Financial planning of the Karaburun-Sazan Marine Protected Area

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Summary

Located in Vlore County at the border between Adriatic and Ionian Seas, the Karaburun Sazan (KS) MPA was one of the 8 areas identified as potential areas to be claimed Marine Protected Areas by the Albanian Biodiversity Strategy and Action Plan adopted in 1999. Proclaimed in April 2010 with the status of National Marine Park, the Karaburun Sazan MPA was thus the first MPA to be created along the Albanian coast.

The long-term conservation objectives of the K-S MPA aim at ensuring protection and maintenance of biological diversity while providing at the same time a sustainable flow of natural products and services to support coastal communities' development. The first K-S management plan, finalized in December 2014, describes activities to be implemented on the 12,570.82 hectares of protected areas. These activities are dealing with the following five themes:

- biodiversity conservation
- cultural heritage and landscape
- supporting local communities and sustainable use of natural resources
- awareness and education
- management, administration and sustainability

Since all responsibility for Albanian protected areas was transferred during spring 2015 from the forest office to the recently created National PA agency, it was not possible to provide rough estimate of the revenues planned for Karaburun-Sazan. Stakeholders thus had to assume that K- S current funding will not be sufficient to carry out basic conservation operations and additional funding will have to be identified to reach an optimal conservation level.

To address this critical issue, a financial plan was completed in August 2015. This exercise includes a detailed analysis of the park's projected incomes, expenses and financial gap and a selection of financial mechanisms to fill the identified gaps. The following document presents results of this financial analyses.

During the financial planning process, a number of barriers to improve the financial sustainability of the park were identified: these are related to the political, institutional and socioeconomic context. Nevertheless, the National PA agency SSNP is making significant progress towards the elimination of such threats.

KS's total estimated needs for the first management cycle are: 139 332 141 ALL for the basic conservation scenario and 203 846 500 ALL for the optimal conservation scenario. In the past, revenues allocated to the Karaburun-Sazan MPA were mostly those of UNDP projects. These included salaries and specific actions that have been financed directly by UNDP. For the coming years, activities covered by the UNDP project will not be covered anymore. However, it is likely that the first MPA in Albania will quickly attract a lot of interest from other international donors interested in protecting the marine environment: as part of projects carried out by main non-public regional actors in the region (MedPAN, WWF/MedPO, IUCN, etc.), the K-S MPA represents a very important site to increase the representativeness of the MPA network. Despite these opportunities, the financial analysis revealed that the aggregate financial gaps for the basic and optimal management is equal to the financing needs previously calculated. These gaps are significant and represent 100% of what is needed for achieving basic and optimal conservation in the K-S MPA.

The financial strategies for the K-S MPA have then been selected with the purpose of filling the financial gaps and creating an optimal funding scenario for the park. However, it is recognized that the full implementation of the selected strategies requires regulatory reform and territorial reform which are likely to delay the early actions planned for the development of the MPA. Therefore, it is anticipated that the implementation of the financial plan will be progressive and that the financial plan will have to be regularly updated.

Market and non-market based financial revenue options have been selected to fill the estimating financial gap of the K-S MPA. It is estimated that selected mechanisms could mobilize from 18 million ALL to 36 million ALL for the 2017-2025 period, and that income will continue to grow over time.

Non-market-based mechanisms

To encourage the participation of non-market based financing sources such as government's budget allocations, private capital donations, corporate long-term contributions or trust funds, the MPA managers will have to develop an advocacy for the MPA management. In this process the financial plan can be used as a marketing and communications tool to convince potential donors to contribute to financing activities.

Market-based financing mechanisms

Several market-based financing mechanisms have been identified as financing opportunities for the K-S MPA. However, further feasibility assessment will be necessary to ensure these mechanisms are adapted to the socioeconomic, institutional and political context of the MPA:

Today, the MPA is only accessible by boat, so an **entrance fee** mechanisms would be attached to the price of the boat tour. These mechanisms are therefore highly dependent on the natural state of the area and will gain from the protection of the site. The projected revenues from this entrance fee were based on a projection of the frequentation. However, this projected frequentation will have to be in line with a capacity of charge of the MPA.

The recreational activities fee would concentrate on the marine activities such as snorkelling, scuba-diving, bathing. For now, this is not much different from a park entrance fee. But, this can be developed in parallel to an entrance fee, as an entrance fee for specific activities (diving, snorkelling, etc.). This mechanisms is thus also dependent on the natural state of the area and will gain from the protection of the site.

Concessions are agreements made between the protected area agency and tourism operators. Normally these will be undertaken in the private sector, though concessions can also be let to NGOs and to other not-for-profit enterprises, as well as to community bodies. In every case, the concessionaire provides specified tourism services in the protected area under an agreement. Most agencies require operators to have a licence to operate a business in the park, such as hotel management, or food store operation. The licence may be exclusive, with no other similar licensed operation permitted, or non-exclusive, when other operations are also allowed. The revenues from these concessions could be earmarked for the development of services in the area: building of toilets, trails, buoys for moorings, docks, etc.

Small-scale fishing license/permits can have a triple advantage to: 1) monitor the fishing fleet operating in the area and assist with the transition to more sustainable practices; 2) get revenue from the licenses; 3) control illegal activities. For these reason, licenses are a powerful tool for the management of the area.

The aquaculture producers who have sea cages along the eastern side of the Karaburun peninsula are likely to enjoy clean water for their fish, thanks to the protection on the marine and coastal

ecosystems of the MPA. Also, these producers will surely benefit to a better image of the environmental status of the Bay, being partly protected by an MPA. **Payment to environmental services** could thus be a good opportunity to engage them as part of the MPA management.

Fines are an essential tool to the management of an MPA. They are the only way to enforce the regulations, and put pressure on poachers to stop their activities. Fines can also be a useful financing mechanism.

Finally, **taxes** on tourist stay in the Bay of Vlora can represent a large source of revenue for the MPA. The total number of tourists in the Bay is unknown but they are thought to be about a million people to come and enjoy the region during the summer season. There is currently a local tourist tax that apply to accommodation. However, this tax is invisible for tourists when they pay for their stay.

The above indicated market and non-market based mechanisms could support the K-S MPA most important areas for investment in the next years. These areas include the installation of the information centre and the underwater trail amongst others.

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1. Introduction

1.1. Financial sustainability of MPA

Marine protected areas (MPAs) have been designed as a strategic tool for the long-term conservation of the marine environment, including species, habitats, ecosystems and their services as well as to ensure a sustainable management and use of marine resources. In spite of the increasing efforts to strengthen and develop MPAs in the Mediterranean Sea, the level of success and continuity over time of MPAs depends directly on the size and capacity of the management teams, and their ability to work in appropriate conditions (Watson et al., 2014) and thus indirectly on the budget available to support management teams and actions.

Sufficient financial resources are a precondition to ensure MPAs are well-managed and play their role in the preservation of biodiversity. However, MPAs remain underfunded resulting in a less efficient protection of species and habitats since the level of MPA management heavily rely on funding and financial strategies. Insecure financial situation of MPAs sets off a cascade of management problems: funds are necessary to hire staff, manage, control the protected area, invest in infrastructure and carry out research on local species and habitats.

Establishing sustainable financing for MPAs is thus an upstream exercise necessary to help MPAs reach an effective management. We consider that the problem of underfunding derives directly from a lack of reliable information regarding the costs of MPA management and creation.

For Bovarnick et al. (2010), the financial sustainability is defined as the ability for a financing system, "1) to secure sufficient, stable, and long term financial resources and, 2) to allocate these resources in a timely manner and in appropriate forms, to cover the costs necessary" for an effective and efficient management of an MPA with respect to its objectives.

1.2. Mediterranean MPAs and financing

The financial situation of individual Mediterranean MPAs was reviewed as part of the analysis conducted for the Status of Mediterranean MPAs published in 2012 by MedPAN and RAC/SPA (Gabrié et al., 2012): out of the 80 surveyed MPAs, only half of the MPAs answered questions on funding. This is a first proof that financial aspects are either unknown or not considered as relevant to MPA management in many cases.

A recent study has investigated the MPA financing gap in the Mediterranean (Binet et al., 2015a)[1]. The official data from 14 countries studied as part of this study show that total available resources for MPA systems in the region are nearly 54.5 million of euros per year. This should be compared with needs for an effective management of MPAs. Estimates on such effective management needs for national MPAs systems, aggregated for 14 countries in the region, show a **financial gap (available funds minus financial needs) of 700 million of euros per year.** The financial gap for the **7 EU countries** studied is estimated to be **458 million of euros** in 2014, and it is **17 million of euros** for the **7 non-EU countries** studied.

[1] The results presented here are directly extracted from the report of this study.

As a result, there is an urgent need to consider an increase of the current financing for existing MPA in the Mediterranean region, while **only 12% of the financial needs for an effective management of MPAs are covered by current resources**.

The financial situation for Mediterranean MPAs is actually worsening because the most recent MPAs (so-called **pioneer MPAs**) **present a lower diversity of funding sources and have lower resources in non-EU countries**.

Also, the increasing pressure on MPA by both anthropogenic and natural causes is likely to increase the financing needs to adapt management to those pressures. Importantly, climate change impacts and increased pressures by tourism and coastal development will substantially increase those needs and make the underfunding more pregnant.

In addition, **global financial crisis and budget restrictions in donor countries affect the availability of financial resources.** This is mainly the case of bilateral Overseas Development Assistance for marine protected areas that has decreased of 9% in 2012, 13% in 2013 and 46% in 2014.

Further, **institutional weaknesses and political instabilities, especially in the south of the Mediterranean accentuate the financial vulnerability for marine protected areas.** Despite a comprehensive institutional organization, some countries are confronted with a lack of coordination between entities (central agencies responsible for MPAs), which in turn affects a permanent and consistent flow of resources. For other countries, the institutional weaknesses complicate the implementation of strategic alliances with local authorities and stakeholders, as a necessary condition for effective use of available financial resources. The absence of local key stakeholders for effective management of MPA projects resulted in a high dependency on external consultants and NGOs without empowering local stakeholders in the sustainability of MPAs.

1.3. Financial planning for the Karaburun-Sazan MPA

Previous statements are particularly true for Albanian PA: the management of many protected areas in Albania is not effective, suffering particularly from inadequate financial resources and limited management capacity (Kashta, 2010). The effective management of Albanian MPAs thus requires to look after additional funding sources.

This study commissioned by the UNDP Albania aims to define the financial strategy and financial plan for the management of the first marine protected areas (MPA) to be created in Albania in 2010. This financial plan aims to: 1) provide an overall economic picture on the characteristics of the area, allowing performing diagnostic analysis of the present situation; and 2) to weight basic elements of analysis which will determine the priority actions that enable the business management of this target area. These two objectives can then lead to the drafting of the financial plan for the MPA and the presentation of the financial strategy for the next 10 years, along the implementation of the management plan.

The report presenting the results of this study is divided into seven chapters (including the introduction). The chapter two presents the method deployed for this work. The third chapter is a presentation of the Karaburun-Sazan MPA, its socioeconomic and institutional context, and the content of the recently developed management plan, as well as an overview of the main threats to MPA development. The chapter four analyses the costs associated to the implementation of the management, for both basic and optimal scenarios of implementation. Chapter five presents the analysis of the revenues of the MPA and the financing gaps for each scenario. The chapter six discusses various financing mechanism that could be implemented to bridge the financing gap. Chapter seven concludes the report by presenting the financial strategy for the MPA.

2. Method

2.1. Drafting a financial strategy for MPA

The objective of the financial strategy is to 1) provide a detailed description of the economic characteristics of the MPA to be used for the analysis of the current situation; and 2) prioritize actions required for the MPA sustainable financial management. This should lead to the development of a financial plan and the presentation of the financial strategy, along the implementation of the MPA management plan.

