important missions that can prove costly** for the MPA.

To be efficient, such partnerships need to be a **win-win for both parties**, mutually **providing and receiving a service**. For example, setting up a **partnership with a university or a scientific research institute** can enable the MPA to **benefit from scientific studies** for monitoring and protecting the ecosystem at a lower cost, in exchange for which the MPA allows researchers to conduct their studies within the MPA, and provides logistical assistance.



STEP 6 REVIEWING INCOME FROM EXISTING FUNDING SOURCES



GOAL:

Optimizing existing sources of funding



OUTPUT:

An **analysis of existing funding sources** and a **strategy to secure and increase these revenues**. Revised amounts must be reported **in the 'Revenues data' table** of your business plan tool **as presented in Box 5**.

MPA financing difficulties may lead managers to seek new sources of revenues. However, only searching for new revenues is not sufficient to ensure the **sustainability of your financial strategy**. Before seeking new revenues, managers should first **reassess existing sources of funding** that could be **optimised or adapted**.

ACTION 1

Reviewing financial resources provided by public and philanthropic funding.

In order to **increase public funding**, it is important to not only advertise the needs of the MPA, but also to **justify those needs**. A **long-term financial strategy** based on **specific environmental objectives** can be a very persuasive advocacy tool **to convince public authorities to increase subsidies** for conservation operations.

Furthermore, and as previously mentioned, **donors and NGOs generally allocate funds for specific projects**, generating thus **unstable revenues** for the MPA over time. As a result, most projects using philanthropic funding are not followed up after completion. **MPA managers may therefore end up constantly seeking new financing opportunities** through philanthropic funding programmes **in order to ensure a continuous funding of existing conservation projects**, or **developing new projects** to achieve the strategic objectives of their MPA.



Developing an **accurate and realistic financial strategy** is a crucial stage for optimizing your sources of revenues, as the final output will show a **long-term vision for your conservation goals**. In this sense, it can be a **very persuasive tool to convince potential funders** of the strength of your approach and the necessity to finance your conservation activities.

Revised amounts of planned public and philanthropic funding must be reported **in the 'Revenues data' table** of your business plan tool **as presented in Box 5**.

ACTION 2

Reviewing existing self-financing mechanisms.

Self-financing mechanisms are mechanisms which allow the MPA to **finance planned costs from its own resources** (e.g., revenues from the collection of visitor fees and concession fees). A review of self-financing mechanisms should always analyse **the cost-effectiveness of those mechanisms** since, **to be effective**, a financing mechanism must **always generate more revenues than it costs** (see Chapters 1 and 2 for more details). Revised amounts of revenues generated by self-financing mechanisms must be reported **in the 'Revenues data' table** of your business plan tool **as presented in Box 5**.



Any change must be **considered on a cost-effectiveness basis**. For example, it is more **cost-effective to increase existing prices** rather **than create new services for sale**, as a price increase will have no impact on the management costs associated with the service in question, whereas the creation of new services leads necessarily to an increase in management costs. Only once a maximum acceptable price is reached, can you consider offering new services.



STEP 7 IMPLEMENTING NEW FINANCING MECHANISMS



GOAL:

Analysing the **feasibility of new financing mechanisms** and their **implementation**



OUTPUT:

A picture of the **ecosystem services** provided by the MPA and their **respective beneficiaries**, and an **analysis of potential new financing mechanisms** based on identified ecosystem services and beneficiaries

Once costs have been minimised for optimum efficiency and current revenues have been optimised, it may still be **necessary to seek new sources of funding**. This can be useful, not only to **reduce the financing gap**, but also to **diversify the revenue portfolio**, something which is essential for the **financial sustainability of the MPA**. Indeed, this will limit the impact of possible fluctuations of your sources of funding (e.g., reduction in national budgets, global pandemic, change in funding targets of philanthropic donors, or drop in tourist numbers).

To choose the adequate financing mechanisms, it is important **to know what ecosystem services** are provided by the MPA, and **who the beneficiaries of those services are**.

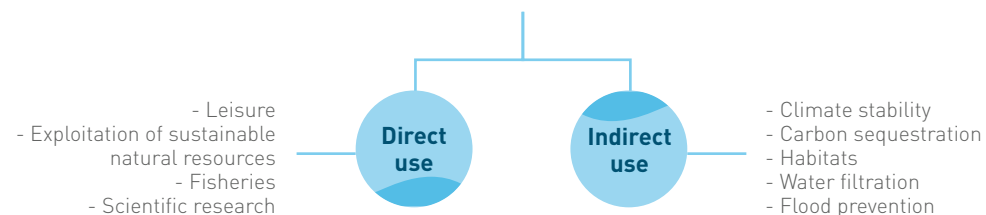
ACTION 1

Assessing the ecosystem services your MPA can provide.

A MPA provides its beneficiaries with a number of ecosystem services. These **may include extractive goods such as fish, salt or algae**, but **also services such as conservation of biodiversity, water purification or leisure activities**. All these goods and services provide beneficiaries with a range of benefits resulting from the existence of the MPA, and thus represent potential **opportunities for new financing mechanisms**. Those benefits can be **divided into two categories: direct and indirect uses** (see example in Box 7).

Box 7. Example of the type of diagram needed to assess the direct and indirect uses of your MPA (adapted from Binet et al. 2015b).

EXAMPLES OF ECOSYSTEM SERVICES PROVIDED BY A MPA



The inventory of the ecosystem services provided by the MPA and their respective beneficiaries will also serve to identify the **MPA's economic, social and environmental value**. This assessment can thus be used as an **advocacy tool to convince funders to continue or increase their financial support** to ensure the protection of those ecosystem services over time.

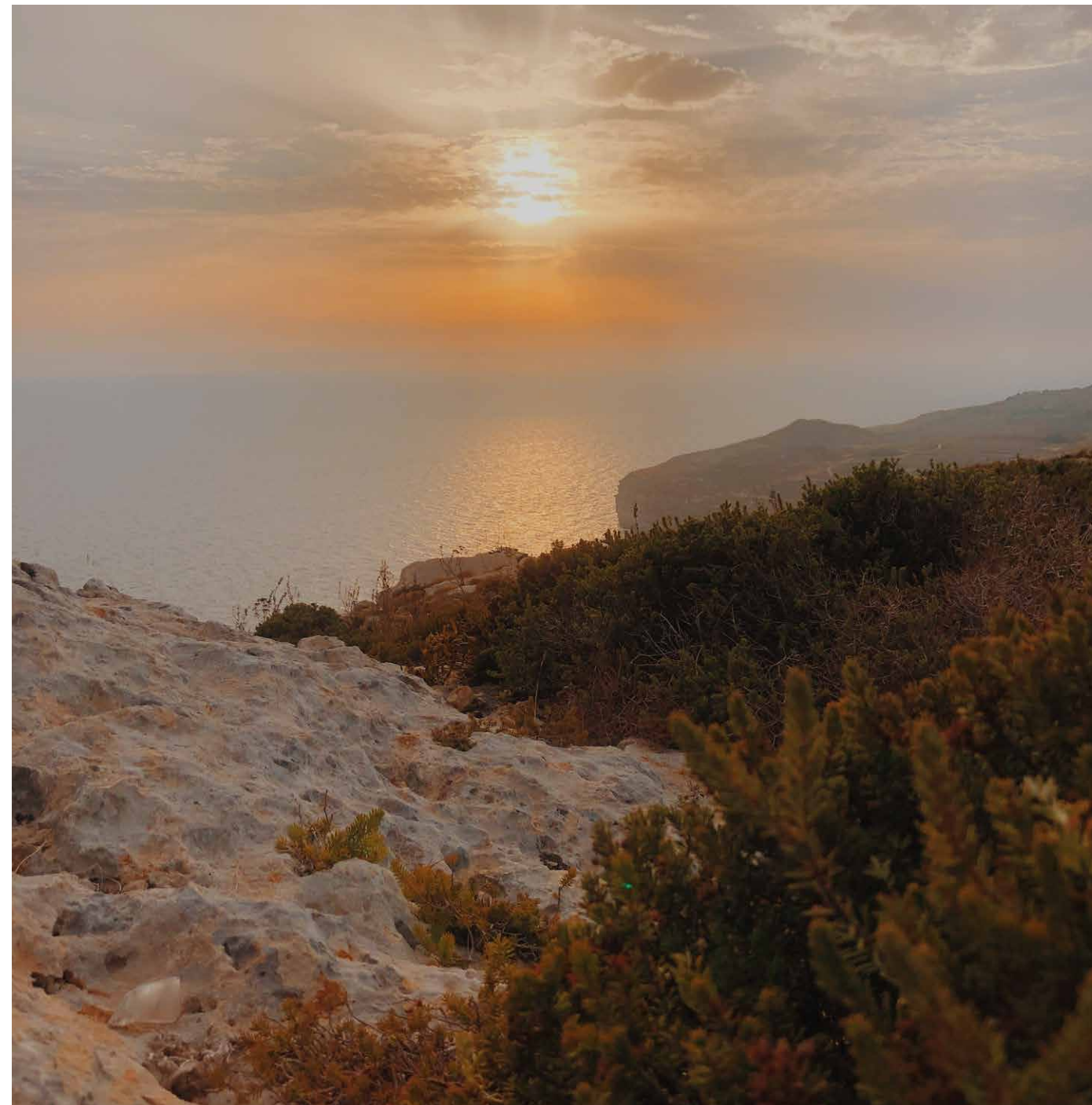
ACTION 2

Identifying the beneficiaries and potential payers of those ecosystem services.

Each of the **above ecosystem services can be linked to a group of beneficiaries**. MPAs can thus benefit different types of beneficiaries located at local, national, or global level, depending on the ecosystem services provided.



The types of beneficiaries of any MPA are largely **determined by the nature and situation of the ecosystems** this MPA aims to protect. However, the **effective accessibility of the MPA to beneficiaries**, as well as **the MPA's level of protection**, can limit the number **of beneficiaries**. Those factors must therefore be taken into consideration when identifying potential beneficiaries.



ACTION 3

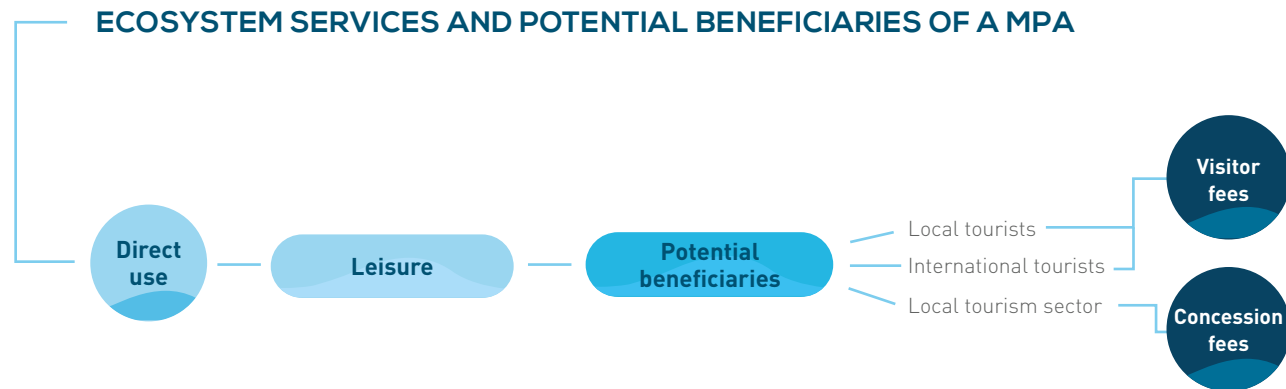
Identifying and examining the feasibility of potential and relevant financing mechanisms for your MPA.

The identification of potential beneficiaries will then allow you to **identify potential sources of revenues** through the implementation of relevant financing mechanisms (e.g., visitor or concession fees).

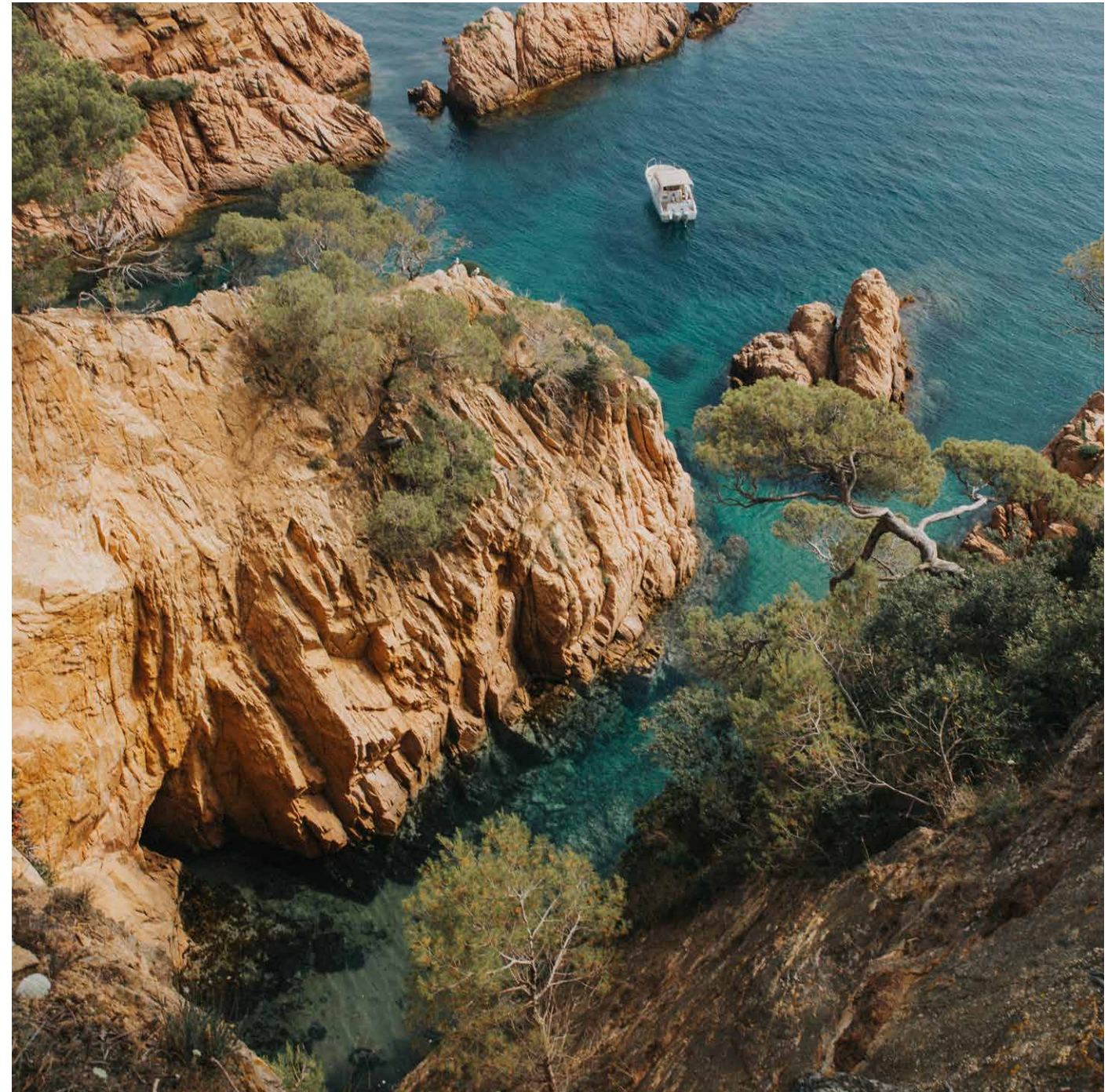


Always keep in mind that **conservation is the primary objective of the MPA** and must **always guide decisions regarding** the implementation of **new financing mechanisms**.

Box 8. Example of the type of diagram needed to identify relevant financing mechanisms associated with tourism ecosystem services in a MPA.



Many innovative financing mechanisms are already used worldwide to finance protected areas, either terrestrial or marine. **A selection of the main financing mechanisms that can be used for financing Mediterranean MPAs**, and their respective implementation processes are **described in the subsequent chapters** of this guide, with detailed case studies.



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BLUE
SEEDS

MECHANISM 1

Visitor fees



INTRODUCTION

The first two chapters of this guide will deal with **market-based mechanisms (or self-financing mechanisms)** which are the mechanisms that allow MPAs to **finance planned costs from their own resources**, generally through a fee system. In this respect, **visitor fees** are one of the **most successful and commonly used** self-financing mechanisms by protected areas worldwide (Van Zyl et al. 2019). With over **320 million tourists visiting the Mediterranean** region every year, and the **tourism industry** contributing more than **340 billion Euros annually** to the regional economy, the visitor fee mechanism appears as one of the **most adapted to Mediterranean MPAs** (Randone et al. 2017; UNWTO, 2021). The present chapter details the **step-by-step methodology** for implementing a visitor fee mechanism within a MPA.



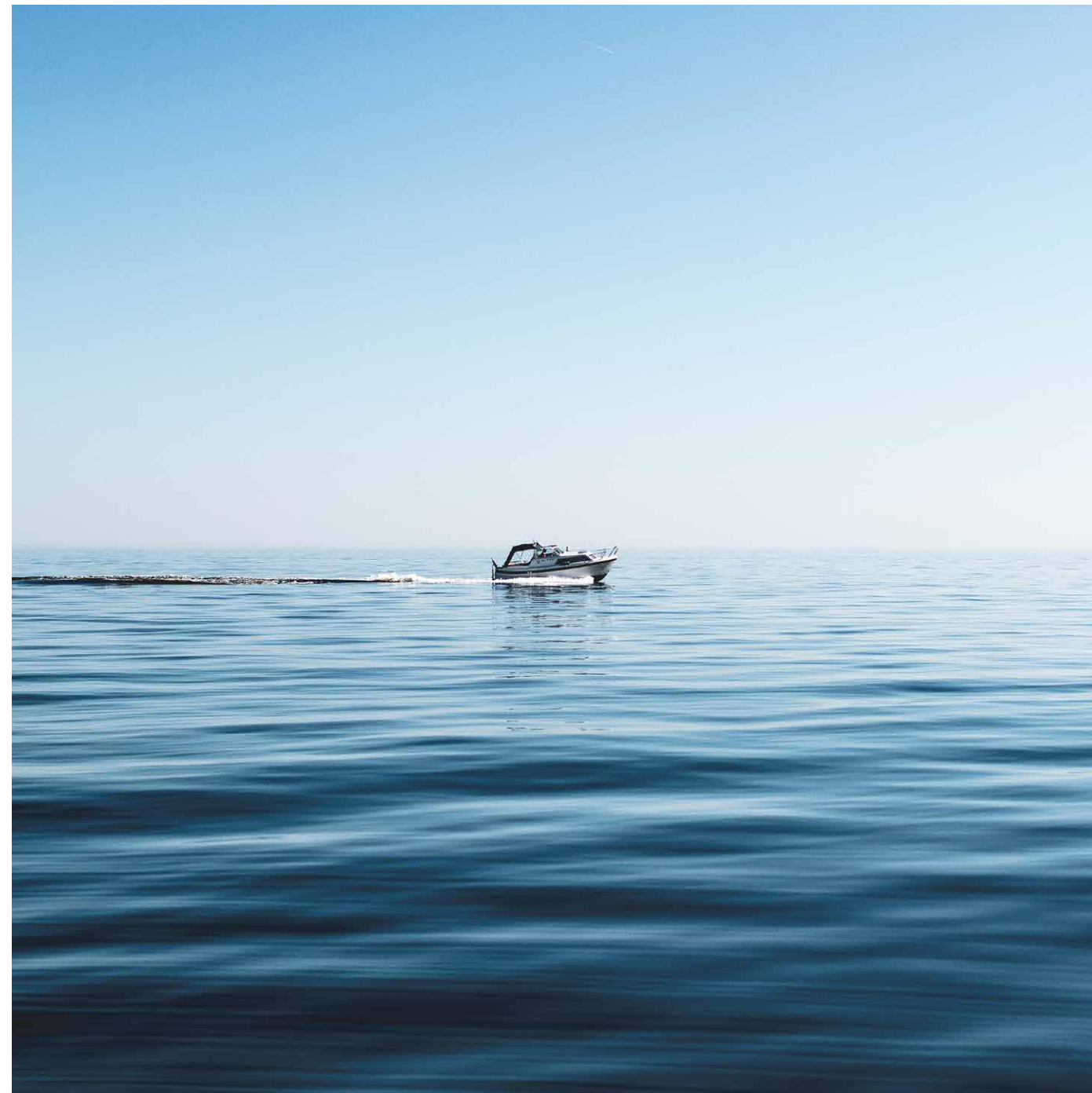
Visitor fees can be **charged to visitors** of a marine protected area. They include entry fees, boat fees or mooring fees, as well as specific recreational activity fees such as diving fees or snorkelling fees, levied on all visitors. These fees are either **collected directly by the MPA** services, or **indirectly by third parties**, such as tourist operators who collect the fees from visitors and pay them back to the MPA.

