



MiSRaR Project

***FINANCIAL SUSTAINABILITY FOR NATIONAL
SYSTEMS OF PROTECTED AREAS***

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Foundation Euro-perspectives

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Cost-benefit analysis made by:



- **United Nations Development Programme**
- **Group of local NGOs (BSPB, WWF and etc.)**



de at the initial stage of the
project



Bulgaria – global significance of biodiversity:

- Bulgaria is relatively small in size (110,912 km²), but is rich in biological diversity due to its highly varied climatic, geologic, topographic and hydrologic conditions
- Bulgaria's biota consists of 94 species of mammals, 416 birds, 36 reptiles, 207 species of fish, 16 amphibians, about 27, 000 insects and other invertebrates, above 3,500 species of vascular plants and more than 6,500 non-vascular plants and fungi while only about 50% of Bulgaria's biota is well studied.



Bulgaria operates a network of protected areas, which cover 5 percent of the country and combines areas with different types of protective regime, including:



- (i) *strict reserves*
- (ii) *maintained reserves*
- (iii) *national parks (3 parks)*
- (iv) *nature parks (11 parks)*
- (v) *natural monuments (352 monuments)*
- (vi) *protected habitats (402 habitats)*

HOW DOES IT WORK?

- *Reserves, maintained reserves and national parks* are exclusively state owned. The Ministry of Environment and Water through the National Park Directorates and the Regional Inspectorates of Environment and Water manages these protected areas.
- Their budget is set as a percentage of the total MOEW budget, allocated to it by the Ministry of Finance. All activities related to biodiversity conservation, protected areas conservation, maintenance, restoration, regulation and control of species, habitats and ecosystems and encouragement of sustainable tourism and agriculture are calculated as a percentage.





PROBLEM AREAS



Municipalities are willing to finance activities in protected areas located on their territory provided that the investment has a direct financial, political or social impact. But the Ministry of Finance approves the municipality budgets.

Protected areas generate revenue in a number of ways, but only small part of the revenue is reinvested. The revenue sources include (i) sales of renewable natural resources – timber, herbs, mushrooms, berries, game, hay, grazing rights, etc., (ii) sales of non-renewable nature resources - ores, minerals and building materials, (iii), charges for water use, (iv) sales of goods and services – information and educational material, souvenirs, tourist services etc.

The evaluation of the management effectiveness of the Nature Parks establishes an average score of only 49%, with the poorest scores being in financial and human resources, and relations with local communities.





PROBLEM AREAS



1. The identified threats can be generalized into two main threats to the sustainable financing of the system of protected areas:
 - (i) increasing financial gap due to insufficient funding (low level of state subsidy, negligible level of own revenues and inability to utilize market mechanisms for revenue generation, low level of donor attraction) and
 - (ii) inefficient use of the available financial resources (management planning process is not completed, bureaucratic financing procedures; insufficient human and technical capacity; low level of coordination and public involvement).
2. The national system of PAs in Bulgaria is funded mainly (98%) by the central state budget.





PROBLEM AREAS



- If a park directorate generates higher level of own revenues, the unscheduled amount have to be transferred to the NFB budget
- **Inefficiency in PA management** - insufficient human and technical capacity of the park administrations – the size of the expert staff is below the optimal level, financial management staff is generally missing, no and training on PA financing, business planning, fund raising, etc. The field and office equipment available to the park administrations is mostly obsolete or missing, which prevents the park administrations to undertake their functions adequately.
- **The shortage of financial resources and the low level of efficiency of the management of protected areas lead to non-implementation of important conservation activities, including habitat management, restoration and maintenance.**
- The limited capacity of the reserve management is almost entirely concentrated on poaching prevention and therefore has no resources available to manage the water level effectively.



1. The report emphasized the need of supporting regulations, preparation and adoption of **management plans for protected areas** and underpinning them with financial resources, increasing the capacity of park administrations in terms of specialized staff and technical equipment, good coordination between the relevant authorities and stakeholders.



2. The overall assessment of the long-term financial stability of PAs in Bulgaria is considered to be negative due to the **lack of state funds for nature conservation; underestimation of the parks as a national capital; lack of strategy to support and facilitate park administrations in generation of own income; impedimental and slow procedure of remittal of funds generated by PA administrations.**

PROPOSED ACTIVITIES

1. National PA Funding Strategy
2. Amendments to legal framework for better effectiveness and financial flexibility of the PA management
3. Updating management plans and preparation of business plans for 2 nature parks (Vitosha and Rousenski Lom), one national park (Central Balkans)



4. Build capacity of PA staff. This will include 3 targeted workshops for PA planners, managers, and financiers to enable them better understand financing and revenue generation opportunities and better run their protected areas; and a study tours to the other countries participating in the project



5. Mechanisms of PES (paying-for-ecosystem-services) developed and applied in selected PAs.
6. Fundraising program for the capitalization of Protected Area Fund within National Trust EcoFund (NTEF)