In practice, financial planning should follow a three-step procedure[2]:

- **Assessment**: assessment of costs and revenues to achieve management plan objectives, calculation of financing gap
- **Strategize**: Feasibility assessment to address financing gap
- **Implement**: Formulation and implementation of financial strategies through a coherent financial plan.

The detailed steps of this framework are represented in the figure below.

[2] This section is extracted from the guide for Mediterranean MPA managers on sustainable financing (Binet et al., 2015b) edited by Medpan, RAC/SPA and WWF-MedPO.

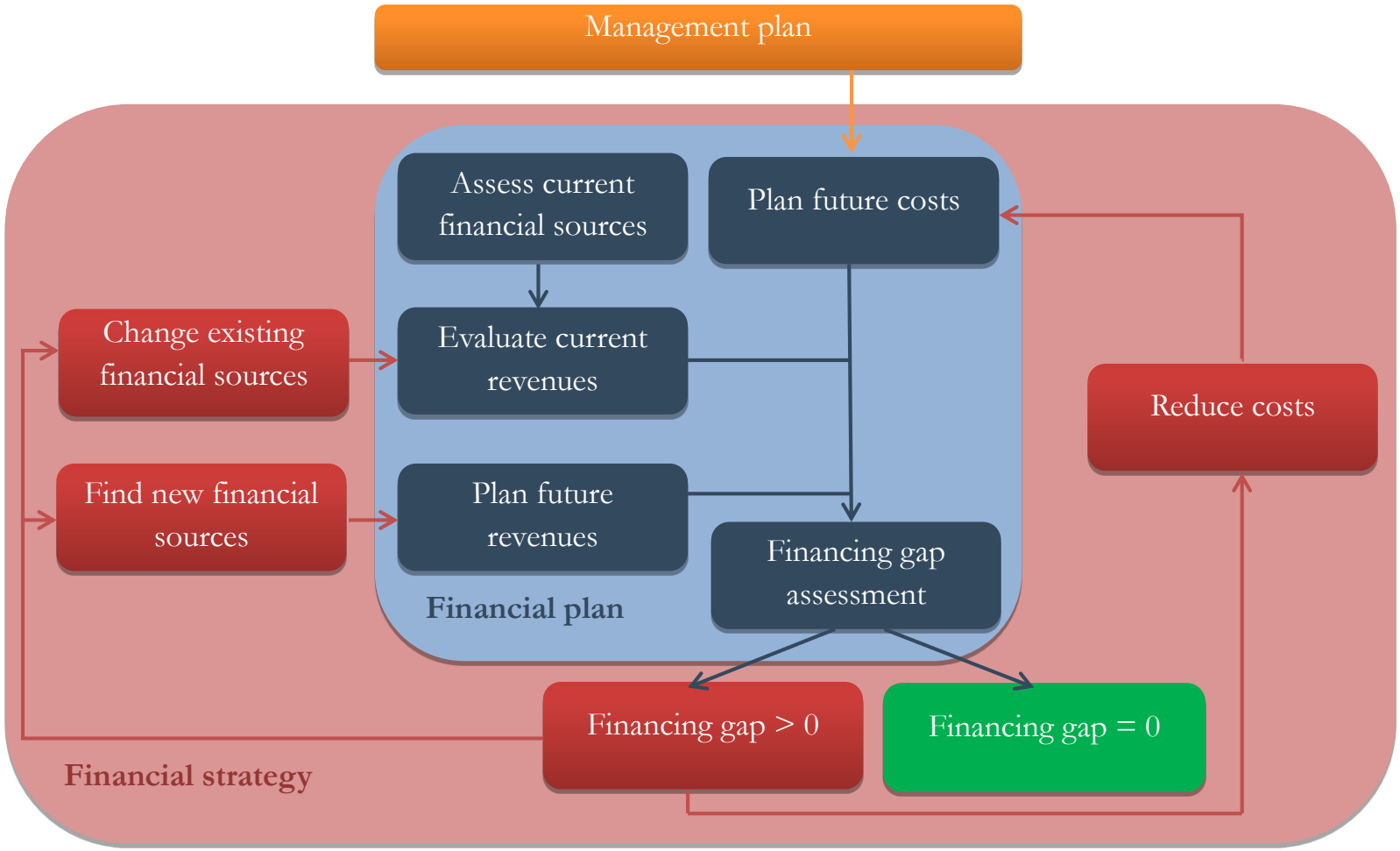


Figure 1 : Financial planning framework

As shown in the figure, building a financial strategy is an iterative process. The strategy is revised until the financing gap is zero (green box). It is only when the gap is zero that the financial strategy can be validated. The main instrument to develop an MPA financial strategy is the financial plan (blue box). It enables the manager to evaluate the financing gap of his/her MPA project, based on the management plan.

If the financing gap evaluated is positive, the strategy is not acceptable and three options remain to bridge the financing gap and make it null: reduce the costs, improve existing sources of revenues or develop new sources of revenue.

The preparation of the financial plan for K-S MPA follows this process.

2.2. Data collection and mission

The consultant went to Albania from 21 July to 28 July for a field mission. During this mission, he collected information among the various institutions responsible for the management of the MPA and other stakeholders.

Data collection mostly consisted in interviews with representatives of various sectors of activities at the central level in Tirana. At the regional level, meetings were organized with major stakeholder representatives. Unfortunately, two of the three institutions to be met cancelled their meetings at the last minute (Chamber of Commerce and CRCD). A meeting was held with the SEEP NGO.

In particular, a working session with the management team at the regional office of NAPA was organized in Vlore on the 25th July. This session enabled to discuss and validate most of the estimated expenses in accordance to the management plan development. It also enabled to classify the various financing mechanisms thought for the MPA.

A complete list of person met during this mission is provided in the mission report in Annex 1.

3. The Karaburun-Sazan MPA

Situation	Vlore county
	Vlore and Qender municipality
Date of creation	28 April 2010
Status	National Park (IUCN category 2)
Surface area	12,570.82 ha Total
	9,848.95 ha marine area around Kazraburun peninsula
	2,721.87 ha around Sazan island

3.1. Background

As part of its obligations under the Convention of Biological Diversity (CBD), Albania developed a National Biodiversity Strategy and Action Plan (NBSAP). Adopted in 1999, the NBSAP proposed 8 areas along the Albanian coast as potential areas to be claimed Marine Protected Areas (NEA, 1999). The first Albanian MPA, Karaburuni Peninsula – Sazani Island, has been proclaimed in April 2010, with the status of National Marine Park (*Decision No.289 dated 28.4.2010 proclaiming Natural Park the natural maritime ecosystem at the Sazan island and the Karaburun peninsula.*, 2010).

3.2. Socioeconomic context

The values identified by the management plan includes natural values (seagrass meadows in the first instance), socioeconomic values (small-scale fisheries, tourism), as well as cultural values (archeological and historical sites). These values make the MPA an attractive site for tourism development with balanced assets on land and at sea.

The main activities on land include livestock breeding, honey production, hunting, forestry and collection of medicinal plants. But we concentrate here on coastal and marine activities, that include small-scale fisheries, excursion boats for tourism, scuba-diving, aquaculture.

Fisheries are well-described in the management plan. Large-scale fisheries with trawlers concentrates on the sandy bottom and, MPA being mostly rocky bottoms, they do not enter the MPA boundaries. Further, the Vlora bay is forbidden by law for large-scale fishing vessels. Small-scale fishers, however, fish in the MPA waters. They are around 50 active vessels in the Bay and fish with fixed nets (trammel and gillmets) as well as hook lines.

The aquaculture production, consisting in sea cages, is important in the eastern side of the peninsula, being protected from the storms. The production is concentrated in two sites outside the boundaries of the MPA, producing sea bream and sea bass.

The excursion boats activities have been described in the management plan. There are currently four big boats with a capacity of around 30 people that organize daily trips to the peninsula and the island during high season. In addition, an estimated 30 RIBs (for Rigid-hulled inflatable boat) can take a maximum of 7 people to the peninsula and the island for the day. The excursion boats are the main source of tourists in the MPA during high season.

The scuba-diving in the area is still in its infancy. The management plan reports 300 to 500 dives in the area, but interviews reports no real diving offer within the MPA, most dives being practiced from the land along the Vlore coast (outside the MPA). The reason is that diving centres have no boat for now. However, the offer will surely develop in the coming months and scuba-diving is likely to become one important activity within the MPA, when diving centre will be equipped with boats.

Also the boat rental business is developing quickly in the area. Tourists can rent inflatable boats to go and visit the peninsula and the island. This activity is new and rather unknown in terms of offer. It is likely to develop a lot in the coming years.

From interviews with stakeholders in Vlora, the MPA, after four years of existence, is thought as a promising instrument for socioeconomic development. However, there are still efforts to be done to increase the visibility of the MPA in order to highlight its potential benefits and the opportunities it creates. NGOs such as SEEP are willing to take MPA to the next level of implementation, by developing the conditions for sustainable marine activities in the area (for boat tours and diving in particular).

3.3. Institutional and legal context

The MPA is located in the Vlore county. The Karaburun peninsula and the Sazani island are now part of the Vlore municipality. It used to be part of the Orikum municipality but this changed in July 2015 after the territorial reform that reduced the number of municipalities in Albania. This change, though creating uncertainty on the duties and organizations of the local authority, is a positive point: the MPA management will have only one local authority interlocutor to talk to, instead of two to three different municipalities in the past.

The regulatory context that applies to the MPA at the international, national and local contexts is detailed in the management plan.

The newly created (February 2015) National Agency for Protected Areas and its regional office of Vlore is in charge of the management of the MPA. The Agency is under the authority of the Ministry of Environment.

The creation of the Agency is a great change for the development of the MPA. It sends a strong political message that protected areas deserve a specific dedicated agency. The K-S MPA, being the first MPA of the country, therefore gained even more attention from a political perspective. However, the Agency is still under the supervision of the Ministry should therefore be in line with its policy with regards to protected areas. The functioning of the Agency is also heavily relying on the Ministry for the human and financial resources. Surely, this is caused by the very recent creation of the Agency and the Agency is likely to gain autonomy in the coming months and years. But, concerns were expressed with regards to the degree of freedom of this institution in order to develop its own policy.

An important feedback from the interviews carried out with the Agency is about the regulatory framework. The Agency is currently working to develop a more enabling framework for PA development and management. In particular with regards to budget, the Agency would like to ensure the income generated in the PA remains within the central budget of the Agency. This would be a way to reinvest incomes in the biodiversity protection. It would also enable the full implementation of users' fee collection in the PA, which is still not possible. The reflexion about renewing the framework is under development.

The reform that has caused the municipal responsibility to move from Orikum to Vlore may influence the engagement of the local authorities in the MPA development. The Orikum municipality used to be keen on the MPA implementation, whereas, now the authority has changed, new relationship should be developed to ensure engagement by the municipality.

3.4. Management plan

The management Plan for Karaburun-Sazan Marine and Coastal Protected Area (MCPA) has been developed in 2014 within the framework of the United Nations Development Programme (UNDP) project "Improving Coverage and Management Effectiveness of Marine and Coastal Protected Areas". The management plan provides the necessary background information and analysis on socioeconomic context, institutional and regulatory frameworks to assess the priority for action regarding biodiversity conservation. It also lists the management measures to be implemented over the next ten years.

The management plan addresses the main threats to the biodiversity identified in the area: degradation of *Posidonia* meadows and coralligenous communities, destructive fishing practices (such as dynamite fishing), intensive aquaculture, pollution, invasive species, as well as degradation of historical sites.

The management plan revolves around 5 themes, with a general goal and a set of specific objectives for each theme. The plan comprises a total of 60 activities, categorized according to their level of priority (among three different levels). The five themes include the following:

- biodiversity conservation
- cultural heritage and landscape
- supporting local communities and sustainable use of natural resources
- awareness and education
- management, administration and sustainability

The activities are to be undertaken within the various areas of the MPA, as proposed in the plan and detailed in the figure below.

