

The Financial Sustainability of Nature Parks in the Dutch Caribbean

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Executive Summary

There is no single solution or “magic bullet” for ensuring the long-term financial sustainability of all of, or any single one of, the park management organizations in the Dutch Caribbean islands. Rather, the recommended strategy (tailored to the different circumstances of each island) needs to be based on a combination of different measures by different stakeholders.

The following 5 pages represent a road map and recommendations for the Ministry of Economic Affairs, island governments, DCNA, and the park management organizations. The rest of this report presents relevant background information and justifications for these recommendations.

The island of Aruba and the *Parke Nacional Arikok* were originally intended to be part of this study but could not be included as it was not possible to organize suitable dates to conduct the necessary interviews. Hereafter, the status of Aruba’s park management will not be analyzed in this report.

This report is based on the financial situation and the potential financing options for nature conservation in the Dutch Caribbean in July 2014, and it was revised in June 2015 in order to also reflect the protected area financial gap analysis of the April 15, 2015 report prepared by the Institute for Marine Resources & Ecosystem Studies (IMARES) of Wageningen University titled “Structure and financing of nature management costs in Caribbean Netherlands”. However, this report does not reflect any post-July 2014 financial data for protected areas in Curaçao and St. Maarten, nor does it reflect any post-July 2014 political, legal or other developments relating to protected areas in any of the 5 Dutch Caribbean islands. Lastly, the financial figures used in this report do not reflect the very significant changes in US dollar/Euro exchange rates between July 2014 and June 2015.

Recommended actions for Dutch Government Ministries

1. The Ministry of Economic Affairs should internally discuss the political feasibility of requesting a one-time grant equivalent to US \$20 million from the Dutch Parliament to increase the DCNA trust fund’s capital to US \$33 million, which would ensure financial sustainability for basic park management of one terrestrial and one marine park on each of the five islands, and also cover DCNA’s own management expenses. Providing assistance to Curaçao and St. Maarten would need to be politically justified as an exception to the general policy that those islands are no longer eligible for development assistance (perhaps by saying that this is necessary to fulfill the Kingdom’s responsibility

for Curaçao and St. Maarten under international treaties such as the Convention on Biological Diversity). It might also be useful in this regard to include Curaçao and St. Maarten fully in the 5-year Nature Plans that the Ministry prepares for the Caribbean Netherlands, with the consent of the Curaçao and St. Maarten governments.

2. The Ministry should try to persuade the Governments of each of the 3 Caribbean Netherlands islands to make a 1:1 matching contribution to a sub-account of the DCNA trust fund that is earmarked for that particular island, in order to receive an equal amount of new funding from the Ministry, and thereby ensure the long-term financial sustainability of the island's parks. This would reduce the amount that the Ministry would need to contribute to the DCNA trust fund's capital if the previous recommendation is followed, and would make it politically more attractive to the Dutch Government (because then it could be argued that the islands are themselves making a significant new financial commitment and are not just receiving a hand-out). It might also be easier for each island government to justify to their voters the idea of making such a financial contribution to support the island's parks if they can show that this would bring in new outside funding (from the Ministry) that would not otherwise flow into the island's economy.

There is a recent precedent for asking each island government to contribute to an earmarked sub-account of a multi-island trust fund. The international donors that agreed to contribute US \$40 million to the endowment of the 8-country Caribbean Biodiversity Fund did this based on the agreement of each of the 8 island governments to make a 1 to 1 matching contribution (which can either be in the form of a one-time contribution, or a legally binding agreement to make an annual matching contribution that is equal to the annual investment income earned by their share of the multi-island endowment).

3. The Ministry of Infrastructure and Environment should analyze the feasibility of introducing new environmental impact fees for oil terminals and oil tankers in the Caribbean Netherlands, either as part of new environmental user fees based on the polluter pays principle, or as part of the specific legal obligations of Nustar in the new long-term agreement that is now being negotiated, and should require that such environmental impact fees be earmarked for the park management organizations on St. Eustatius and Saba, which are already at least partly responsible for designing and executing emergency oil spill response plans. It might also be useful for WWF-NL and certain DCNA Board members to try to lobby high-level Dutch politicians to support this.

4. The Ministry of Infrastructure and Environment should consider changing existing regulations so that any money from environmental fines (e.g., for oil spills) would go at least partly to the park management organizations on each of the Caribbean Netherlands

islands rather than to the Kingdom Government for general budgetary purposes (as they would under current law according to I & M officials). Although this would not constitute a reliable and continuing source of sustainable financing for parks, it could provide very large one-off sums (as in the cases where US courts ordered Exxon and BP to pay hundreds of millions of dollars for long-term conservation of biodiversity in the areas that were impacted by major oil spills in Alaska and the Gulf of Mexico).

5. The Ministry of Finance should allow Dutch citizens and corporations to claim charitable tax deductions for contributions for nature conservation “within the Kingdom”, rather than just “within the Netherlands”, as is currently the case, since this would mean that grants and contributions by Dutch organizations and individual donors for nature conservation in the independent countries of the Dutch Caribbean would also be eligible for a Dutch income tax deduction. Since Dutch people represent the majority of visitors to Curaçao and many own homes there, this could give them more of an incentive to make contributions to CARMABI. This might be less relevant for St. Maarten, where most visitors are from the US but should also be valid for that country.

6. The Ministry of Finance should also consider exempting the park management organizations on the 3 islands of the Caribbean Netherlands from having to pay import duties on automobiles, computers and other high-value goods that are used exclusively for park management and nature conservation. Agricultural and fishing co-operatives in the Caribbean Netherlands do not pay import duty, for example. In most countries, government organizations (including park management organizations) are typically not subject to import duties, and the parks organizations in the Caribbean Netherlands are performing what in most other countries would be considered to be government functions.

Recommended actions for Island Governments

1. The three islands that receive large numbers of cruise ship visitors (St. Maarten, Curaçao and Bonaire) should each introduce a new US \$1 per passenger “nature conservation fee” (like Belize) or an “environmental impact fee” (like Antigua) that is separate from (and in addition to) the existing passenger head tax (which is either imposed by law or negotiated with individual cruise ship companies), and this money should be legally earmarked for each island’s park management organization (which is what Belize currently does by earmarking such cruise ship fees for the Belize Protected Areas Conservation Trust) rather than simply going into general government revenues.

2. The island governments of St. Maarten, Curaçao, St. Eustatius, Saba and Bonaire should introduce a small conservation fee on visitors staying in hotels and rental

properties, similar to the US \$1 per person per night earmarked fee for maintaining trails that is currently collected in Saba from all hotel guests, but instead the new fee should be earmarked for each island's park management organization. Alternatively, they should raise current hotel taxes that are collected as a percentage of the guests' total room bill to an amount that is closer to the 9% hotel room tax that is currently charged in Aruba, and should legally earmark part or all of the increased revenue for supporting the park management organizations.

3. Each of the island governments should authorize a US \$1 to \$5 increase in park entry fees and dive fees that are collected by the park management organizations, because in most cases such an increase can be fully justified simply in order to offset for inflation since the fee amounts were set the last time, and the recent TEEB studies for the Caribbean Netherlands islands and for St. Maarten have shown that the vast majority of visitors are willing to pay higher fees. On Curaçao, a dive fee benefitting CARMABI should be re-instated, which the dive operators association said that it would be willing to support if the government also imposed stricter requirements for dive operators, since they say that many new small operators have recently entered the market and are able to undercut prices because they cut back on safety and equipment quality.

Recommended actions for DCNA

1. DCNA should further analyze the option of converting its trust fund from endowment to a 25-year sinking fund in 2016, and thereafter could plan on using at least 80% or 85% of the expected annual investment income plus annual draw-down of principle for making grants to cover the financial gaps of basic park management activities on some or all of the 4 islands (i.e., excluding Bonaire, which the 2015 IMARES study concluded does not have any structural financing gap). The amount of the financial gap on each of the 4 islands could also change depending on the extent to which some of the recommendations listed above can be successfully implemented.

2. DCNA should carefully analyze the feasibility and cost-effectiveness of trying to raise more money for DCNA trust fund by hiring 1 or 2 full-time fundraiser(s) whose compensation is linked to success in raising funds from high net worth-individuals, private foundations, and/or corporations. Whether or not such staff or consultants are hired, DCNA should particularly focus on trying to fundraise from high net worth individual donors who visit (or own homes in) Dutch Caribbean islands, and meet with lawyers based in the islands who specialize in advise clients about estate planning and wills, in order to raise their awareness of DCNA (and/or individual park management organizations) as potential beneficiaries in the wills and trusts of those individuals who

are known to love nature (since such trust and estate lawyers sometimes play a large role in helping their clients decide about which organizations to select as beneficiaries in their wills).

3. DCNA should examine options for reducing its operational costs as a percentage of its annual budget, which could involve limiting certain types of activities and raising more funds. The terms of reference for the present study did not include an analysis of DCNA operations, and this topic should be a subject for discussion by DCNA's Board (several of whose members said that they were planning to raise these issues).

4. DCNA should play a general coordinating, advisory and lobbying role in relation to all of the recommendations set forth in this report. Specific activities will depend on feedback from stakeholders to this report, and a subsequent assessment of what are the "low-hanging fruit" and what budget and staff resources DCNA will have available.

Recommended actions for the Park Management Organizations

1. The directors of the park management organizations on each island should work closely with DCNA to lobby the appropriate elected and appointed officials of their island's government to implement the recommendations listed above, depending on their personal contacts and judgments about what is politically most feasible on particular islands.

2. The directors of the park management organizations on each island (and or park managers) should become more personally involved in fundraising from high net worth individuals who repeatedly visit, or live on, their islands, which first of all requires identifying who they are and then taking the initiative to contact them and personally inform them about what the park management organizations are doing and the challenges they are facing.