+ OPPORTUNITIES

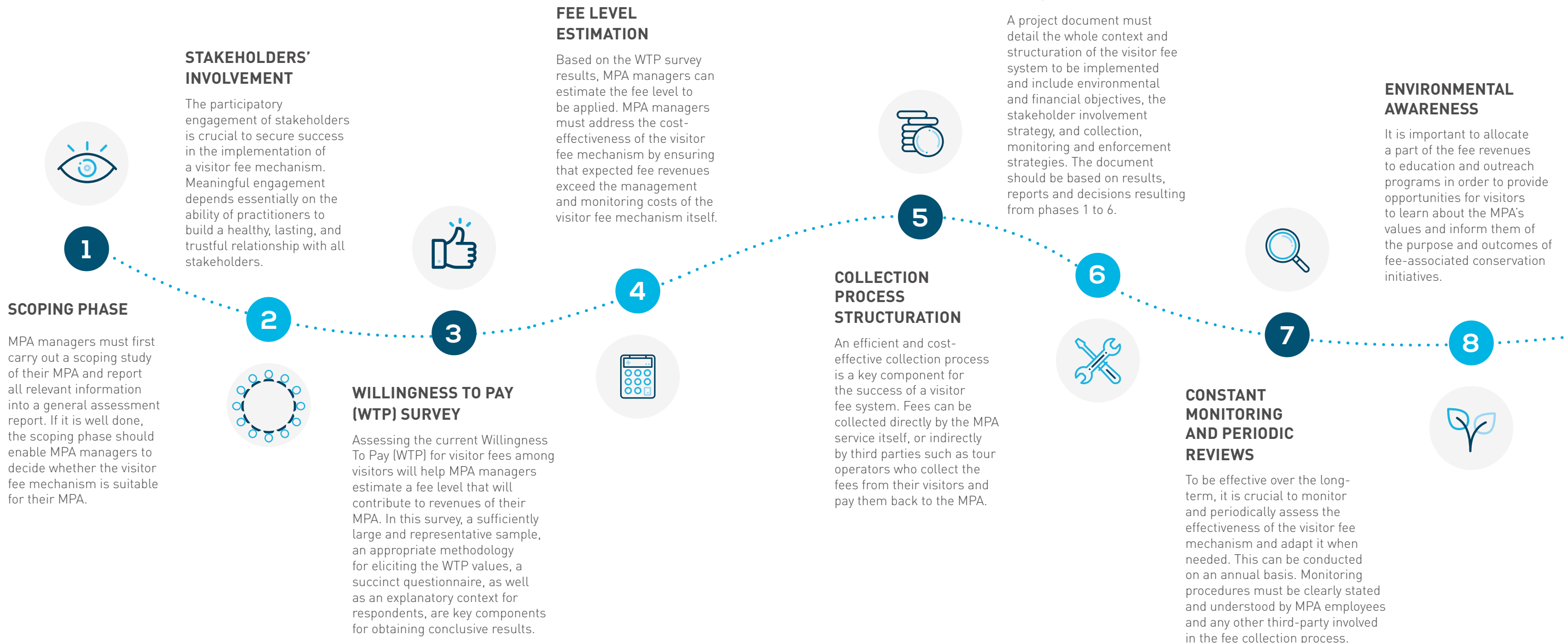
- ▶ A **steady** stream of revenue
- ▶ Relatively **easy** to implement
- ▶ Direct means **of public participation** in conservation

☑ PREREQUISITES

- ▶ Established MPA **management plan and business plan** (see Preliminary Chapter) ;
- ▶ **Legal capacity** of the MPA authority to implement a visitor fee mechanism ;
- ▶ **Site visits** to generate revenue ;
- ▶ **Initial investment** in terms of budget, time and staff ;
- ▶ At least **one MPA staff member** should be available to work full-time (i) on planning the visitor fee project, and later (ii) on managing the mechanism. Number of staff and time required need to be **adapted to the project**.



IMPLEMENTATION PROCESS



STEP 1 SCOPING PHASE



GOAL:

Establishing whether **visitor fees** are an **adequate financing mechanism for your MPA**

The first step for implementing a visitor fee mechanism is to **assess whether visitor fees are an adequate financing mechanism for your MPA**. To do so, MPA managers must **conduct a scoping study** of their MPA and report all relevant information into a **general assessment report**. Relevant information concerns the environmental context of the MPA, the existing or potential visitor's interest in the MPA, the types of recreational activities as well as the MPA specificities that can create willingness to pay, and a detailed legal assessment regarding the implementation of such mechanism in the MPA. Effectively done, the scoping phase should **enable MPA managers** to decide **whether the visitor fee mechanism is adapted to the situation of their MPA**.

ACTION 1

Describe the environmental context and issues, conservation objectives, spatial zoning and legal protection of your MPA.

To begin, it is necessary to have an **accurate picture of the current context of your MPA**. To do so, you must assess the broad and local **environmental context and issues** of your MPA, the resulting **conservation objectives**, as well as the **legal protection** decreed for your MPA and the potential spatial zoning and restrictions, if any. Relevant information can normally be found in the MPA management plan. The purpose is to find this information and summarise it in the general assessment report to have a complete, clear and accessible overview of these questions.



This general assessment will give the MPA manager an **overview of the context in which the MPA is set**. In addition to the implementation of financing mechanisms, this general assessment can serve as a basis for orienting future decisions concerning the management of the MPA, and is in that way an **indispensable step for an efficient global management**.



OUTPUT:

General assessment report **aggregating and summarizing all relevant information** gathered during the **scoping phase**. This report should enable MPA managers to decide whether the **visitor fee mechanism** is adapted to their MPA or not.

ACTION 2

Assess the visitors' interest in your MPA.

Assessing the number of existing or potential visitors will first allow MPA managers to determine if there is an existing or potential **interest in visiting their MPA**, which is a **prerequisite for implementing a visitor fee mechanism**. Results of this assessment will further allow MPA managers to **estimate the potential revenues** that can be generated through a visitor fee mechanism.



This can be assessed through **existing statistics and/or reports** on the number of people visiting the MPA, if any, and/or through a **dedicated survey** in collaboration with the local tourism sector to evaluate visitors' interest in the MPA.

ACTION 3

Assess the MPA's specificities that generate attractiveness and may thus create willingness to pay.

Based on the previously assessed visitors' interest, **identify the specificities** of your MPA that can create a **willingness to pay among visitors**. Such specificities may be natural and/or cultural characteristics, which by their **attractiveness** could **justify and enhance the acceptance of a fee to pay for visiting the MPA**.

ACTION 4

Assess the type of recreational activities undertaken within the MPA, the type and number of tourist operators in and around the MPA, as well as their price policies.

Visitor fees include **entry fees**, as well as **recreational activity fees** such as diving fees or snorkelling fees. You must therefore identify the **type of recreational activities currently undertaken** or that **could be proposed to visitors within the MPA**. This will allow MPA managers to identify **potential activities that could be subject to a specific fee**. MPA managers can either decide to charge an activity fee as the main fee to users of those activities only, or as an additional fee to an entry fee levied on all visitors. This assessment should also include a small market study for assessing the **number of operators** operating in and around the MPA, as well as their **price policies**. This will help MPA managers to position themselves **on the local tourism sector market**.

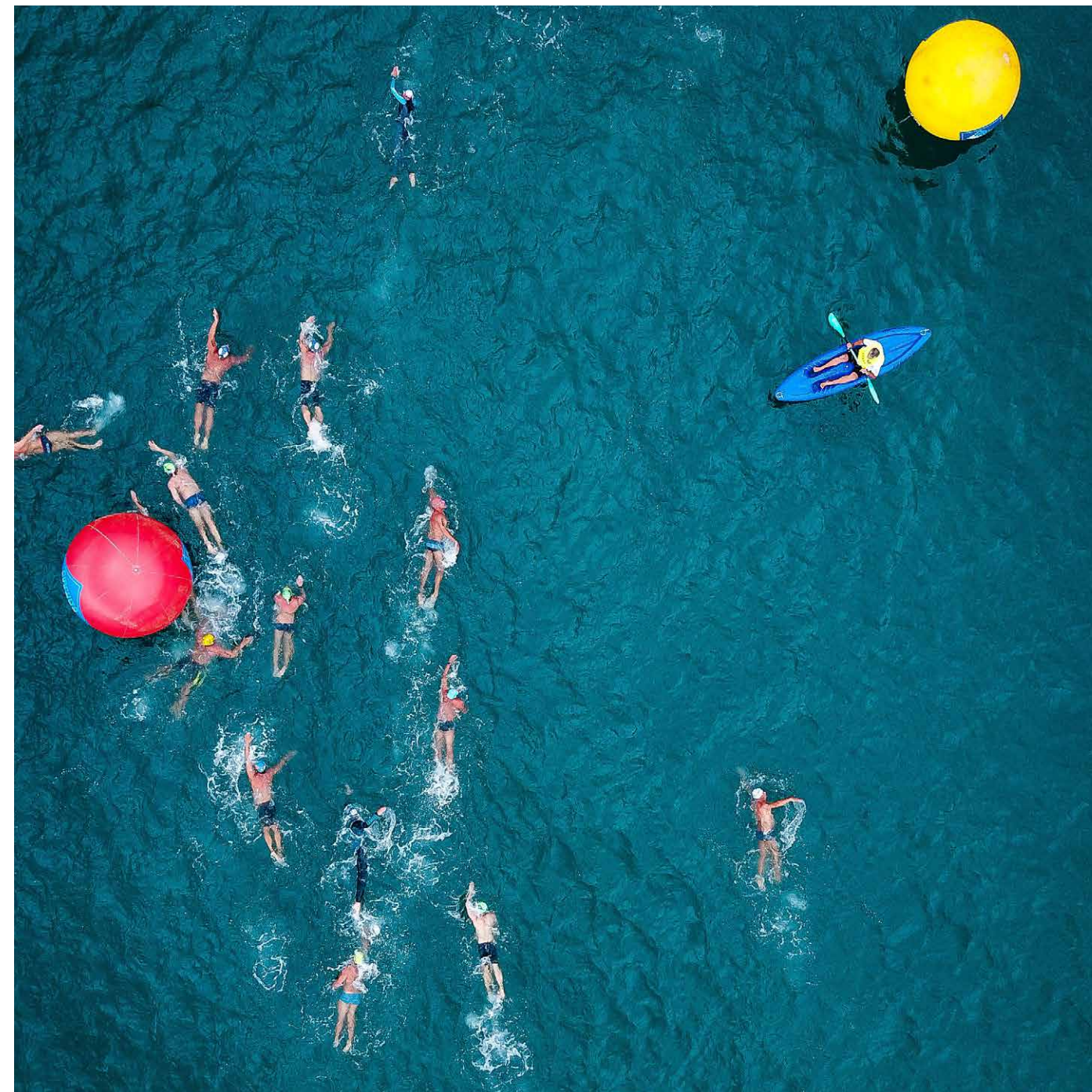
ACTION 5

Assess the legal framework for implementing a visitor fee system.

A legal assessment is needed to establish whether the **legal conditions are viable for the implementation of a visitor fee mechanism** at national and protected area level. Such an assessment should be undertaken **by someone with a solid understanding of the relevant laws and regulations**, and possibly externalised to a **lawyer**.

Box 1. Legal assessment characteristics

National level	MPA level
<p>Assess laws and regulations that provide the legal basis for implementing a visitor fee system (e.g., public law, environmental law, tax law, contract law).</p>	<p>Study the MPA's spatial zoning and legal protection, to define which activities can be operated within the framework of the MPA's management plan.</p>
<p>Ensure that there is permission to implement visitor fees for accessing the MPA and/or taking part in specific activities within the MPA.</p>	<p>Identify the authority(ies) responsible for making decisions on the implementation and management of a visitor fee system.</p>
<p>Identify if fee revenues can be directly retained and used by the MPA authority or, in case of a central collection system, what percentage of collected fees will be allocated to the MPA.</p>	<p>Examine the legal procedures for implementing a visitor fee system for accessing the MPA and/or taking part in specific activities within the MPA.</p>
<p>Identify any gaps and/or legal reforms required.</p>	



STEP 2 STAKEHOLDERS' INVOLVEMENT



GOAL:

Building a foundation of **mutual trust with stakeholders**



OUTPUT:

- ▶ Stakeholder assessment report
- ▶ Communication supports
- ▶ Meeting reports

Note that the **participatory engagement of stakeholders** is probably the **most important component** of the planning and development of any MPA. This is especially the case for the implementation of financing mechanisms. However, meaningful engagement depends on the ability of practitioners to **build a healthy, lasting, and trustful relationship** with all stakeholders.

ACTION

It is essential to engage actively with stakeholders to secure success with the implementation of a visitor fee mechanism in your MPA.

First you must **identify and characterize stakeholders** to know which stakeholders must be involved and how to involve them throughout the implementation process of a visitor fee system. For this, you must identify both the **supporters** of your project and those who are the **most reluctant** to it, as they both need to be seated at the table for discussions. This step should lead MPA managers to **answer the following questions**: *Who are your stakeholders? What are their interests and affiliations? What are the best approaches for communicating and engaging with them over the long term?*

After identifying stakeholders, you must **consult and meet with them**, through presentation meetings, workshops, as well as one on one meetings when necessary. **Using communication supports**, such as presentations **explaining the visitor fee mechanism**, the **necessity of implementing** such a mechanism, or the **benefits** that would arise for both the MPA and stakeholders, can be a good starting point to engage the discussions.

Make sure to **involve stakeholders early on and at every stage of the project** in order to ensure that their **perspectives, knowledge, and support are included**.

- ▶ Stakeholders can include the private sector such as tourist operators, representatives from government (local and/or national), protected area authorities, local communities, and relevant NGOs.
- ▶ **Every meeting and discussion** with stakeholders should be **documented**.
- ▶ **Helpful guide for stakeholder involvement** process: Walton et al. (2013) - http://awsassets.panda.org/downloads/stakeholder_engagement.pdf



Box 2. Good stakeholder engagement process (adapted from Spenceley et al. 2016)



STEP 3 WILLINGNESS TO PAY (WTP) SURVEY



GOAL:

Assess the **current willingness to pay (WTP) for visitor fees** among visitors



OUTPUT:

- ▶ WTP survey
- ▶ Results report

ACTION

Conduct a WTP survey for visitor fees among tourists to estimate an adequate fee level.

A WTP survey will help MPA managers **estimate a fee level** that will contribute to revenues of a MPA. A sufficiently **large and representative sample** together with the most appropriate methodology for **eliciting the WTP values** and the need to **keep the questionnaire succinct** are key components. It is important to ensure that **respondents fully understand the reasons** for additional funding before questioning begins and that the **motives behind all-zero or protest bids are understood**.



- ▶ See appendix for an **example of WTP survey questionnaire** used in Croatia as part of the study by Batel et al. (2014).
- ▶ Due to a **lack of time and/or resources**, a general approach **based on the WTP results of other MPAs with similar characteristics and visitor profiles** may be sufficient.

STEP 4 FEE LEVEL ESTIMATION



GOAL:

Estimating **fee level to be applied**



OUTPUT:

Pricing and customer service policy

ACTION 1

Estimate fee level based on the WTP survey results.

Based on the WTP survey results (see STEP 3), you are now able to **estimate the fee level** to be applied through the visitor fee system you are planning to implement. Another factor to be considered when estimating fee level is the **cost-effectiveness of the visitor fee system**. In this respect, MPA managers must always keep in mind that to **generate additional revenues for conservation activities**, fee revenues must exceed the management and monitoring costs of the visitor fee mechanism itself.



Where necessary, a different visitor fee per tourist segment is recommended. For example, **two-tier pricing for local vs. foreign tourists** would allow **access to all types of visitors**, thus promoting **social equity**.

ACTION 2

To clarify and facilitate interactions between the MPA's employees and visitors regarding the fee system, it is recommended to design a customer service policy.

A customer service policy is a **formal document that outlines the protocol that employees must follow when they deal with customers** about the MPA services and fees. This document should **name the person(s) in charge of managing and making decision** about customer service issues and clarify their **prerogatives**. The customer service policy should also include the **refund policy** related to the visitor fee system.

This document will serve as a **reference document for the MPA employees** to deal with issues related to customer service, but also as an **information document for visitors and users** about the MPA pricing and refund policy.



"No refund" is usually the easiest refund policy and the most recommended to avoid unnecessary issues and costs.

STEP 5 COLLECTION PROCESS STRUCTURATION



GOAL:

Structuring the **collection process**



OUTPUT:

Collection process guidelines; this document must contain details of the collection process to be implemented as well as all enforcement and control procedures.

ACTION 1

Design and structure the collection process to be implemented in your MPA.

An **efficient and cost-effective** collection process is a **key component** for the success of the visitor fee system of a MPA. Fees can be **collected directly by the MPA** service itself, or **indirectly by third parties** such as tour operators who can collect the fees from their visitors and pay them back to the MPA. An **indirect fee collection** system can be essential where, for example, there is **no specific localized entry point** into the MPA. It could also **reduce the collection and management costs** for the MPA.

Chosen **process and procedures** must be **detailed in a formal document**, such as **guidelines**, made available for all concerned persons or entity, to make **rules clear and consistent for everyone**.

Box 3. Specific actions required for the implementation of an indirect fee collection process

If you chose a collection system where **tourist operators collect the fees on behalf of the MPA**:

- First, **assess operators' engagement** in participating in the collection process;
- Make them **understand the importance** of generating revenues for **protecting the site** on which their **business depends**;
- **Collaborate with them**, by organizing one on one meetings for example;
- Think and **develop the easiest and quickest solution for them** to set up to collect the fees with.



Using a **visitor fee online payment tool** (e.g. ReefSupport – <https://marineparkfee.com/>) can be an easy solution for both the MPA and the operators collecting the fees.

ACTION 2

Implement enforcement and controlling mechanisms to ensure effective payment and collection.

Enforcement and controlling procedures must be implemented to ensure effective **payment** and effective **collection** of the fees. Visitors must be **informed** of control measures they could be subject to (e.g., patrols). Procedures must also be **clearly communicated to the persons and/or entities in charge of fee collection**. Measures and procedures must in this respect be **included in a formal document**, such as the **collection process guidelines**, made available to all concerned persons, and must also be specified in **all contracts** concluded with operators in charge of fee collection on behalf of the MPA.





STEP 6 IMPLEMENTATION PHASE



GOAL:

Formalizing the implementation of the visitor fee system



OUTPUT:

- ▶ Visitor fee project document detailing the whole project stages and decisions
- ▶ Partnership and collaboration contracts (where needed)

ACTION 1

State clear objectives of the visitor fee mechanism and describe its structuring in a formal project document.

The project document must **detail the whole context and structuration** of the visitor fee system to be implemented and **include environmental and financial objectives, stakeholder** involvement strategy, and **collection, monitoring and enforcement** strategies. The document should be based on results, reports and decisions **resulting from phases 1 to 6**. This document will serve as a reference for the implementation, monitoring and improvement/adaptation of the mechanism over the long term.

ACTION 2

Formalize all partnerships and collaborations required for the implementation of the visitor fee system.

Any partnerships and collaborations required for the effectiveness of the visitor fee system must be **formalized before the official launch of the mechanism**. This may include for example partnership contracts with tourist operators and/or the subscription to an online payment tool.



- ▶ Negotiations and conclusion of **contracts could be externalized to a lawyer**.
- ▶ Contract provisions must be consistent with **relevant legislation**.
- ▶ All contracts should be **written to facilitate interpretation** and eventual dispute resolution.

STEP 7 CONSTANT MONITORING AND PERIODIC REVIEWS



GOAL:

Monitoring the visitor fee system to **continually evaluate and adapt** when needed



OUTPUT:

- ▶ Monitoring procedures and guidelines
- ▶ Periodic assessment reports

ACTION

Implement monitoring mechanisms and procedures to periodically assess the visitor fee system.

To be effective over the long term it is **crucial to periodically monitor** and assess the effectiveness of the visitor fee mechanism in place in your MPA. This can be conducted on **an annual basis** for example.

Monitoring procedures must be **clearly stated and understood** by MPA employees in charge of either collecting the fees or applying the monitoring procedures. It is recommended to detail those procedures in a **guidelines document** to be used as a reference in this matter.

Monitoring procedures must also be **clearly understood by third parties** in charge of **collecting the fees** on behalf of the MPA. In that case, monitoring procedures must be **included in all contracts** concluded as part of the collection process (see STEPS 5 and 6).

Results of periodic assessments must be **logged into annual reports** to keep a **written record of the work that has been undertaken and of the results** over the long term.

Box 4. The four key features to be periodically assessed when monitoring a visitor fee mechanism

1. **Impact monitoring:** measuring the impacts of tourism activities on the protected environment and biodiversity.
2. **Compliance monitoring:** measuring the performance of visitors to pay the fees and of partners, if any, to meet their contractual obligations.
3. **Efficiency monitoring:** ensuring the efficiency and cost-effectiveness of the visitor fee mechanism.
4. **Stakeholders monitoring:** assessing visitors' and stakeholders' satisfaction over time.

STEP 8 AWARENESS



GOAL:

Informing visitors of the purpose and outcomes of the conservation fees



OUTPUT:

- ▶ Educational programmes for visitors
- ▶ Communication supports to effectively communicate about conservation initiatives

ACTION

It is essential to allocate a part of the fee revenues to the development of education and communication programmes.

People are generally **more willing to pay conservation fees** (including when it is optional) when the **fee system is transparent** and if they are confident that **fees are used for conservation projects**. It is therefore **important to allocate** a part of the fee revenues to **education and outreach programs** to provide opportunities for visitors to learn about the MPA's values and inform them of the **purpose and outcomes of fee-associated conservation initiatives**.



A **website is a good starting point** for providing information about MPA visitor fees.

TOOLBOX

POSSIBLE ISSUES

POSSIBLE SOLUTIONS

You may not have enabling legislation to charge mandatory visitor fees, or the lobbying power to pass enabling legislation to collect such fees.



You can still implement an optional conservation fee system. Such fees are donations and therefore not enforceable, but can still potentially generate significant incomes.

Tourism can be an inconsistent industry, as it is easily affected by unpredictable events, such as pandemics (e.g. COVID-19), political instability or terrorism.



The implementation of a visitor fee system implies an initial investment by the MPA in terms of money, time and staff.



This investment cost must be integrated into the financing plan, in order for it to be covered by the future incomes. Planning and implementation costs can be first financed through philanthropic or government funding.

You might be concerned that the collection of fees will increase the administrative expenses of your MPA.