Figure 2: zoning of the Karaburun-Sazan MPA
(Source: Rajkovic, 2014)

3.5. Main threats to the MPA development

The potential obstacles to the development of the MPA (and the Park more generally) are diverse. They include the following:

Political and institutional context

- At the moment, the regulatory framework at national scale does not enable for the redistribution of all benefits gained by the protected areas for biodiversity conservation activities only. This is likely to jeopardize the willingness of MPA managers to engage in income-generating activities, if they are not able to capture a part of this income.

- The territorial reform engaged by the country has led to an important change in the local authority in charge of the MPA, which is likely to delay the early actions planned for the development of the MPA and its integration to the local political context. The new authority is currently re-organizing its whole structure and the functioning is largely unclear at the moment, which does not facilitate the visibility of the MPA management activities.

- The military base at the start of the peninsula, where the passage of civil vehicles is prohibited; this prevents any access by land to the peninsula and may be a great barrier to tourism development in and at the vicinity of the MPA. This access is likely to be possible in the near future, but it substantially reduces the opportunity for tourist access to the MPA beaches. To some extent, it is also a mean to limit the pressure on those ecosystems, which can be positive.

- The land tenure is a question of importance on the peninsula, since most land is privately owned by Orikum residents; they do not recognize the ban on building there and consider their land as free of rules. Also, this observation does not show a positive acceptability of the MPA, with regards to potential concession fees to be paid by operators that enjoy the proximity with the area.

Socioeconomic context

- The illegal and destructive fishing practices such as dynamite fishing as well as spear fishing with diving equipment and lights, are well-developed in the Bay and it has had a extreme impact on the habitat and the marine resources; if control for these practices is not quickly enforced, the damages could be irreversible.

- The major touristic activities and especially tourism at sea, are booming in the area; the rate of development is still largely unknown, but boat tour operators, for instance, have greatly developed their activity over the past couple of years. For this reason, a great development of such activities is awaited, but its scale is uncertain for the moment.

- The engagement of the private sector is still weak, which is caused by the relative low visibility of the MPA and the absence of benefits of the conservation highlighted so far; there is therefore an urgent need to take the management of the MPA forward and engage the private sector in the development of the MPA.

- Most tourists coming to Vlora ignore the existence of the MPA; this is caused by low visibility and poor interest from the tourists on biodiversity conservation. The lack of visibility of the MPA for both tourism operators and tourists is a major threat to the development of local financing mechanisms.

4. Analysis of costs

4.1. Translation of the management plan to costs

As a demand-driven approach (meaning that the needs come first, before revenue planning), the first step in finance planning is to assess the future MPA costs necessary to achieve the objectives of the management plan. All activities planned to achieve MPA strategic objectives should be listed and the costs associated to these activities should be evaluated. This should be done each year over the period needed for the achievement of the strategic objectives.

In doing so, it is first necessary to define the various activities of the MPA as part of the management plan. The costs are then evaluated for each activity incurring expenses. These are expressed in terms of items of expenditures (number of needed employees, cars, buildings, etc.) if they are to be dealt with internally within the management team. Then, these items are multiplied by the unit costs (cost of a full time employee, car price, etc.) and finally added all together to evaluate the total cost. If the activity considered cannot be handled internally, the costs of an external consultant or expert hiring to undertake the activity is estimated and reported.

This work of translation of activities in the management plan to needs and costs associated was done collaboratively by the consultant and the management team during the field mission.

4.2. Needs for basic and optimal management scenarios

The needs for the management of the Karaburun-Sazan MPA are defined for two different scenarios: one basic and one optimal management scenario. The **basic management scenario** corresponds to the minimum activities to be implemented to ensure attainment of the main objectives of the management plan. This corresponds in the K-S plan to the priority 1 activities. They have been defined in the MP as the activities that should be conducted during the implementation of the management plan. The **optimal management scenario** consist in activities of priorities 1, 2 and 3 in the MP. The priority 2 are the ones which have to be implemented and activities 3 consist in "activities that can be undertaken when time and/or finances become available."

Definition of basic and optimal management scenarios (Flores et al., 2008)

*The **basic management scenario** (basic level) describes the minimum level of funding required to operate key conservation programs while meeting basic program requirements to sustain functions of ecosystems in protected areas.*

*The **optimal management scenario** (optimal level) describes the ideal level of funding required to operate all programs to reach and sustain optimal functions of ecosystems in protected areas. 'Optimal' describes the ideal state of the program if all necessary funding, personnel, equipment, and the resources were available to achieve that state (CPM, 2002). This ensures achievement of short-, medium-, and long-term goals for the protected areas, in accordance with the highest environmental, social, and economic standards.*

The inclusion of priority 2 activities as part of the optimal management scenario is questionable with regards the sustainable functioning of ecosystems in the protected area. Thus, there are activities that seems essential to the sound management of the MPA such as

- **monitoring** of seagrass and coralligenous (AA1, AB1 and AB2), assessment of water quality in fish farms and on beaches (AA3 and CC4)
- **assessment of the carrying capacity** of the area (CC2)
- **educational activities** (DB1, DB2 and DB4)

For this reason, the financial plan should be reconsidered in a couple of years in order to be revised in light of the priorities asset as part of the revised management plan.

4.3. Recurrent costs

4.3.1. Human resources

The human ressources needs have been estimated based on the interviews carried out as part of the field mission, as well as the provisional team for the management of the MPA and the report entitled "Proposed Administration and Management Structure for the Karaburuni Peninsula and Sazani Island Marine National Park" (Beqiraj and Shepherd, 2013). The team proposed in the management plan includes:

- An MPA director;
- Support staff: one assistant and one accountant;
- Technical staff: one conservation officer, one outreach/livelihood officer, and one education officer;
- Ranger staff: one head ranger and a team of 3 to 5 rangers.

This provisional team would comprise 10 to 12 persons in charge of the MPA. This corresponds to the **optimal management scenario** for the implementation of all activities planned in the MP.

The report by Beqiraj and Shepherd has listed the expert needs for specific field such as experts on Marine and Coastal planning, legal aspects, public relations, etc.

Our analysis of this report is that some of these resources are too specific and would be required so sporadically that an external expertise should be preferred. In addition, the general approach of the National PA Agency is to centralize specific expertise in Tirana and make it available for all PA of the country. Accordingly, these resources could be mobilized for some activities, and they have not been considered in the following estimate of costs for the MPA.

The working session with the management team in Vlora has concentrated on furthering these needs for staff and their evolution over the period 2016-2025 in relation to the MP optimal implementation. It was thought that the number of rangers and field officers should increase by a total of 9 over the period, in order to follow the expected increase of frequentation by tourists and the control of socioeconomic activities. The technical team should be increased by one more officer after 4 years in order to follow the increase of activities of the management team.

Seasonal staff are currently absent from the management team. However, they should be hired in the coming years in order to ensure full enforcement of the monitoring and control activities, along with permanent rangers. The seasonal staff will steadily increase to total 9 rangers and field assistants in 2025.

For the **basic management scenario**, the staff would be reduced to 2 technical staff (including one director), 2 park rangers, and 2 additional seasonal rangers to be hired in 2017 and 2019 to follow the development of tourism activities in the area. However, these resources (technical in the first instance) seem insufficient to cover all activities listed under priority 1. For this reason, partnerships should be sought with local NGOs in order to ensure the effective implementation of these activities.

The salaries estimated in the financial plan are not precise. This is due to the unavailability of a salary grid for the PA Agency. This grid is still to be approved and the salaries estimated are adapted from the Forest Office salary grid.

4.3.2. Maintenance

The maintenance comprises those associated with the repairing and small work on both the office of the management team (and other buildings such as tourist information centre) and the vehicles on land and at sea.

The maintenance costs are considered equivalent for both basic and optimal scenario at the beginning since both scenarios consider purchase of a boat and a car. It is only the increase of these costs over time that change, with an estimate 5% increase of these costs for basic and 10% for optimal scenario. This corresponds to stricter limits of expenses for maintenance associated with reduced use of vehicles.

Another maintenance cost includes the maintenance of facilities at sea (buoys, anchoring, docks, etc.).

Both scenarios consider the use of regional office building for their location. Hence, the costs of office rent and maintenance are considered to be negligible.

4.3.3. Other costs

Other running costs include water, electricity, communications (phone, internet, etc.), as well as basic equipment purchase (GPS, lamps, boots, uniforms, etc.). These have been estimated by the central office of the PA agency and directly reported for both plans.

4.4. Investment costs

4.4.1. New equipment purchase

The investment costs first revolve around the purchase of new equipment for patrol and transportation: one boat and one car. For the management team, these are essential needs to the development of the MPA. The boat to be purchased is an inflatable boat with a 50 to 150 HP engine. This boat is estimated to cost about1.75 million ALL. The car needs to be a 4x4 in order to get to the most remote places of the area. This car is estimated to cost about 3.2 million ALL.

Scuba-diving equipment is considered in the optimal management scenario in order to undertake the ecosystem monitoring activities, after the initial assessment. This equipment is not considered in the basic management scenario. In this case, a professional diver could be hired for specific tasks.

4.4.2. Local infrastructure purchase

As for this category of expenses, house infrastructure will be mutualized with the regional office of the Agency. For this reason, there is no rent for offices accounted for in the financial plan.

Also, the demarcation buoys are essential for the development of the MPA for both scenarios. It is estimated that 5 buoys will be sufficient in the first years to mark the most strategic areas: in the strait between the Karaburun peninsula and the Sazani island, and along the eastern coast of the Karaburun peninsula. A second set of buoys will be deployed after 5 years (planned in 2022).

The information centre will be installed in both scenarios, this action is already under development and funded by the UNDP project. This centre seems essential to the communication about the MPA to tourists and residents.

The underwater trail planned as priority 3 is programmed in the optimal management scenario only. However, the management team estimates that this trail is not a priority and is still uncertain on the location of such trail within the MPA.

4.4.3. Studies

Studies to be undertaken as part of the management plan are most included as priority 2 and, as such are not covered in the basic management scenario. But, as we mentioned earlier, this is likely to lead to a lack of information about the effective implementation of the management plan with regards to monitoring and assessment of ecological status of the MPA and potential unknown impacts and pressures. Accordingly, this inclusion of studies should be further investigated to confirm this does not jeopardize the basic implementation of the management plan.

The only studies scheduled as part of the basic management scenario are the update inventory of caves and cliffs and monitor their state (BB1) and the baseline assessment of underwater archaeological remains and monitoring (BB2). These have been budgeted at 700,000 ALL.

As for the optimal management scenario, studies planned include a full initial diagnosis of habitats of the area (including seagrass meadows and coralligenous formations) and the monitoring to be ensured every two years. It also includes the complete assessment of the sea water quality in the vicinity of fish farms and close to the bathing areas.

In addition, a mid–term revision of the management plan and the financial plan are scheduled by an independent consultant. This is likely to be undertaken by the management team in the case of the basic management scenario. The advantage of external evaluation is that it may help reviewing more objectively the actions already implemented and revise the activities to be developed in the second part of the MP period accordingly.

4.4.4. Education

Education category expenses include activities such as conference and meetings, exhibits, promotional material, as well as external and internal training (for MPA partners and staff, respectively).

In the optimal management scenario, an emphasis was put on the communication material to be purchased at the beginning of the period. This corresponds to the period were maximum efforts should be put to communicate about the MPA and its first achievements. Further, it is also the right time to develop educational material to be used the following years of implementation of the management plan. For this reason, the communication expenses were estimated at 10 million

ALL in 2016 and 2017. This also comprises expenses associated with the presence at exhibits and shows.

