Goal 3.4: To ensure financial sustainability of protected areas and national and regional systems of protected areas

Target: By 2008, sufficient financial, technical and other resources to meet the costs to effectively implement and manage national and regional systems of protected areas are secured, including both from national and international sources, particularly to support the needs of developing countries and countries with economies in transition and small island developing States.

Suggested activities of the Parties

3.4.1 Conduct a national-level study by 2005 of the effectiveness in using existing financial resources and of financial needs related to the national system of protected areas and identify options for meeting these needs through a mixture of national and international resources and taking into account the whole range of possible funding instruments, such as public funding, debt for nature swaps, elimination of perverse incentives and subsidies, private funding, taxes and fees for ecological services .
3.4.2 By 2008, establish and begin to implement country-level sustainable financing plans that support national systems of protected areas, including necessary regulatory, legislative, policy, institutional and other measures.
3.4.3 Support and further develop international funding programmes to support implementation of national and regional systems of protected areas in developing countries and countries with economies in transition and small island developing States.
3.4.4 Collaborate with other countries to develop and implement sustainable financing programmes for national and regional systems of protected areas.
3.4.5 Provide regular information on protected areas financing to relevant institutions and mechanisms, including through future national reports under the Convention on Biological Diversity, and to the World Database on Protected Areas.
3.4.6 Encourage integration of protected areas needs into national and, where applicable, regional development and financing strategies and development cooperation programmes.

Suggested supporting activities of the Executive Secretary

3.4.7 Convene as soon as possible, but not later than 2005, a meeting of the donor agencies and other relevant organizations to discuss options for mobilizing new and additional funding to developing countries and countries with economies in transition and small island developing States for implementation of the programme of work.
3.4.8 Compile and disseminate case-studies and best practices concerning protected area financing through the clearing-house mechanism and other media.
3.4.9 Review and disseminate by 2006 studies on the value of ecosystem services provided by protected areas.

Learn more about Goal 3.4:

Key activities include:

- Assess financial needs and identify options for meeting these needs
- Establish and implement national sustainable financing plans

- Support international funding programmes to support protected area systems in developing countries
- Collaborate with other countries to develop and implement regional sustainable financing programmes
- Provide information on protected area financing to relevant institutions
- Encourage the integration of protected area needs into national development and finance strategies

What is financial sustainability and a sustainable finance plan?

Financial sustainability is the ability of a protected area system to meet its financial needs into the future, without compromising protected area objectives. This includes accounting for new protected areas that might be created as a result of gap assessments, as well as effectively managing existing protected areas, including any actions that result from a management effectiveness assessment. A sustainable finance plan is a plan that will ensure that the full costs of a protected area system are met, both now and into the future. A sound financial plan should ensure that the growth of income matches or exceeds the growth of expected costs of establishing new protected areas, and managing new and existing protected areas. A common mistake that many protected area planners make is to develop a sustainable finance plan that covers the costs of the existing system, rather than covering the costs of a the protected area system described in the vision statement of the protected area system master plan. Planners should ensure that the financial plan covers all contingencies. One way to do this is to develop financing plans for multiple scenarios.

What is an assessment of financial sustainability?

An assessment of financial sustainability is an analysis of the financial needs of the protected area system, including future needs for filling ecological gaps and improving management effectiveness, an analysis of the existing financial resources, and an analysis of the ways and means to fill the gap between the two.

What steps are involved in assessing financial sustainability?

Typical steps involved in assessing financial sustainability include:

a) Conduct a financial gap analysis of current income versus expenditures, differentiating between basic and optimal costs, and including the costs of improving protected area management.
b) Assess protected area management and capacity needs by identifying key threats and management weaknesses in the existing system, and identifying critical capacity needs.
c) Develop cost estimates for the creation and management needs over a ten-year time horizon, including minimum, medium, and ideal growth scenarios.
d) Screen and assess existing and new funding mechanisms to address financial gaps, including an assessment of how fiscal and management reforms might reduce overall expenditures.
e) Formulate financial plans at system and site levels, with multi-year action plans, including strategic funding mechanisms, resource allocations, fiscal and management reform opportunities, management and capacity building needs, and the implementation plan.

What are potential sustainable finance mechanisms?

- Bilateral and multi-lateral funding, where a fund is established to finance environmental projects, remains a significant source of funding for creating and improving protected area systems for many countries.
- Biodiversity enterprises that provide capital to small and medium-scale enterprises that contribute to biodiversity conservation in or around protected areas (e.g., shade-grown coffee, ecotourism).
- Biodiversity offset projects mitigate or offset land-conversion activities, such as forest clearing, dam creation, and road building. Biodiversity offsets may be voluntary or regulatory.
- Biodiversity prospecting is the search for biochemical and genetic materials from nature that can be applied commercially to pharmaceutical, agricultural, cosmetic and other applications.
- Carbon offset projects that reduce the amount of carbon dioxide in the atmosphere through a range of activities, including emissions trading, which enables countries to purchase emissions units from other countries; joint implementation, which give credits to countries who invest in

emissions-reducing activities in another country; and removal units, which provide credits for forestry-related activities.

- Debt-for-nature swaps are a mechanism whereby a creditor (typically an industrial country) renegotiates the terms of a developing country's debt to fund biodiversity conservation, often resulting in the creation of a privately-controlled conservation trust fund.
- Environmental funds can be permanently endowed grants from governments and donor agencies, as well as by ongoing user fees or taxes, that are earmarked for conservation and protected areas.
- Foundation grants are funds provided by private, charitable organizations, but typically are time-bound and do not fund operational, overhead or recurring costs.
- Market and tax incentives provide financial incentives to individuals, communities and corporations for actions that improve biodiversity conservation (e.g., tax incentives for maintaining forest cover, market premiums for certified forestry operations).
- Payments for ecosystem services capture economic value from the services and benefits provided by nature. These services include watershed services (drinking water storage, flow regulation, flood control), climate control (regulation of temperature and precipitation) and agricultural services (soil protection, genetic resource conservation, crop pollination).
- Taxes, fees and fines are recurring sources of revenue that can fund protected area establishment and management costs. Taxes may come from a range of sources, including sales, property and income taxes, and publicly issued bonds. Fees may come from direct users, including both visitors and commercial operations, as well as indirect users, such as communities that depend upon drinking water from the protected area. Fines from illegal activities can also be directed toward protected area creation and management.

What are some key documents that can help in the implementation of Goal 3.4?

Resources on protected area sustainable financing can be found at: http://www.cbd.int/protected/tools/