To reduce administrative expenses, visitor fees could be collected:

- By tour operators;
- By a NGO, through a co-management agreement that would allow the NGO to collect the fees;
- Through an online payment tool (e.g., Reef Support <https://marineparkfee.com/>)

Those options can be used simultaneously. When setting fees, make sure that fee revenues will cover and exceed monitoring and enforcement costs, to ensure the cost-effectiveness of the visitor fee mechanism. Such costs must be realistically assessed and understood by the MPA authority before implementing the mechanism.

Collection systems that are managed by a central authority might not allow raising fees at the MPA level, or may eliminate incentives for paying visitor fees.



Where there is a central collection system, it is important that you understand the country's policy and make sure that the further allocation of funds to the MPA is proportional to what the MPA has collected, or at least know what percentage of collected fees can be retained by/returned to the MPA.

An excessive reliance on tourism can lead to levels of recreational activities that may imperil the protected ecosystems and negatively impact local communities.



Increases in prices can lead to a reduction in the number of visitors, and as a consequence to a reduction of tourism induced pressures and impacts.





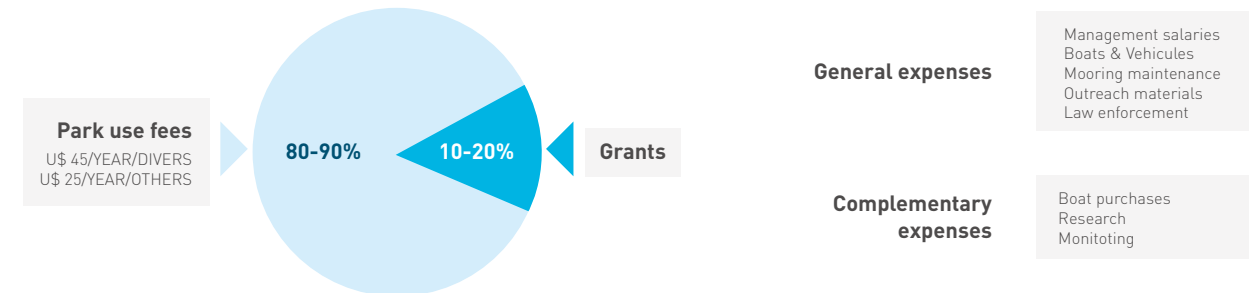
CASE STUDY: BONAIRE NATIONAL MARINE PARK



In the Netherlands Antilles, the Bonaire National Marine Park (BNMP) has, since 1992, covered the cost of basic park operations through a fee charged to users of the park. Fee level has been initially estimated by dividing the amount of management costs by the number of divers visiting the MPA annually, which led to a US\$10 annual fee, implemented for the first time in 1992. Prices were then subsequently increased in 2005 and 2019, based on several WTP surveys. Since 2019, the park charges a US\$45 fee to scuba divers and a US\$25 fee to other users. Tickets are valid for a calendar year.

Two former Managers and the current Policy Advisor of the BNMP, respectively Kalli de Meyer, Ramón de León, and Wijnand de Wolf, stated that a **strong stakeholders' engagement** is crucial for a successful visitor fee system, especially when tourist operators are in charge of collecting the fees on behalf of the MPA. Another key factor of success of the user fee system of Bonaire was the **political support**, with a law making it mandatory for any visitor of the park to pay a fee, as well as the **direct allocation to the MPA of the generated fee revenues**. Finally, since 2019, the BNMP implemented the **ReefSupport** (<https://marineparkfee.com/>) **online**

payment system. By allowing visitors to do pre-arrival payments, this online payment tool also benefits operators by shortening administrative checks and reducing the volume of over-the-counter cash transactions and their associated risks. However, *"even in Bonaire the COVID-19 crisis showed that, although a visitor fee system can be a reliant source of revenues, it is crucial to diversify income streams by implementing other financing mechanisms, to be more resilient to crisis and changes"*, said Wijnand de Wolf, Policy Advisor of the BNMP.



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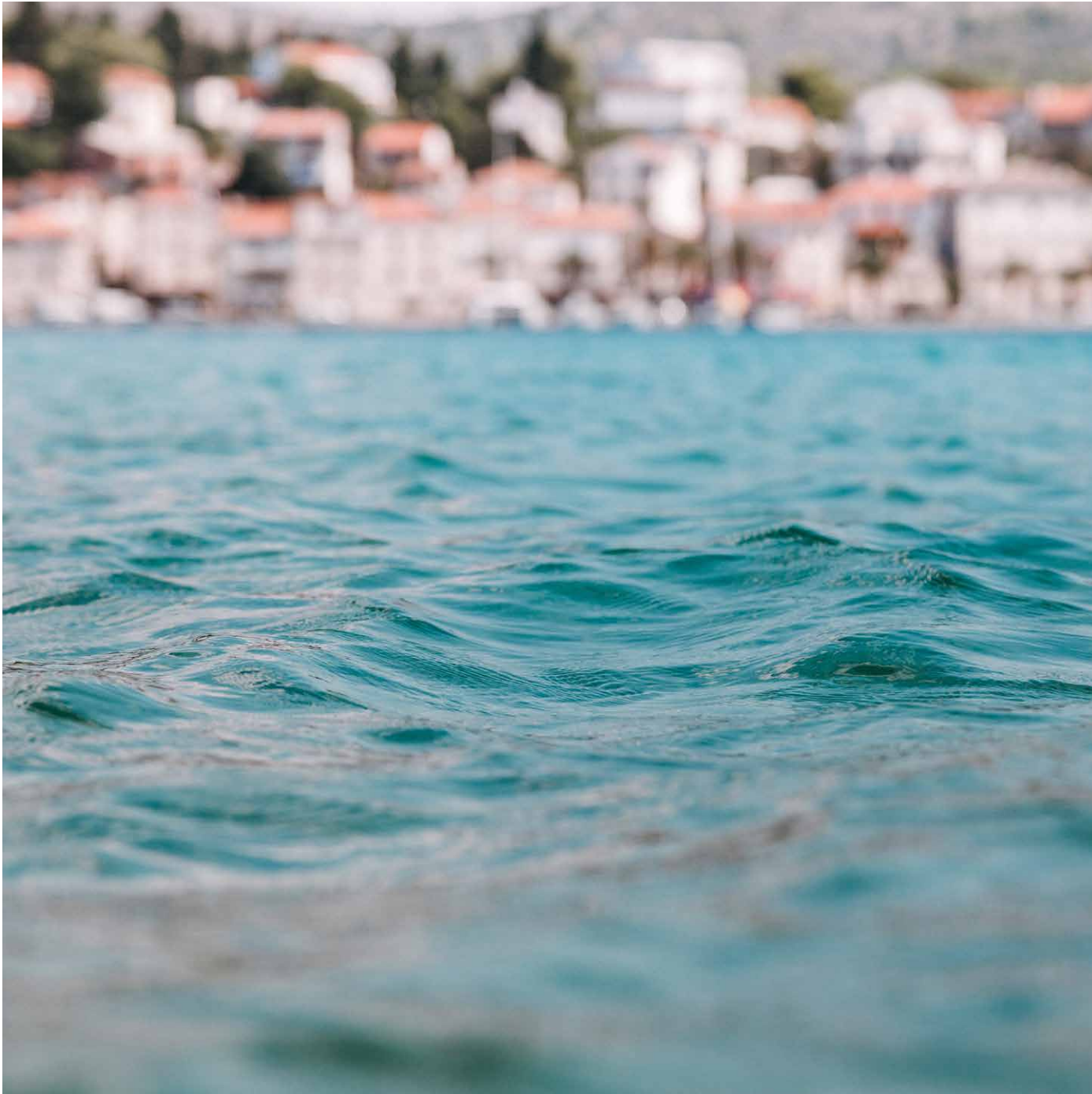
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MECHANISM 2

Concession fees

INTRODUCTION

The first two chapters of this guide deal with **market-based mechanisms (or self-financing mechanisms)** which are the mechanisms that allow MPAs to **finance planned costs from their own resources**, generally through a fee system. **Concession fees** are in this respect also one of the **most successfully and commonly used** self-financing mechanisms by protected areas worldwide (Thompson et al. 2014; Spenceley et al. 2017). With ocean-related activities in the Mediterranean Sea generating an annual economic value **estimated as 375 billion Euros** (Randone et al. 2017), the concession fee mechanism appears particularly **well adapted to Mediterranean MPAs**. The present chapter details the **step-by-step methodology** to follow for implementing a concession mechanism within a MPA.

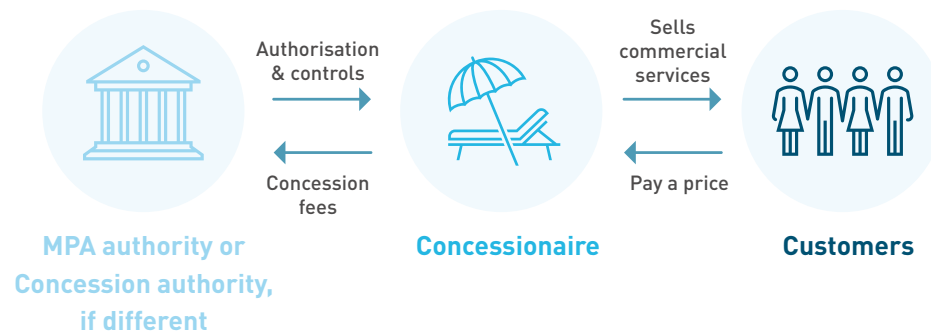


A concession is a **contract** made between a **protected area** (the concession authority) **and a private operator** (the concessionaire - usually businesses or individuals), under which this private operator **is allowed to carry out** its activities **within the protected area** for a **specified period of time**, in exchange for the payment of a **concession fee**, and subject to **compliance** with **environmental regulations** in force at national and protected area level.

Concessions are **commonly used for services promoting recreational activities** like boat excursions, recreational fishing, kayaking, snorkelling or diving. Concessions can also be used to **capture revenues from operations indirectly related to these recreational activities**, such as **management operations** (e.g., mooring management and maintenance).

In most cases, concessions are granted by a public authority (the concession authority) to a private operator (the concessionaire), **thus creating a public-private-partnership** (PPP).

Figure 1. Flow chart showing how a concession mechanism works



+ OPPORTUNITIES

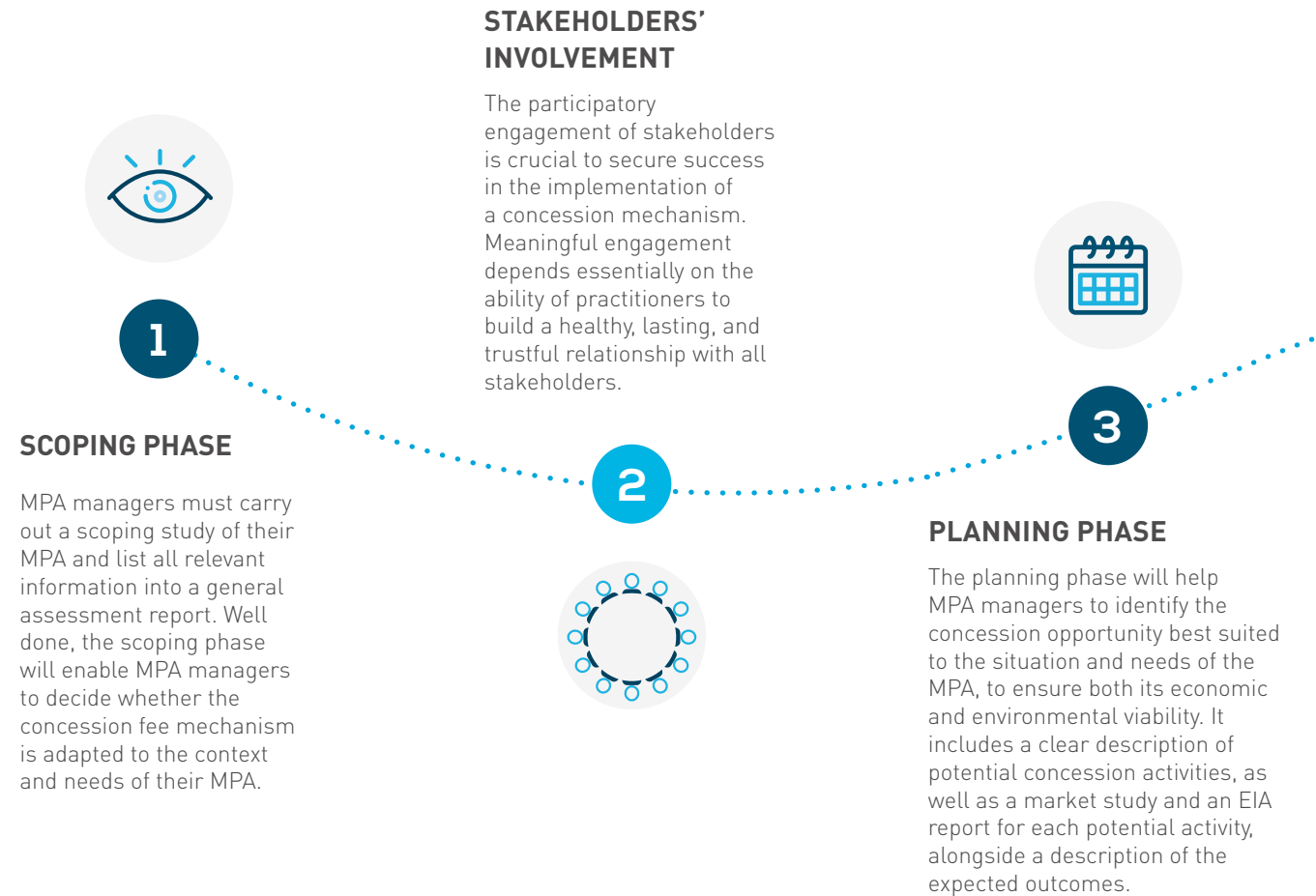
- ▶ Concession revenues can be a **significant and sustainable source of revenues for MPAs**.
- ▶ Concessionaires provide their **expertise and investment capital**, allowing MPA managers to focus on their **core function of biodiversity and habitat protection**.
- ▶ Concessions can create **jobs for local communities**.
- ▶ At the end of the concession agreement, facilities developed by the concessionaire generally become the **MPA's property, which can be leased to future concessionaires**.
- ▶ Concessions are important means of **engaging the private sector in conservation**.
- ▶ Concessions provide an **extra presence in MPAs** that can help reduce the incidence of illegal or harmful behaviours.
- ▶ The economic benefits of concessions **can enhance political support and investment** in conservation.

PREREQUISITES

- ▶ Established MPA **management plan and business plan** (see Preliminary Chapter);
- ▶ **Legal capacity** to develop concession programmes within the MPA;
- ▶ **Technical capacity** to identify **viable concession opportunities**, negotiate **contracts** and establish **appropriate concession fees**;
- ▶ **Technical capacity** to **manage and monitor** concessionaires to ensure compliance and environmental sustainability;
- ▶ MPA **staff available** to work (i) on planning the concession project, and later (ii) on managing the concession(s). Number of staff and time required need to be estimated and **adapted to the concession project**.



IMPLEMENTATION PROCESS



ALLOCATION PHASE

The allocation phase defines the awarding procedures and selection criteria, as well as the concession model, duration and fees. Allocation and selection processes must be documented and legally verified. They must also be clear, transparent and publicly available.

4



5

TRANSACTION PHASE

The transaction phase corresponds to the negotiation and conclusion of the concession agreement. The concession agreement is a powerful instrument to be used to safeguard and achieve the objectives of the concession project. It is also a crucial element to guarantee the environmental sustainability of the concession activity.

CONSTANT MONITORING AND ADAPTATION

Monitoring concession activities will allow MPA managers to ensure that awarded concession activities are not adversely affecting the protected environment. It should be periodic and based on predetermined procedures and indicators.

6



STEP 1 SCOPING PHASE



GOAL:

Establishing whether **concessions are an adequate financing mechanism** for your MPA



OUTPUT:

General assessment report **aggregating and summarizing all relevant information** gathered during the **scoping phase**. This report should enable MPA managers to decide whether the **concession mechanism** is adapted to their MPA or not.

The first step for implementing a concession fee mechanism is to **assess whether concession fees are an adequate financing mechanism for a given MPA**. In order to do so, MPA managers must **conduct a scoping study** of their MPA and report all relevant information in a **general assessment report**. Relevant information concerns the **environmental context** of the MPA, the existing or **potential interest** in the MPA for private operators, the **types of commercial activities** operating within and around the MPA and depending on ecosystem services provided by the MPA, and a detailed **legal assessment** regarding the development of concessions. Done thoroughly, the scoping phase **enables MPA managers** to decide **whether the concession fee mechanism is adapted to their MPA**.

In addition, it should be noted that for some concession activities, MPA managers have the **choice of either operating this activity directly or using a concession**. For example, it is conceivable that **MPA staff** may have the **capacity to directly operate tourism activities** such as kayak rental or boat excursions. In this case, a **comparative cost-benefit study** should be carried out to identify if this is a **more appropriate way of developing this activity than through a concession**. MPA managers must keep in mind that the **best option** is the one that will allow them to ensure that the **activity is developed and managed in line with the MPA conservation objectives**, while **generating complementary revenues** to the MPA, but also that it will allow the MPA authority to have **available staff and time to focus on its core function of environmental protection**. This choice is of course specific to the context and needs of each MPA.

ACTION 1

Describe the environmental context and issues, conservation objectives, spatial zoning and legal protection of your MPA.

To begin, you must have an **accurate picture of the current situation and context of your MPA**. In order to do so, assess the broad and local **environmental context and issues** of your MPA, the resulting **conservation objectives**, as well as the **legal protection** decreed for your MPA and the potential **spatial zoning and restrictions**, if any. Relevant information can normally be found in the **MPA management plan**. The purpose is to find this information and summarise it in the general assessment report to have a complete, clear and accessible overview of these questions.



This general assessment will give the MPA manager an **overview of the context in which the MPA is set**. In addition to implementing financing mechanisms, this assessment can serve as the basis for guiding future decisions concerning the management of the MPA, and is in that way also **an essential step for efficient global management**.

ACTION 2

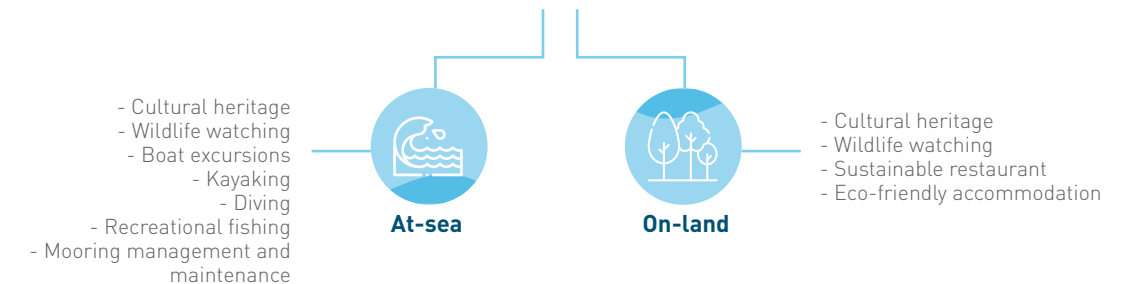
Assess existing commercial activities benefiting from ecosystem services provided by the MPA and the potential attractiveness of the MPA to future concessionaires.

First, you must **identify the ecosystem services** provided by your MPA (e.g., conservation of landscapes, biodiversity, fish stocks, or other natural resources) and the **beneficiaries of those ecosystem services**. The aim is to identify **existing or potential commercial activities** that directly **benefit from ecosystem services** provided by the MPA, and which could be **subject to a concession fee**. These activities may include for example tourism activities, fisheries, aquaculture, seaweed farming or mooring management.

Box 1. Examples of ecosystem services provided by a MPA and potential concession activities (adapted from Binet et al. 2015b).

N.B.: The following examples do not represent an exhaustive list of concession activities that must be developed by all MPAs. Each MPA must design and plan its concession project according to its own ecosystem services, specificities and context. Furthermore, it is important to note that the development of concession activities should in no case lead to the overexploitation of the MPA. Concession activities operated within a MPA must always comply with the MPA conservation objectives while generating complementary revenues for conservation.

EXAMPLES OF POTENTIAL CONCESSION ACTIVITIES INSIDE A MPA



To assess the MPA **potential attractiveness to future concessionaires**, MPA managers must then **assess the natural and cultural interests** of the MPA, as well as **its accessibility, assets** (e.g., existing buildings, cultural heritage, a scenic bay or island), and basic **infrastructures and equipment** (e.g., moorings, existing coastal facilities, access to power or drinking water). This assessment could also **include discussions with potential concessionaires** who have already shown an interest in operating commercial activities within the MPA.



Whether for new or existing commercial activities, a **concession mechanism** can be an **excellent tool for MPA managers to control the impacts** of these activities on the environment that their MPA aims to protect.

ACTION 3

Assess the legal framework for developing a concession in your MPA.

A legal assessment is needed to establish whether the **legal conditions for the implementation of a concession mechanism are met** at national and protected area level. Such an assessment should be undertaken **by someone with a solid understanding** of the relevant **laws and regulations**, and preferably externalised to a **lawyer**.