Conferences and meetings are also an important expense item. It is associated to the development of collaborative work with stakeholders and decision-makers. The estimated 500,000 ALL are supposed to cover external training as well.

Internal training of management staff is of particular importance at the beginning of the period. However, training needs are likely to emerge after some years, along with the recruitment of new staffs.

In the basic management scenario, all these expenses were reduced, in accordance with reduced costs of publishing of studies, reduced promotional needs, a limitation of participation to conferences and workshops in the country and abroad, and reduced training needs.

4.4.5. Synthesis

The following tables present the results of the costs estimation for both optimal and basic management scenarios. Three tables for each scenario successively present: 1) running costs; 2) investment costs; and 3) total costs per item.

Table 1: Details of the financial plan for the basic management scenario

			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Recurrent costs												
Human resources	**Permanent staff**	Administrative staff	1 320 000	1 320 000	1 320 000	1 320 000	1 320 000	1 320 000	1 320 000	1 320 000	1 320 000	1 320 000
		Field staff	1 200 000	1 200 000	1 200 000	1 200 000	1 200 000	1 200 000	1 200 000	1 200 000	1 200 000	1 200 000
		Scientific staff	540 000	540 000	540 000	540 000	540 000	540 000	540 000	540 000	540 000	540 000
	Short-term and seasonal staff	Administrative staff	0	0	0	0	0	0	0	0	0	0
		Field staff	0	250 000	250 000	500 000	500 000	500 000	500 000	500 000	500 000	500 000
		Scientific staff	0	0	0	0	0	0	0	0	0	0
Subtotal human ressources			3 060 000	3 310 000	3 310 000	3 560 000	3 560 000	3 560 000	3 560 000	3 560 000	3 560 000	3 560 000
Maintenance	**Local infrastructures rent/maintenance**	Office and visitor centre rent	0	0	0	0	0	0	0	0	0	0
		Office and visitor centre maintenance	1 200 000	1 248 000	1 297 920	1 349 837	1 403 830	1 459 983	1 518 383	1 579 118	1 642 283	1 707 974
		Other	2 400 000	2 568 000	2 747 760	2 940 103	3 145 910	3 366 124	3 601 753	3 853 876	4 123 647	4 412 302
	Vehicular maintenance and fuel	Boats fuel	250 000	267 500	286 225	306 261	327 699	350 638	375 183	401 445	429 547	459 615
		Boats maintenance	250 000	267 500	286 225	306 261	327 699	350 638	375 183	401 445	429 547	459 615

		Cars fuel	400 000	428 000	457 960	490 017	524 318	561 021	600 292	642 313	687 274	735 384
		Cars maintenance	400 000	428 000	457 960	490 017	524 318	561 021	600 292	642 313	687 274	735 384
Subtotal maintenance			4 900 000	5 207 000	5 534 050	5 882 496	6 253 776	6 649 425	7 071 085	7 520 510	7 999 572	8 510 273
Local utilities		Water	16 800	17 136	17 479	17 828	18 185	18 549	18 920	19 298	19 684	20 078
		Electricity	48 000	48 960	49 939	50 938	51 957	52 996	54 056	55 137	56 240	57 364
		Communications	60 000	61 200	62 424	63 672	64 946	66 245	67 570	68 921	70 300	71 706
Subtotal local utilities			124 800	127 296	129 842	132 439	135 088	137 789	140 545	143 356	146 223	149 148
Basic equipment		GPS devices, boots, uniforms, torches, etc.	250 000	255 000	260 100	265 302	270 608	276 020	281 541	287 171	292 915	298 773
Subtotal basic equipment			250 000	255 000	260 100	265 302	270 608	276 020	281 541	287 171	292 915	298 773
Total recurrent costs			***8 334 800***	***8 899 296***	***9 233 992***	***9 840 237***	***10 219 471***	***10 623 234***	***11 053 171***	***11 511 037***	***11 998 710***	***12 518 194***
Investment costs												
Material resources	**New equipment purchase**	Boats	1 750 000	0	0	0	0	0	0	0	1 750 000	0
		Cars	0	4 000 000		0	0	0	0	4 000 000	0	3 200 000
		Scuba-diving equipment	0	0	0	0	0	0	0	0	0	0
		Other	0	0	0	0	0	0	0	0	0	0

	Local infrastructures purchase	Local offices for management authority staff	0	0	0	0	0	0	0	0	0	0
		Local visitor center	800 000	0	0	0	0	0	0	0	0	0
		Demarcation buoys		700 000	0	0	0	0	700 000	0	0	0
		Hiking paths	0	0	0	0	0	0	0	0	0	0
		Other	0	0	0	0	0	0	0	0	0	0
Subtotal material ressources			2 550 000	4 700 000	0	0	0	0	700 000	4 000 000	1 750 000	3 200 000
Studies		Scientific studies	0	0	0	0	0	0	0	0	0	0
		Socio-economic assessments	0	0	0	0	0	0	0	0	0	0
		Regular ecological monitoring		0	0	0	0	0	0	0	0	0
		Management plan definition	0	0	0	0	0	0	0	0	0	0
		Carrying capacity study	700 000	0	0	0	0	0	0	0	0	0
		Management plan updating		0	0	0	0	0	0	0	0	0
		Financial plan updating		0	0	0	0	0	0	0	0	0

Subtotal studies		700 000	0	0	0	0	0	0	0	0	0
Education	Conferences/meetings	200 000	200 000	200 000	200 000	200 000	200 000	200 000	200 000	200 000	200 000
	Exhibits	0	0	0	0	0	0	0	0	0	0
	Other	3 000 000	3 000 000	1 000 000	1 000 000	1 000 000	1 000 000	1 000 000	1 000 000	1 000 000	1 000 000
	External training	0	0	0	0	0	0	0	0	0	0
	Internal training	150 000	150 000	150 000	150 000	150 000	150 000	150 000	150 000	150 000	150 000
Subtotal education		3 350 000	3 350 000	1 350 000	1 350 000	1 350 000	1 350 000	1 350 000	1 350 000	1 350 000	1 350 000
Remediation of the quality of ecosystems	Restoration	0	0	0	0	0	0	0	0	0	0
	Rehabilitation	0	0	0	0	0	0	0	0	0	0
Subtotal remediation		0	0	0	0	0	0	0	0	0	0
Compensating measures of local actors		0	0	0	0	0	0	0	0	0	0
Subtotal compensating		0	0	0	0	0	0	0	0	0	0
Total investment costs		***6 600 000***	***8 050 000***	***1 350 000***	***1 350 000***	***1 350 000***	***1 350 000***	***2 050 000***	***5 350 000***	***3 100 000***	***4 550 000***
TOTAL FINANCING NEEDS		**14 934 800**	**16 949 296**	**10 583 992**	**11 190 237**	**11 569 471**	**11 973 234**	**13 103 171**	**16 861 037**	**15 098 710**	**17 068 194**

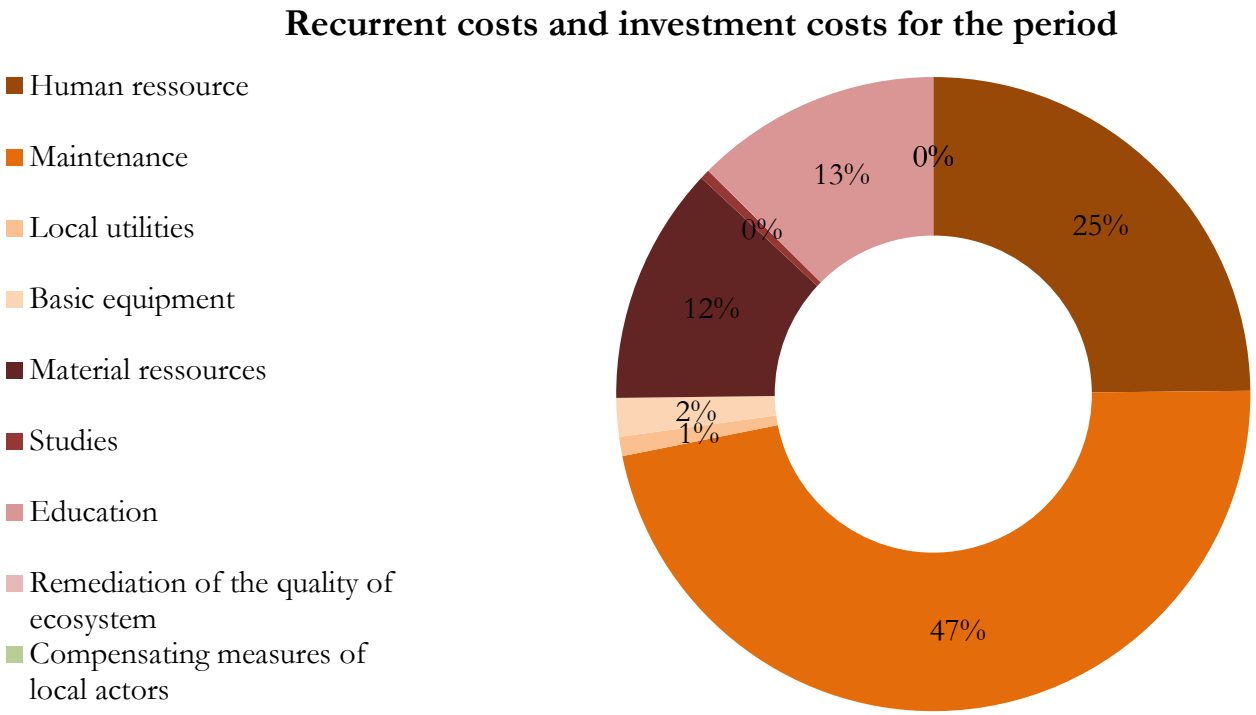

Recurrent costs and investment costs for the period
Human ressource
Maintenance
Local utilities
Basic equipment
Material ressources
Studies
Education
Remediation of the quality of ecosystem
Compensating measures of local actors
0%
25%
47%
1%
2%
12%
0%
13%