1. Background

1.1 Legal and Political Status of the Caribbean parts of the Kingdom

Since the constitutional reform of 10 October 2010, the **Kingdom of the Netherlands** has consisted of four countries: the Netherlands, Aruba, Curaçao and St Maarten. The former "**Netherlands Antilles**" was dissolved. Its former five constituent islands plus Aruba (which seceded and acquired separate country status in 1986) are now collectively referred to as the "**Dutch Caribbean**" in English parlance or as "the Caribbean part of the Kingdom" in formal Dutch parlance). Aruba, Curaçao and St Maarten are each autonomous countries within the Kingdom. They have their own governments and are no longer overseas dependencies of the Netherlands. Bonaire, St Eustatius and Saba are "special municipalities" of the Netherlands rather than independent countries, and they are collectively referred to as the "**Caribbean Netherlands**", and were formerly referred to as the "**BES**" islands. They do not have the status (either singly or collectively) of a Province of the Netherlands nor are they part of any Dutch province; they are each referred to as a "public entity". By agreement, Netherlands Antillean legislation was inherited mostly unchanged by the 5 former constituent islands. New legislation specifically for the three islands of Caribbean Netherlands is gradually being introduced. Curaçao and St. Maarten are also gradually introducing new laws and regulations to replace Netherlands Antillean legislation.

The Kingdom of the Netherlands is responsible for foreign affairs, defense, protection of human rights, legal certainty, and good governance in all of its constituent countries. This includes responsibility for compliance with international treaties, including international environmental treaties such as the Convention on Biodiversity (CBD). The Netherlands is a European Union member state, but Aruba, Curaçao, St Maarten, and the three Caribbean Netherlands islands are not. Instead all 6 islands each have the status of Overseas Countries and Territories (OCT). As a result, financial assistance to the Dutch Caribbean islands is not recognized as Official Development Assistance (ODA) by the Organization for Economic Development and Cooperation (OECD), and therefore they are not eligible to receive many types of international financial assistance, including grants from the Global Environment Facility (GEF), or funding made available under the UN Framework Convention on Climate Change (UNFCCC), or grants from bilateral aid donors such as USAID, the German Development Bank, the French Development Agency, etc. At the same time they have only limited access to European funding.

The officially established protected areas (nature parks) in the Dutch Caribbean include the Bonaire National Marine Park, Washington Slagbaai National Park, Christoffel Park, Saba National Marine Park, Saba National Land Park, Saba Bank National Park, St.

Eustatius National Marine Park, Quill Boven National Park and the Man of War Shoal Marine Park. Of these 5 (located on the islands of Bonaire, Saba and St. Eustatius) have been recognized by the Dutch Government as “National Parks”: Bonaire National Marine Park, St. Eustatius National Marine Park the Quill/Boven National Park, Saba National Marine Park and Saba Bank National Park. [1] Most of the nature parks are financed by modest budget allocations from the island governments (and in the case of the Caribbean Netherlands islands of Bonaire, Saba and St. Eustatius, they are also partly financed by the Dutch Government), by earmarked tourism fees (such as park entry fees, dive fees, yacht mooring fees), and grants and fundraising from individual and corporate donors.

The lack of continuous funding to support day to day management of the region’s nature parks has long been recognized as one of the most significant factors threatening the continuity of protected areas in the Dutch Caribbean. In 2003 the former Antillean Central Government Department of Nature and Environment (MINA) commissioned a study, funded by the Dutch Government, which was carried out by AID Environment, EcoVision and Barry Spergel and the report of their work was published in February 2005. The study identified ways to create a sustainable funding future for protected areas in the Dutch Caribbean and concluded that a core element should be the establishment of a trust fund, sufficiently large that the revenues would cover the bare operational costs of one terrestrial and one marine park per island for Curaçao, St. Maarten, Bonaire, St. Eustatius and Saba. This would be complimented by several parallel funding mechanisms or “tracks”.

Acting on the results of the study, a Conservation Trust Fund was established by the Dutch Caribbean Nature Alliance in 2005, with seed funding from the Dutch Ministry of the Interior (BZK) and the Dutch Postcode Lottery. The Trust Fund was set up with the view, that when fully capitalized at its target of US \$25 million (based on the assumption of an average annual investment return of 6%), the revenues would cover the bare operational costs of park management, while governments and park management organizations would continue to explore ways to generate income through contributions from the island governments, donations et cetera. The intention was that the annual revenues of the Trust Fund would provide core reliable funding to the parks, to finance the minimum costs for management of the parks and that the regular income stream would provide adequate funding for park management. However, only around half of the original capitalization target has been achieved.

Ten years after the original study was completed, 4 of the 5 islands’ protected area management organizations are still struggling to obtain sufficient funding to cover their basic operational costs and are still unable to fulfill their mandate due to lack of financial support.

This study tries to consider the “basic” financial needs of the parks to determine how much funding is required to ensure adequate day-to-day park management, and to re-assess existing funding sources and identify what potential new alternative income sources exist in the current financial, political and legal environment.

1.2 Objectives of this study

The objectives of this study are to:

1. Re-assess, in consultation with DCNA and the parks, the island governments, and the Dutch Ministry of Economic Affairs (EZ),
 - a.) The financial requirements of the parks at a level which will ensure adequate day to day (“basic”) management,
 - b.) all current actual sources of income and whether or not these are being fully exploited, and determine how big is the gap between current income and “basic” management needs?
2. Re-assess potential alternative or “new” sources of income based on the current financial situation i.e. carry out a new donor assessment, including tools and mechanisms to tap into such resources and feasibility of applying these tools in the Caribbean island context;
3. Review the status of the DCNA Trust Fund and provide realistic projections regarding the potential funding abilities of this as a source of income for the park management organizations; and
4. To use results from points 1-3 above to provide a financial road map for the nature parks and to formulate concrete recommendations for the Ministry EZ, island governments and park management organizations.

1.3 Data collection for this study

During a 3-week trip to Bonaire, Curaçao, Saba, St. Eustatius and St. Maarten, the author of this report met with: the Governors of Bonaire, Curaçao, Saba and St. Eustatius; local government officials responsible for finance and environment; members of the local Councils of St. Eustatius and Saba; park directors and park managers (who in some cases are the same individual as the Director of an island’s parks management organization, i.e. in St. Eustatius and Saba); Board members of parks management organizations; the directors of the tourism boards of 4 of the 5 islands as well as dive operators, hotel owners, and the heads of associations of dive operators and hotel owners; other local conservation NGOs; and financial industry. The author of this report also traveled to the Netherlands for one week to meet with representatives of the Dutch Government Ministries of Economics, Infrastructure and Environment and the Ministry of

the Interior as well as representatives of Wereld Natuur Fonds (WWF-NL), National Commission for the International Union for the Conservation of Nature (IUCN NL), Dutch Society for the Protection of Birds (Vogelbescherming-NL), Staatsbosbeheer and the Dutch Postcode Lottery. A total of 70 people were formally interviewed for this report, in addition to informal discussions with other relevant stakeholders (including certain DCNA Board members).

The island of Aruba and the Parke Nacional Arikok were originally intended to be part of this study but could not be included as it was not possible to organize suitable dates to conduct the necessary interviews.

This report (which was originally written in June 2014 and revised the following month in order to reflect comments that were received) was finalized in June 2015, in order to incorporate some of the most significant results of a new study by the Institute for Marine Resources and Ecosystem Services (“IMARES”) of Wageningen University titled *Structure and financing of nature management costs in Caribbean Netherlands*.

2. Overview of the current financial situation of parks

2.1 Assessment of the adequacy of relevant island policy, agreements and legislation

Bonaire, St. Eustatius, and Saba (known as “the Caribbean Netherlands”) are Dutch overseas ‘public entities’. Their status is similar to Dutch municipalities, but they do not form part of any Dutch province, and therefore the powers normally exercised by provincial councils are divided between the Island Governments themselves and the Dutch Government by means of the National Office for the Caribbean Netherlands (*Rijksdienst Caribisch Nederland*).

The Caribbean Netherlands largely has its own laws and regulations, such as the BES law for public entities (*Wet Openbare lichamen BES*) and the Financial Act BES [*Wet Financiën BES*]. Nature and fisheries regulation has largely been taken over from the former Netherlands Antilles.

The conservation of the parks on each of the BES islands as well as on Curaçao and St. Maarten (which are now autonomous countries that retain the status of being part of the Kingdom of the Netherlands) is mandated to non-governmental nature conservation organizations: the Bonaire National Parks Foundation (STINAPA), St. Eustatius National Parks (STENAPA) and Saba Conservation Foundation (SCF). For some, their mandates

are anchored in regulations and management agreements with the local government councils. Apart from being responsible for the development and implementation of the management plans, these organizations also have enforcement authority.

Under the 1998 Netherlands Antilles Nature Conservation Ordinance, each Island Council was made responsible for approving an island nature plan once every five years, and the Netherlands Antilles Government was responsible for ensuring compliance with international environmental conventions (specifically including the Convention on Biodiversity, CITES Convention, Ramsar Convention on Wetlands, Bonn Convention on Migratory Species, Sea Turtle Convention, and SPAW Protocol on Specially Protected Areas and Wildlife in the Caribbean).

Under the new constitutional arrangements, this basic division of responsibilities has changed. On the Caribbean Netherlands islands, it is now the Dutch Government that is responsible for ensuring compliance with international environmental conventions. According to Article 10 of the 1998 Ordinance, “The Island Council in as far as possible establishes nature parks.” According to Article 15(2), “On request of the Executive Committee the Minister can provide in whole or in part the facilities, means and support that are necessary for the execution of this National Ordinance and the regulations arising from it in the respective island territories.”

In principle, the island governments must ensure that nature management within and outside of the designated protected areas is furnished with the resources and funds required and that the relevant policy, planning, legislation and enforcement are adequate to ensure proper protection of the islands’ natural resources. They must also supervise compliance with the requirements of international treaties and conventions.

Conservation of protected areas on the islands of Bonaire, Curaçao, Saba, St. Eustatius and St. Maarten is mandated, legally, implicitly or through custom, to non-governmental nature conservation organizations: the Bonaire National Parks Foundation (STINAPA), St. Eustatius National Parks Foundation (STENAPA), Saba Conservation Foundation (SCF), Nature Foundation St. Maarten and the Caribbean Research and Management of Biodiversity Foundation (CARMABI) in Curaçao. Their mandates are anchored in regulations and/or management agreements. Apart from being responsible for the development and implementation of the management plans for the protected areas, these organizations also have enforcement authority.

The nature policy plans drawn up by the Caribbean Netherlands islands’ governing bodies must be in line with the present Nature Policy Plan for the Caribbean Netherlands. The islands’ plans are to include 15 more specific objectives for the protection, management

and wise use of nature and should include maps indicating the designated areas, lists of protected species and a management plan for the nature outside the protected areas.