Box 2. Legal assessment characteristics (adapted from Spenceley et al. 2017)

National level	MPA level
<p>Establish whether there is an existing legal framework for concessions.</p> <p>Assess laws and regulations that provide the legal basis for concessions (concessions or Public-Private Partnership law), amendments to pre-existing laws (environmental law, public law, tourism law, investment or banking law).</p> <p>Ensure that there is permission to award and operate a concession within the MPA.</p> <p>Ensure that there is permission and assess potential legal restrictions to operate concession activities within the MPA.</p> <p>Identify any gaps and/or legal reforms required.</p>	<p>Identify the authority(ies) responsible for the concession site, and who are competent for awarding a concession.</p> <p>Describe the legal procedures for awarding a concession.</p> <p>Identify the MPA spatial zoning and legal protection, as described in the management plan, to define which types of concessions could be operated inside the MPA.</p> <p>Identify and describe existing concessions or commercial activities operating within the MPA, if any.</p> <p>Assess the country's collection system policy, to determine whether concession fee revenues are directly perceived by the MPA authority, or through a central/national collection system. In the latter case, assess the proportion of revenues that can be retained by/returned to the MPA authority.</p>

STEP 2 STAKEHOLDERS' INVOLVEMENT



GOAL:

Building a **relationship with stakeholders based on mutual trust**



OUTPUT:

- ▶ Stakeholder assessment report
- ▶ Communication supports
- ▶ Meeting reports

Note that the **participatory engagement of stakeholders** is probably the **most important component** of the planning and development of any MPA. This is especially the case for the implementation of financing mechanisms. However, meaningful engagement depends on the ability of practitioners to **build a healthy, lasting, and trustful relationship** with all stakeholders.

ACTION

It is essential to engage actively with stakeholders to secure success with the implementation of a concession mechanism in your MPA.

First you must **identify and characterize stakeholders** to identify which stakeholders are relevant and how to involve them throughout the development of a concession programme within your MPA. For this, you must identify both the **supporters** of your project and those who are the **most reluctant** to it, as they both need to be seated at the same table during discussions. This step should lead MPA managers to **answer the following questions**: *Who are your stakeholders? What are their interests and affiliations? What are the best approaches for communicating and engaging with them over the long term?*

After identifying stakeholders, you must **consult and meet with them**, using presentation meetings, workshops, or one-on-one meetings when necessary. **Present the draft report of the scoping study** (see STEP 1) to stakeholders and **seek feedback** from them to improve and adapt your project. **Comments and input should be sought from all stakeholders**. At this point, a **presentation summarizing** the process and **key findings** will be needed, to explain the concession mechanism, and the potential benefits of such a mechanism for both MPA and stakeholders.

Make sure to **involve stakeholders early on and at every stage of the project** to ensure that their **perspectives, knowledge, and support are included**.

- ▶ Stakeholders include the private sector (e.g., tourism operators), representatives from government (local and/or national), protected area authorities, local communities, and relevant NGOs. It is particularly **important to work jointly with the concession authority** (entity that has the legal **capacity for granting concessions**), if this one is different from the MPA authority. This information has normally been assessed during the legal assessment phase (see STEP 1).



- ▶ **Every meeting and discussion** with stakeholders should be **documented**.
- ▶ **Helpful guide for stakeholder involvement** process: Walton et al. (2013) - http://awsassets.panda.org/downloads/stakeholder_engagement.pdf

Box 3. Good stakeholder engagement process (adapted from Spenceley et al. 2016)



STEP 3 PLANNING PHASE



GOAL:

Identifying and deciding on the **concession opportunity best suited** to the situation and needs of the MPA. The planning phase will help MPA managers **determine what concession activity should be allowed** to ensure both the **economic and environmental viability** of the concession project.



OUTPUT:

A planning document giving a clear **description and evaluation** of potential concession activities. If several potential activities have been identified, this document should also provide a **comparative assessment** of those activities. The planning document must include:

- ▶ A description of the **pre-identified potential concession activities**;
- ▶ A **market study report** for each potential activity;
- ▶ An **environmental impact assessment report** for each potential activity;
- ▶ A description of the **expected outcomes and objectives** of the concession programme.

There is no blueprint for planning a concession and each MPA manager should **plan and design** his/her concession project according to the **specific situation and circumstances of his/her MPA**. The planning phase should in this respect enable the MPA manager to identify and decide on the **type of concession best suited to the situation and needs of the MPA**.

The planning phase will also serve as a foundation to establish **generalized guidelines** for decision-makers for awarding a concession, **terms of reference** for potential applicants, as well as **monitoring indicators** for evaluating impacts of the awarded concession throughout its life cycle.

Furthermore, it is important to note that the **following actions form an iterative process** that can be **revisited and take on board any new information** that may arise during the concession planning and life cycle, with the aim to ensure that the future concession activity will be **economically and environmentally viable**.

The main question here is: *'How can I develop a concession programme so that it (i) offers a viable business opportunity to concessionaires, (ii) generates complementary revenues for the MPA to finance conservation activities, (iii) whilst ensuring that the environmental impacts of the concession do not run counter or threaten the achievement of the MPA conservation objectives?'*

ACTION 1

Identify and describe one or more commercial activities that you believe have the greatest potential for a successful concession programme within your MPA.

On the basis of the scoping study and of discussions with stakeholders and potential concessionaires, MPA managers may **identify one or more commercial activities that they consider as having the lowest environmental impact and highest potential** in terms of **revenues and acceptability**. Various options of activities, purposes and scales should be studied to optimally choose the concession activity most adapted to the specificity and needs of the MPA. Potential activities must be **listed**, and their **business operations respectively described** in a **document** that will serve as a basis for the next Actions of the Planning Phase.

To **select a commercial activity**, MPA managers must first **know why their MPA needs concessions**. Indeed, concessions can offer a **wide range of benefits** to MPAs which include:

- ▶ Generating **additional revenues** to support conservation activities, and especially running costs;
- ▶ Allowing **MPA managers to focus on conservation activities**, while the concessionaire as a private operator provides investment capital, capacities and flexibility for operating and managing a commercial activity within the MPA;
- ▶ Developing **environmentally sustainable commercial activities** and demonstrating how commercial activities and conservation can work together;
- ▶ Promoting commercial activities with a **responsible approach** that involves the **protection of the environment and biodiversity**;
- ▶ A **framework for monitoring and controlling commercial activities** developed within the MPA, insofar as concessionaires are required to comply with environmental requirements and contractual obligations;
- ▶ Marketing and **promoting the MPA and the ecosystem services** it provides;
- ▶ Providing an **extra presence in the MPA** that can help reduce harmful and illegal behaviours;
- ▶ Promoting sustainable **development** and **economic empowerment for local communities**.

Nevertheless, MPA managers, along with stakeholders, must bear in mind that, depending on the situation and the conservation objectives of each MPA, **not all protected areas should have commercial activities**, and some MPAs should remain without any development.

- ▶ For a **first experience with concessions, prefer small projects and activities** that are **easy to develop and manage**, as a way to **test the mechanism and make improvements** in the short or medium term. Larger and/or complex projects require significant experience and investment (i.e., budget, time or staff).
- ▶ At the other end of the spectrum, there are MPAs where commercial activities have been overdeveloped and where MPA authorities **struggle to manage their impacts**. In these cases, concessions, when effectively planned, can allow MPA authorities to **regulate this overexploitation** and therefore **reduce those impacts**.



ACTION 2

Conduct a market analysis to ensure the economic viability of the selected activities for future concessionaires.

The first element that needs to be secured to **ensure the relevance and success** of a potential concession activity, is its **economic viability for future concessionaires**. To do so, MPA managers must conduct a market analysis which includes an analysis of the supply and demand of the services or products to be commercialized through the future concession. Ideally, this analysis should include relevant information **collected from operators and stakeholders of the activity sector being assessed**.

When different potential activities have been identified in Action 1, a **market study must be conducted for each of those activities** to allow MPA managers to **compare their respective likely profitability**.

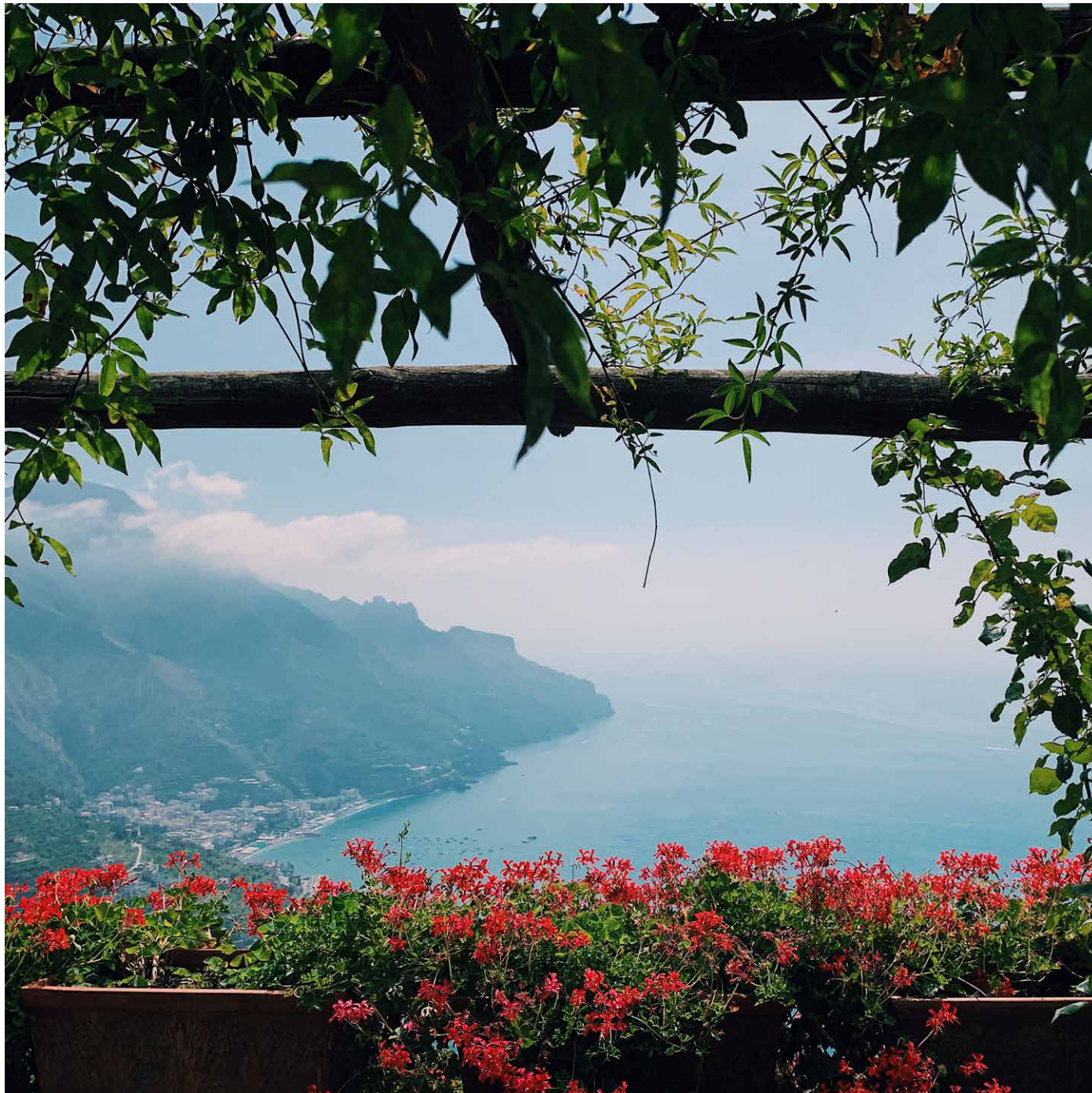
This **business-friendly approach** is crucial for concessionaires who, to invest, need to know that they will operate profitably within the market, otherwise they will simply invest elsewhere.

The market study should also allow a **detailed description of the actual operations and functioning** of the activity being considered, which will serve as a **basis for the environmental impact assessment** to be carried out for each potential concession activity identified (see Action 3).

Furthermore, as part of an **iterative process**, this market analysis must be refined as the concession programme is planned and should, in this respect, **take into account the concession fees** to be paid by the concessionaire to the MPA authority (see STEP 4), as well as **any costs to be incurred** and **supported by the concessionaire** to meet environmental and socio-economic requirements (see Action 4).



- ▶ For **complex activities, contexts and/or projects**, or if the MPA staff does not have the necessary **skills, means or time**, this market analysis can be **conducted by an external consultant**. This might also be necessary to convince future concessionaires of the **robustness, transparency and objectiveness** of the analysis provided (see Thompson et al. 2014 - Chapter 3).
- ▶ Some **private operators may be overly market-orientated** and lose sight of the conservation objectives of the MPA. MPA managers must therefore always keep sight of their **conservation objectives**, and consider that commercial activities should **only be permissible when they can be integrated with or benefit conservation**.



ACTION 3

Assess the potential environmental impacts of the selected activities.

One of the key challenges in concession planning and management is to **determine what impacts an activity may have on the environment before a concession is awarded**. An Environmental Impact Assessment (EIA) is therefore essential to understand and anticipate adverse impacts, so that these may be **avoided, remedied or mitigated during the planning phase**.

An EIA can be defined as a process of **identifying the direct or indirect impacts, positive or adverse, temporary or permanent**, on the environment of a proposed project prior to its beginning. The EIA process must also include the identification of **alternatives and mitigation measures** to adverse impacts, as well as **monitoring measures**. Here, the 'environment' includes not only the **physical or natural environment**, but also the **social, cultural and economic values** of the MPA.

Furthermore, it is important to note that **EIAs have become standard practice** in the management of natural resources and **are often a legal requirement**. This requirement has normally been assessed during the legal assessment phase (see STEP 1). In such a case, the **concession can only be awarded** on the condition that an EIA **consistent with relevant legislation** has been conducted, and that the **results and conclusions** comply with **environmental restrictions** in force and satisfy **conservation objectives** of the MPA.

To accurately assess the potential impacts of a planned concession activity, MPA managers should in first instance **establish the baseline conditions** of their MPA, against which **predicted changes can be compared and evaluated** over time.

Box 4. Examples of basic questions to be answered to establish the baseline conditions of a MPA (adapted from Thompson et al. 2014)

- ▶ Does the MPA contain unique, outstanding or significant ecological, cultural or recreational values?
- ▶ How fragile are the protected natural resources? What are the actual and potential changes that could occur as a result of the projected concession activity?
- ▶ Does the area contain known breeding habitats that may be impacted by the activity?
- ▶ What is the condition of the MPA's resources?
- ▶ What kind of activities does the MPA currently support?
- ▶ What are the cultural values of the MPA? How do local people feel about these values and the potential impacts of the projected activity on them?
- ▶ What are the natural, socio-economic and/or cultural characteristics of the MPA that future concessionaire are interested in?
- ▶ What are the conservation objectives of the MPA? Is the projected activity consistent with these objectives?

When several potential activities have been identified in Action 1, an **EIA must be performed for each activity**, in order to **guide decision-makers** on the **acceptability of the potential impacts** as they decide whether to **approve or refuse a potential activity**.

Box 5. Key information that must be assessed through an EIA and logged into the EIA report

- ▶ Description of the potential activity;
- ▶ Description of the baseline conditions of the MPA;
- ▶ Description of potential positive and negative environmental, social, economic and cultural impacts, including cumulative, temporal and spatial considerations of the potential activity;
- ▶ Significance of potential impacts;
- ▶ Mitigation measures;
- ▶ Monitoring protocols and procedures;
- ▶ Any other information deemed necessary.

Furthermore, the EIA is an **iterative process** that can be **revisited to include any new relevant information** arising during the planning phase, and must be **adjusted to the realities and issues** encountered throughout the concession life cycle.

In this regard, the EIA can either be **conducted by the MPA services or an independent consultant** during the planning and monitoring phases (see STEPS 3 and 6), and/or **by the applicants themselves** as a requirement of the application procedures (see STEP 4).

- ▶ For more information, the International Institute for Sustainable Development website provides helpful information on **EIA guidelines and processes**: International Institute for Sustainable Development (2021) - <https://www.iisd.org/learning/eia/eia-essentials/>
- ▶ Concessions must always be an asset to a MPA, not a threat. **Significant adverse impacts** need therefore **be avoided or the activity should not be allowed**.
- ▶ The amount of efforts required to conduct the EIA audit should be **proportionate to the size, scale and potential impacts of the projected concession activity**. For example, for low-impact concessions (such as kayaking or snorkelling) a basic approach to EIA may be sufficient, while for potentially high-impact concession activities (e.g., a restaurant, recreational fishing or marine mammals watching), it is recommended that the EIA be conducted by an independent consultant.
- ▶ EIAs can also be **great tools to educate future concessionaires** on the importance of the environment and the effects their activity may have on it.



ACTION 4

Define the objectives and expected outcomes of the projected concession.

Once the economic viability has been verified, as well as the potential impacts assessed, you are able to identify, or at least narrow down, potential concession activities most adapted to the specificity and needs of your MPA. On this basis MPA managers **must define and prioritize the desired outcomes and objectives** to be achieved through the projected concession programme.

Concessions can **help a MPA achieve many goals**, including generating income, enhancing and promoting conservation, controlling and monitoring commercial activities, managing overdevelopment and impacts, as well as contributing to economic and social development of local communities. Based on the specific situation and circumstances of their MPA, managers **must define realistic and tangible objectives, and establish a timeline to achieve and monitor these over time**.

This will help MPA managers **design the most adequate concession programme** to achieve those objectives, and in particular **set the awarding criteria** (see STEP 4), negotiate provisions of the concession agreement (see STEP 5), as well as define **monitoring indicators and procedures** (see STEP 6).

Objectives must be defined **for each potential activity** that successfully passed the market analysis and EIA stages, and relevant information must be logged **into the planning document**.

Furthermore, defining the desired objectives of a concession project is an **iterative process** that must be **adjusted to the realities and issues** encountered throughout the concession life cycle.



The more focused a concession programme is on its objectives, the more **likely it is that the concession will achieve the desired outcomes**.

However, MPA managers should be **careful to manage expectations** so that they remain **realistic and achievable within the situation**, context and circumstances of the MPA.

STEP 4 ALLOCATION PHASE



GOAL:

Allocating a concession that will be allowed to operate within the MPA



OUTPUT:

- ▶ **Awarding procedures** and guidelines
- ▶ Defining **selection criteria** for awarding the proposed concession
- ▶ Deciding on the **concession model**, its **duration** and setting **concession fees**

Once you have decided 'what' to allocate during the planning phase (see STEP 3), you can **now decide on 'how' to best allocate the concession opportunity**. The allocating procedures and criteria must be chosen to suit the situation and the outcomes sought for the MPA.

Furthermore, allocation and selection processes for concession opportunities must be **based on sound legal principles** and **clearly stated criteria**. They need to be **documented and legally verified** and must be **clear, transparent and publicly available**.

ACTION 1

Develop, document and publicize awarding process and decision-making criteria so that they are clear and transparent to all.

A concession may be **awarded via a number of processes** including auction, tender, expressions of interest, direct award, or in response to an unsolicited application, as well as via direct negotiations. The awarding process needs to **match the size, impacts and risks of the activities being considered**. For example, the process to consider applications for a complex project such as the development of a restaurant or eco-mooring facilities within the MPA, should be very robust and may involve a public consultation, whereas the process used for considering and awarding a permit for developing snorkelling or kayaking activities should be much shorter.

It is important to note that **in some countries and legislations**, the award of a concession contract is **subject to specific rules and obligations**. These have normally been explored during the legal assessment phase (see STEP 1). Awarding procedures and decision-making criteria must be **consistent with relevant legislation**.

In addition, it is recommended that MPA managers, ideally accompanied by staff from the public authority competent to award a concession, meet as many applicants as possible in **face-to-face meetings** to explain the **concession opportunity proposed**, future concessionaires' **requirements and obligations** along with **management terms** and conditions, as well as **selection procedures**, and how **applications will be examined**.

Box 6. Description of common processes used for awarding concessions (adapted from Thompson et al. 2014)

Type of awarding process	Description
Tender	The concession opportunity and selection criteria are clearly identified by the MPA authority through a planning process (see STEP 3). All parameters are detailed in the tender documents. Prospective bidders are simply asked to make proposals based on the tender documents.
Auction	Auctions are another competitive process for awarding a concession. The concession opportunity and the selection criteria are identified by the MPA authority through a planning process (see STEP 3). Once bidders have passed a set of minimum environmental and economic requirements as prequalification criteria, it then comes down to who is willing to pay the most for the concession opportunity proposed.
Expression of interest	Where an opportunity is not well defined, and only indicative details are available from planning documents, an expression of interest process is often used. In this process, the general description of the opportunity is outlined, and applicants are invited to express their interest, describe their ideas and provide credentials. If there is more than one qualifying response, a tender process will often follow.
Direct award	Direct awards are non-competitive awards. They are generally awarded to local communities inhabiting close to the MPA.
Application	The operator takes the responsibility for the idea, its viability and commercial success. The applicant develops and describes its business proposition, completes a business plan, conducts the EIA, and assesses its proposition against conservation objectives specified in the MPA management plan.
Direct negotiations	This non-competitive process may be preferred for small projects with potential concessionaires already identified.

- ▶ Awarding procedures and decision-making criteria must be **fair, transparent, and consistent with relevant legislation**.
- ▶ **Best practice** suggests a concession should be **awarded in a competitive and transparent** manner.

ACTION 2

Define the concession model that will be offered and its duration.

There is a **range of concession models** which include concessions, leases, licences, and permits. Here again, the concession model depends on **the size, impacts and risks of the activities** being considered.

Note that **depending on the awarding process** chosen in Action 1, the concession **model and duration** may be **decided before the awarding process begins** in order to communicate this information to potential applicants.

Box 7. Common concession models and their respective duration (adapted from Spenceley et al., 2017)

Type of legal instrument	Description	Duration	Example
Concession	A concession is the right granted to a concessionaire to design, build, and/or manage commercial operations (accommodations, restaurants, shops, eco-mooring facilities etc.) within the MPA.	10 – 40 years	A MPA authority offers a private operator permission to build and manage eco-mooring facilities within the MPA, through a 10-year concession contract.
Lease	Contractual agreement in which one party conveys an estate (i.e., land and/or facilities) for a specified and limited period of time. The lessor retains ownership in the property while the lessee obtains rights to use the property.	5 – 30 years	A MPA authority allows a private operator to use a storage area located within the MPA, to store abandoned fishing nets, for its activity of plastic waste conversion.
Licence	Permission given to a business to exercise a certain privilege that would otherwise constitute an illegal act. A licence differs from a permit in that it requires due diligence by the MPA authority.	Up to 10 years	A MPA authority requires that all tourism operators must have a licence to operate within the MPA. Due diligence could include boat size and a limited number of persons, as well as mandatory staff training.
Permit	A temporary form of permission to do a lawful activity within the MPA, in exchange for a fee.	Up to 10 years	Permits could be required for activities such as guided diving, snorkelling and kayaking.