Table 2: details of the financial plan for optimal management scenario

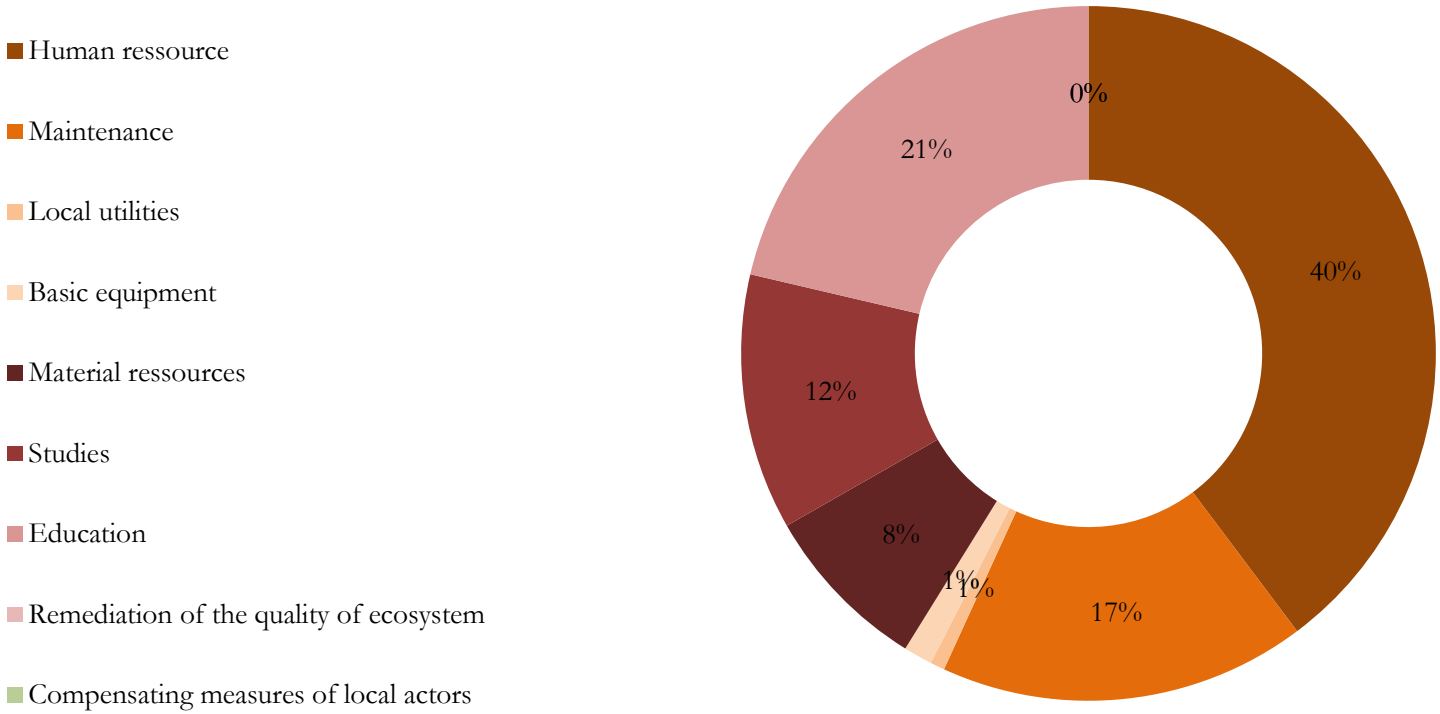
			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Recurrent costs												
Human resources	**Permanent staff**	Technical staff	2 640 000	2 640 000	2 640 000	3 300 000	3 300 000	3 300 000	3 300 000	3 300 000	3 300 000	3 300 000
		Field staff	1 800 000	3 000 000	3 000 000	4 200 000	4 200 000	4 200 000	4 200 000	4 200 000	4 200 000	4 200 000
		Administrative staff	1 080 000	1 080 000	1 080 000	1 080 000	1 080 000	1 080 000	1 080 000	1 080 000	1 080 000	1 080 000
	Short-term and seasonal staff	Technical staff	0	0	0	0	0	0	0	0	0	0
		Field staff	0	250 000	250 000	250 000	250 000	250 000	250 000	250 000	250 000	0
		Administrative staff	0	0	0	0	0	0	0	0	0	0
Subtotal human ressources			5 520 000	6 970 000	6 970 000	8 830 000	8 830 000	8 830 000	8 830 000	8 830 000	8 830 000	8 580 000
Maintenance	**Local infrastructures rent/maintenance**	Office and visitor centre rent	0	1 440 000	1 468 800	1 498 176	1 528 140	1 558 702	1 589 876	1 621 674	1 654 107	1 687 190
		Office and visitor centre maintenance	184 800	192 192	199 880	207 875	216 190	224 837	233 831	243 184	252 912	263 028
		Facilities at sea	200 000	214 000	228 980	245 009	262 159	280 510	300 146	321 156	343 637	367 692
	Vehicular maintenance and fuel	Boats fuel	250 000	280 000	313 600	351 232	393 380	440 585	493 456	552 670	618 991	693 270
		Boats maintenance	250 000	280 000	313 600	351 232	393 380	440 585	493 456	552 670	618 991	693 270

		Cars fuel	200 000	224 000	250 880	280 986	314 704	352 468	394 765	442 136	495 193	554 616
		Cars maintenance	200 000	224 000	250 880	280 986	314 704	352 468	394 765	442 136	495 193	554 616
Subtotal maintenance			1 284 800	2 854 192	3 026 620	3 215 495	3 422 656	3 650 158	3 900 294	4 175 628	4 479 023	4 813 680
Local utilities		Water	16 800	17 136	17 479	17 828	18 185	18 549	18 920	19 298	19 684	20 078
		Electricity	48 000	48 960	49 939	50 938	51 957	52 996	54 056	55 137	56 240	57 364
		Communications	60 000	61 200	62 424	63 672	64 946	66 245	67 570	68 921	70 300	71 706
Subtotal local utilities			124 800	127 296	129 842	132 439	135 088	137 789	140 545	143 356	146 223	149 148
Basic equipment		GPS devices, boots, uniforms, torches, etc.	250 000	255 000	260 100	265 302	270 608	276 020	281 541	287 171	292 915	298 773
Subtotal basic equipment			250 000	255 000	260 100	265 302	270 608	276 020	281 541	287 171	292 915	298 773
Total recurrent costs			***7 179 600***	***10 206 488***	***10 386 562***	***12 443 235***	***12 658 352***	***12 893 967***	***13 152 379***	***13 436 155***	***13 748 161***	***13 841 601***
Investment costs												
Material resources	**New equipment purchase**	Boats	1 750 000	0	0	0	0	0	1 750 000	0	0	0
		Cars	3 500 000	0		0	0	0	0	3 500 000	0	0
		Scuba-diving equipment	700 000	0	0	0	0	700 000	0	0	0	0
		Other	0	0	0	0	0	0	0	0	0	0

	Local infrastructures purchase	Local offices for management authority staff	0	0	0	0	0	0	0	0	0	0
		Local visitor center	800 000	0	0	0	0	0	0	0	0	0
		Demarcation buoys		700 000	0	0	0	0	700 000	0	0	0
		Hiking paths	0	0	0	0	0	0	0	0	0	0
		Underwater trail	2 000 000	0	0	0	0	0	0	0	0	0
Subtotal material ressources			8 750 000	700 000	0	0	0	700 000	2 450 000	3 500 000	0	0
Studies		Marine ecological assessment	2 500 000	0	0	0	0	0	0	0	0	0
		Cultural and geological assessment	700 000	0	0	0	0	0	0	0	0	0
		Regular ecological monitoring		0	2 500 000	0	2 500 000	0	2 500 000	0	2 500 000	0
		Water quality assessment	360 000	360 000	360 000	360 000	360 000	360 000	360 000	360 000	360 000	360 000
		Carrying capacity study	3 000 000	0	0	0	0	3 000 000	0	0	0	0
		Management plan updating		0	500 000	0	0	0	0	500 000	0	0
		Financial plan updating		0	0	0	250 000	0	0	0	0	250 000

Subtotal studies		6 560 000	360 000	3 360 000	360 000	3 110 000	3 360 000	2 860 000	860 000	2 860 000	610 000
Education	Conferences/meetings	500 000	500 000	500 000	500 000	500 000	500 000	500 000	500 000	500 000	500 000
	Exhibits	0	0	0	0	0	0	0	0	0	0
	Other	10 000 000	10 000 000	2 000 000	2 000 000	2 000 000	2 000 000	2 000 000	2 000 000	2 000 000	2 000 000
	External training	0	0	0	0	0	0	0	0	0	0
	Internal training	250 000	250 000	250 000	250 000	250 000	250 000	250 000	250 000	250 000	250 000
Subtotal education		10 750 000	10 750 000	2 750 000	2 750 000	2 750 000	2 750 000	2 750 000	2 750 000	2 750 000	2 750 000
Remediation of the quality of ecosystems	Restoration	0	0	0	0	0	0	0	0	0	0
	Rehabilitation	0	0	0	0	0	0	0	0	0	0
Subtotal remediation		0	0	0	0	0	0	0	0	0	0
Compensating measures of local actors		0	0	0	0	0	0	0	0	0	0
Subtotal compensating		0	0	0	0	0	0	0	0	0	0
Total investment costs		***26 060 000***	***11 810 000***	***6 110 000***	***3 110 000***	***5 860 000***	***6 810 000***	***8 060 000***	***7 110 000***	***5 610 000***	***3 360 000***
TOTAL FINANCING NEEDS		**33 239 600**	**22 016 488**	**16 496 562**	**15 553 235**	**18 518 352**	**19 703 967**	**21 212 379**	**20 546 155**	**19 358 161**	**17 201 601**

Recurrent costs and investment costs for the period



5. Analysis of revenues and financing gap

The next step of the preparation of the financial strategy consist in assessing the future revenues for the MPA.

5.1. Current revenues

The current revenues of the MPA have been particularly difficult to estimate, since all responsibility for protected areas was transferred during spring 2015 from the forest office to the recently created National PA agency. Accordingly, the track records for the past year are still at the Forest Office archives, whereas the main interlocutor in charge of the management do not have the knowledge about past years, even last year.

The revenues currently allocated to the Karaburun-Sazan MPA are mostly those of the UNDP project. These include salaries for four rangers and specific actions that have been financed directly by UNDP. For the coming years, the activities covered by the UNDP project will not be covered anymore. So the current revenues cannot be considered to plan for the expected revenues over the coming years.

5.2. Projected revenues

5.2.1. National budget

The projected revenues have been even more difficult to collect. The Agency is still waiting for a total lump sum for all protected areas of the country and none of the interviewed person were able to provide a rough estimate of the revenues planned for Karaburun-Sazan.

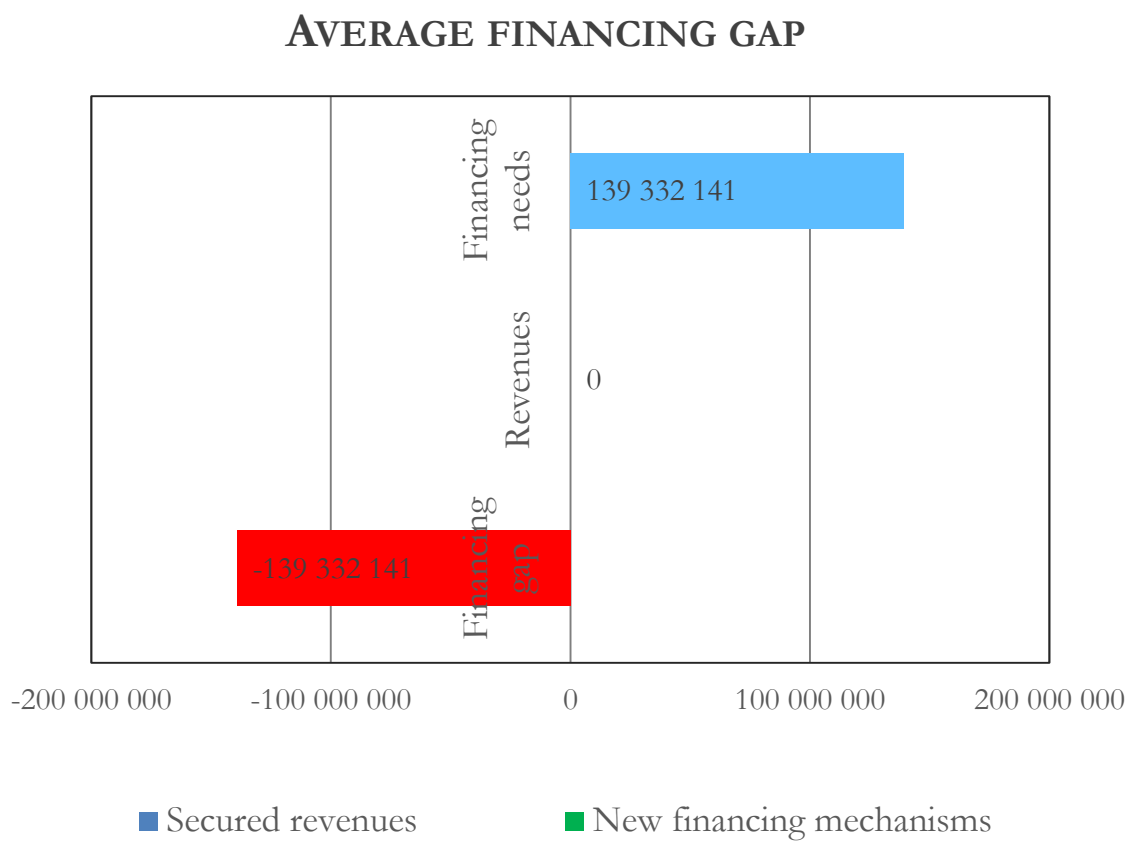
5.2.2. International donors

It is likely that the first MPA in Albania will quickly attract a lot of interest from international donors interested in protecting the marine environment in this part of the Mediterranean Sea. As part of the projects carried out by main non-public regional actors in the region (MedPAN, WWF/MedPO, IUCN, etc.), the K-S MPA represents a very important site to increase the representativeness of the MPA network. Hence, the **K-S MPA is the only MPA declared and operational over more than 300 km of coast in the Adriatic Sea** (the Katic MPA in Montenegro is still being developed and the Porto Palermo MPA will soon be officially declared).