COST BENEFIT ANALYSIS

Component	Cost (US\$)	Domestic Benefit	Global Benefit
<u>Component 1: Legal, policy and institutional framework</u>	2,500,000	Bulgarian legal framework harmonized with the EU;	Improved legal and policy framework securing abundance of BD conservation values
	GEF: 146,597 MOEW: 14,259 NFB: 14,859 Other: 19,284	-Future development of the system of PAs will be based on common vision; -Future planning will be based on comprehensive financial needs assessment; -PA management will be based on mid-term financing strategy. -Legal and policy framework conducive to implementation of new revenue generation mechanisms; -Coordination between key ministries secured;	-Improved legal, policy and institutional framework for the pursuit of PA sustainable financing; -Improved planning, monitoring and management of key globally significant habitats under protection secured;
<u>Component 2: Financial sustainability planning and cost-effective management at system and site level are reinforced</u>	27,400,000	-Established system of PAs with key management activities implemented; - management effectiveness is sub-optimal;	Basic protection regimes secured for selected internationally significant habitats.
	GEF: 1,087,030 MOEW: 32,282 NFB: 100,042 Other: 15,506 EMEPA: 692,340	-Improved transparency and accountability of the decision making process; -Improved cost effectiveness of PA management; -Improved transparency and public control over spending of financial resources by PA administrations; -Business planning for PAs becomes integral part of management planning; -transfer of knowledge and international best practice in the area of PA management and BPing; - Enhanced capacity of the PA administration for financial management; - Specific investment needs addressed to improve income generation capacity; -improved stakeholder participation and local community involvement in PA management decisions.	- Improved planning, monitoring and management of key globally significant areas under protection secured; - Management effectiveness in existing protected areas is enhanced improving the sustainability of PA system; - Increased number of PAs with management bodies and management plans.

COST BENEFIT ANALYSIS

Component	Cost (US\$)	Domestic Benefit	Global Benefit
<u>Component 3: Financial sustainability planning and cost-effective management at system and site level are reinforced (includes Building capacity)</u>	2,542,000	<ul style="list-style-type: none"> -PAEF is approved and initial steps for its capitalization are taken; -Initial efforts to value ecosystem services are undertaken if WWF-GEF project is approved; -National Parks are certified by Pan Parks; -Incidental fundraising activities implemented by the PA administrations. 	Increased financing opportunities for the system of PAs providing resources for improved management of globally significant habitats.
	GEF: 337,419 MOEW: 128,262 NFB: 200,502 Other: 3,496 EMEPA: 665,000	<ul style="list-style-type: none"> -Established market for ecosystem services; -Market revenue generation mechanisms installed and demonstrated; -PAEF capitalized and fully operational; -Increased capacity of the PA administration for fundraising and access to EU funding. 	Same as above, plus: <ul style="list-style-type: none"> -Diminishing financial gap in PA funding; -Secured funding for implementation of the management plans;
<u>Component 4: Awareness of protected area values and knowledge about sustainable financing mechanisms is increased and influences policy and practice globally .</u>	4,872,000	<ul style="list-style-type: none"> -Implemented educational activities; -Implemented interpretation and public awareness raising activities, at adequate levels in the national parks; 	Increased public awareness and therefore protection of nature; Increased knowledge and understanding of natural values.
	GEF: 441,350 MOEW: 5,158 NFB: 65,558 Other: 121,284 EMEPA: 42,400	<ul style="list-style-type: none"> -Increased understanding and awareness about the environmental, social and economic benefits provided by the PAs at high political and government level; -Data on public opinion and attitude towards PA services obtained; -Awareness and capacity for proper PA management at municipal level improved; -Interactive management introduced for the first time. 	<ul style="list-style-type: none"> -Improved policy framework for introduction of PES; -Improved management of municipality owned PAs ; - Public support for the system of PAs increased;



BARRIERS

- Institutional, policy, legal and procedural barriers
- Insufficient awareness of the economic, social and environmental benefits from PAs at all levels of society
- Insufficient knowledge and capacity
- Potential revenue generation mechanisms are not utilized



RISKS

Risk	Risk rate	Risk Mitigation Measure
Insufficient support for key decisions - MOEW, MAF, MF.	Low	Key government experts were consulted during project preparation. Letter of endorsement are signed. A Project Steering Committee will be established to ensure support on behalf of the key ministries. Targeted PR to high level officials;
The political environment is not conducive to improvements in nature protection related legislation.	Medium	The project will undertake PR campaign for the adoption of law amendments and new legal documents setting the legal framework for the functioning of the ecosystem services market. Targeted PR to high level officials.
Business planning is not recognized as necessary element in PA management.	Low	The project will carry out comprehensive training programs in PA business planning at local and central level; Best practice will be promoted and demonstrated through pilot BP preparation and launching of activities.
Ecosystem users refuse to recognize the economic benefits provided to them by the system of PAs and are not willing to pay.	Substantial	The project will undertake an informational and awareness raising campaign about the diverse benefits from PAs and the need to invest in that. The campaign will target wide range of stakeholders.
Resistance to change in park administrations	Low	The project will provide various trainings to park administrations and will strengthen the capacity of the administrations.

EXPECTED NATIONAL AND LOCAL BENEFITS

- The main benefits in the national context are improved functioning of the system of protected areas
- Over 430 000 ha (85% of the coverage of the protected areas) are recognized as globally significant contribution to the world natural heritage through their inclusion in the global list of national parks and protected areas of the UN. Some of these habitats are unique in Europe



- The project will provide the necessary conditions for establishing and functioning of the market for ecosystem services and for launching market based revenue generation mechanisms



EXPECTED NATIONAL AND LOCAL BENEFITS

- Important national benefit will be the increased understanding and awareness about the environmental, social and economic benefits provided by the protected areas at high political and government level.



- Local benefits will be achieved in the pilot areas selected for direct investment and implementation of activities. These are: improved management effectiveness of the protected areas for which the project will provide management and business plans; increased technical and human capacity of the PA administrations in the field of business planning, financial management, fundraising, implementation of market oriented funding mechanisms, etc.



THANK YOU FOR THE ATTENTION

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