The final responsibility for the conservation and management of nature on the Caribbean Netherlands islands primarily lies with the governing bodies of the islands. The Ministry of the Interior and Kingdom Relations said that it would not compel the island governments to spend any of their non-earmarked funding (*vrije uitkering*) on nature conservation and parks, even if the amount of the funding was calculated by the Ministry based on its estimate of how much would be required in order to support parks and nature conservation. Although some of the people interviewed for this report were unhappy about this, the island governments are legally entitled to spend non-earmarked funding on whatever they consider to be the highest priority.

Under the Financial Act BES [*Wet Financiën BES*] a special regulation (“*bijzondere uitkering*”) will be drawn up for the funding, implementation and division of roles and responsibilities between the Dutch Government in The Hague (Ministry of Economic Affairs) and the Caribbean Netherlands islands’ governing bodies with respect to the extra funding made available by the Dutch Government for nature conservation and parks in the Caribbean Netherlands. The Ministry sets the criteria, and the three island governments can submit proposals. If the proposals meet the criteria and the projects are deemed to be effective and sustainable, the Ministry grants funds for the project and monitors project performance.

Only Bonaire’s park management organization (STINAPA Bonaire) has been established by legislation that gives it permanent and clearly defined authority and responsibilities, while the park management organizations on other islands (and either some or all of the island’s protected areas) have only a temporary and *de facto* legal status. Despite this, most of the parks have long-term management plans (although in some cases these are old and need to be updated). The park management organizations on Bonaire, Curaçao, Saba, St. Eustatius and St. Maarten are private charitable foundations that have relatively short-term (3- to 5-year) renewable agreements with the island governments to manage parks that may or may not have a permanently protected legal status.¹ The situation on each of the 5 islands is different, and needs to be strengthened in different ways on each of the islands. For example, on St. Maarten, a Marine Park Ordinance has been drafted but not enacted. On St. Eustatius, there is a marine park ordinance, but the island government has delayed signing an agreement with the park management organization (STENAPA).

¹ On those other 4 Dutch Caribbean islands, the island governments could always decide to replace the current park management organization by contracting with a different NGO to manage the parks, and this has in fact been considered as a possibility by local governments or by other stakeholders in some cases.

The Caribbean Netherlands islands are part of the Kingdom of the Netherlands, and the following 5 terrestrial and marine parks have permanent protected legal status through being recognized by the Dutch Government as “National Parks”: Bonaire National Marine Park, St. Eustatius National Marine Park the Quill/Boven National Park, Saba National Marine Park and Saba Bank National Park. Only St. Eustatius has a terrestrial “national park” that is officially recognized by the Dutch Government. Each of the three Caribbean Netherlands islands has one terrestrial park that is currently managed as if it was a national park, but the legal status of individual parks can be quite complex. For example, Bonaire’s Washington Slaagbai National Park was legally designated as a “Nature Reserve” in 1969, and has been managed by STINAPA since that time under a management contract with the island government, even though the land is in fact privately owned.

In Curaçao and St. Maarten, the situation is also complicated, because the parks that are currently managed by the park management organizations under contracts with the island governments do not have permanent status as national parks, and could be degazetted if the governments decided to do so. St. Maarten only has a marine park but not a land park, and Curaçao only has land parks (which are managed by several different organizations) but not a marine park (although in the past CARMABI provided marine park management as a result of receiving limited-term funding from the EU specifically to cover the costs of boats and fuel for patrolling).

In St. Maarten, the Man of War Shoal Marine Park was established by Ministerial Decree in 2010. However, in most countries whatever has been established by Ministerial Decree can also be disestablished or degazetted or reduced in size by a subsequent Ministerial Decree. For this reason, many international conservation donors will only give grants to a protected area that has been established through a law passed by the national legislature. In St. Maarten, a terrestrial park has also been proposed, but its actual establishment will depend on being able to raise the US \$20 million that the current landowner of the proposed park is demanding for sale of the area.

In Curaçao, there are no legally declared parks, but about 30% of the island surface area has been legally designated as conservation habitat since 1997 by means of a land-use ordinance, the Curaçao Island Development Plan. Environmental policy and implementation is overseen by the Department of Environment and Nature (Ministry of Public Health and Social Development), the Curaçao Urban Planning and Public Housing Service, the Curaçao Environmental Service, and the Curaçao Agricultural and Fishery Service. However, the CARMABI Foundation functions as the island’s park service and formally manages nine conservation areas distributed around the island amounting to around 3,000 ha of terrestrial and lagoonal habitat. In addition, the island government also has contracts with a volunteer organization called “Uniek Curaçao” for the

management of certain smaller conservation areas. The 2001 draft nature management plan for Curaçao identifies the need to update and expand all island-level protective legislation. However, the plan still awaits ratification. Government funding for environmental protection and management remains sparse and often non-structural in spite of the recognized importance of the environment to sustainable tourism. In 2006, funding to the island park service (CARMABI Foundation) was cut by 70% and by a further 5% in 2013. Lack of funding means that CARMABI are currently only able to manage 3 of the 9 protected areas in their care. Limited institutional capacity due to insufficient funding has been identified as a key bottleneck.

2.2 Inventory of the basic tasks/responsibilities of the park management organizations required to ensure adequate day-to-day management

The tasks of the park management organizations differ on each island, depending on their history, their current budgets and staffing, and on their particular mandates or agreements with island governments. In some cases, the agreements are not written clearly, and need to be improved in the future. In St. Maarten, for example, Article 4.1 of the 3-year Management Agreement signed in March 2014 between the Foundation for the Management and Conservation of Nature on St. Maarten (“the St. Maarten Nature Foundation”) and the Government of St. Maarten’s Minister of Public Housing, Spatial Planning, Environment and Infrastructure (“VROMI”) grants the Nature Foundation “the authority to manage Marine and Terrestrial Ecosystems of the territory of Sint Maarten”, including the authority “to make and execute all necessary decisions”, although Article 4.2 says: “Decisions embodying a legal, financial or public safety component will be beforehand consulted with the Government and where necessary need prior approval of the Government”. This is rather poorly written and not clear, because Article 4.1 seems to give the Nature Foundation potentially almost unlimited authority over all terrestrial and marine activities in the island country, while Article 4.2 seems to require prior Government approval before the Nature Foundation can take almost any action (since almost all conceivable actions have some “legal, financial or public safety component”. However, Table 1 of the Agreement clarifies this to some extent by listing specific management tasks of the Foundation, such as “active management” of the Marine Park, including surveillance and monitoring of activities and maintenance of public dive site moorings, as well as activities outside of the parks including monitoring sea turtle nesting, protection of endangered species, control of invasive species, outreach and research, and emergency response to oil spills and other ecosystem degradation.

The *Beheer- en Financieringsplan* study written in 2000 often uses the terms “bare management” and “basic management” but does not define these terms or explain what types of activities, operations and/or numbers of staff this term implies.

More recently, DCNA has been instrumental in helping to define the essential components of protected area management in the Dutch Caribbean. This list of park management tasks is still under review but the summary below gives a clear indication of what should be considered essential tasks:

Administration

Planning: action plans/budgets	Planning; development of annual action plans and budgets for each protected area
Governance	Providing secretariat function to park organization’s board: including meeting planning and execution, agendas and meeting minutes for Board +/- Committees
Administration	Daily office tasks including logistical organization, agenda organization, mail processing, filing, correspondence, travel logistics, invoicing and payments
Bookkeeping and Accounting	Accurate recording of income and expenditure, including income from fees
Human resource management	Personnel administration - contracts - job descriptions - policy manual - payroll - staff development and training
Financial Statement	
Annual audit	
Periodic reporting	Basic financial and technical reporting using prepared template
Annual Report	Production of annual Technical report, financial report and updates on park activities and achievements

Field
administration
and
maintenance

Patrolling and field logs of patrols	Providing an on going presence within protected areas including the ability to provide information and assistance and respond to user safety and law enforcement issues
Buildings and transport	Periodic inspection of buildings, offices, storage areas, visitor centre, museum etc, vehicles, boats
Infrastructure	Periodic inspection of infrastructure within the protected area including roads, tracks, trails (per km). Basic maintenance such as trail repair, cutting new trails, assisting with road maintenance
Moorings	Periodic inspection and maintenance of moorings within the protected area moorings (per mooring) including replacement of ropes, buoys etc
Equipment and signage	Periodic inspection and maintenance of markers such as trail and marine markers, buoys, essential signage, and specialized equipment (such as diving gear)

Fundraising

Government subsidies	Administration and reporting to Government on subsidies
Fees	Collection, financial administration and management (including reporting) of income from fees, concessions etc including user fees, mooring fees, fee for services
Grants	Administration and management of grants funds including proposal writing, reporting, fund management
Donations	Administration and management of physical and on line donations
Souvenirs	Purchase and sale of souvenir items including purchasing and maintenance of inventory

Information –
education –
outreach –
stakeholders

	Representation	Park management organization represents itself and nature conservation activities and interests to the public at large on island and abroad: including giving presentations locally and providing information
	Media	Maintaining media relations (press, radio, TV), including, providing material, giving interviews
	Outreach	Information provided to the public should include at least appropriate protected area signage (at entrance and sites of special value/concern) and the provision of posters/leaflets to inform users of park goals, rules and regulations.
	Education	Education should include in and/ out of school programs which ensure that all school age children receive instruction on nature/conservation management at least once in each school year
	Out of school programs	Provision of out of school activity programs for school age children guided trails and activities in nature, snorkel clubs similar
	Stakeholder engagement	Stakeholder involvement to include annual community meetings, annual meetings with businesses operation within protected area
Research		Setting of research priorities to address management needs and (potential) threats to biodiversity within the protected areas, identifying suitable researchers/institutions, facilitating appropriate research programs on site (e.g. providing logistical support where possible)
Monitoring		
	Biodiversity	Maintenance of base level inventories, ensuring the implementation of basic biodiversity monitoring such as Reef Check of key ecosystems and species (land and sea) where priorities are based on management needs and priorities identified in the Biodiversity Strategy
	Socio economic	Socio economic monitoring such as collection of visitor statistics and visitor usage data

Law enforcement

Reporting and interceding with illegal activities within the protected area, providing information to users, issuing verbal/written warnings, responding to reports of incidents/infringements, notifying and assisting appropriate agencies (police, customs, coast guard), filing reports, stopping work in progress

Permitting

Providing advice regarding permits, policy, law, rules and regulations, assisting in the issuance of permit, exemptions and the enforcement thereof

Advice

Stakeholders/users

Providing information to users verbally and otherwise on issues related to local policy, legislation, permits, rules and regulations

Decision makers

Representing nature conservation and ensuring concerns are included in government debates, providing advice to civil servants and government, asked for or otherwise, participating in commissions, platform meetings and similar

2.3 Assessment of current financial requirements to carry out these tasks

The following summary of the basic park management costs on the three islands of the Caribbean Netherlands is based on Table 3 of the 2015 IMARES study titled “*Structure and financing of nature management costs in Caribbean Netherlands*”. The categories of responsibilities / activities listed below are not further broken down into sub-categories (as they are in Table 3.1 of the IMARES report), and the USD figures from Table 3.1 of the IMARES report have been rounded off in order to make comparisons easier).