Furthermore, the recent creation of the National Agency for Protected Area has attracted a lot of interest from international non-profit organizations and donors. It is thus identified as a major actor for biodiversity conservation in Albania and a sound interlocutor for project development. Many projects will surely come in the coming months that are likely to target the marine environment.

5.3. Financing gap

In the absence of identified funding sources, the financing gap for the management of the K-S MPA is equal to the financing needs previously calculated. Details are presented in the following figures for the basic management scenario and for the whole period, respectively.



6. Alternative mechanisms to bridge the financing gap

This part aims to identify funding sources and mechanisms to be used in order to fill the gap estimated in the previous section. However, it is important to remember that the implementation of some of these financing mechanisms may require a period incompatible with the deadline for implementation of the management plan. Thus, the intervention of the public authorities and / or international organizations is essential to ensure the financing of activities during the first MPA management years, the time to implement selected self-financing mechanisms.

6.1. Rapid assessment of ecosystem services

This sub- section aims to identify the beneficiaries of ecosystem services provided by the K-S MPA, in order to guide and justify the selection of potential funding options in the financial plan.

MPAs that manage natural resources uses on a sustainable basis can generate a wide range of benefits. A quick assessment has been undertaken based on information available on the literature and the field mission to estimate these benefits.

Category of service	Goods and services	Magnitude	Beneficiary
Provisioning	Commercial fisheries		Commercial fishers
	Aquaculture		Aquaculture producers (within and in close vicinity of the MPA)
	Commercially valuable materials		Tourism operators
Cultural	Visible wildlife (whales, dolphins, birds, etc.)		Boat tour operators, diving operators
	Aesthetic scenery		Boat tour operators, restaurant and hotels
	Outdoor activities (scuba diving, snorkelling, boating)		Diving operators, boat tour operators
	Cultural attractions (architecture, religious sites, etc.)		Boat tour operators
	Accessible beaches		Boat tour operators
	Sport fishing (non-consumptive)		Sport fishing operators
Regulating	Regulating sea water quality		Operators of tourism activities at sea, commercial fishers, aquaculture producers, hotels and restaurants
	Carbon sink		Global
	Coastal/storm protection		Sea activities
Support	Spawning sites		Global, commercial fishers
	Nursery for fish and other species		Global, commercial fishers

Figure 3: Details of goods and services provided by ecosystems of the K-S MPA

The main beneficiaries of the ecosystems protected by the MPA are in the order of magnitude:

1) Excursion by boat operators (23 points)
2) Diving centres (12 points)
3) Commercial fishers (10 points)
4) Restaurants and hotels in the vicinity of the MPA (10 points)
5) Aquaculture producers (7 points)
6) Sport fishing operators (3 points)

Hence, the tourism operators for activities at sea (diving, excursion, sport fishing) appears as main beneficiaries of ecosystems protected by the MPA. This is caused by limited access to the MPA today that prevent from increasing the benefits for land tourism operators. These beneficiaries are likely to greatly change in the coming years, with the potential opening of the road to the peninsula, which access is prohibited for the moment. With a potential development closer to the MPA, hotel and restaurants may benefit from the MPA benefits in a greater way.

6.2. Potential market-based financing mechanisms

Based on the literature on MPA financing mechanisms and the above rapid assessment of goods and services, the potential local financing mechanisms from a "**users-pay principle**" perspective include:

- For tourism activities:
  - Park entry fees
  - Recreational activity fees
  - Concession fees
- For commercial fisheries
  - Commercial fishing license/permits
  - Marine resource extraction fee
- For aquaculture:
  - Production permits
  - Payment for environmental service (clean water)

The potential local mechanisms from a "**polluters-pay principle**" perspective include:

  - Fines
  - Pollution charges
  - Natural resource extraction fees

The potential mechanisms based on **activities outside the MPA** could be **earmarked** for conservation, including the financing of the MPA:

- Hotel taxes
- Real estate charges
- Water supply, sewage charges
- Pesticide and fertilizers taxes
- Environmental compensations
- Carbon taxes
- Biodiversity offsets
- Profit from green venture capital funds and eco-enterprises

6.3. Potential non-market based financing mechanisms

The potential non-marked-based mechanisms include:

- Government's budget allocations
- Private capital donations
- Corporate long-term contributions
- Debt-for-nature swaps
- Trust funds

To encourage the participation of non-market based financing sources, the MPA managers will have to develop an advocacy for its MPA management. In this process the financial plan can be used as a marketing and communications tool to convince potential donors to contribute to financing its projects or activities.

The implementation of non-market based mechanisms depending greatly on a communication exercise, next sections will only provide elements that can be used to facilitate the implementation of **market-based mechanisms**.

6.4. Selection of financing mechanisms

Once these mechanisms listed, it is important to assess their feasibility in light of the socioeconomic, institutional and political context of the MPA management. In order to clarify the feasibility of such mechanisms, the session of work with regional management team has enabled to clarify the most promising options.

6.4.1. Park entry fees

This mechanism aims to collect an entrance fee to the Park. Today the MPA is only accessible by boat, so an entrance fee would be attached to the price of the boat tour (today average 1600 ALL/person/day). An estimated fee of 280 ALL/person (2 eur/pp) would add 17% to this price. This seems fair when considering that boat tours concentrate their activities only in MPA waters. They are therefore highly dependent on the natural state of the area and will gain from the protection of the site. The social acceptability of such fee is likely to be high for this mechanism. The pricing policy is discussed further in the next chapter.

The fee collection organization is key to the success of the development of such financing mechanism. Some marine protected areas administer fees directly, for example at Hol Chan Marine Reserve in Belize, staff sell tickets at the dive/snorkel site. At others, revenues from fees barely cover the costs of collecting, especially at sites with low visitation levels. In the USA, collection costs for their national parks service and forest service are about 20% of the fee revenues. Some parks are so remote that it is technically difficult to place staff to collect and manage fees. In some places, tickets or passes may be sold through tourism or other businesses, or by using an honour system, backed up by spot checks by park rangers. Thus entry may be sold through tour operators, as at the Great Barrier Reef (AU$4 per day), or at Bonaire Marine Park (US$10 per day). This is paid when divers arrive at the resort, and they must wear a plastic tag to dive. While spot checks for tags are made on shore, peer pressure is effective enough on dive boats to ensure that all divers pay the fee (Lindberg, 2001).

It is planned that boat tours will leave from one dedicated dock in Vlora in the coming months. For this reason, the fee collection should not be as difficult as if there were several point of departure. But this dock will surely be for big boats only. The small rubber boat can leave from anywhere along the coast. For them, one specific solution can be sought, in the form of a fee concession rather that an entrance fee. This would have the advantage not to invest much in boats that do not take tourists on a regular basis. This would also dissuade these occasional operators to offer such tour, if they have to pay a concession that could only be paid with a full-time activity.

The projected revenues from this entrance fee are estimated to be 10 to 15 million ALL, with a number of tours from 35,000 to 50,000 people. Surely, this projected frequentation needs to be in line with a capacity of charge in the MPA. But the Vlora Bay gathering about one million persons during summer season, this number can be easily attained in the coming years.

The fee pricing policy and guidelines (adapted from Eagles et al., 2001)

Protected area managers need to answer two important questions when determining how to develop a pricing policy that fits with the values of the area. First, what are the objectives of the protected area's pricing strategy? This question needs to be answered with the users in mind. Secondly, how are the prices established for a specific product or service in accordance with these objectives?

However, each park is unique and, therefore, a variety of pricing objectives may be necessary to describe the inherent values that are attributed to all of the stakeholders. Managers are challenged to develop a comprehensive and focused rationale for fees, and each rationale must be clearly defined in order to defend against scrutiny from park users and political bodies.

In examining pricing schemes for access to protected areas, Brown (2001) concluded that fee prices should be based on visitor demand for access. Managers should choose fee levels that are neither capricious nor inequitable. A range of pricing schemes can be used for protected areas, but flexibility in fee structure is crucial (see Table below).

Pricing scheme	Description
Peak load pricing	Different prices for different times, depending on demand.
Comparable pricing	Prices based on average of user fees charged by other parks for equivalent attractions or services (difficulties may arise when the park is unique and there are not other comparables on which to base a price).
Marginal cost pricing	Prices set where the added costs equal the added benefits derived from the park; prices set at the intersection of the marginal cost and marginal benefit curve.
Multi-tiered pricing	Different prices based on residency, age, location, etc. (these have been found to yield more revenue than a high or low fee alone, but have limits).
Differential pricing	Different prices based on level of service offered (e.g. different prices for camp-sites in different locations of a park may result in a more even distribution of use or increase in revenue).

Importantly, very often **concerns that increased fees will discourage visitors prove unfounded**. For example, at Bonaire Marine Park, where dive operators actively lobbied against the US$10 fee on dives, there was no apparent decline in visitation due to the fee; and in Costa Rica, tour operators were strongly opposed to the introduction of a 2-tiered fee, yet their revenues actually went up. Similarly, when fees were doubled in "Crown Jewel" sites, (e.g. Grand Canyon, Yellowstone, or Western Canadian national parks), visitation remained the same. In Ontario Provincial Parks, fee increases of over 40% resulted in substantial increases in visitation: the new income allowed for the provision of better and new recreational services, so attracting more visitors (Moos, 2002).

One lesson can be drawn from these examples: **tourists are ready to pay for quality.**

6.4.2. Recreational activities fee

The recreational activities fee would concentrate on the marine activities such as snorkelling, scuba-diving, bathing. For now, this is not much different from a park entrance fee. But, this can be developed in parallel to an entrance fee, as an entrance fee for specific activities (diving, snorkelling, etc.).

The MPA recreational fee would be attached to the price of the activities. They are therefore highly dependent on the natural state of the area and will gain from the protection of the site. The social acceptability of such fee is likely to be high for this mechanism. The social acceptability and technical feasibility are similar to those of the park entrance fee, though concentrated on a smaller number of economic operators.

Reducing public resistance to fee development (Eagles et al., 2001)

In order to reducing public (and tour operators) resistance, there are actions to be considered:

- Use fee revenues for **quality improvements** to trails, toilets, maps, and other facilities;
- Make **small fee increases** rather than making them in large jumps;
- Use moneys for **operational costs** rather than as a control mechanism for visitor entry;
- Retain and use money for **specific, known, park purposes,** rather than for general -revenues;
- Use extra money for **conservation** of the area visited; and
- Provide **abundant information to the public** about the income earned and the actions -funded through it.

6.4.3. Concession fee

Concessions are agreements made between the protected area agency and tourism operators. Normally these will be undertaken in the private sector, though concessions can also be let to NGOs and to other not-for-profit enterprises, as well as to community bodies. In every case, the concessionaire provides specified tourism services in the protected area under an agreement. Most agencies require operators to have a licence to operate a business in the park, such as hotel management, or food store operation. The licence may be exclusive, with no other similar licensed operation permitted, or non-exclusive, when other operations are also allowed.