ACTION 3

Set concession fees and plan financial projections for your MPA.

Implementing a concession in a protected area generally involves a **private operator** (the concessionaire) acquiring the **right to invest in and commercially use public property** (the MPA) in return for the **payment of a concession fee**.

However, to be an **efficient financing mechanism** for a MPA, MPA managers must ensure that projected concession revenues **bring net gains** to the MPA that can be **reinvested in conservation**. Thus, before offering a concession opportunity to the market, MPA managers should **always verify its economic viability** by undertaking not only a market study (see STEP 3), but also a **cost-benefit analysis**, to ensure that **expected concession revenues will exceed costs** of administering and managing the concession across its entire term.

Furthermore, to **set a fair price**, MPA managers should **refer to fees set for similar concessions**, or perform a **specific valuation study** based on financial modelling. Where **domestic benchmarks** are **not available**, MPA managers may still **refer to fees** paid for **similar concessions in other countries**. Where possible, it is recommended, especially for **complex and long projects**, to commission an independent evaluation by an external consultant in order to set fair and objective **fees according to the situation and context** specific to each type **of concession**. For example, two identical restaurants may have different fees if they are differently located or visible, or with a better view.

Finally, it is crucial to understand the country's collection system policy. Ideally, it will always be **preferable when concession fees are directly collected by the MPA authority**. However, where there is a **central collection system**, it is important to make sure that the further allocation of funds to the MPA is **proportional to what the MPA has collected**, or **at least know what percentage** of collected fees **can be retained** and used by the MPA.

There is a **range of fee formulas available**, including revenue-linked, per unit and fixed-fee mechanisms. MPA managers must adopt a method that **best suits the specific requirements** of the MPA, as well as the **size, impacts and risks of the projected concession activity**. However, it is important to note that in some countries and legislations, **fee formulas** can be subject to specific **rules and obligations**. This information has normally been assessed during the legal assessment phase (see STEP 1). The **MPA manager must therefore always work in close collaboration** with the concession authority, to ensure **fair and consistent concession fees**.

Fee option	Description	Example
Revenue-based fees	These correspond generally to a percentage of gross revenue generated by the concessionaire. This requires the existence of a legal framework governing the concessionaire's accounting and reporting obligations in order to prevent the concessionaire from manipulating its concession revenues to reduce it fictitiously . It also requires checking procedures and auditing rights of the MPA authority to monitor the concessionaire's compliance with its contractual obligations.	River trips concessionaires in the Grand Canyon National Park pay a fee to the U.S. National Park Service, corresponding to a percentage of between 5% and 22,5% of their annual gross income.
Per-guest fees	Per-guest fees can also be used as a proxy for a revenue-based fee. It is a fee based on the actual occupancy by the concessionaire.	To achieve cost recovery for the implementation of their whale shark wildlife management programme, the Department of Parks and Wildlife in Ningaloo Marine Park in Australia invoices a concession fee to whale shark tour operators based on the actual number of passengers onboard each vessel.
Per-unit fees	These correspond to a fixed fee per unit of use charged to the concessionaire. These are easier to administer but need to be based on realistic valuations .	In some developing countries, such as Mozambique, a lack of institutional capacity combined with the difficulty to verify concession revenues, has led government to choose charging a set fee per hectare per year for tourism concessions in protected areas.
Fixed fees	These can be used for small concessions (e.g. permits), when expected incomes are likely to be low , when revenues will likely be difficult to monitor , or if the MPA authority lacks auditing capacities .	In the Galapagos National Park, payments for tourism concessions are based on a fixed annual rate for each available bed on the vessels operating in the Galapagos Islands.



- The **fee setting process** must be **transparent, fair and consistent with relevant legislation**.
- It is highly recommended to **include a periodic fee review provision** in the **concession agreement** for ensuring that concession fees can be adjusted to shifts in market conditions, or at least based on inflation-indexed escalations (see STEP 5).



STEP 5 TRANSACTION PHASE



GOAL:

Concluding a **concession agreement**



OUTPUT:

Concession agreement signed between the concession authority and the concessionaire

ACTION

Negotiate the provisions of the concession agreement and sign the agreement.

Concession agreements are **powerful instruments** that can be used to secure and **achieve the objectives** set by the MPA manager. The concession agreement will also **determine rights and obligations** of respectively, the concessionaire and the concession authority, and is in this respect a **crucial document to guarantee the success and environmental sustainability** of the concession awarded. It is therefore **strongly recommended** that the concession authority be **assisted by a lawyer** in negotiating the provisions of the concession contract, especially for complex projects.



Box 9. Elements of a typical concession contract (adapted from Spenceley et al. 2017)

- ▶ **Nature and scope** of the concession rights (e.g., geographical area, services, level of exclusivity);
- ▶ **Duration** of contract;
- ▶ Nature of **property interests** of parties in the concession assets (e.g., right to use an area or infrastructure);
- ▶ **Maintenance** and repair responsibilities (e.g., it is recommended that concessionaires be responsible for all maintenance and repairs of facilities and lands they lease from the MPA);
- ▶ **Concession fees** (including amount, calculation, collection process and periodicity, late payment/non-payment provisions);
- ▶ Modalities for **fee periodic reviews and adjustment** to the market conditions;
- ▶ **Environmental impact assessments** and **mitigation measures** during planning, construction, operation, and decommissioning;
- ▶ Provisions for **non-compliance** and **consequences** (e.g., late or non-payment of fees, unacceptable adverse environmental impacts, fines);
- ▶ **Insurance** policies;
- ▶ **Monitoring and evaluation** procedures with key performance indicators;
- ▶ Concession authority **right to intervene to eliminate adverse environmental impacts** that have become unacceptable;
- ▶ **Limitations of liability** and compensation of the MPA authority;
- ▶ **Force Majeure** (i.e., damage or destruction due to forces beyond the control of parties);
- ▶ Right to assign concession rights to **third parties**;
- ▶ Restriction/conditions on **transfer of concession**;
- ▶ **Socio-economic contributions** (e.g., local employment, local business involvement);
- ▶ **Reporting obligations** of the concessionaire;
- ▶ Change in law;
- ▶ Provisions for **periodic review**, to allow flexibility and adaptation during long contracts;
- ▶ **Breach and cancellation** process;
- ▶ **Dispute settlement** provisions.

- ▶ Provisions must be **consistent with relevant legislation**.
- ▶ Always keep in mind that **conservation is the primary objective** of the MPA and should always be taken into consideration in all decision-making.
- ▶ For **large and/or complex concession** programmes, this should be **externalised to a lawyer**.
- ▶ All contracts should be **written to facilitate interpretation** and eventual **dispute resolution**.



STEP 6 CONSTANT MONITORING AND ADAPTATION



GOAL:

Developing **monitoring indicators and procedures** to continually evaluate and adapt the concession programme



OUTPUT:

- ▶ Monitoring procedures
- ▶ Periodic assessment reports

ACTION

Implement monitoring mechanisms and procedures to periodically assess the concession.

Ultimately, monitoring concession activities will allow MPA managers to **ensure that awarded concession activities are not adversely affecting the protected environment**.

Monitoring should be **systematic**, based on **predetermined indicators** and on **limits of acceptable impacts**. It must also be **periodic to detect change over time**. Ideally, **baseline conditions** will have been established and monitoring will test whether there have been any changes to these.

Results of periodic assessments must be **logged into annual reports** to keep a written record of the work that has been undertaken and the results over the long-term.

Box 10. The three types of monitoring associated with concessions activities operating in protected areas

The three following types of monitoring are crucial to ensure a good balance between protection and sustainable use of the MPA:

1. **Impact monitoring**: measuring the effects of commercial activities on the protected environment.
2. **Compliance monitoring**: ensuring that concessionaires are operating according to their concession agreement.
3. **Activity monitoring**: ensuring that the activities that concessionaires undertake correspond to those they have been allowed to have.

Monitoring procedures must be **clear and understood** by **MPA staff** in charge of applying them, as well as by **concessionaires** who are periodically subject to these controls. It is recommended to detail those procedures in a **guidelines document** to be used as a reference in this matter.

For **complex activities**, however, or if the **MPA staff does not** necessarily have the **skills, means or time**, monitoring operations can also be **conducted by an external consultant**.



- ▶ When monitoring reveals that some **impacts have become unacceptable**, MPA managers must intervene to **eliminate** or **reduce them to an acceptable level**. Conditions and modalities for intervention should be included in the **concession agreement** (see STEP 5).
- ▶ For **MPA staff**, going on site to monitor or inspect concession operations is also a good way to improve **working relationships with concessionaires**.



TOOLBOX

POSSIBLE ISSUES

The process of planning, awarding, and managing a concession can be relatively expensive and may require a significant amount of staff time.

Insufficient skills and knowledge for negotiating concession agreements and fees could result in weak contract conditions, compromising conservation outcomes, and/or resulting in insufficient concession revenues.

Concession monitoring and enforcement can be very expensive and time consuming.

Non-compliance with the provisions of the concession agreement or MPA rules and regulations can cause environmental, cultural, and social damages.

Local communities living near the MPA may incur considerable costs from losing access to resources located in the concession areas.

Concessions are a potentially unstable source of revenues because they are vulnerable to external events that are beyond the control of the MPA authority and their concessionaires.

POSSIBLE SOLUTIONS

Planning and awarding a concession project can be costly (e.g., staff, external consultants, lawyers). These expenses can be first financed through philanthropic or government funding.

» Regarding the management costs of a concession activity throughout its life cycle, MPA managers must clearly determine during the planning and allocating phases, the likely profitability of the concession opportunity, in order to establish if management and monitoring costs can be covered by the projected concession fee revenues, while also generating additional incomes to invest in conservation.

» The process for selecting a concessionaire and negotiating a concession agreement can be externalised to an expert such as a lawyer, to ensure a fair concession agreement and appropriate concession fees.

» When setting fees, make sure that concession revenues will cover and exceed monitoring and enforcement costs, to ensure the cost-effectiveness of the concession mechanism. Costs and difficulties of monitoring and administering a concession must be realistically assessed and understood by the MPA authority before contracting.

» Before, during and after contracting, make sure to provide the concessionaire and its staff with a clear understanding of the best practices for the concession, the social and environmental requirements, and the management and monitoring procedures. A relationship based on mutual trust is crucial to enhance self-enforcement.

» Concession agreements must also consider the need for environmental impact assessment and mitigation measures, as well as socio-economic contributions, and monitoring evaluation procedures.

» Finally, non-compliance with concession agreements must be dealt with through the procedures outlined in the contract (i.e., sanctions, penalties, fines). For these provisions to be efficient, it is important that MPA management assign sufficient levels of qualified staff to undertake monitoring procedures for compliance.

» It is essential for the MPA authority to retain ultimate control over the concessionaire's operations to ensure that resources are not overexploited or damaged, and that conservation is not neglected in favour of profit-making.

» One way to compensate locals is by including socio-cultural requirements in the concession agreement, such as community assessment (risks and benefits), local community employment, community revenue sharing, and local business involvement.

» MPA managers can mitigate the intrinsic risks associated with concession revenues by avoiding over reliance on a single revenue stream. Ideally, MPAs should build diverse funding portfolios. Concession revenues should be one of multiple revenue streams so that MPA authorities can better cope with natural disasters, market downturns, political instability or other external events that threaten concession revenues.



CASE STUDY: BRIJUNI NATIONAL PARK



BRIJUNI
Nacionalni park
National park

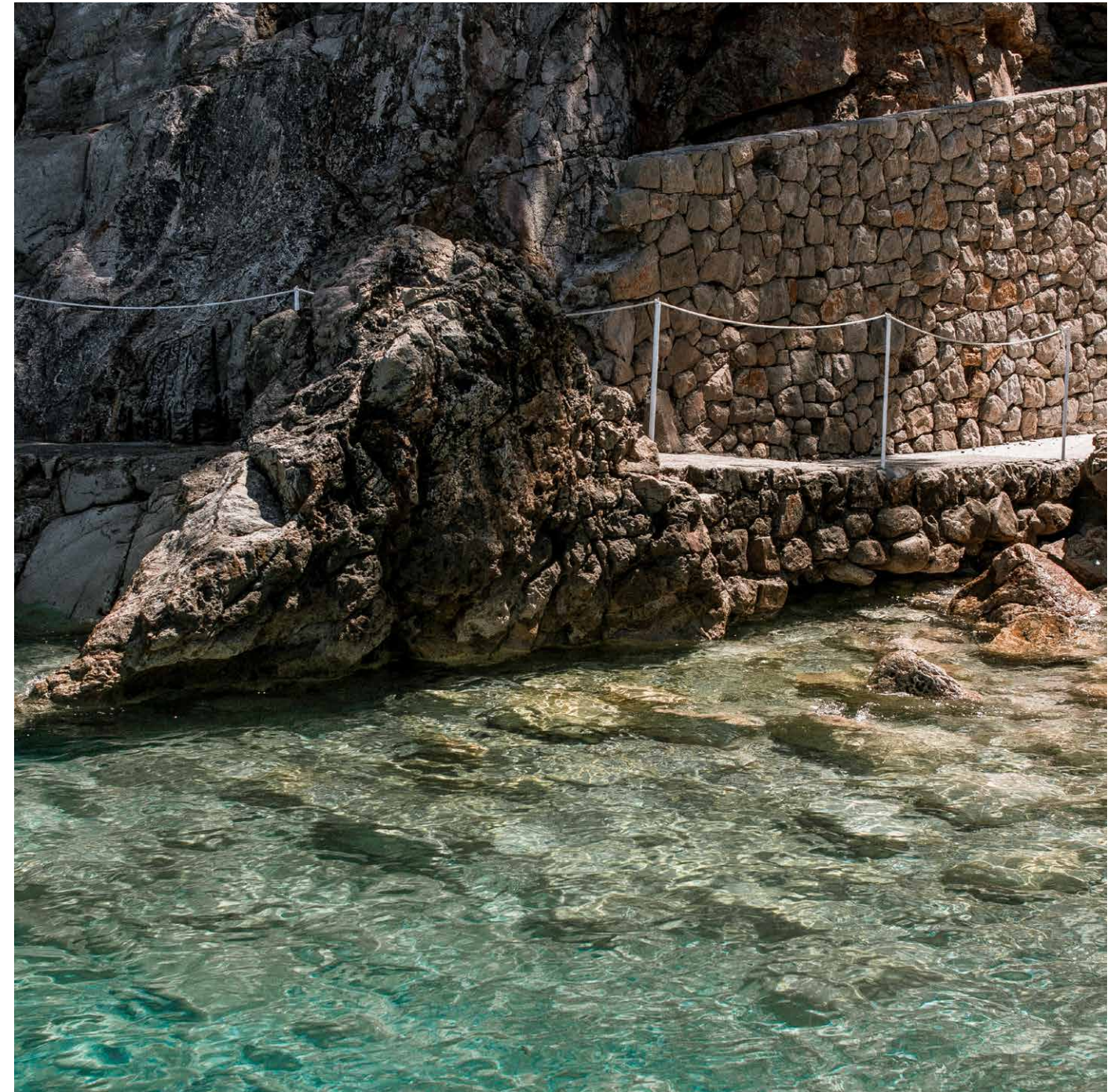
The Brijuni National Park, Croatia, was established in 1983 and comprises 14 uninhabited islands. The park covers an area of 33.9 km², which includes the land and the surrounding sea with the seabed. The islands' outstanding natural beauty has made them a popular holiday destination, with approximately 160,000 –180,000 visitors annually, who are ferried over from the mainland by boat. Brijuni National Park does not receive any government funding and has been financially self-dependent for several years now. The MPA authority has succeeded in reaching financial self-dependence, especially thanks to tourism-generated incomes. The Brijuni National Park has notably successfully developed an efficient concession programme around tourism activities, such as boat tours, diving and kayaking.

According to Sandro Dujmovic, Conservation Manager of the Brijuni National Park, one of the **key factors of the successful** concession programme in Brijuni is the **short-term duration of the concessions (up to 5 years)**, which allows the MPA authority to **adjust the rules and terms** of the concession contract **from one year to the next**. This **short-term duration** also allows the MPA authority to regularly check that **concessionaires comply with requirements**, enhancing at the same time **self-enforcement**. Moreover, the Brijuni National Park authority **collects directly the fee revenues**, which is crucial to enable the MPA to focus on the **implementation of conservation initiatives** for which funding is necessary.

*"It is important to state that **one of the main advantages of having concessions** in a MPA is that such a mechanism allows to **better manage activities** that are more **business-oriented and dependent on the outside market**, and therefore **fluctuating and unpredictable**. These aspects are **better managed through the concessionaires** who can adapt better and faster to the market needs and expectations. The MPA in return is better assured to **generate steady***

***income revenues for conservation measures**",* explains Marno Milotic, General Manager of the Brijuni National Park.

However, *"the **main challenge** [to be addressed when implementing a concession programme within an MPA], is the elaboration of the **concession agreement**, which will determine all the obligations to which the concessionaire must adhere",* says Sandro Dujmovic. In Brijuni, this part is undertaken by **someone with a good understanding of relevant regulations and administrative** procedures. **Monitoring and controlling** concessionaires also represents an **important challenge** and requires an **important investment** in terms of time and human resources. To reduce these constraints, MPA authorities must **build a relationship of trust** through **dialogue and education with concessionaires** to enhance **self-enforcement**. Finally, *"it is essential to **communicate** on how the **MPA spends the money** it receives. Concessionaires, alike visitors, must be able to identify **tangible investments** showing them **their contribution to conservation initiatives**",* adds Sandro Dujmovic.

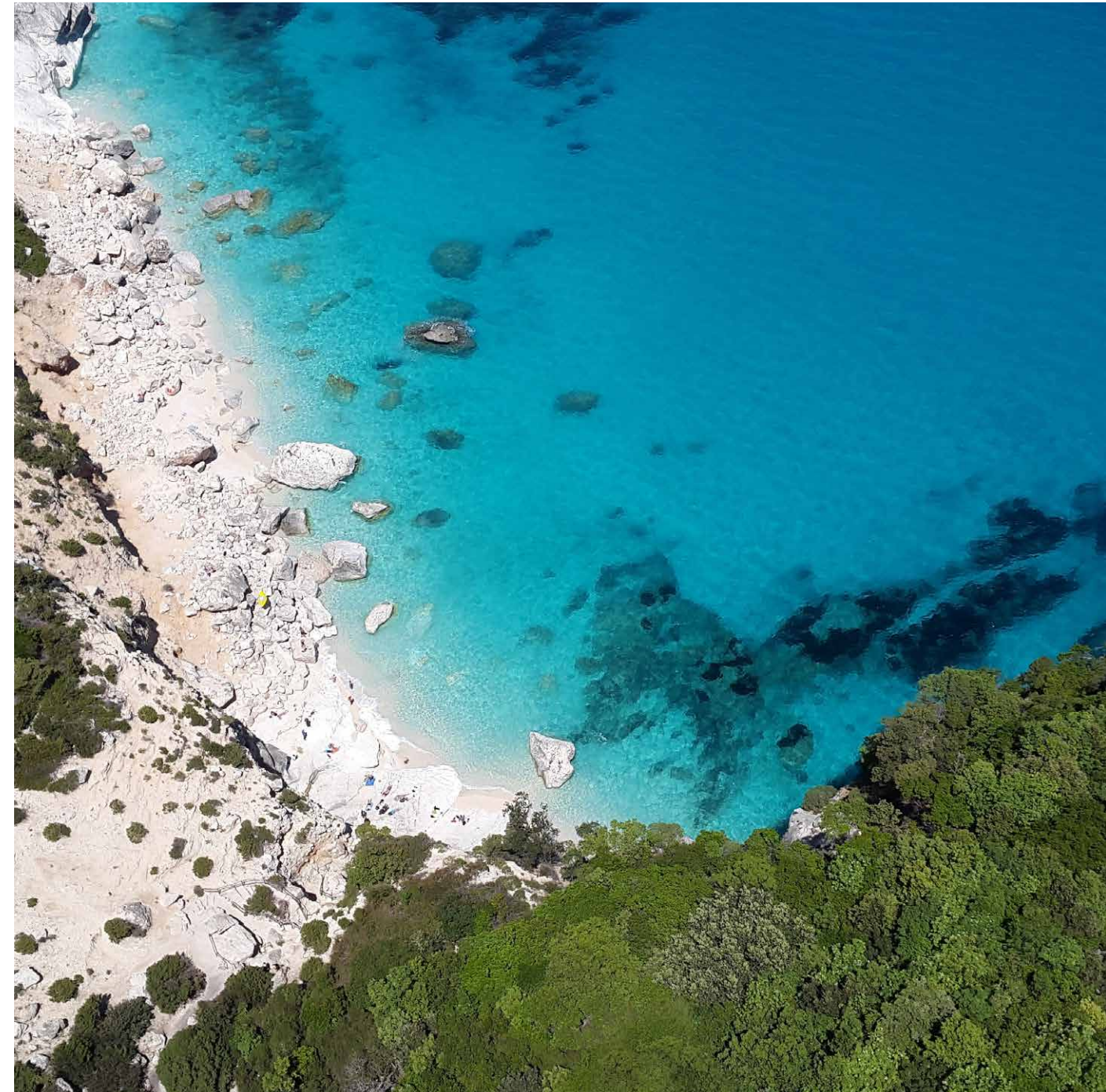
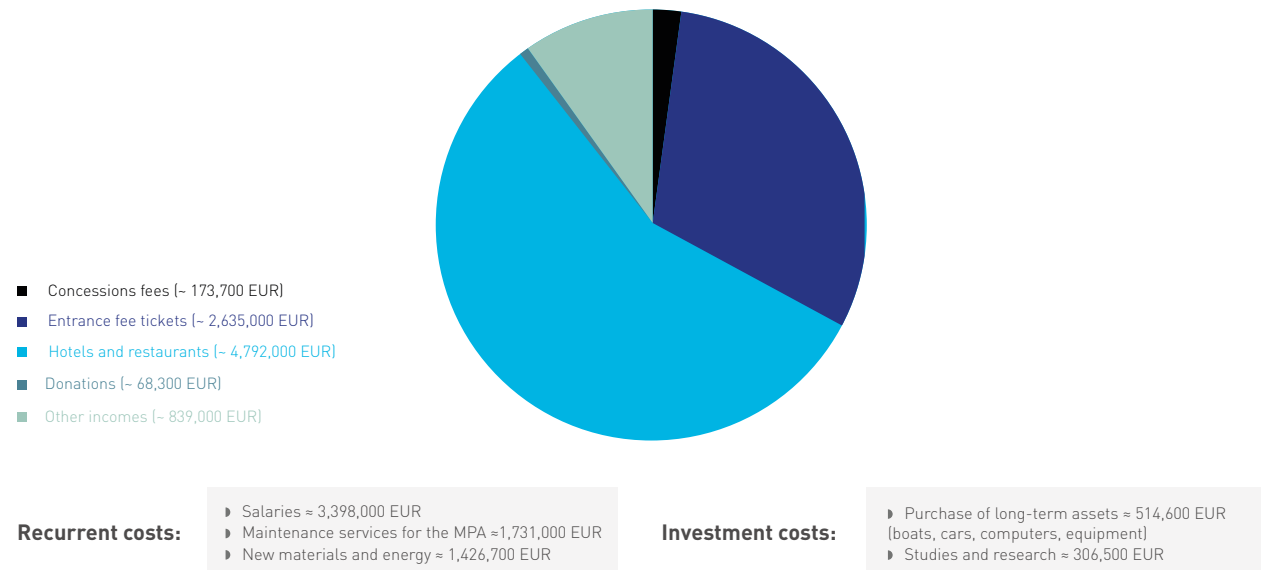


Tourism concessions are the most widespread and used type of concession in protected areas worldwide. Like many other Mediterranean countries, the Croatian economy **relies a lot on tourism**, and has **suffered from the COVID-19 crisis**. It is worth noting that the concession mechanism can be **replicated for many activities other than tourism**, thus allowing for a **more stable source of revenues** in case of a crisis and of changes affecting the tourism sector.