Responsibilities/activities	Bonaire	St. Eustatius	Saba
Infrastructure	\$ 431,000	\$ 85,000	\$ 51,000
Public awareness / education	\$ 175,000	\$ 120,000	\$ 110,000
Monitoring and research	\$ 320,000	\$ 180,000	\$ 198,000
Patrolling and enforcement	\$ 90,000	\$ 43,000	\$ 23,000
Equipment	\$ 174,000	\$ 68,000	\$ 65,000
Finance and administration	\$ 80,000	\$ 44,000	\$ 44,000

Management	\$ 132,000	\$ 99,000	\$ 102,000
Subtotal of activity costs	\$1,400,000	\$ 637,000	\$ 624,000
Subtotal overhead costs	\$ 61,000	\$ 32,000	\$ 45,000
Total	\$1,462,000	\$ 669,000	\$ 669,000

Based on the 2015 IMARES study, the recurrent annual budget required for basic park management in Bonaire (USD 1,373,000) is slightly *less* than STINAPA’s actual 2013 revenue, which means that in the case of Bonaire there is no financing gap for **basic** park management functions. However, the IMARES study concludes that the parks in Saba and Statia are “*structurally underfinanced*”: the annual financial gap in Statia is estimated to be USD 470,000/year (USD 669,000 versus USD 200,000 sustainable income, disregarding a one-time donation of USD 300,000 in 2013), and in Saba the annual financing gap is estimated to be USD 370,000/year (also based on disregarding a one-time donation of USD 300,000 in 2013).² This means that the total financing gap for park management in the 3 islands of the Caribbean Netherlands around USD 840,000/year.

The estimated annual recurrent financing gaps for park management in Curaçao and St. Maarten (based on comparing the inflation-adjusted year 2000 calculations of basic financial needs for those two islands³ with their actual 2013 revenues) are roughly USD 640,000 for Curaçao and 400,000 for St. Maarten (i.e., around USD \$1 million/year). If one adds this amount to the financing gap of USD 840,000 for the islands of the Caribbean Netherlands, this results in a total average annual financing gap for all five islands of roughly USD 1,840,000.

² The differences in budget requirements according to DCNA and according to the 2015 IMARES study are almost twice as much for SCF (USD 1,115,000 versus USD 669,000) and half as much for STENAPA (USD 945,000 versus USD 669,000). The IMARES study states that the reason for the big gap is because DCNA includes staff costs as a total, while the IMARES study includes staff costs per activity. This explains why the subtotals per core responsibility/task are lower in the DCNA estimations, as these subtotals exclude staff costs. It should be noted that DCNA and the park management organizations of the 3 islands of the Caribbean Netherlands have not yet formally given feedback on the IMARES study.

³ The estimates for the financial gaps in basic park management costs on Curaçao and St. Maarten are based on DCNA’s updating of the December 2000 study titled ***Begroting en financieringsplan voor de beheerskosten van belangrijke natuurgebieden van de Nederlandse Antillen*** (BFP), and include an adjustment to take into account the average rate of inflation in the Dutch Caribbean islands since the year 2000. A more detailed financing gap analysis for the parks in Curaçao and St. Maarten cannot be presented here because some of the information is confidential or has not yet been validated by relevant people from those islands. Comparing the park management costs on Curaçao and St. Maarten with the costs on the other three islands is also very difficult because different methodologies were used, and because some of CARMABI’s activities are unrelated to park management. However, the estimated financing gaps cited here for those two islands can give a general idea of the size of the financing gaps on those 2 islands, although these figures could be off (plus or minus) by as much as USD 100,000 compared to the numbers that might be generated by doing a financial analysis using methodologies that are similar to those which IMARES used for the 3 islands of the Caribbean Netherlands.

The financing gap for the 3 islands (or actually for only 2 of the 3 islands) of the Caribbean Netherlands could be filled by an endowment (or portion of an endowment) equal to around USD 14 million (which could generate USD 800,000 if the net average annual rate of return on investment is 6%), whereas the financing gap for all 5 islands (but without including any support for DCNA's average annual operating costs) would require an endowment of around USD 32 million based on the same 6% net rate of return.

The question of how much money is needed (and how much of the DCNA trust fund's annual investment income should be used) to support DCNA's own operating costs is not considered in this report, because this subject is outside the terms of reference for this report, and would require much further analysis and discussion.

2.4 Overview of additional tasks which park management organizations carry out inside and outside of protected areas

The range of additional tasks carried out by park management organizations differ from island to island. For example, the statutes of CARMABI mention three goals namely, nature management, research and education. Each is of equal importance. The current CARMABI grew out of a fusion of STINAPA Netherlands Antilles and the Caribbean Marine Biological Institute and is now known as the Caribbean Research and Management of Biodiversity Foundation. Each department of CARMABI has its own income and expenditure. The research department is financed, amongst other sources of income from government subsidies and income from the science centre.

None of the 5 park management organizations are significantly involved in management of residential and industrial waste on the islands (except for picking up litter inside the land parks or organizing clean-up dives by volunteers in the marine parks), although STENAPA has been repeatedly requested to take an active role in solid waste management. Both the Saba Conservation Foundation and STENAPA are routinely involved in surveillance of vessels outside of the marine parks. Additionally, STENAPA manages St. Eustatius' botanical gardens.

All five park organizations are responsible for maintaining roads and trails inside the parks, but this is simply part of normal park management, and in almost all cases those roads are not used for purposes other than visiting the parks.

Until recently, the Saba Conservation Foundation was responsible for administering a hyperbaric chamber on Saba to treat injured divers, and SCF collected a \$1 per diver fee from all divers that was earmarked specifically for this purpose. However, this was

insufficient to cover its costs, and for a period of time the chamber was not functioning. In 2013, the island government made a special grant of \$50,000 to refurbish the dive chamber, and SCF handed over the administration of the facility to the Island Government. SCF also deposited funds in a separate, dedicated bank account established with funds deposited by SCF, in an amount equal to outstanding hyperbaric chamber fees claimed by Saba dive operators. A new committee will be established to run the hyperbaric chamber, and SCF will no longer be involved.

In March 2014 St. Maarten's Minister of Housing, Spatial Planning, Environment and Infrastructure signed a service level agreement with the St. Maarten Nature Foundation worth ANG (Netherlands Antillean Guilders) 612,000 (equivalent to US \$342,000) over the next three years. The agreement gives the Nature Foundation the responsibility "to make and execute all decisions pertaining to the management of the marine and terrestrial ecosystems, species management and specifically introduced species" not just in the marine park, but throughout St. Maarten. For example, this includes responsibility for fisheries management, protection of endangered species on land (where there is no park yet), sea turtle nesting and beach monitoring and reporting (including in areas that are not part of the marine park), animal control and surveillance and monitoring, and advising the government on permit applications under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). The Nature Foundation is also given the responsibility to assist or lead research for government and advise on request, facilitate relevant activities of the police and harbor authorities, and function as liaison with relevant government departments. Emergency response to oil spills are also part of the Nature Foundation's responsibility. Some of these responsibilities seem rather open-ended, and there is no attempt to allocate specific budgets for specific tasks or activities. However, this is not surprising given the fact that the foundation only has 2 full-time staff and one half-time staff, who are all very overworked and perform multiple functions, and basically just do as much as they can with inadequate financial resources.

2.5 Inventory of current income sources and whether or not these are being fully exploited

The following table shows the 2013 income of each island's park management organization. The figures in red represent a single large donation by one individual, and are unlikely to be repeated.

PARK INCOME OVERVIEW 2013

	STINAPA	CARMABI	Saba CF	STENAPA	St.Maarten
Government Subsidies ⁴	61,043	63,333	159,756	125,698	101,224
Service/Admission fees	1,233,456	275,926	87,659	24,796	16,452
Grants	0	52,101	219,552	24,554	46,769
Donations/souvenir sales	11,969	97,614	319,068	304,055	44,824
Other income	45,326	239,999	74,733	12,607	-9,197
Total	1,351,794	925,262	860,768	491,710	200,072

⁴ In the case of CARMABI, the Government of Curaçao's 2013 subsidy for park management activities was ANG 114,000 = US \$63,333. The remainder of the Government's US \$259,622 subsidy to CARMABI was for the provision of research and educational services. In the case of the Saba Conservation Foundation, US \$70,000 was allocated towards trail cleaning which does not necessarily benefit the protected area directly, since a significant number of the trails are outside of the island's one terrestrial protected area (Mt. Scenery). In addition, \$20,000 of the island government's subsidy was earmarked to cover the expenses for out of school educational activities.

Every year governing bodies of the 3 Caribbean Netherlands islands receive a contribution from the Ministry of Economic Affairs that is allocated by the Ministry for tasks that include nature management. The costs for the implementation of nature management were previously estimated by Ministry to be a minimum of 0.8 million a year for all 3 Caribbean Netherlands islands. The island governing bodies decide how these funds are to be spent. This is the so-called non-earmarked funding (*vrije uitkering*) that was referred to earlier in this report.

In addition, IUCN-NL annually receives € 1 million from the Ministry of the Interior and Kingdom Relations to support DCNA. € 750.000 of this is deposited by IUCN NL directly into DCNA's trust fund account, and the remainder is transferred to DCNA and used for direct support of nature conservation.