Conditions for the development of a concession

In deciding whether or not to let out concessions in the first place, the agency will first need to consider the following conditions (Eagles et al., 2001):

The capacity and legal powers of the protected area agency: Managers themselves may lack skills, economic and organisational resources to manage and develop tourism facilities effectively themselves. However, an agency that has a legal structure comparable to a corporation may be able to operate most facilities itself. For example, the Niagara Parks Commission, Ontario, Canada, operates virtually all the protected area facilities (e.g. stores, restaurants, attractions and financial institutions) that occur on its land (Eagles, 1993). Where there is money to be made, this agency ensures that the profit is used to cover general operating costs.

The strengths of the private sector: There are several reasons why the private sector may be well placed to deliver specialised services and products:

- It is more easily able to adapt to changing markets, needs and conditions
- It often has more flexibility in labour contracts
- It is often freer to innovate and respond quickly
- It can more easily raise capital and other funds
- It has more freedom in setting price levels
- It is not hedged around by the constraints of government policy.

The income foregone: Though concessions can be a powerful revenue-generating tool for protected agencies, all profit made by the concessionaire is potential income foregone by the park agency. An alternative maybe to restructure the park agencies along more business-like lines (see for example the earlier discussion on parastatals).

The suitability of the operation for a concession: The private sector responds promptly when there is the possibility of a profit through offering a service, but it is normally only interested in operations that provide sufficient financial returns. So they may not want to operate during low visitation periods, or to provide services at average prices. The protected area management will therefore need to consider subsidising an unprofitable but essential operation, or running it themselves.

The suitability of non-private sector concessionaires: Concessions can also be let to other groups, such as NGOs. In the case of local communities, this would enable them to derive direct benefit from the economic opportunities created by the existence of the protected area. It may however be necessary for the protected area agency to support the community by helping to build capacity, e.g. by providing training in business skills, in the local community, or to encourage the community to go into partnership with a private sector operator.

Further elements on whether to use concession in PA and the development of such financing mechanism are provided in Annex 2.

As discussed with the management team, the concessions (formalized by the delivery of a operator's card) is key to the monitoring of activities and training of operators for sustainable practices within the MPA. Importantly, the revenues from these concessions should be earmarked for the development of services in the area: building of toilets, trails, buoys for moorings, docks, etc. It can also be used for promotional material to visit the MPA.

Concessions for boat rental are also important. Since most boat rented will go to the MPA, it is important that these tourists are aware of the rules and zones of the MPA. To this end, concessions on boat rental companies can be used to develop specific maps and brochures on activities in the MPA, sites where it is allowed to go snorkelling, etc.

6.4.4. Small-scale fishing license/permits

Asking for licenses to operate small-scale fisheries in parts of the MPA is a common practice in a lot of MPAs. This can have a triple advantage to: 1) monitor the fishing fleet operating in the area and assist with the transition to more sustainable practices; 2) get revenue from the licenses; 3) control illegal activities. For these reason, licenses are a powerful tool for the management of the area.

Licenses can be either free or not. If not free, the access to the MPA can be dissuasive to fishers, which will prefer other areas to concentrate their activities. This will have a positive effect on the MPA, though transferring the effort somewhere else. But also, can will create a feeling of prejudice for people who always been fishing in these waters. For this reason, it may be preferable to keep the license free while the MPA is still under development, and ask for paying licenses once fishers can benefit from the area. These benefits can be diverse:

- A more abundant fishing biomass and larger specimens in the areas opened to fishing and outside the area;
- The opportunity to get assistance with transition to less destructive fishing gears or to pescatourism activities or sport fishing;
- The potential use of an ecolabel or local product label for their production.

The license can be up to 5,000 to 20,000 ALL per boat, which can be high for some fishers. This estimate is therefore to assess with precision in order to know what could be acceptable for them, in light of the expected benefits of fishing in the authorized areas.

6.4.5. Payment for environmental service (clean water for aquaculture)

The most widely acknowledged definition of payment to environmental service was provided by Wunder (2005). He defined it as "a voluntary transaction by which a well-defined environmental service is being 'bought' by a (minimum one) service buyer from a (minimum one) service provider and if and only if the service provider secures service provision." The core principle underlying the payment to ecosystem service is that "external ecosystem services beneficiaries make direct, contractual and conditional payments to local landholders and users in return for adopting practices that secure ecosystem conservation and restoration" (Wunder, 2005).

The aquaculture producers who have sea cages along the eastern side of the Karaburun peninsula are likely to enjoy clean water for their fish, thanks to the protection on the marine and coastal ecosystems of the MPA. Also, these producers will surely benefit to a better image of the environmental status of the Bay, being partly protected by an MPA. This will enable them to sell more to the local restaurants and at higher price. This better image can also be transformed into an ecolabel associated to local production in the Bay ("product of the Vlora Bay" for instance) and developed by the MPA team.

This option is still rather undefined but it could be a good opportunity to engage aquaculture producers as part of the MPA management. Their acceptance for such payment would be largely influenced by their marketing opportunity. Hence, in a lot of case of PES, such agreements are

essentially a tool for communication as well as of better management. There is no doubt such agreement could be beneficial to the producers in some years, along with a possible increase of demand for good-quality, local products.

6.4.6. Fines

Fines are an essential tool to the management of an MPA. They are the only way to enforce the regulations, and put pressure on poachers to stop their activities. Fines can also be a useful financing mechanism. The essential condition for fines is that they have to be deterrent and this source of revenue is deemed to phase out after a few years.

6.4.7. Hotel taxes

Taxes on tourist stay in the Bay of Vlora can represent a large source of revenue for the MPA. The total number of tourists in the Bay is unknown but they are thought to be about a million people to come and enjoy the region during the summer season. There is currently a local tourist tax that apply to accommodation. However, this tax is invisible for tourists when they pay for their stay, and we have serious doubt that the total number of nights and persons are fully reported by operators.

Also, the visibility and frequentation of the MPA is today not representative of the total number of tourists in the region (less than 1%). Also, the MPA is far from the city an coats of Vlora and people largely ignore its existence. For this reason, a percentage on the tourist taxes seems unreasonable option for the moment.

This potential increase of tax to tourism operators is also not consistent with the efforts put in increasing economic activity by reducing the tax in the region, through the development of free economic zones for instance (approved by the government on 11 June 2009 with decree no. 628). Such tax on biodiversity protection for the leading economic sector in the region is likely not to be approved by the local authorities.

6.4.8. Synthesis

The following tables present the details of expected revenues and ranking of options for each financing mechanism selected.

Financing mechanism	Payee	Potential number of payees (2015-2016)	Social acceptability	Technical feasibility	Price estimate/ unit	Potential revenues in 2017-2021	Potential revenues in 2021-2025	Ranking
Park entry fees	Tourists visiting the MPA (boat tours)	6000-9000 tourists	++	+	280 ALL/day	1.68 million ALL - 2.5 million ALL	10 million ALL-15 million ALL (35000-50000 people)	1
Recreational activities fee	Recreational users	1000 users (diving, snorkelling, bathing)	++	+	500 ALL/day	500,000-1,000,000 ALL	4 million -8 million ALL (8000-16000 people)	2
Concession fee	Tourism operators, boat rental	4 large boats for excursion (capacity max. 30 people), about 30 small boats (cap. Max. 7 people)	+	++	30,000-150,000 for big boat, 10,000-50,000 for small boats (1%-5% of estimated turnover of a boat)	420,000-2.1 million ALL		1
Commercial fishing license/permits	Samml-scale fishers	Around 50 fishing vessels active	-+, ok if benefits highlighted	++	5,000-20,000/boat	250,000-1,000,000 ALL	250,000-1,000,000 ALL	2
Payment for environmental service (clean water for aquaculture)	Aquaculture producers	4 companies	+, ok if benefits highlighted and ecolabel developed	-	50,000-200,000/farm	200,000-800,000 ALL	1 million-3 million ALL	3
Fines	Fishers, aquaculture producers, tourism operators	uncertain	++	+	High to be deterrent	100,000-1,000,000 ALL	100,000-1,000,000 ALL	2
Hotel taxes	Hotels, camping, B&B	unknown	-	-	Unknown	Very high potential	Very high potential	3

Figure 4: Details of potential financing mechanisms in Karaburun-Sazan MPA

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8. Annex 1: Mission report and training program

1. The mission for the preparation of the financial plan of the Karanburun-Sazan Marine Protected Area (MPA) was undertaken from the 20th of July to the 28th of July 2015. It was planned in conjunction with the preparation of the Porto Palermo financial plan, commissioned by the RAC/SPA. The first part of the mission (20-23 July) consisted in meetings and the organization of a training session in Tirana. The second part (23-27) consisted in field mission in the region of Vlora. The last day of mission was dedicated to wrap-up meetings with UNDP and INCA.

2. The first part of the mission in Tirana started with a kick-off meeting with UNDP representatives Mr. Eno Dodbiba. This meeting concentrated on the clarification of objectives of the mission, exchange of information and documents useful for the mission, and approval of the mission schedule.

3. This first part of mission enabled the consultant to meet most relevant authorities in charge of the protected areas management and development, from both governmental and non-governmental organizations (a complete list of persons met during this mission is provided in the table below).

4. It also enabled the consultant to better understand the institutional and political context in which the preparation of the financial plan is taking place, including the territorial reform that led to the merging of municipalities in Vlora and the recent creation fo the National Agency for Protected Areas (AKZM).

4. The second part of the mission started on the 23rd of July afternoon. UNDP officers Mr. Eno Dodbiba and Mr. Doried Petoshati traveled to Vlora region with the consultant. This was the occasion to exchange about the socioeconomic and institutional context in Albania in which the K-S MPA development is taking place.

5. Importantly, the consultant concentrated his meetings with the regional team of NAPA in Vlora (and her director Lorela Lazaj) in order to present the objectives of the mission, methodological approach to BP development, and collaborative work to be undertaken to prepare a sound BP for K-S MPA. The two other members of the regional office of NAPA (Ms. Mëhillaj and Mr. Hysolakoj) were fortunately at the BP training in Tirana on the 23/07 and able to share their knowledge with Ms. Lazaj about tools and methods presented.

6. The second part concentrated on meetings with stakeholders, for which 3 meetings were schedule on 26/07 morning, but unfortunately 2 of them were cancelled at the last minute. The consultant has only met the SEEP director, Mr. Ribaj.

7. Most the 26/07 was dedicated to collaborative work with the regional office of NAPA on the translation of the K-S management plan into financial plan. This was the occasion for the team to discuss the practical implementation of all activities, as scheduled in the management plan. It also enabled them to assess the level of priority defined in the plan and plan for their implementation over the 10 years period for the implementation of the management plan.

8. Several hours were necessary to translate all activities of the management plan into either operational or investment costs, depending on whether these activities were to be undertaken internally or externally. The costs associated were also discussed in order to see if some cuts could be planned.

9. The last part of the work session concentrated on the development of a financing mechanism, for which opinions were expressed, as well as the feasibility of each mechanism. These were important insights for the preparation of the BP.

10. The last day of mission was dedicated to wrap-up meetings with INCA and UNDP, respectively. Meeting with INCA enabled to present the various options for financing mechanisms and get feedbacks on their feasibility. Discussion with Mr. Dodbiba enabled to complete the missing information on the K-S MPA.