To conclude, Marno Milotic explains that *“the **main goal of a MPA is nature conservation**. Therefore, concession*

*activities should not damage the environment for which the MPA was initially created. Although concession management may take time and require some investments, it **should not be MPA managers’ core business**. A concession is a tool that can enable them to generate revenues for conservation measures, as well as economic and social development of local communities, where possible. If a concession project does not meet these criteria, it should not be developed because it will cost more money than it will generate.”*

BRIJUNI NATIONAL PARK - SOURCES OF INCOMES IN 2019
Total incomes in 2019 ~ 8,508,000 EUR



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BLUE
SEEDS

MECHANISM 3

Revolving fund for sustainable fisheries

INTRODUCTION

This chapter will present the **revolving fund mechanism for sustainable fisheries**, which allows MPAs to **collaborate** with local fishers to **financially help** them implement **fisheries conservation measures**.

Decades of overfishing and mismanagement have severely degraded the marine resources of the Mediterranean Sea, with over **80% of assessed stocks being overfished** (Piante et al. 2019). This situation is not only threatening marine biodiversity, but also the **survival of small-scale fishers** (SSFs), who represent 83% of the Mediterranean fleet and 57% of employments onboard vessels, and whose livelihoods and incomes greatly **depend on the state of fish stocks** (Piante et al. 2019, FAO, 2020).

At the same time, **SSFs are also increasingly threatening the survival of vulnerable species and habitats**, by removing key species such as top predators, as well as specific size classes, and/or by using harmful fishing gears (Lloret et al. 2018, 2020).

In this context, it is clear that SSFs can play an active and crucial role in **promoting sustainable fishing in the Mediterranean Sea**. However, they too often have **limited access to the financial services** that would allow them to move towards more **sustainable fishing practices** (FAO, 2020).

For these reasons, the revolving fund mechanism appears particularly **relevant and adapted to the existing interactions between Mediterranean MPAs and fisheries**. The present chapter will thus detail the **step-by-step methodology** for implementing a revolving fund mechanism for sustainable fisheries in Mediterranean MPAs.

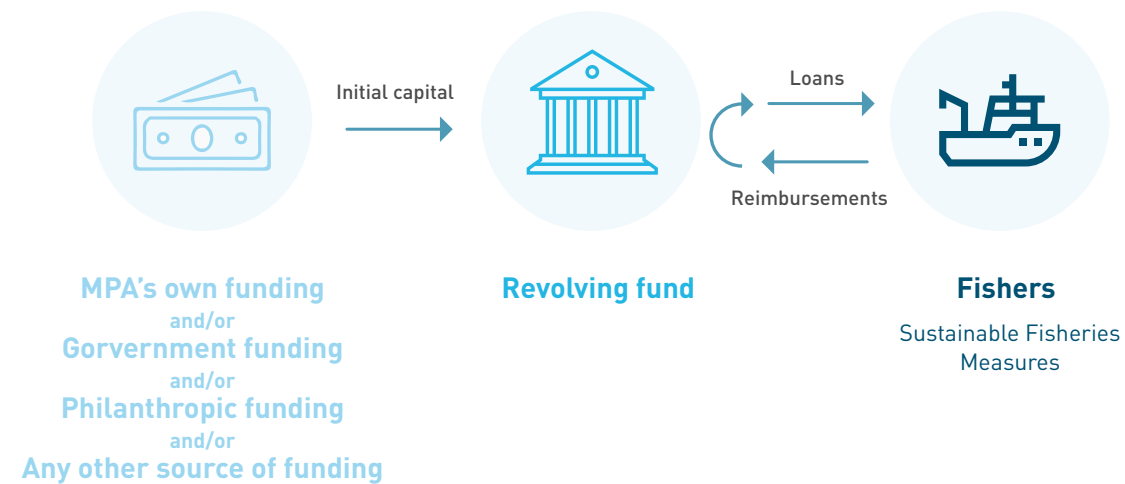
The goal of a revolving fund is to **reduce the negative impacts of harmful fishing practices** on the marine environment. In a revolving fund, **loans are granted to fishers**, with a **low interest rate** to cover management costs. In return, fishers **must invest this money** to improve the **sustainability of their fishing practices**. **Loan reimbursements** go back to the fund and are then **used again to fund another fisher**. Thus, **the cycle repeats itself on and on**, offering a long-term approach for conservation.

A MPA authority may use such a **mechanism in collaboration with local fishers**, to **reduce harmful impacts of fishing practices** on the marine environment occurring within and around the MPA. The revolving fund mechanism allows MPAs to meet **three main objectives**:

- ▶ A **conservation objective**, by **reducing fishing impacts** on the marine environment;
- ▶ A **cost-reduction objective**, by implementing long-term conservation **actions for a reasonable cost**;
- ▶ A **socio-economic objective**, by protecting fish stocks, which will **ensure stable incomes to fishers** who depend on those.



Figure 1. Flow chart showing how a revolving fund mechanism works



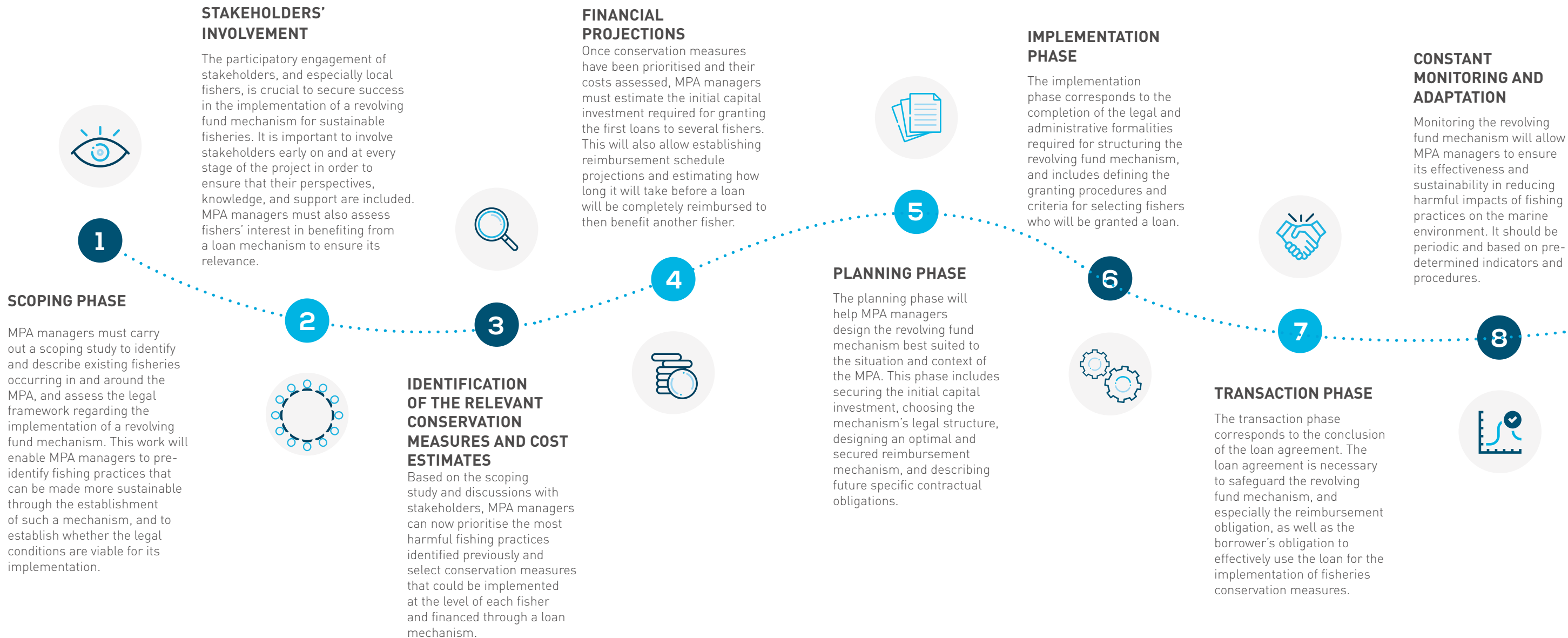
+ OPPORTUNITIES

- ▶ Reducing fishing impacts on the marine environment;
- ▶ Enhancing economic and social empowerment of local fishers;
- ▶ Ensuring a **stable income** for fishers;
- ▶ Increasing the **economic value** of artisanal fishing catches;
- ▶ Improving fishers' **working conditions**;
- ▶ Fostering and facilitating **fishing data collection**;
- ▶ Building a strong **relationship with local fishers**;
- ▶ Fostering the involvement of **local stakeholders** in the value chain;
- ▶ Enhancing **political decisions** for conservation in favour of local fishers;
- ▶ **Replication** for other economic activities and sectors.

☑ PREREQUISITES

- ▶ Established MPA **management plan** and **business plan** (see Preliminary Chapter);
- ▶ Established **fisheries** within and/or around the MPA;
- ▶ Existing **fishing practices** that could be made more sustainable;
- ▶ Existing relationship, or possibility to build a **trustful relationship** with the fishing community;
- ▶ MPA **staff available** to work (i) on planning the implementation of the mechanism, and (ii) on managing the revolving fund once it is set up. Number of staff and time required need to be estimated and **adapted to the size of the project**.

IMPLEMENTATION PROCESS



STEP 1 SCOPING PHASE



GOAL:

Establishing whether a **revolving fund** is an **adequate mechanism for your MPA**

The first step for implementing a revolving fund mechanism is to **assess whether a revolving fund is an adequate mechanism for your MPA**. In order to do so, MPA managers must **conduct a scoping study** of their MPA and report all relevant information into a **general assessment report**. Relevant information concerns the environmental context of the MPA, the existing **fishing areas** and **type of fisheries** occurring within and around the MPA, targeted **species**, fishing **methods**, **environmental impacts** and **potential interactions** with the **MPA conservation objectives**. The general assessment report must also include a **detailed legal assessment** regarding the implementation of a revolving fund mechanism. Done thoroughly, the scoping phase should **enable MPA managers** to decide **whether the revolving fund mechanism is adapted to the context and situation of their MPA**.

ACTION 1

Assess existing fisheries occurring in and around the MPA.

To begin, it is necessary to identify **established spatial zoning and existing restrictions** regarding **fishing activities** in and around the MPA (e.g., no-take zones, protected species, prohibited gear, or seasonal closures). This will enable MPA managers to draw a detailed map of **which, where and when fishing activities are allowed and/or prohibited**. This assessment is crucial as the future revolving fund mechanism should only **finance legal fishing activities**.

Then, you must **identify and describe the existing fishing areas** in and around the MPA, as well as the **types of fisheries operating** in those areas. This could include **commercial (artisanal or industrial), subsistence, or recreational** fisheries, but also **illegal fisheries**, if any. As part of this assessment, you must describe for each type of fisheries identified, **the targeted species**, the **fishing methods**, and their **respective environmental impacts** and interactions with the MPA **conservation objectives**.

Finally, it is also important at this stage to **describe the existing and ongoing relationships with the local fishing communities**. This first step in describing your personal and professional relationships with the main stakeholders will enable you to (i) **identify the strengths and weaknesses** of those relationships, and (ii) **anticipate how you will engage in discussions** with them regarding your project of a revolving fund mechanism for sustainable fisheries. Wherever possible, this assessment could even include **preliminary discussions with fishers** to assess an existing **potential interest and/or existing obstacles** to the implementation of such a mechanism.



OUTPUT:

General assessment report **aggregating and summarizing all relevant information** gathered during the **scoping phase**. This report should enable MPA managers to decide whether a **revolving fund mechanism** is adapted to their MPA or not.



The aim is to obtain a **comprehensive and detailed overview of the fisheries** exploited locally, and their **impacts on the environment**, and specifically on the **habitats and species protected by the MPA**. This work will enable MPA managers to **pre-identify fishing practices that can be improved** (i.e., that can be made more sustainable) by the establishment of a revolving fund mechanism, and the **potential future beneficiaries** of this fund.

ACTION 2

Assess the legal framework of implementing a revolving fund mechanism.

A legal assessment is needed to establish whether the **legal conditions are viable for the implementation of a revolving fund mechanism**. Such an assessment should be undertaken **by someone with a good understanding** of the relevant national **laws and regulations**, and possibly externalised to a **lawyer**.

Box 1. Legal assessment characteristics

- ▶ Identify the MPA spatial zoning and legal protection, as well as relevant laws and regulations related to fisheries, to define types of fishing activities (methods, species and eventual restrictions) that are allowed within and around the MPA.
- ▶ Describe the legal framework and conditions for granting loans to local fishers.
- ▶ Assess the existence of legal instruments that could allow the MPA authority, or an organisation other than a bank, to grant loans to local fishers.
- ▶ Analyse legal relevance and conditions to implement a partnership with an entity that has the ability to host the money, such as a bank or a credit union.
- ▶ Identify the legal entity (for example, the MPA authority or a NGO) that has the ability to conclude such a partnership with a bank or a credit union.
- ▶ Analyse the legal relevance and conditions for creating an independent legal entity that will have the formal capacity to grant loans to local fishers.
- ▶ Assess the legal requirements for establishing granting procedures and criteria.
- ▶ Ensure that stipulating new environmental, economic and/or social obligations in the loan agreement is authorised.
- ▶ Identify and assess legal solutions for ensuring a proper use of the granted money by the beneficiaries.
- ▶ Identify and assess legal solutions for the reimbursement mechanism.

STEP 2 STAKEHOLDERS' INVOLVEMENT



GOAL:

Building a foundation of **mutual trust with stakeholders and evaluating fishers' interest** in benefiting from a loan through a revolving fund mechanism.



OUTPUT:

- ▶ Stakeholder assessment report
 - ▶ Communication supports
 - ▶ Meeting reports
- ▶ Fishers' interest assessment report

Note that the **participatory engagement of stakeholders** is probably the **most important component** of the planning and development of any MPA. This is especially the case for the implementation of a revolving fund mechanism for sustainable fishing practices. However, meaningful engagement depends on the ability of practitioners to **build a healthy, lasting, and trustful relationship** with all stakeholders and especially local fishers.

In addition, to ensure the **relevance of the revolving fund mechanism**, MPA managers must assess **the interest of fishers** in benefiting from a **loan facilitating mechanism** along with its access conditions (interest rate, reimbursement timeframe), to help them **move towards more sustainable fishing practices**.

ACTION 1

Engage actively with stakeholders to ensure the successful implementation of a revolving fund mechanism in your MPA.

You must first **identify and characterize stakeholders** to know which stakeholders should be involved and how to involve them throughout the development of a revolving fund mechanism. For this, you should identify both the **supporters** of your project and those who are the **most reluctant** to it, as they both need to be seated at the same table for discussions. This step should lead MPA managers to **answer the following questions**: *Who are your stakeholders? What are their interests and affiliations? What are the best approaches for communicating and engaging with them over the long term?*

After identifying stakeholders, you must **consult and meet with them**, through presentation meetings, workshops, as well as one-on-one meetings when necessary. **Present the draft report of the scoping study** (see STEP 1) to stakeholders so that they can see the results of the study, and **seek feedback. Comments and input should be sought from all stakeholders, especially from local fishers** and their representatives, if any. At this point, a **presentation summarizing** the process and **key findings** will also be needed, to explain the revolving fund/loan facilitating mechanism, and the potential benefits of such a mechanism for both the MPA and the sustainability of their businesses over the long term. It is essential that fishers be **effectively involved** and have the feeling that they are **actors of the conservation** of the environment upon which they greatly depend.

Make sure to **involve stakeholders early on and at every stage of the project** in order to ensure that their **perspectives, knowledge, and support are included**.

▶ MPAs that are **'fully' protected** (with no fishing allowed) are considered to deliver the **highest ecological benefits**. MPAs that are **'highly' protected** (with limited and regulated fishing) also deliver **important ecological benefits** (Horta e Costa et al. 2016). Both types deliver strong socio-economic benefits, either to communities fishing just outside fully protected MPAs, thanks to the 'spill-over effect', or to communities fishing just outside or inside highly protected MPAs. **Collaboration with local fishing communities and stakeholders** is therefore essential to **manage, monitor and protect MPAs** more generally – and likewise to **benefit fishers** by strengthening **fish stocks** and improving **returns on landings**.



▶ Stakeholders include local fishing communities, fishers and their representatives (if any), representatives from government (local and/or national), protected area authorities, local communities, relevant NGOs, as well as academics or scientists. It is particularly **important to work actively with the local fishers**, insofar as they will be the **beneficiaries of the mechanism**, and they are **the first concerned** by the fishing practices targeted by the fund and by the changes required to these practices to make them acceptable in the fund's framework.

▶ **Every meeting and discussion** with stakeholders should be **documented**.

▶ **Helpful guide for stakeholder involvement** process: Walton et al. (2013) - http://awsassets.panda.org/downloads/stakeholder_engagement.pdf



Box 2. Good stakeholder engagement process (adapted from Spenceley et al. 2016)



ACTION 2

Assess the beneficiaries' potential interest in a loan facilitated by a revolving fund mechanism for sustainable fishing practices.

One of the **key factors** of success of such a mechanism **relies on the interest** it may arouse **amongst fishers** as potential future beneficiaries of the fund.

As part of the stakeholders' involvement process it is important that MPA managers assess the potential fishers' interest in a revolving fund mechanism. In order to do so, managers can **conduct a basic survey** with **simple and precise questions to local fishers**. These questions can be asked during group meetings or individually when meeting with fishers. The aim is to **gather as many answers as possible**, in order to **guide future decisions** regarding the planning of the future revolving fund mechanism.

Collected answers should ideally **allow drawing a 'typical portrait'** of the potential beneficiary, including information about their **economic situation** in order to assess their **reimbursement capacity**, their **fishing activity** (species, gears, areas, quantity), their interest and knowledge in **marine conservation**, and their **interest in a loan facilitation scheme** that would allow them to evolve towards more sustainable fishing practices. This 'portrait' should also include fishers' **suggestions** to enable the conservation of fish stocks and of the marine environment upon which they depend, the **difficulties they face** in their activity, as well as **possible concerns and/or fears** regarding the use of a loan mechanism.

In addition to assessing their interest, this survey will allow **involving fishers in the planning of the revolving fund mechanism**, as well as **identify and anticipate possible difficulties** that could arise throughout the project life cycle.



Fishers' support and mutual trust is crucial for a successful revolving fund. It is also **essential** that fishers **understand the environmental issues** that threaten fish stocks upon which they depend, in order to encourage them to **defend their interests** and **foster acceptance** of the **necessity to adopt sustainable** fishing practices. This could be achieved for example with the implementation of an education programme for fishers, in preparation of the interest survey.

Because of their **experience and knowledge**, **fishers are indispensable and valuable partners** and **must be closely involved and consulted** throughout the project life cycle.

STEP 3 IDENTIFICATION OF THE RELEVANT CONSERVATION MEASURES AND COST ESTIMATES



GOAL:

Identifying **relevant conservation measures** that could be funded through a **revolving fund** mechanism, and estimating **their respective costs**



OUTPUT:

A **formal document** describing the **fishing practices** that could be improved in terms of sustainability, the **necessary changes** to be carried out to transform those fishing practices, and the **average cost per fisher** to undertake those transformations towards more sustainable practices.

ACTION 1

Identify fishing practices that could be made more sustainable.