In February 2013 the Dutch Government allocated a one-off amount of € 7.5 million for nature projects in the Caribbean Netherlands islands to fund overdue maintenance. It is expected that these funds will be allocated in 2014 and spent over the period 2014-2016. Half of the amount to be allocated is divided into three equal shares, the other half of the amount is apportioned according to the number of inhabitants.

The amounts of funding available for nature management that is generated by user fees diverge widely from one island to the other. In the case of the Caribbean Netherlands islands, Bonaire's national parks generate 85% of their total budget for nature management by means of user fees, on Saba the figure is 53%, and on St. Eustatius it is 14%. The differences are caused in part by the differences in the numbers of tourists coming to each of the islands. Part of the management costs of the designated protected areas is covered by subsidies from the islands' governing bodies (Bonaire 4%, Saba 17%, and St. Eustatius 48%)⁵. In the case of St. Maarten, the island government provides 50% of the current budget for park management, while in the case of Curaçao the island government provides 28% (including subsidies for research and education activities). St. Maarten and St. Eustatius are the two islands where the local governments provide the largest share (around 50%) of the total budget for park management and where the lowest shares come from user fees, but this may just reflect the fact that their total annual budgets are much smaller than those of the other three islands.

Further financial support for the nature organizations in the Dutch Caribbean comes from private partners like the Dutch National Postcode Lottery, the World Wildlife Fund for Nature (Wereld Natuur Fonds NL) and the Dutch Society for the Protection of Birds (Vogelbescherming Nederland).

⁵ See the preceding footnote regarding Saba.

2.6 Taxes on the three Caribbean Netherlands islands

Most taxes and fees (“*leges*”) in the Caribbean Netherlands islands are local, and must be spent in the location where they are collected. The tax legislation of the Netherlands and the former Netherlands Antilles does not apply to the Caribbean Netherlands islands. The “Kingdom of the Netherlands” is not an independently functioning political entity that levies taxes and fees throughout the Kingdom. The tax system in the Caribbean Netherlands islands consists of local taxes on corporations and on individuals. The two most important taxes on corporations are the annual real estate tax (“*vastgoedbelasting*”) and the revenue tax (“*opbrengstbelasting*”). The Caribbean Netherlands islands do not have a profit tax (“*winstbelasting*”). The Caribbean Netherlands islands have a General Expenditure Tax (*Algemene Bestedingsbelasting* or ABB) of 4% on services, such as hotel and catering services, and 6% on the import of goods and for the supply of goods by manufacturers. Gasoline is a subject to an excise duty.⁶ A transfer tax (“*overdrachtsbelasting*”) of 5% is levied on the transfer of real estate.

Each of the Caribbean Netherlands islands also collects certain tourism-related taxes. In Bonaire, all tourists staying overnight pay a fixed tax of US \$5.50 per person per night (which contrasts with the general practice elsewhere in the Caribbean of charging a hotel tax that is a percentage of the total room bill). If the accommodation is a member of the BONHATA hotel association, an extra US \$1 is charged to fund the association. Bonaire collects an airport departure tax of US \$35/person for international destinations, which is usually included in the price of airline tickets. Bonaire also imposes a car rental tax of US \$4/day (in addition to the ABB, which is also charged).

The following tables provided by the Ministry of the Interior show the actual and projected tax revenues on each of the three Caribbean Netherlands islands over the last 4 years:

⁶ On St. Eustatius, the fuel levy goes to fund the tourism office. At one point, the local government proposed charging 2 cents per liter to fund STENAPA, but this was not implemented.

§ **Bonaire** (in US \$)

	2011	2012	2013	2014
Road tax	2.273.743	2.402.458	2.501.117	2.500.000
Visitor tax	2.713.408	1.969.317	1.769.749	1.700.000
Car rental tax	558.659	649.200	614.525	650.000
Real estate tax, private	2.022.346	809.212	2.449.581	1.200.000
Real estate tax, companies	279.330	1.830.000	307.263	1.200.000
Head tax on cruise ship passengers	614.525	785.172	675.978	700.000
Total	8.462.011	8.445.359	8.318.222	7.950.000

§ **Sint Eustatius** (in US \$)

	2011	2012	2013	2014
Road tax	254.386	262.506	259.000	259.000
Visitor tax	25.671	56.795	60.500	127.000
Car rental tax	5.101	5.875	6.000	6.000
Total	285.158	325.176	325.500	392.000

§ **Saba** (in US \$)

	2011	2012	2013	2014
Road tax	115.821	113.764	126.000	130.000
Visitor tax	52.352	68.014	62.500	60.000
Total	168.173	181.778	188.500	190.000

2.7 Taxes in Curaçao and St. Maarten

Curaçao and **St. Maarten** have both adopted the entire tax system as it applied in the former Netherlands Antilles. In Curaçao there is a 6% sales tax (*omzetbelasting* or OB) on many all goods and services (and also some items on which 9% is charged), and there is a 7% hotel tax ("*logeergastenbelasting*"). Gasoline, cigarettes, beer, wine, alcoholic spirits are subject to an excise duty. A transfer tax ("*overdrachtsbelasting*") of 4% is levied on the transfer of real estate. There is also a real estate tax ("*Onroerend Goed Belasting*") that is levied at various different percentages.

St. Maarten tax system consists of taxes on corporations and taxes on individuals. There is also a 5% turnover tax (BBO) levied on the delivery of goods and all services rendered 'within the territory' by resident or non-resident entrepreneurs within the scope of their business. A 5% room tax ("*logeergastenbelasting*") is levied from non-resident guests of hotels and other guesthouses, including rentals of vacation villa's and condos. Gasoline and cigarettes are subject to an excise duty. A transfer tax ("*overdrachtsbelasting*") of 4% is levied on the transfer of real estate, and there is a Real Estate Property tax ("*grondbelasting*").

None of the taxes mentioned in the preceding two pages are specifically earmarked for parks or nature conservation, but instead they usually go into general government revenues or for the operation and upkeep of the facility where they are collected (as in the case of airport departure taxes). Only a very few types of "user fees" (such as park entry fees, dive fees and mooring fees) are specifically earmarked for parks and nature conservation.

2.8 Financing of Parks and Nature Conservation by the Kingdom Government

The Ministry of Economic Affairs has made available a "free allowance" ("*bijzondere uitkering*") of € 7.5 million for nature conservation in the 3 Caribbean Netherlands islands based on the Ministry's calculations of the amounts needed for this purpose, but the Ministry leaves it up to the island governments to decide how they will spend this money (i.e., for other purposes including poverty alleviation, health or education), and the Ministry will not insist that the money actually be used for the purpose of supporting parks and nature conservation. The Ministry's calculation of 7.5 million as the amount needed for parks and nature conservation in the Caribbean Netherlands islands is also based on the assumption that the 3 island governments will each contribute an equal amount for

parks and nature conservation from local taxes and fees, which has not in fact happened because other sectors are higher spending priorities for the island governments. Furthermore, according to BZK, the € 7.5 million is a one-off grant, and should not be considered as sustainable funding.

At the time of the new constitutional arrangements in 2010, the Kingdom Government took responsibility for paying approximately 70% of the national debts of the governments of Curaçao and the former Netherlands Antilles, but would no longer provide Curaçao and St. Maarten with any further funds for development cooperation after 2013. These two islands are not eligible for many of the Dutch government subsidies and budgetary allocations that are available to Bonaire, Saba and St Eustatius. At the same time, all five Dutch Caribbean islands are not eligible for overseas development assistance by other bilateral and multilateral donor agencies and programs (such as Joint Implementation activities under the Climate Change Convention, or the Global Environmental Facility) because they are part of the Kingdom of the Netherlands, which is classified as a developed country.

2.9 EU funding

The Netherlands is a European Union member state, but Curaçao, St Maarten, and the three Caribbean Netherlands islands are not. Instead each of the islands of the Dutch Caribbean are considered by the EU to have the status of Overseas Countries and Territories (OCT), and are therefore eligible for funds from the **European Development Fund (EDF)**. The island governments can make proposals for use of the available funds. However, the only case in which a Dutch Caribbean island's government has requested and received EDF funding for parks and nature conservation is Aruba for its Arikok National Park Project.

There was no allocation from the 9th EDF for Aruba but the 8 EDF was transferred to the 9th EDF and Aruba benefited from a reallocation of funds following the 9th EDF Mid-Term Review. This amounted to € 9,8 million. Two projects were financed: the National Park Arikok and the National Museum. The overall objective pursued under these projects was to promote economic development in Aruba, dedicating specific attention to the integration of tourism into social, cultural and economic life in a manner that is sustainable and in harmony with the environment. The projects focus on (a) environmental conservation and (b) the preservation of the cultural heritage, in order to foster growth of the tourism sector.

The purpose of the project Arikok National Park was the upgrading of the Arikok National Park enabling its full and sufficient operation. The project consisted of two activities

namely the construction of roads within the park and the construction of the visitors' centre and the administrative offices. The total investment for this project was € 5,4 million.

More recently (in 2012), the Prime Ministers of St. Maarten and of Curaçao signed the 10th European Development Fund Single Programming Document on July 1, 2012, to fund various projects on 4 of the Dutch Caribbean islands: St. Maarten, Saba, St. Eustatius and Curaçao. On St. Maarten the project is funding the upgrading of the sewage and road infrastructure in the Dutch quarter district. However, there are no other cases (besides Aruba's Arikok National Park) in which EDF funds have been used to finance parks and conservation in the Dutch Caribbean islands. This is primarily because the island governments have not chosen to prioritize and specifically request this, rather than because they fail to meet any of the eligibility criteria.

According to *Vogelbescherming Nederland*, the overseas territories of EU member states only became eligible for EU funding one year ago, but "the amounts available for overseas territories are small and the window is narrow, and the French usually get most because of their extended overseas territories".

Another example of EU support for nature parks in Caribbean OCTs involved an € 900,000 grant to the Turks and Caicos National Trust to support infrastructure projects in protected areas, including construction of a visitor facility for a Nature reserve, demarcating the boundaries for another nature reserve, construction of an educational resource facility, and upgrading a former plantation site. This was part of a 3-year regional project titled "Management of Protected Areas to Support Sustainable Economics", involving three U.K. overseas territories — Turks and Caicos Islands, Cayman Islands and the British Virgin Islands.

Besides the EDF, another EU funding window for which park management organizations and NGOs in the Dutch Caribbean (including DCNA) could apply is **the LIFE Program**, but they would need to partner with a European Netherlands-based NGO such as *Vogelbescherming Nederland* to jointly submit a proposal. LIFE is the EU program for the development and implementation of European nature and the environment.