Date	Person met	Details
21-07-15 AM	Eno Dodbiba (UNDP) Genti Kromidha (INCA) Marinela Mitro (INCA) Nihat Dragoti (INCA)	-Kick-off meeting for mission for the preparation of the Karaburun-Sazan financial plan -clarification of terms of references presentation of objectives and method -validation of mission schedule
21-07-15 PM	Zamir Dedej (AKZM, director)	-presentation of the National Agency for Protected Areas -introduction of the mission and presentation of objectives -interview about the resources of the Agency and empowerment of the K-S MPA -feedbacks on feasibility of financing mechanism in K-S MPA
21-07-15 PM	Elvana Ramaj (MoE, head of biodiversity sector) Silvamina Alshabani (MoE, head of protected areas sector)	-interview about the role of MoE in MPA development, exchanges between MoE and AKZM. -opportunities and threats to MPA development in Albania -discussion and perspectives about potential financing mechanisms in MPA
22-07-15	Training session (about 35 participants)	-see training programme and pictures below
22-07-15	Eno Dodbiba (UNDP)	-meeting about national perspective for MPA development, socioeconomic and institutional

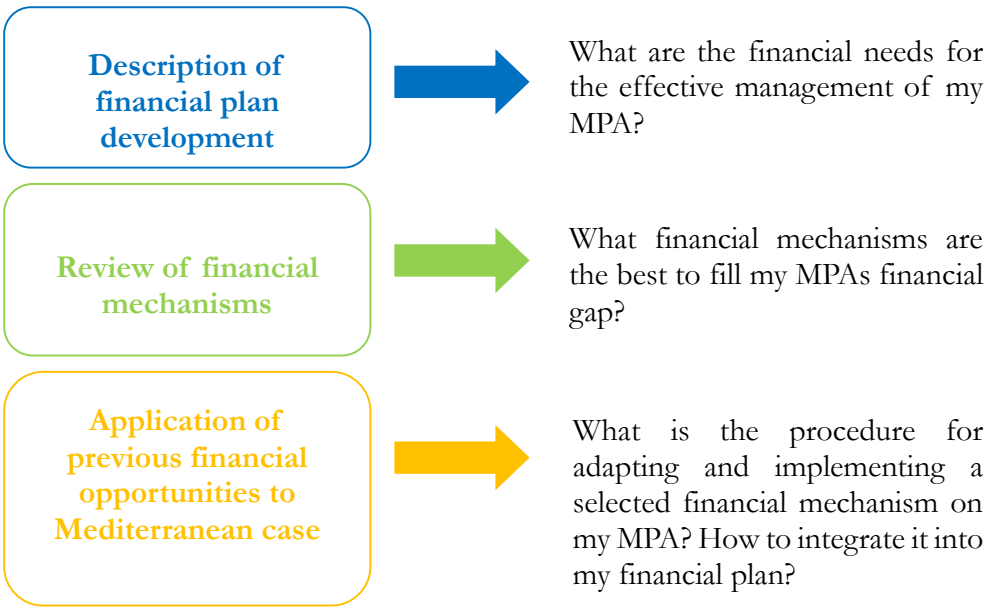
		context for sustainable financing of MPA, MPA financing mechanisms -data collection and review of documents relevant to the BP preparation
23-07-15	Etleva Gega (AKZM, economist) Grisela Canollari (AKZM, lawyer)	-meeting about budget for the AKZM, questions about potential financing of K-S MPA -collection of average costs of PA for staff, vehicles, operational costs (electricity, communication, etc.)
23-07-15	Travel to Vlora region - Himara	
23-07-15	Lorela Lazaj (AKZM, Vlora regional director)	-presentation of the mission -schedule of working session -broad discussion about perspectives for MPA management plan implementation
24-07-15 AM	Unformal meetings in Himara with municipality and local staekholders	
24-07-15	Travel to Vlora	
25-07-15 AM	Simo Ribaj (SEEP) Chamber of commerce (canceled) CRCD (canceled) Doreid Petoshati (UNDP)	-meeting about stakeholder participation to the K-S MPA management -opinions on various local financing mechanisms for MPA financing
25-07-15 AM+PM	Lorela Lazaj (AKZM, regional director) Nexhip Hysolakoj (AKZM) Tatjana Mëhillaj (AKZM)	-translation of the management plan into needs and subsequent costs (operational and investment costs) -concertation about most cost-effective means to implement management plan activities
26-07-15	Genti Kromidha (INCA)	-discussion about socioeconomic and institutional context of K-S MPA development

		-expertise in ecological functioning of the MPA and potential financing mechanisms in MPA based on payment for ecosystem services
26-07-15	Travel to Tirana	
27-07-15	Eno Dodbiba (UNDP) Genti Kromidha (INCA)	-debrief about mission -completion of data collection

The training session aimed to promote the development of protected areas sustainable financing mechanisms, on a local and national scale, by providing the necessary tools, expertise and examples to encourage and support local and national authorities in charge of biodiversity conservation to implement such mechanisms after the training. It should also convince the managers and conservation stakeholders to engage in the financial strategy development and put the necessary efforts to ensure the sustainability of the biodiversity they protect.

In particular, the training should enable participants to:

- Get the necessary background information on the preparation of a financial strategy applied to the specific case of protected area management;
- Learn about good practices and innovative mechanisms to sustainable financing in protected areas;
- Identify and develop sustainable financing mechanisms in line with their potential financing needs.



The training agenda is presented in the Table below.

ACTIVITIES AND OBJECTIVES		
9.00	9.30	▪ Welcome ▪ Objectives of the training by T. Binet
9.30	11.00	**SESSION 1: INTRODUCTION AND FINANCIAL PLANNING PROCESS** Objective 1: to understand how long-term financial planning ensure the achievement of your MPAs objectives ▪ Sustainable financing of MPA in the Mediterranean - a gap analysis result ▪ What is the sustainable finance for MPA and how do we get there? Why is it important? ▪ The approach, various steps and necessary skills and information to develop and implement a financial strategy in MPAs Objective: to learn how to build a financial plan for your MPA. ▪ Introduction ▪ Assess current and future costs ▪ Assess future revenues Discussion and questions: How many MPAs have a financial plan? (30 min)
11.00	11.30	Coffee break
11.30	14.00	**SESSION 2 : BRIDGING THE FINANCIAL GAP AND PREPARE THE STRATEGY** Objective 1: to learn about the three options to phase out the financial gap in MPAs: cost reduction, improve current sources of revenues and develop new mechanisms. ▪ Reduce costs ▪ Improve current financing mechanisms at MPA scale ▪ Develop new financing mechanisms (national and regional) ▪ Develop new financing mechanisms (local) Objective 2: to learn about the content of the financial strategy and using specific arguments to promote the strategy in order to secure financing. ▪ Content of the financial strategy ▪ Provide further arguments to promote MPA management: economic approach to value the MPA benefits
14.00	14.15	Conclusion


INCA
INSTITUTE FOR NATURE CONSERVATION IN ALBANIA
MINISTRIA E MJEDISIT
AGJENCIA KOMBËTARE E ZONAVE TË MBROJTURA
RAC/SPA
UNDP
SEMINAR TRAINUES
për hartimin e Planit të Biznesit për
Zonat e Mbrojtura Detare dhe Bregdetare
Hotel Mondial
Tiranë, 22 Korrik 2015

9. Annex 2: Whether to use concessions

Basic considerations in drawing up and letting concessions

The goal of a concession, from the agency's point of view, is to further the goals of the park, to provide access to the heritage resources in a way that is compatible with the legislation, and to provide for certain needs of visitors. Therefore, it is important that the contract detail the services required, their timing and their quality. Concessionaires operate within a special, sensitive natural and cultural environment.

The following are among the more important issues that protected area managers need to take account of in drawing up concessions:

- It is necessary that the staff members be suitably trained for such operation. Company and staff qualifications can be one selection criterion.
- There are many operational details, such as hours of operation, range of services, and level of service, that must be outlined in the contract.
- A fundamental issue is that of pricing policy. In some jurisdictions, it is recognised that the park concession has a monopoly and, therefore, regulation of prices is required. In others, competition is encouraged through the development of multiple concession operators in different locales.
- The arrangements for monitoring are important too, and should be specified in the licence, along with the actions that will follow if the concessionaire fails to meet agreed standards.

The choice of concession companies is a critical element. The choice can become highly political, with scope for political interference or park staff self-serving behaviour. Therefore, selection procedures should be fair to all parties, open, transparent and neutral. Wherever possible, competitive tendering procedures should be adopted.

Detailed points to be considered in relation to concessions

Concessionaires prefer a longer-length licence period in order to establish the business, earn sufficient return on initial capital expenditures and to earn maximum profits. Park managers often prefer a shorter tenure in order to maintain flexibility. Concessionaires often argue successfully for longer tenures when there are high capital costs associated with the contract. Agencies often consider that shorter timelines increase their ability to maintain controls over service quality and conditions of operation. The length of the contract must be long enough for the company to develop their procedures, explore the market and establish a solid business presence. However, the contract should not be too long, so as to avoid complacency. A term of 5 –10 years is often chosen with annual monitoring and evaluation of the contract performance.

Leasing vs. ownership

Typically, the basic facilities, such as the store or the camp-site, are owned by the protected area, but are leased to the private sector for a period of time, say five years. Sometimes the infrastructure

is constructed by the concessionaire, but becomes protected area property after a specified time. The infrastructure may be constructed by the concessionaire, donated to the park upon completion, and then leased back to the concessionaire. Tourism facilities owned by private enterprise under a form of land lease are often disadvantageous to park management, because of the weak ability of the protected area to manage the activities and behaviour of privately-owned facilities in a park.

Rights and responsibilities

The concession or licence contract outlines the rights and responsibilities of each party. Issues covered in the contract include:

1) Minimum or compulsory trading hours
2) Standards for customer service
3) Environmental practices
4) Pricing policy
5) Public access to facilities
6) Infrastructure maintenance responsibilities
7) Signage
8) Advertising
9) Staff and operations accreditation standards
10) Design of facilities

It is important that the financial responsibilities of each partner, the concessionaire and the protected area, are listed in sufficient detail. It is useful to measure performance of the contract at periodic intervals. Penalties for non-compliance must be clearly stated. There must be a procedure outlining the rules for cancellation of the contract due to non-compliance with contract stipulations.

Fees

Typically, the park receives a fee from the concessionaire. This fee can be in many forms. It can be a straight annual set fee. It can be a flat fee in conjunction with a royalty or a percentage of concessionaire gross revenue. It could simply be a percentage of all revenue. The fee payable can be gradually increased over times. The fee can be structured to provide incentives for the concessionaire to operate at specific times, for example a lower fee in low volume periods.

Monitoring, incentives and enforcement

Concession management can be a major problem for protected area managers. Concessionaires sometimes ignore contractual requirements, even illegally constructing facilities in the park and operating businesses not allowed in their contract. Their employees may lack training and cause problems, such as theft and environmental damage. It is not uncommon for concessionaires to try to avoid contract rules by going to higher levels of government officials or influential politicians. Private operators may take a very short-sighted view of their interests, and show little desire to support other aspects of park operations, such as providing accurate information, assisting injured visitors or helping in emergency situations. Once a bad operator gets into place, it can be very difficult to terminate the concession. The enforcement of concession contracts and the policing of concessionaires can be very expensive and time-consuming for park managers.

Role of local communities in concessions

Local communities can play a beneficial role in concessions. As already noted, community concessions may be one way of helping to generate income, offset costs of lost access to resources, and thus helping to gain the support of local communities. In addition, local people are often excellent guardians of their resources, since it is their livelihoods that are at stake. Local businesses, too, may be used for services (such as certain operation and maintenance services) in a cost-effective manner for the protected area agency. It is also possible to share revenues with the local community, whether derived from concessions or visitor fees. While this is not yet much done in developed countries, it has been quite widely used in parts of Africa for example. It is an important option for protected area management, which can contribute significant funds to the local community.

Concessions: conclusion

Concession management is one of the most important and most time-consuming activities for park managers. Virtually every park agency undertakes such management, but there is a need for more sharing of knowledge and experience in this field. There is a paucity of literature available to help managers in this activity. A concerted effort is needed to analyse the options available, the successes and failure of various approaches, the management skills necessary and the most desirable methods in various circumstances. Such information needs to be made widely available to park managers.