On the basis of the general assessment report and of discussions with stakeholders, MPA managers can **identify fishing practices that have adverse impacts** on the marine environment, habitats and species protected by the MPA. MPA managers must assess and prioritise the most **harmful fishing practices and their respective impacts**, in order **to identify and define** specific **conservation actions required** to transform harmful fishing practices into more **sustainable practices**.

Ideally, this assessment must be supported by **official fishing reports and data**, and/or **existing scientific studies** carried out locally, and should also include fishers' views and feedback. In the absence of such data, MPA managers may refer to **other sources of available data** that may enable them to assess/estimate the negative impacts caused by the identified fishing practices.

ACTION 2

Select and define precisely which conservation measures could be funded through a revolving fund mechanism.

For the **most harmful fishing practices** identified in Action 1, you can now **identify what actions should be undertaken** to transform those practices in order to **make them more sustainable**. These actions may include the **purchase of more sustainable fishing gear** such as nets with larger mesh, or of gear made out of natural, biodegradable materials. Actions may also include **a radical change in fishing gear (e.g. shift from gillnet to line-fishing) or in targeted species**, with a need of training fishers and adapting fishing gear. For a review of fishing methods and their impact on marine habitats and species, read the short and comprehensive two-page report by BLOOM (in French): <https://www.bloomassociation.org/wp-content/uploads/2020/03/BLOOM-Methodes-de-peche.pdf>

To **ensure their relevance** in terms of conservation and social acceptability, it is important that the selected measures to be financed are:

- ▶ Based on **scientific recommendations**;
- ▶ **Approved by a steering committee** composed of members with relevant experience in fisheries science and marine ecology;
- ▶ **Accepted by local fishers** that will be potential future beneficiaries of the fund.

The aim is to **identify conservation measures that could be undertaken at the level of each fisher** and **financed by a loan** made available through the revolving fund mechanism.

Defining conservation measures to be financed by the revolving fund mechanism is an **iterative process** that can be **reviewed, incorporating any new relevant information** arising throughout the project life cycle, as well as **suggestions made by stakeholders and the fishers themselves** (see STEP 2).



When **first implementing a revolving fund mechanism**, you should focus on **one strategy at a time** to **test the system and make improvements** in the short to medium term. **Larger and/or complex projects** require **experience and significant investment** (i.e., budget, time and staff).

ACTION 3

Estimate costs per action and per fisher.

Finally, for each conservation action previously identified and described in Action 2, you must **now estimate the average cost per fisher required to implement** the proposed action. This work will give you a first **idea of the average loan amount** that will have to be **granted per fisher** in order to allow them to operate those changes in their fishing practices.

This will also allow MPA managers to **narrow down the different conservation measures** identified and listed in Action 2 and **exclude** those that **cannot be financed by a loan mechanism**, because they are **too expensive** and **therefore too risky** in terms of non-reimbursement.

In particular, this work must take into account **the local socio-economic context** and is **specific to each country, region and MPA**. Thus, a measure that may be considered accessible and feasible in one country, will not necessarily be so in another country with regard to its specific economic, social and environmental situation.



The work of identifying **conservation measures** necessary to support more sustainable fishing practices and estimating their respective costs is **essential to start discussions with fishers** and other **stakeholders**. This will allow MPA managers to **present and discuss practical measures** identified and obtain precise **feedback**. It is therefore an **iterative process** that must be **adjusted to the realities and issues** encountered throughout the project life cycle.



STEP 4 FINANCIAL PROJECTIONS



GOAL:

Estimating the **initial capital investment necessary** for the proper functioning of the revolving fund, as well as the **planning and management costs** of such a mechanism, and finally **establishing financial projections** of the mechanism.



OUTPUT:

- ▶ Estimated amount of the initial capital investment necessary for launching the revolving fund mechanism
- ▶ Estimate of anticipated planning and management costs
 - ▶ Reimbursement schedule projections

ACTION 1

Estimate the initial capital needed to grant loans to fishers.

On the basis of the estimated cost per fisher (see STEP 3 – Action 3), estimate the **amount of initial capital required to provide the first loans** to several fishers who have expressed an interest in this loan mechanism.

The **amount required** must be estimated on the basis of the **estimated cost per fisher**, the estimated **number of fishers** who will benefit from the first loans, and the **average reimbursement capacity** per fisher.

This initial capital is essential for **granting the first loans**, which will then be reimbursed and benefit other fishers, allowing the cycle to repeat itself. Its **amount is specific to each situation and context** and must be adapted according to needs and objectives.

- ▶ From our discussions with Chris Ranford (Roam Marine) and Houssine Nibani (AGIR association), who have implemented similar mechanisms respectively in Cornwall, UK, and in Al Hoceima, Morocco, we understand that these two projects started with an amount of **approximately 30,000 Euros**, obtained from philanthropic organisations.



- ▶ Note that this initial capital corresponds only to the **capital required to grant loans** to fishers. **Additional costs** related to the **project planning** (e.g., lawyers' costs) and the **management** of the future revolving fund mechanism (e.g., bank fees or salaries), are not intended to be covered by this initial capital, and must therefore be **fully detailed and estimated**, in order for them to be **covered by additional funding (see Action 2)**.

ACTION 2

Estimate costs of planning and managing the revolving fund mechanism and identify measures to cover them.

Planning a revolving fund mechanism **implies some necessary costs** such as lawyer costs. These planning costs must be **estimated beforehand** in order to **anticipate their funding**. In this respect, planning costs could be covered by the **MPA's own available funds** and/or **public or philanthropic funding**.

One of the risks of the revolving fund mechanism is the **risk of erosion of the initial capital**, which could **gradually disappear** because of **unplanned recurrent management costs** that must be covered during the lifespan of the mechanism. Management costs include for example **administrative costs** such as **salaries and bank fees**.

MPA managers must therefore carefully **estimate those management costs** and define **measures to cover them**, in order to **ensure the sustainability** of the revolving fund mechanism **over the long term**. For example, a **low interest rate** can be set to cover those costs. In addition to a low interest rate, it is important to set aside some **funding to cover remaining management costs** and/or **unplanned costs** that could arise during the life cycle of the mechanism.

- ▶ If set **too high**, an **interest rate could frighten potential beneficiaries** and even increase the risk of non-reimbursement of the loan. A low interest rate between **1% and 2% is generally recommended**, but may be adapted to the **specific context** in which the revolving fund is being deployed, and to the average **reimbursement capacity** of fishers.



- ▶ Also, bear in mind that the revolving fund mechanism is **a tool for implementing, at a low cost, conservation measures**, by reducing the impact of fishing activities on the environment. The **remaining costs** that cannot be covered by the fund must therefore be **reasonable** with regards to the targeted conservation objective, and **complementary sources of financing** may have to be used to **cover them**.

ACTION 3

Establish financial projections.

Once you have estimated the **average loan amount** per fisher (see STEP 3 – Action 3), the **projected interest rate**, if any (see STEP 4 - Action 2), and the **average reimbursement capacity** per fisher (see STEP 2 – Action 2), you can **now establish a reimbursement schedule projection**.

A reimbursement schedule can take the form of a **simple Excel table** (see Box 3). The table should provide information about the amount reimbursed each month, and the distribution between the interests and the capital paid. It also shows the outstanding amount to be reimbursed.

This table gives an **overview of the projected progress of reimbursement per fisher**, and allows to estimate how **long it will take before the loan will be entirely paid back**, allowing for the financing of other fishers and thus for the **revolving cycle to repeat itself**.

Box 3. Example of a reimbursement table for a 3,000 Euros loan, with a 2% interest rate and a reimbursement capacity per fisher estimated between 100 and 140 Euros per month.

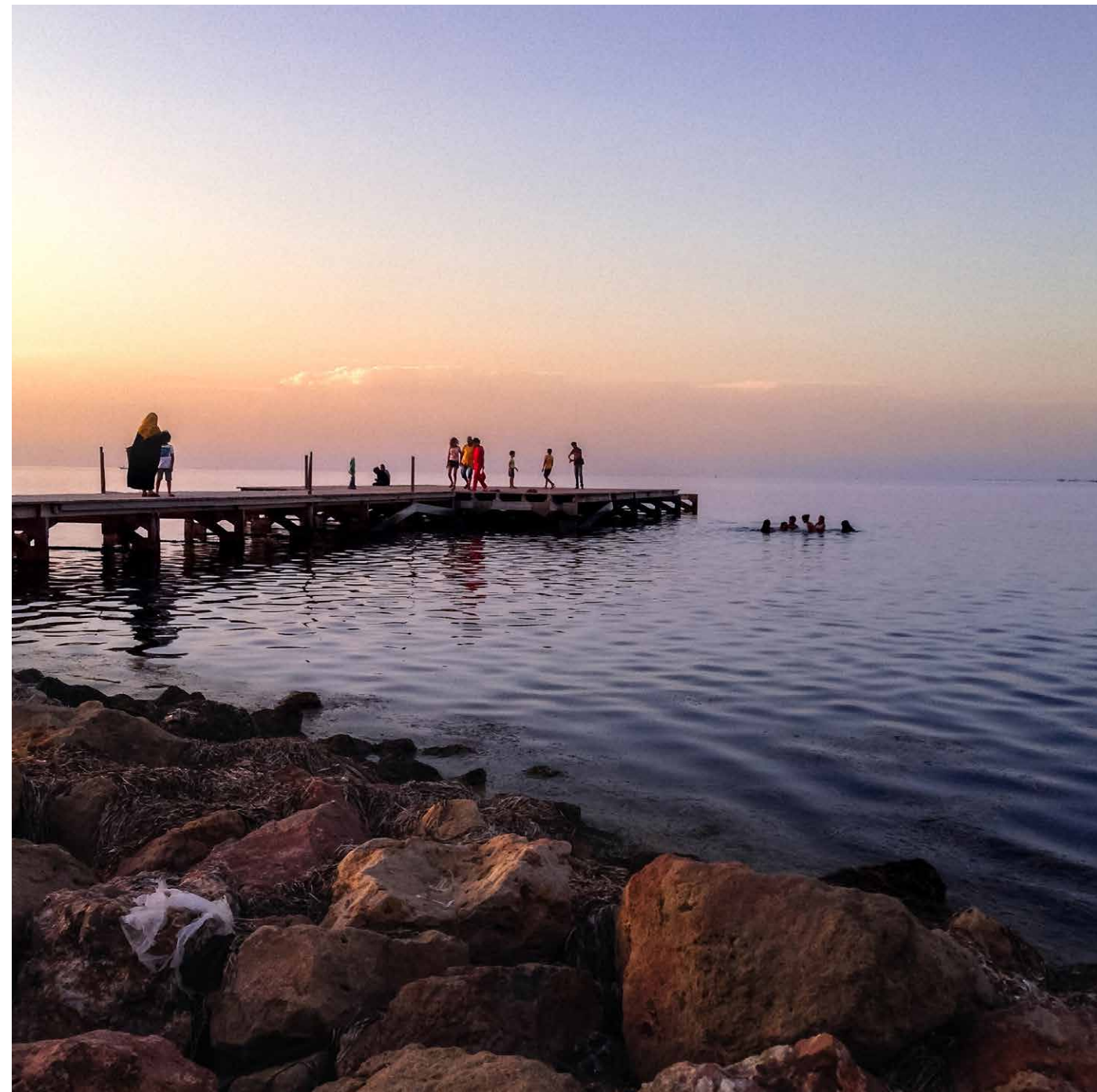
N.B.: This example is only given as an illustration for establishing a reimbursement schedule. Each MPA manager will therefore need to adapt the reported amounts on the basis of the estimated costs of the conservation measures to be financed (see STEP 3 – Action 3), the projected interest rate, if any (see STEP 4 – Action 2), and the average reimbursement capacity per fisher (see STEP 2 – Action 2).

Loan details	
Annual interest rate	2,00 %
Borrowed capital	3 000 €
Loan duration (year)	2

Reimbursement schedule				
Month	Monthly installments	Capital	Interests	Total amount outstanding
1	128 €	123 €	5 €	2 877 €
2	128 €	123 €	5 €	2 755 €
3	128 €	123 €	5 €	2 632 €
4	128 €	123 €	4 €	2 508 €
5	128 €	123 €	4 €	2 385 €
6	128 €	124 €	4 €	2 261 €
7	128 €	124 €	4 €	2 137 €
8	128 €	124 €	4 €	2 013 €
9	128 €	124 €	3 €	1 889 €
10	128 €	124 €	3 €	1 765 €
11	128 €	125 €	3 €	1 640 €
12	128 €	125 €	3 €	1 515 €
13	128 €	125 €	3 €	1 390 €
14	128 €	125 €	2 €	1 265 €
15	128 €	126 €	2 €	1 139 €
16	128 €	126 €	2 €	1 013 €
17	128 €	126 €	2 €	887 €
18	128 €	126 €	1 €	761 €
19	128 €	126 €	1 €	635 €
20	128 €	127 €	1 €	508 €
21	128 €	127 €	1 €	382 €
22	128 €	127 €	1 €	255 €
23	128 €	127 €	0 €	127 €
24	128 €	127 €	0 €	0 €
TOTAL	3 063 €	3 000 €	63 €	--



Naturally, the amounts reported in this example may **change** according to the **demand and the situation of each fisher** wishing to benefit from the loan. The goal is to have an **idea of how long it will take for the reimbursement to benefit another fisher.**



STEP 5 PLANNING PHASE



GOAL:

Designing the **revolving fund mechanism that is the most appropriate** to the situation and context of each MPA



OUTPUT:

- A **planning document** giving a clear description of the mechanism to be implemented. This document should include:
- ▶ The identification of an initial capital investment;
 - ▶ A description of the legal requirements for structuring the revolving fund mechanism;
 - ▶ The design of an optimal and safe reimbursement mechanism;
 - ▶ A description of future specific contractual obligations;
 - ▶ The design of monitoring procedures to ensure a proper use of the granted money.

The following actions will enable MPA managers to **design their revolving fund mechanism** to enable local fishers to benefit from a loan to help them change their fishing practices for more environmentally sustainable ones.

These steps are crucial in planning the mechanism. However, there are **no ready-made solutions** and each MPA manager must **adapt the structure of the projected revolving fund mechanism** according to the **specific context and situation** of their MPA and local fishing activities and impacts.

ACTION 1

Secure the initial capital needed to grant loans to fishers.

The aim is to secure the **initial capital investment** required for the implementation of a revolving fund mechanism, i.e. the **capital that will allow to grant loans to fishers**, which will then be reimbursed in order to repeat the cycle with other fishers. This initial capital investment can be financed by the **MPA's own funds, and/or by public or philanthropic funding**. In addition to this initial capital, it is recommended to **secure additional funding** to cover the **future management costs** of the mechanism and/or **unplanned costs** that could arise throughout the lifespan of the mechanism.



The initial capital amount required is naturally **specific to each situation** and **depends** on the **measures that will be financed** and the estimated number of fishers who will benefit from the first loans.

Chris Ranford (Roam Marine) and Houssine Nibani (AGIR association), who implemented similar mechanisms respectively in Cornwall, UK, and in Al Hoceima, Morocco, report starting these two projects with a similar amount of approximately **30,000 Euros**, obtained from philanthropic organisations.

ACTION 2

Define the legal requirements necessary for structuring a revolving fund mechanism.

To ensure that **loans are granted legally**, MPA managers must define the **legal requirements for granting a loan** through a revolving fund mechanism. Legal requirements are normally identified during the **legal assessment phase** (see STEP 1). The purpose here is to decide on and specify **the legal structure** that will be used for implementing the **revolving fund mechanism**.

It is particularly important to **identify** the **adequate partner** or **ad hoc entity** or **legal instrument** that will have or provide you with the legal capacity to **grant loans to fishers**. Such a partner can be a **credit union or a local bank**. In some cases, however, you may be **required to create yourself an ad hoc entity** that will have the **legal capacity to grant loans** to fishers. **Promissory notes** can also be effective legal instruments to enable an organisation other than a bank to grant loans. Promissory notes are debt instruments that allow companies and individuals to get financing from a source other than a bank. A promissory note typically contains all terms pertaining to the indebtedness, such as the principal amount, interest rate, maturity date, date and place of issuance, and issuer's signature.

In addition, it is also essential to determine **how the loan agreement** can **include an obligation** for the fisher beneficiary to **use the granted funds exclusively for improving his/her fishing practices** according to conservation objectives previously defined in STEP 3. This contractual obligation is essential to **guarantee an appropriate use of the funds loaned** and avoid any slippage or counterproductive effect of the revolving fund mechanism.



In order to **safeguard legally the revolving fund mechanism**, it is **strongly recommended** that decisions on its legal structuring be undertaken **with the help of a lawyer**.

ACTION 3

Design an optimal and safe reimbursement mechanism.

The **reimbursement mechanism** is the **keystone of the effectiveness of a revolving fund** mechanism, insofar as it is only when there is an effective reimbursement of the loans that those **reimbursements can be used again** to finance other fishers. It is therefore **crucial to safeguard this reimbursement mechanism** in order to guarantee the optimum functioning of the revolving system.

Including a **reimbursement obligation into the loan agreement** is in this respect an essential first step in order to legally safeguard this obligation. Other legal instruments can also help safeguard the reimbursement aspect of the mechanism. For example, promissory notes allow the lender to claim the reimbursement of their loan.

However, in some cases MPA managers can face an increased risk of non-reimbursement, and may therefore have to **be resourceful** in order to **guarantee the functioning of the revolving fund mechanism**. In Al Hoceima, Morocco (see Case study below), the NGO in charge of the revolving fund mechanism has **partnered with the National Fisheries Office**, which now **deducts loan reimbursements directly from the sales amounts** made by the fishers at the fish auction, thus reducing the risk of non-reimbursement.

Opportunities and their respective **legal framework and feasibility** must be **assessed and safeguarded**. It is therefore **strongly recommended** to externalize this task to a **lawyer**.

► Special attention is to be paid to the design of this reimbursement mechanism. The **general context of the MPA**, including the **relationship** of trust established with the **fishing community**, as well as the **relevant national legislation**, will determine the level of risk of non-reimbursement for each situation. All these elements must be taken into account to **accurately assess the risk**, and **minimise it accordingly**.



► Furthermore, because of their experience and knowledge, **fishers are a valuable resource for building a safe reimbursement system**. In Al Hoceima, Morocco (see Case study below), **the idea** of partnering with official fisheries authorities for deducting loan reimbursements directly from the fishers' sales amounts, **was proposed by the fishers themselves** as a **remedy for the risk of non-reimbursement** that threatened the sustainability of their revolving fund mechanism. This demonstrates **the importance of stakeholder involvement** throughout the project life cycle.

ACTION 4

Define the beneficiary's specific contractual obligations to be included in the loan agreement.

The specific contractual obligations are the obligations that the fisher beneficiary will have to **expressly accept in order to benefit from the loan**. Such obligations can include the obligation to **use the money for a specific purpose**, to contribute to **fisheries data collection**, a periodic **reporting requirement**, the payment of a **low interest rate**, or a **time limit for reimbursement**.



Specific contractual obligations must be **consistent with relevant legislation, formalized and included in the loan agreement** (see STEP 7 for more details).

ACTION 5

Design monitoring procedures that ensure the proper use of the money granted.

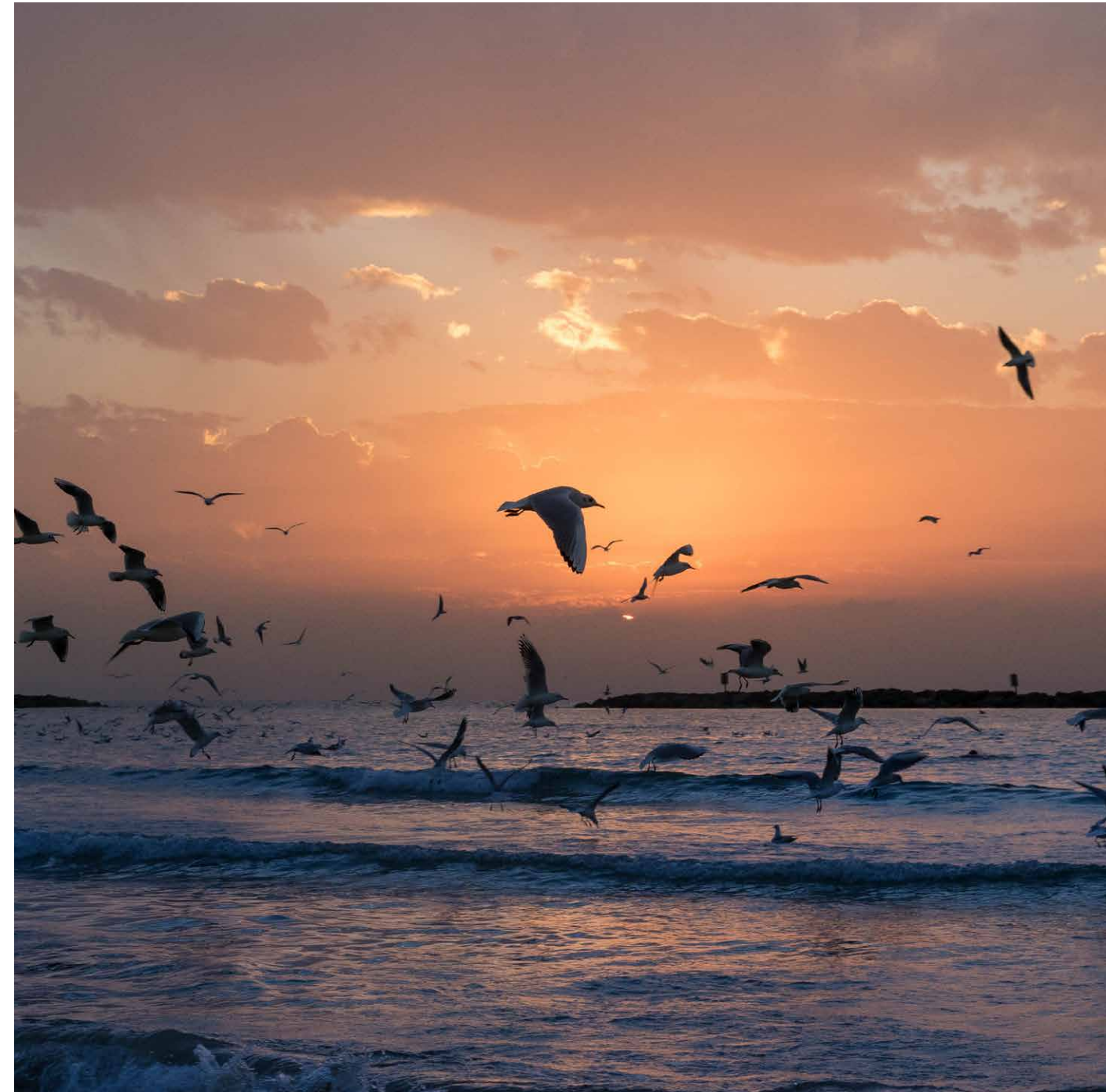
In order to ensure the **proper use of the loaned funds**, MPA managers can set up **monitoring procedures**.