The LIFE program supports development, implementation, monitoring, evaluation and communication projects in the areas of:

- Nature and biodiversity (e.g., improvement of Natura 2000 areas)
- Environment and Resource Efficiency (pilots and demonstration of innovative Environmental technologies)
- Climate change (adaptation and mitigation)

Applicants for LIFE funding can be governments, businesses or NGOs. The next call for project proposals was issued on June 16, 2014, and will close in October 2014. Different

deadlines apply to certain types of projects. For the period 2014-2020, € 254.4 million has been budgeted for the whole of Europe (including OCTs) for the LIFE Sub-program “Environment and Nature”.

The National Office for Entrepreneurial Netherlands (RVO) is the Dutch agency that is responsible for handling all applications by Dutch organizations for LIFE funding, and it carries out the instructions of the Ministry of Infrastructure and the Environment and the Ministry of Economic Affairs. It assists applicants to make their projects score as high as possible by advising on “do’s and don’ts”.

The organization(s) submitting a proposal for LIFE funding must be able to provide 50% co-financing in the case of restoration projects, 60% co-financing for multi-island regional projects, and 100% co-financing for capacity-building projects. However, the Dutch Government’s funding allocation of € 7.5 million for nature conservation for the Caribbean Netherlands could be used as required co-financing for LIFE grants. According to staff of *Vogelbescherming Nederland*, the reporting requirements for EU subsidies are “horrible”, and it is simply not worthwhile to apply for grants for less than € 100,000. It usually takes 3 to 6 months per year of a staff person’s full time to prepare, account and fulfill the reporting requirements of an EU (project) subsidy.

Unfortunately the Dutch Caribbean islands are not eligible to receive funding made available under the UN Framework Convention on Climate Change (UNFCCC), including funds for climate change adaptation and mitigation. Reporting under the UNFCCC and the Kyoto Protocol is restricted to the European part of the Kingdom.

2.10 Individual Donors

According to staff of *Vogelbescherming Nederland*, in the Netherlands and throughout Europe, private donations for nature conservation are declining. They said that most small individual donors only give for around 3 years and then stop, and corporate donations for nature conservation are also declining. It also takes a lot of staff to do individual fundraising and corporate fundraising. Nevertheless, when two staff of *Vogelbescherming Nederland* were asked if it would be cost-effective for DCNA to hire 1 or 2 full-time fundraisers who would be based in the Netherlands (one to focus on individual donors (including foundation donors), and the other to focus on corporations, since different skills, methods and contacts are required for each of these two types of fundraising), they unhesitatingly said yes. They said that in the Netherlands there is very little awareness of the value of the biodiversity of the Dutch Caribbean islands, and many Dutch people associate the islands primarily with problems related to drugs and crime. It might be worthwhile for DCNA to further analyze the potential costs and benefits of hiring staff to do fundraising in the Netherlands.

Another type of fundraising that DCNA and the islands' park management organizations should consider is devoting significantly more effort to raising large donations from high net worth individuals who frequently return to visit an island or have a house there. For example, Paul Allen (the multi-billionaire co-founder of Microsoft) frequently visits Bonaire in his yacht, and has established a personal foundation that has recently started an Oceans Grants program (among many other program areas for which it makes grants). DCNA and STINAPA both said that they have never tried to meet with Paul Allen to ask him to donate. *Vogelbescherming Nederland* staff said that whereas the older generation of high net worth individual donors was willing to just write a check to support organizations which they liked, the newer generation of high net worth individual donors wants to actively influence the organization to which they give and visit projects that they financially support, which is much more labor-intensive, and requires park managers or representatives to become personally involved with such donors.

Several people also said that DCNA's Board members (in addition to the park managers or representatives on each island) need to become personally more involved with fundraising: in many US non-profit organizations, Board members are expected to either personally donate to the organization or bring in new donors, and failure to do this can result in their being asked to step off the Board.

At one time STENAPA and Saba Conservation Foundation had established US organizations to raise donations in the US. These US fundraising entities received the tax status of being recognized as Internal Revenue Code section 501(c)(3) "Friends of..." organizations, which enables US individuals and corporations to claim a US income tax deduction for their contributions. However, they lost this status because their US organization's Boards stopped meeting or stopped filing annual tax returns.

2.11 Dutch Postcode Lottery

A senior executive of the **Dutch Postcode Lottery** said that the Lottery is prepared to indefinitely continue giving € 500,000/year in structural support to DCNA, divided equally between contributions to the DCNA Trust Fund's capital and support for DCNA's operating expenses. However, it is very unlikely that the Postcode Lottery could increase this level of structural support for DCNA, which might even be reduced if the Postcode Lottery loses market share in the future due to changes in Dutch law that will make it easier for competitors to enter the market. On the other hand, it might also be possible for DCNA and one or more of the island park management organizations to apply for a short-term special project grant that would be in addition to the structural support for DCNA, but this would have to be for a project that is perceived as being "sexy". The

Postcode Lottery is also open to discussing whether its € 500,000/year in structural support to DCNA should be allocated 100% as a capital contribution to the DCNA Trust Fund, rather than allocating half of this amount for DCNA's operational costs. However, it is extremely difficult to raise funds to cover operational costs, which is why the current arrangement with the Postcode Lottery seems preferable.

3. The potential for sustainably financing parks through tourism-related taxes and fees

The largest contributor to GDP on most of the Dutch Caribbean islands (Bonaire, Saba and St. Maarten) is tourism, and on Curaçao it represents more than 20% of GDP. According to the Caribbean Tourism Association's website, the number of visitors to the Dutch Caribbean islands in 2010 was as follows:

- **Bonaire:** 70,000 arrivals by air, and 225,000 cruise ship passengers. 35% of the total were from the US, and 37% were from Holland.
- **Curaçao:** 342,000 arrivals by air and 383,000 cruise ship passengers. 14% of the total were from the US, 41% from Holland, and 13% from Venezuela.
- **Saba:** 22,500 total arrivals, of whom 35% arrived by air, 45% were day-trippers from St. Maarten, and 19% arrived by sea (but not on cruise ships). 30% of the total were from the US and 37% from Holland.
- **St. Eustatius:** 12,000 arrivals by air, 5,800 arrivals by sea (yachts, not cruise ships). 20% of the total were from the US and 44% from Holland.
- **St. Maarten:** 443,000 arrivals by air and 1.5 million cruise ship passengers. 53% of the total were from the US and 4% from Holland.

Breakdowns of these figures between tourists, business travelers, and people visiting their families are available for some islands and for some time periods but not for others. For example, such breakdowns are not available for the three Caribbean Netherlands islands after 2010.

All of this means that fees and taxes related to tourism have a significant potential for generating additional revenues for the parks, especially since the parks are the basis for a significant part of the tourism industry (especially in the case of the marine park in Bonaire), and since it is politically easier to tax foreign tourists than local residents.

The 2010 Treasury Act for public bodies in Bonaire, St. Eustatius and Saba describes the options that the islands have to levy taxes independently. With respect to taxes that (can) directly affect tourists, the Act includes the following articles:

Article 53 states as follows:

"1. Under the name tourist tax an island tax can be charged for any stay within the public body's territory by non-residents of the public body.

2. If island tax is charged to those who offer rooms they are authorized to reclaim the tax from the person who owes the tax for its use.

3. To apply this Article the person offering the room can be considered to be:

---The owner of real estate where a non-resident is staying, if the real estate is being exploited by the owner.

---The exploiter of real estate where a non-resident is staying

---The master or captain of a ship who is responsible for the ship or the person managing or using the ship".

Article 54 states as follows:

1. Under the name rental car tax it is possible to levy island tax for the use of a rental car to the person renting out the cars.

2. The tax as such can be reclaimed from the person who owes the tax for its use."

Article 61 further allows each Caribbean Netherlands island government to establish harbor tax for mooring or fastening ships in harbors or at quays and sites that are owned, or managed and maintained by the public body, as well as for anchoring in the island's territorial waters.

Finally, in accordance with Article 62, fees can be charged for the use of facilities and services that are used by the public and maintained by the local governments.

Whereas Article 53 and 54 are directly aimed at tourists, Article 61 and 62 are not, but could perhaps be partially applied to the tourist sector. However, As Article 42 states that the Caribbean Netherlands island governments may not levy any other island taxes than those specifically listed in the regulation (with the exception of island taxes for which levy takes place under other laws than the one cited here), the legal basis for each type of tourist tax must be found in the aforementioned articles.

Article 61 further allows the island territory to establish harbor tax for mooring or fastening ships in harbors or at quays and sites that are owned, or managed and maintained by the public body, as well as for anchoring in an island's territorial waters.

It is not clear whether or not current law would permit the BES island governments to collect a general tax or fee from all tourists that is not based on their use of specific services or facilities. Some people who were interviewed also expressed concerns that a general fee paid by all foreign tourists might be used by island governments for other

purposes that are politically higher priorities than nature conservation, and that island tourism boards might also lay claim to any kind of general tourism tax.

The various types of tourism taxes currently charged in Bonaire (most of which do not benefit STINAPA) include a hotel tax of US \$5.45 per person per night, a car rental tax of \$3.50 per day, a cruise ship passenger tax of US \$2 per head, an airport tax that is included in the ticket price, as well as an 8% VAT (ABB tax).

3.1 Cruise ship passenger taxes

The Dutch Caribbean islands have some of the lowest published cruise ship passenger head taxes in the Caribbean region, though the actual rates charged often differ from the rates published, as described below. The following Table prepared by the Caribbean Hotel Association shows the amounts of Cruise ship passenger Head Tax charged by Caribbean destinations in 2007 (which in most cases has not changed), with the Dutch Caribbean islands highlighted in bold:

Country	2007 Passenger Head Tax (US \$)
Antigua	6.00 + 1.50 environmental tax
Aruba	3.50
Bahamas	15.00
Barbados	6.00
Belize	5.00
Bermuda	60.00
Bonaire	1.50
BVI	7.00 2.00
Cayman Islands	11.27
Cozumel	3.00
Curaçao	3.50
Dominica	5.00

Dominican Republic	5.00
Grenada	4.00
Guadeloupe	1.50
Guyana	N/A
Haiti	6.00
Jamaica	15.00
Puerto Rico	13.25
St. Kitts and Nevis	1.50
St. Lucia	6.50
St. Maarten	5.00
St. Martin	5.00
St. Vincent	10.00
Trinidad and Tobago	5.00
Turks & Caicos	12.00
US Virgin Islands	7.50

However, many cruise ship companies also negotiate volume discounts that significantly lower the nominal rates listed above. For example, in the Bahamas, cruise lines are officially subject to a US \$20 per head departure tax, but according to a newspaper article, the effective rate is often closer to US \$7 or \$8 because of passenger volume-based tax breaks granted to the cruise companies. It is often difficult to collect information about such deals that are granted to individual companies. Furthermore, in some Caribbean islands, cruise ship companies simply refuse to pay the head tax, and island governments are reluctant to take steps to enforce payment because of fears about losing the cruise ship companies' business. For example, the cruise lines owe Jamaica more than US \$12 million in unpaid cruise ship passenger taxes.

3.2 Increasing Park Visitor Fees

Based on surveys of international tourists' willingness to pay (WTP), and depending on the numbers of them who visit particular islands, there may be potential for generating

significant additional revenues for parks by raising current park entry fees. For example, the effect of doubling the entry fees for the 2 land parks in St. Eustatius would be very minimal, because currently less than 1000 people per year pay the fees, but the effect of increasing the US \$25/person dive tag issued by STINAPA in Bonaire (which sold around 30,000 of the tags last year) by an additional US \$10 (to US \$35/person) would raise an additional \$ 300,000 per year and have little impact on the number of people buying the tags (based on the Willingness to Pay surveys conducted for the TEEB report).

The manager of Washington-Slaagbai Park in Bonaire proposed charging a US \$5 entry fee that would be in addition to (rather than included in) the marine park entry fee, in order to cover the shortfall in funding for road maintenance in the land park.

3.3 Yachting Fees

Some Caribbean countries have collected a significant amount of revenues from fees paid by private yachts. The Bahamas charges a flat fee to clear Customs and Immigration, which is US \$150.00 for boats 30 feet and under and US \$300.00 for boats 31 feet and over. This covers a vessel with three persons or less. Each additional person above three will be charged US \$20.00 Departure Tax.

The potential revenue that could be generated by charging similar fees is probably relatively high in St. Maarten, which receives many visiting private yachts due to its location and its sheltered harbors and lagoons, but lower in the other Dutch Caribbean islands, because the ABC islands are far from the US and from the main routes and circuits for private yachts, and because Saba lacks a good sheltered harbor for yachts, and St. Eustatius has never really promoted visits from yachts. The current mooring fee on St. Eustatius is US \$10.00 per boat per night (USD30.00 per week), and US \$2.00 per passenger per night on cruise boats, which is very low compared to the fee in the Bahamas cited in the paragraph above. It is not clear how many boats actually pay the fee in St. Eustatius; St. Eustatius's official visitor figures for 2013 show only an average of around 50 visitors per month arriving by boat. The fee on Saba is even lower: \$3 per person for up to one week.

On the other hand, St. Maarten can accommodate some 2000 boats in its 10 marinas, and some of the world's finest luxury yachts are moored there. According to a 2010 *Working Paper on the Economic Valuation of Country St. Maarten's Coral Reef Resources*, the total economic impact of reef-related tourism and recreation is over US \$50 million, which the paper breaks down into various categories but unfortunately not a category specifically for yachting. St Maarten charges Harbor Fees (per week or part of) that depend on a boat's length: 8-13 meters: \$20; 13-18 meters: \$40; 18-23 meters:

\$60; 23-28 meters: \$90; 28-33 meters: \$120; 33-38 meters: \$150; rising to a maximum of \$290 for boats over 75 meters. In addition, customs and harbor clearance fees are \$7 for up to 99 gross tonnage, and bridge raising fees for entering Simpson's Lagoon range from \$10 to \$500, based on a boat's length. However, no part of these fees is currently earmarked for the Nature Foundation, which is something that could be further discussed.

3.4 Tourism-Related Operations of Protected Area Agencies

In some countries, park management agencies have been able to generate significant revenues by directly operating lodges, restaurants, shops and other tourism-related businesses inside of the park, or by collecting rents or concession fees (based on a percentage of the sales) from private operators. In some countries (including recently in the European Netherlands, according to the Staatsbosbeheer), parks have been able to generate revenues by renting out existing buildings inside the parks. However, the revenue-generating potential of doing this in the smaller islands such as St. Eustatius and Saba is quite small, and in St. Maarten there is still no land park. Even in the larger and more visited islands of Bonaire and Curaçao, the potential revenues appear to be limited, because the parks are not used for overnight accommodations, and visitors usually bring their own drinks and food that they purchase in urban areas located close to the parks. Furthermore, if the parks did start opening restaurants, shops, and start building facilities for overnight accommodations, this might be viewed as competition by existing local businesses that provide food and accommodations to tourists, and the current park staff and managers probably lack the necessary business skills to successfully operate businesses themselves.

3.5 Hotel Taxes

Hotel taxes charged by government authorities are a common form of taxation in most countries. In some cases, a portion of revenues collected from hotel taxes have been allocated to conservation in coastal areas.

For example, the Turks and Caicos Islands increased its hotel room taxes from 8 percent to 9 percent, and allocated the 1 percent increase specifically for financing a protected areas conservation trust fund that was modeled after the one in Belize. The Conservation Fund raised nearly US \$10 million from the additional tax, but unfortunately all of this money was channeled into the government's consolidated fund instead of being "ring-fenced" in its own account.

In the US state of Delaware, 10 percent of the hotel tax is earmarked for a Beach Conservation Fund, while in the Florida Keys (Monroe County, Florida), voters approved a Tourist Impact Tax equal to a 1 percent increase in the existing hotel tax, and half of this 1 percent tax increase must be used for acquisition of undeveloped open spaces.

In Saba, hotels are already legally required to charge a US \$1 per night per person conservation fee, which goes to the Saba Conservation Foundation and is used for maintaining trails. No other Dutch Caribbean island has any kind of hotel tax that is specifically allocated for parks and conservation. In interviews with two hotel owners in Saba, they both complained that most people who rent out private homes do not pay they tax as they are supposed, and this represents a significant part of the visitors to the island. They rejected the idea of increasing the amount of the conservation fee paid by hotel guests, or basing it on a certain percentage of the room charge. One of the hotel owners suggested the idea of placing a donation box on the hotel's reception desk for those guests who want to make a voluntary contribution

The potential for generating substantial additional revenues from an increase in the hotel tax (calculated as a percentage of the room charge, rather than as a fixed daily fee of a few dollars) in the Dutch Caribbean islands is indicated by the fact that Aruba currently charges a 9.5% room tax. Although this tax is not specifically allocated for parks and conservation, there is no reason why this could not be done on other Dutch Caribbean islands if they decided to increase their hotel taxes. Even a 1% increase could generate large amounts of additional funding --- for example, if the current 7% hotel room tax in Curaçao were increased to 8%, or if the current 5% hotel room tax in St. Maarten were increased to 6%, since Curaçao received a total of 342,000 visitors arriving by air (as contrasted by cruise ship passengers) in 2010, and St. Maarten received 443,000 visitors by air. Bonaire could substantially increase the revenues from hotel taxes simply by switching to a percentage-based tax on hotel rooms (which almost all other Caribbean islands do) rather than a fixed charge per room per night. Although local hotel operators and tourism boards would probably object that any increase in hotel taxes would lead to a fall in the number of tourists, this does not appear to have happened in Aruba, which receives more tourists each year than all of the other Dutch Caribbean islands all combined.

4. Assessment of potential alternative or “new” sources of income for protected area management organizations

4.1 Updated analysis of international funding for protected areas in general

Because all 6 Dutch Caribbean islands are part of the Kingdom of the Netherlands, they are not eligible for most of the international funding sources that are generally available to developing countries to support biodiversity conservation, climate change adaptation and mitigation activities, and the implementation of various international environmental agreements, including sources such as grants from the Global Environment Facility (GEF), the Global Climate Fund and the Climate Adaptation Fund, the US Tropical Forest Conservation Act, and the programs of other bilateral donors (such as Germany’s KfW, or the French Development Agency) to support protected areas and biodiversity conservation in other Caribbean countries (such as KfW’s € 10 million grant to the Caribbean Biodiversity Fund).

In addition, because the Netherlands recently canceled or paid off most of the national debt of Curaçao and of the former Netherlands Antilles that was owed to the Government of the Netherlands, and because most of the remaining debt is owed to international commercial banks and corporations rather than to bilateral or multilateral aid agencies and development banks, the Dutch Caribbean islands are not good candidates for doing Debt for Nature Swaps or Debt for Climate Adaptation Swaps, unless the remaining holders of the debt of these islands are willing to accept being paid much less than the face value of the debt. Commercial creditors have typically only done this in very poor countries whose debt was unlikely ever to be paid back. This is something that could perhaps be explored further, but it would require more detailed information about the exact terms and amounts of the debt, and also require contacting the larger creditors of the island governments to determine their willingness to accept repayment of significantly less than face value of the debt. The Nature Conservancy has recently provided technical assistance to a number of Caribbean island governments (such as St. Lucia, Grenada and Antigua) to analyze and help negotiate these kinds of debt swaps, and perhaps DCNA or the independent Dutch Caribbean islands’ governments could contact The Nature Conservancy to find out whether they might be willing to provide similar assistance in the cases of Curaçao or St. Maarten.

4.2 Payments for Ecosystem Services (PES) and REDD

PES and REDD (which stands for “Reduced Emissions from Deforestation and Forest Degradation”) represent two important new income sources for protected areas emerging in the current global financial climate.

The most common and successful form of PES (e.g., in Latin American countries such as Colombia, Ecuador, Brazil and Costa Rica) involve payment for conserving forested watersheds by downstream users of the water or the hydroelectricity whose continuing long-term supply depends on the conservation of those watersheds. Unfortunately, the Dutch Caribbean islands do not have any hydroelectric dams or forested watersheds that serve to provide electricity or water for downstream users, who could then be charged a fee or a tax on their water consumption or electricity consumption (as is done on a wide scale in Colombia, Ecuador and Costa Rica). Most of the water supply in the Dutch Caribbean islands comes either from collecting rainwater or from desalination.