Monitoring procedures are also crucial to **guarantee the achievement of environmental objectives** of the revolving mechanism. Specifically, monitoring measures can help **avoid a misuse of the funds**, such as the purchase of fuel or harmful fishing gear. These procedures can include the **obligation to present proof of purchase** of the fishing equipment for which the loan was granted. Such obligation should also be **formalized in the loan agreement** (see STEP 7).

Monitoring procedures must also ensure that a **'green washing syndrome'** does not develop amongst beneficiaries of the loans, who might properly use the money granted, whilst continuing to use destructive fishing gear.



Regular monitoring **on site to control fishers' activities** is also a great way to **maintain and improve relationships**.



STEP 6 IMPLEMENTATION PHASE



GOAL:

Formalizing the **implementation of the revolving fund mechanism** and granting the firsts loans.



OUTPUT:

- ▶ Legal and administrative formalities, including partnership and collaboration contracts (when needed)
- ▶ Defining granting procedures and criteria

ACTION 1

Legally formalise the implementation of the revolving fund mechanism.

This involves **formalising the legal requirements** identified in STEP 5, such as concluding a **partnership contract with a local bank** and/or formalising the **creation of an *ad hoc* entity** necessary for the functioning of the revolving fund mechanism.

Negotiation and conclusion of **contracts**, as well as **legal and administrative formalities and procedures** should be undertaken with the **assistance of a lawyer**, in order to ensure their legality, regularity and relevance to the specific situation of the project.



- ▶ **Contract provisions** must be **consistent with relevant legislation**.
- ▶ **All contracts** should be **written to facilitate interpretation** and potential dispute resolution.

ACTION 2

Develop, document and publicize granting procedures and criteria to make them clear and transparent to all.

Once you have safeguarded and formalised the structuring of the revolving fund mechanism, you can now define the **granting procedures** and **criteria**. These criteria relate to the **personal situation of the applicant**, and can include a **proof of their fishing activity** and/or a **minimum savings requirement** to ensure reimbursement capacity.

Granting **procedures and criteria**, must be **documented and legally certified**, and must also be **clear, transparent and publicly available**.



- ▶ Selection criteria must be **fair, transparent, and consistent with relevant legislation**.
- ▶ In some cases, fishers may need **technical administrative assistance** to apply for a loan. This aspect is important to **ensure a fair accessibility to the funds**, and technical assistance measures should therefore be included in the granting procedures. Costs required for providing a technical assistance (e.g., staff) must therefore be accurately assessed and taken into account in the **management costs**.
- ▶ For a **first experience**, it is recommended to start with a **limited number of beneficiaries** and a **medium budget**, to be estimated more precisely depending on each situation and context. This will allow to **test the mechanism and make improvements** in the short to medium term. Larger and/or complex projects require experience and significant investment (i.e., budget, time and staff).



STEP 7 TRANSACTION PHASE



GOAL:

Concluding a **loan agreement**



OUTPUT:

Loan agreement signed between the fisher and the MPA authority or the Lender entity, if different

ACTION

Define the provisions of the loan agreement and sign the agreement.

Loan agreements are **powerful instruments** that can be used to **safeguard** and **achieve the objectives** of the revolving fund mechanism.

Box 4. Elements of a typical loan agreement

- ▶ Identification of the Lender and the Borrower
- ▶ Loan amount
- ▶ Duration of the loan
- ▶ Purpose of the loan
- ▶ Obligation of reimbursement
- ▶ Terms and conditions of reimbursement
- ▶ Interest rate applied
- ▶ Guarantees
- ▶ Insurance policies
- ▶ Obligations of the Lender (e.g., obligation to provide the Borrower with the funds, personal data and privacy protection)
- ▶ Obligations of the Borrower (e.g., proper use of the loaned funds, obligation to contribute to fisheries data collection, a periodic reporting requirement)
- ▶ Monitoring procedures
- ▶ Consequences of non-compliance (e.g., late or non-payment, fines)
- ▶ Non-assignment provision
- ▶ Language of the contract and applicable law in case of dispute
- ▶ Breach and cancellation process
- ▶ Dispute settlement provisions

Negotiation and conclusion of loan agreements should be **externalised to a lawyer**.

- ▶ Provisions must be **consistent with relevant legislation**.
- ▶ All contracts should be **written to facilitate interpretation** and eventual dispute resolution.



STEP 8 CONSTANT MONITORING AND ADAPTATION



GOAL:

Developing **monitoring indicators and procedures** to continually evaluate and adapt the revolving fund mechanism



OUTPUT:

- ▶ Monitoring procedures
- ▶ Periodic assessment reports

ACTION

Implement monitoring procedures to periodically assess the revolving fund mechanism.

Ultimately, monitoring the revolving fund mechanism will allow MPA managers to **ensure its effectiveness** and **adapt it when needed**.

To be efficient, monitoring must be **systematic** and based on **predetermined indicators and procedures**. It must also be **periodic to detect change over time**. Ideally, **ecological baseline conditions** of the protected environment will have been established, so that monitoring can test whether there have been any changes to these.

Results of periodic assessments must be **logged into annual reports** to keep a written record of the work that has been undertaken and of the results over the long-term.

Box 5. Elements to be periodically monitored for ensuring the effectiveness and sustainability of a revolving fund mechanism

The following types of monitoring are crucial to ensure the effectiveness and sustainability of the revolving fund mechanism implemented to reduce harmful impacts of fishing practices on the marine environment:

1. **Scientific monitoring**: measuring the effects of changes in fishing practices on the protected environment.
2. **Compliance monitoring**: ensuring that fishers fulfil their contractual obligations as stated in the loan agreement.
3. **Monitoring cost-effectiveness**: ensuring the sustainability of the revolving fund mechanism over the long term.
4. **Innovation and scientific watch**: keeping a permanent watch on innovations and scientific recommendations regarding sustainable fishing practices.
5. **Constant stakeholders' involvement**: seeking feedback and perspectives from fishers and loan beneficiaries, and from all stakeholders throughout the project life.

Monitoring procedures must be **clear and well understood** by **the staff** in charge of applying them, as well as **by fishers** who are periodically subject to these controls. It is recommended to detail these procedures in a **guidelines document** to be used as a reference in this matter.

TOOLBOX

POSSIBLE ISSUES

An effective revolving fund requires an upfront capital investment to constitute the funds that will be granted through loans to beneficiaries.

A revolving fund mechanism implies recurring costs, such as salaries, bank fees, as well as monitoring operations costs. The lack of financing solutions to cover these costs could lead to the erosion of the available funds, to the point of threatening the sustainability of the revolving fund mechanism itself.

Implementing a revolving fund mechanism requires a long-term investment in terms of money, staff and time.

When implementing a loan mechanism, there is a risk that some beneficiaries make an improper use of the granted money, by purchasing harmful fishing gear or new engines for example.

When implementing a loan mechanism by granting a sum of money, there is a risk of non-reimbursement.

Weak and unclear governance and management can threaten the effectiveness of a revolving fund mechanism.

POSSIBLE SOLUTIONS

A revolving fund project can be funded by philanthropic or government funding. Where the mechanism has proved its worth, it may enhance political decisions for conservation in favour of local fishers. Furthermore, this type of funding mechanism can attract private sector financing, with a possible return on investment if, and only if, circumstances are appropriate for such an approach.

A solution to cover administrative costs is the implementation of a low interest rate calculated according to the estimated costs to be covered and the fishers' reimbursement capacity. However, the rate must not prevent fishermen from accessing the loan. Implementing other financing mechanisms and diversifying income streams could also allow covering those costs and ensure the sustainability of the revolving fund mechanism over the long term. Management costs must be realistically assessed and understood by the MPA authority before implementing the revolving fund mechanism.

Bear in mind that the main objective of a revolving fund mechanism is to implement long-term conservation measures for minimizing fishing impacts on the protected environment, at least cost. Therefore, it is not unusual to have remaining costs needing to be covered. However, those remaining costs should remain reasonable with regards to the conservation objective targeted. In addition, if there is an identified need in human resources, it is recommended to hire someone with a background in finance or accounting. Such a profile could be an asset for the planning and management of a revolving fund mechanism. Such a person could even help the MPA identify and implement other financing mechanisms.

A revolving fund project can be first funded through philanthropic and/or public funding. Furthermore, the financial and personal investment required for the implementation of a revolving fund mechanism may be worth the long-term conservation outcomes, as well as the potential socio-economic benefits of such a mechanism.

When selecting beneficiaries, make sure that selected fishers have a clear understanding of the purpose for which the money will be spent. Key factors to foster self-enforcement, are a clear understanding by fishers of environmental issues due to harmful fishing practices and a trustful relationship between beneficiaries and the MPA authority.

Monitoring mechanisms such as following-up on beneficiaries, periodic reporting of their activities and supporting documents regarding the proper use of the money, can also be implemented. In case of overt non-compliance behaviours, the mechanism can be adjusted. The MPA authority can purchase directly the adequate fishing gear and sell it on credit to the fishers, and repeat the cycle with reimbursements.

Defining a minimum income requirement could prevent failure to reimburse by beneficiaries. Here again, in case of recurrent and overt failures in reimbursement, the mechanism can be adjusted. Where possible, reimbursements can be directly deducted from the beneficiary's revenue earned from its sales of fish (see Case study below).

Key factors to foster self-enforcement are a clear understanding by fishers of the environmental issues due to harmful fishing practices and a trustworthy relationship between beneficiaries and the MPA authority.

Governance and management of the revolving fund mechanism must be transparent in order to foster trust and engagement from fishers, as well as from all stakeholders. This can increase political support in favour of marine conservation. To this end, a project document describing goals and each individual role, as well as clear and detailed procurement procedures and guidelines, should be made available to all.



CASE STUDY: AL HOCEIMA NATIONAL PARK



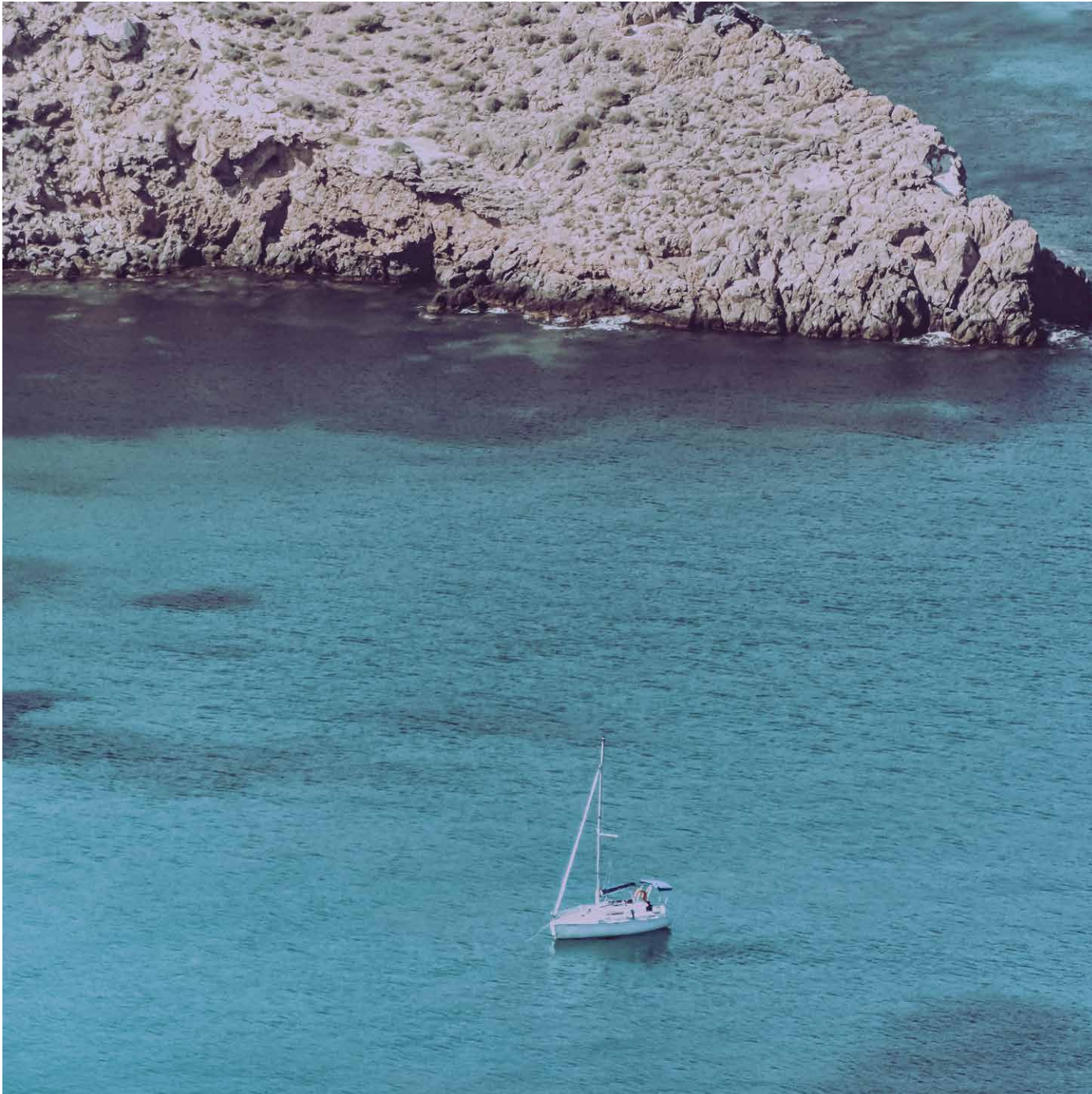
In the Al Hoceima National Park on the Mediterranean coast of Morocco, the local Association of Integrated Resource Management (AGIR), has developed a revolving fund mechanism to promote fishing practice changes in artisanal fisheries. The marine part of the Al Hoceima National Park covers an area of 19,600 ha, and is composed of cliffs, caves and several islets and rocks. The area is considered one of the last refuges for Mediterranean marine biodiversity, due to its difficult accessibility and narrow beaches. Fishing is the main economic activity in the region, and the Al Hoceima fleet is composed of 4 types of boats: 22 trawlers, 36 sardine boats, 30 longliners and 350 artisanal fishing boats. Twelve thousand tons of fish are caught each year, of which 80 to 90% are small pelagic fish. Artisanal fisheries represent about 59,000 boat trips per year. Since 2010, the use of drift gillnets has been banned, which has made a large part of the fishing gear illegal. Drift gillnets are a non-selective type of fishing gear that are responsible for an important and destructive bycatch. Thanks to this ban, fishermen have become more inclined in recent years to change their fishing equipment for more sustainable gear.

To this end, the **MAVA Foundation** donated the equivalent of **30,000 Euros** to the AGIR association. This money was placed in a revolving fund managed in **partnership with a local bank**. Zero-interest loans are granted to artisanal fishermen to allow them to change their fishing gear, in exchange for the fulfilment of a number of **environmental and social conditions**. This way, beneficiaries can only spend the amount loaned to purchase sustainable fishing gear, especially natural fibre pots made by a local women's cooperative called Mednasse. This obligation was also stipulated in the loan contract, and a member of the AGIR association was in charge of accompanying the fisherman to the bank to ensure that the money was actually paid to Mednasse. However, **to remedy the risk of fraud or inadequate use of the money**, the fund now directly purchases the fishing equipment to the Mednasse cooperative and sells it on credit to the fishermen.

Thus, the fund fulfils three main objectives: an environmental objective by promoting sustainable fishing practices, an economic objective by preserving fish stocks and consequently ensuring a stable income for fishermen, and a social objective by promoting women empowerment. Furthermore, to remedy any **risk of non-reimbursement**, AGIR has

partnered with the National Fisheries Office of Morocco (ONP). This partnership allows the ONP to **automatically deduce a percentage of the sale amount** made at the fish auction by each beneficiary, as reimbursement of the loan. This system also benefits fishermen insofar as they reimburse the loan proportionally to their sales with **no time limit**. At the end of a certain period, the fund has completed a full financing cycle and the money can go to new beneficiaries. It is worth mentioning that this **automatic deduction** system during the fish auction was **proposed by the fishermen themselves** in order to remedy the risk of non-reimbursement that threatened the sustainability of the revolving fund.

In this respect, *“fishermen support and trust is crucial for a successful revolving fund mechanism. It is essential that fishermen clearly understand the environmental and social issues, in order to enhance not only their support, but also **self-enforcement**. The main goal is to make them feel **responsible and legitimate** for preserving the natural resources upon which they depend. Furthermore, because of their **experience and knowledge**, fishermen are valuable resources for implementing an effective mechanism”*, says Houssine Nibani, who led the project and President of AGIR.



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APPENDIX - EXAMPLE OF WTP SURVEY QUESTIONNAIRE

(source: Batel et al. 2014; Blue World Institute - <https://www.blue-world.org/> - info@blue-world.org)

Tourist survey on the perception of Lošinj

I. Introducing questions

1. Where are you from (nationality)?

2. What was your primary form of transport to the island?

 Car Bus Plane Ferry Other _____

3. What is your main reason for visiting the island?

 Holiday Business Family visit Island hopping Other _____

4. How often have you been to Lošinj?

 First time 2-5 6-10 10+ 2nd home on the island

5. Why did you choose Lošinj (more than one possible)?

 Nature Climate Accessibility Sports Other _____

6. How long are you planning to stay?

 1 day 2-6 days 7-10 days 14 days Other _____

7. How would you grade your meeting expectations of this island in terms of:

a) island ambiance

 Excellent Good Satisfactory Disappointing Poor

b) nature

 Excellent Good Satisfactory Disappointing Poor

c) tourist offer

 Excellent Good Satisfactory Disappointing Poor

8. Would you recommend Lošinj as a holiday resort?

 Yes No

9. If yes, why would you recommend it?

 Nature Climate Accessibility Sports Other _____

10. If not, why not?

11. How much is your total daily expenditure per person per day on the island?

 <20€ 20-49€ 50-79€ 80-110€ >110€

II. Environment and the perception of the environment

1. Do you know that there are dolphins around Lošinj?

 Yes No

2. If yes, how did you find out that there are dolphins around Lošinj?

 Blue World Tourist agency Public media Local authorities Other _____
(TV/Brochures etc)

3. Have you ever seen them in this area?

 Yes No

4. Do they help to make Lošinj a more attractive holiday destination?

 Yes No

5. In your opinion, the presence of dolphins in this region means that the sea is in good condition?

 Strongly agree Agree Neutral Disagree Strongly disagree

6. What do you think are the main threats to the dolphins here (more than one possible)?

 Pollution Fishing Bycatch Boat traffic Other _____

7. Would you like to learn more about dolphins?

 Yes No

8. Would the possibility of seeing wild dolphins increase your interest in a boat trip?

 Yes No

9. Would you pay more for dolphin watching tour than a normal boat trip?

 Yes No

10. If yes, how much more on the basis that a normal boat trip costs 120 kn (in percentage)?

 <10% 10-29% 30-49% 50-70% >70%

Tourist survey on the perception of Lošinj

III. Conservation

1. The Croatian Adriatic is unpolluted.

 Strongly agree Agree Neutral Disagree Strongly disagree

2. The Croatian Adriatic is sustainably used.

 Strongly agree Agree Neutral Disagree Strongly disagree

3. Have you ever heard of Marine Protected Areas?

 Yes No

4. What does this concept mean to you (more than one possible)?

 Closed area Area with conservation priority Area with sustainable use priority Open (paper park) Don't know

5. MPAs are good for conserving nature

 Strongly agree Agree Neutral Disagree Strongly disagree Don't know

6. MPAs can add to local economy

 Strongly agree Agree Neutral Disagree Strongly disagree Don't know

7. Do you know that there is a proposed MPA on Lošinj?

 Yes No

8. Which concept would you support on Lošinj?

 Closed area Area with conservation priority Area with sustainable use priority Open (paper park) Don't know

9. Do you think this MPA would help to preserve the islands?

 Yes No Don't know

10. Would Lošinj be more attractive as holiday resort if there was a MPA?

 Yes No Don't know

11. If not, why?

12. Would you still recommend Lošinj as a holiday resort if there was a MPA?

 Yes No

13. Would you be prepared to pay more for your holiday if the money goes to conservation?

 Yes No

14. If yes - how much in % increase in your current daily expenditure per person?

 1-5% 6-10% 11-15% 16-20% Other _____

IV. Personal details

1. Age

 <20 21-35 36-50 51-65 >65

2. Gender

 Male Female

3. Do you have children

 Yes No

4. What is your level of education?

 <highschool highschool diploma (incl vocational skills training) degree Post-graduate

5. What is your income in K€?

 <10K 10-29K 20-29K 30-40K >40K



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