There are also only small very small areas of forests in the Dutch Caribbean islands that could be used as a basis for payments to reduce emissions from deforestation and forest degradation (REDD), which can be regarded as a particular type of PES, when the Dutch Caribbean islands are compared to mainland South American countries with huge areas of forest such as Brazil and Peru, or even small Central American countries like Costa Rica).

Payments for “blue carbon” (i.e., carbon sequestration by offshore sea grass meadows) could be an option in the long-term, but is currently mostly a theoretical concept that is still being developed. There is a certain amount of carbon sequestration by mangroves, but because of the very small land area of each of the Dutch Caribbean islands, this probably would not be able to generate significant revenues (and be attractive to commercial buyers or investors) compared to large Latin American countries whose coastlines include thousands of square kilometers of mangroves, and that are eligible for REDD payments under international treaties because they are developing countries, whereas the Dutch Caribbean islands (being part of the Kingdom of the Netherlands) are not officially eligible (although they could always try to tap into the international market for “voluntary” carbon payments (although this market shrunk by over 25% in 2013).

4.3 Biodiversity Offsets

In some countries, biodiversity offsets are an important new source of funding for protected areas. The leading organization devoted to promoting biodiversity offsets (the Business Biodiversity Offsets Program of Forest Trends) defines them as follows:

Biodiversity offsets are “measurable conservation outcomes of actions designed to compensate for significant residual adverse biodiversity impacts arising from project development after appropriate prevention and mitigation measures have been taken. The goal of biodiversity offsets is to achieve no net loss and preferably a net gain of biodiversity on the ground with respect to species composition, habitat structure, ecosystem function and people’s use and cultural values associated with biodiversity”. To be an offset, these conservation outcomes should be quantifiable, since the purpose of a biodiversity offset is to demonstrate a balance between a project’s impacts on biodiversity and the benefits achieved through the offset. This involves measuring both the losses to biodiversity caused by the project and the conservation gains achieved by the offset. BBOP has produced an extensive glossary of terms defining many key terms related to biodiversity offsets. There is no single best way to design and implement biodiversity offsets. The philosophy of BBOP members has always been to take a principles-based and flexible approach. However, BBOP has defined a general eight-step framework for a typical prospective offset design process that can help developers satisfy the Principles.

A number of the world’s largest companies that are involved in natural resource extraction (including major mining companies, and major oil and gas companies) have endorsed the general principle of voluntary biodiversity offsets, and some countries (such as Vietnam) are now drafting legislation to make such offsets mandatory. For example, BHP (the world’s largest mining company) recently signed a 5-year Alliance with Conservation International to finance 100% of the capital of new endowment funds (between US \$10 million and \$30 million) that support long term protected area management costs in countries where BHP has large mining operations (such as Chile and Australia), in order to offset negative environmental impacts that cannot otherwise be mitigated to leave a permanent legacy in the country as part of its corporate social responsibility.

However, there are no major mining or oil and gas drilling projects in the Dutch Caribbean islands, and this greatly limits the potential scope for using biodiversity offsets as a way of financing parks in the Dutch Caribbean islands. The closest analogues are the Curaçao-owned oil refinery that is operated by the Venezuelan Government national oil company PDVSA, and the oil storage terminals and oil transfer facility on St. Eustatius that is owned by the US-based Nustar Corporation. These both have significant negative environmental impacts, and the potential for much worse impacts in the event of a major oil spill. In the case of Nustar, the author of this report was able to meet with the manager of the facility on St. Eustatius, and read a copy of the Nustar’s current long-term operating

agreement (which is publicly available on the website of the Dutch Socialist Party⁷, which is the basis for the comments and recommendations below, but in the case of the PDVSA refinery on Curaçao there was neither opportunity, and therefore no analysis is presented here of the legal and political feasibility of a requesting or requiring a large payment by PDVSA to support CARMABI as a way of offsetting PDVSA's negative environmental impacts (which is an extremely issue because the refinery was owned for almost 100 years by the Dutch-based oil company Shell). However, this could (and maybe should) be explored further by DCNA and CARMABI.

4.4 Nustar

The Agreement between the group of companies associated with Nustar, the island government of St. Eustatius, and the government of the country of the Netherlands Antilles (which ended on December 31, 2014) does not allow the government signatories to impose any new types of fees or taxes (including environmental fees or taxes) during the term of the Agreement. However, there is no reason why this prohibition has to be included in the new agreement negotiated by the Dutch Government's Ministry of Infrastructure and Environment.

The only type of environmental charge that that is included in the current agreement is an obligation for Nustar and the island government to each pay US \$32,500 annually to a "Site Restoration Fund" whose purpose is to clean up any pollution caused by Nustar's activities after Nustar terminates its operations in St. Eustatius. The island government's contributions are specifically earmarked for the restoration of flora and fauna, but Nustar's contributions are not. However, since the island government has never in fact made any contributions to the Site Restoration Fund (since it claims that it lacks sufficient funds to do this), Nustar has also not made any payments to the fund, although it is prepared to do so if and when the island government makes its required contributions to the fund. It should be noted that the Site Restoration Fund can only be spent if and when Nustar terminates its operations in St. Eustatius, and it cannot be used to pay for the normal recurrent operating expenses of STENAPA.

The Ministry of Infrastructure and Environment has invested large amounts of money to construct wastewater treatment plants (e.g., € 35 million in Bonaire) specifically in order to protect the coral reefs, but there has been very little communication between the Ministry and the park management organizations that are legally responsible for protecting the reefs. One way for the Ministry to fulfill the purpose of its large investment

⁷ https://www.sp.nl/nieuws/nwsoverz/div/051228_sot_tax_agreement.pdf

in protecting Bonaire's coral reefs would be to also grant an annual subsidy to STINAPA to protect the reefs.

In St. Eustatius, one option would be for the Ministry of Infrastructure and Environment to require payment of an environmental permit fee as part of the new agreement currently being discussed with Nustar, and to earmark the payment(s) for STENAPA by making STENAPA into an enforcement agency for the Kingdom Government with responsibility for protecting St. Eustatius's coral reefs (rather than making STENAPA responsible to the island Government for this purpose, since the island government might decide to use the money from the fees for other purposes, as it has in the case of the funds that it was allocated for biodiversity conservation). This new environmental permit fee could also be incorporated in the Ministry's new environmental plan for the Caribbean Netherlands islands that was expected to be published by February 2015.

4.5 Royalties and Fees from Offshore Mining and Oil and Gas

Using natural resource "rent" to finance protected areas has a powerful logic: It compensates for the extraction of one type of natural resource by conserving another, as the following example illustrates. This is different from biodiversity offsets, although it also involves payments by natural resource extraction companies for parks and conservation.

The U.S. Land and Water Conservation Fund draws its revenues from fees paid by oil companies to the U.S. government for offshore oil and gas drilling leases. Since 1964, this fund has provided almost US \$9 billion for the protection— through purchases, donations and easements—of 28,000 km² of land for national parks and reserves. (U.S. Land and Water Conservation Fund website) Individual U.S. states, such as Florida, Louisiana (see below), and Michigan, have established similar conservation funds that are financed by payments for extracting minerals, oil, and gas on state-owned land or coastal waters.

However, this is not relevant to the Dutch Caribbean islands, because they do not have any offshore gas or oil deposits.

4.6 Fines, Damage awards, and Offsets related to Oil and Gas, and Mining

A local government finance department official on St. Eustatius suggested that local government, STENAPA and DCNA should lobby the Ministry of Infrastructure and Environment to change existing regulations so that any money from environmental fines (e.g., for oil spills) should go to STENAPA to use for conservation rather than to the Kingdom Government for general budgetary purposes (as they would under current law according to I & M officials). On St. Eustatius, one local government official even suggested that fines for illegal dumping of garbage should go to STENAPA.

An official in Curaçao's Ministry of Finance also proposed that fines levied by the island government for environmental pollution and illegal dumping should be earmarked to support Curaçao's parks and nature conservation. However, the total amount of fines currently levied is not known, but appears to be relatively small.

Many U.S. states and Canadian provinces use money collected as pollution fines and damage awards to finance long-term conservation programs that are not limited to cleaning up the specific damage caused by a particular polluter. As described below, settlements may also be reached to mitigate specific pollution damage caused by oil spills, and special funds allocated in advance to finance cleanup operations.

Another possibility would be for the Dutch Government Ministry of Infrastructure and Environment (I+M) to draft new legislation and/or new regulations that would allow or require part of the fines and judicial awards for damages from major oil spills to be allocated for long-term conservation and parks (and not just for clean-up and restoration of the area immediately affected). This was done in the case of the two largest oil spills in US history, the Exxon Valdez Oil Spill in Alaska and the BP oil spill in the Gulf of Mexico, and has also been ordered by US courts in a number of cases of land-based pollution. Exxon Corporation was ordered by a U.S. Federal District Court to pay a multi-billion dollar fine and settlement for damage claims arising from the huge oil spill caused by Exxon's oil tanker Valdez off the coast of Alaska, including:

- a US \$150 million criminal fine, of which \$12 million went to the North American Wetlands Conservation Fund;
- US \$100 million in criminal restitution for injuries caused to the fish, wildlife, and lands of the spill region, which was evenly divided into payments to environmental and protected area agencies of the federal and state governments; and
- US \$900 million to restore resources that suffered a substantial loss or decline as a result of the oil spill.

BP was ordered to pay over US \$20 billion for the damages caused by its 2010 oil spill in the Gulf of Mexico, which included a court order to pay US \$2.4 billion to the National Fish and Wildlife Foundation for long-term conservation projects.

An official of the Ministry of Infrastructure and Environment offered to consult with legal experts in his Ministry about whether or not similar allocations of oil spill penalties would be possible under current Dutch law or would be feasible to propose in the future, but has not yet produced a response. Island governments might also have the ability to introduce such laws or regulations in the case of near-shore incidents and damage, but might lack the political will to do this if parks and nature conservation are not high enough priorities and if they are more concerned about losing jobs related to operations of oil storage facilities and tankers.

4.7 Right-of-Way Fees for oil and gas pipelines, and for telecommunications cables and transmission towers, located inside parks

Some countries require utility companies, telecommunications companies, and energy companies to pay millions of dollars for the right-of-way to construct and maintain electric power transmission lines, telephone lines, broadcasting towers, or natural gas pipelines inside protected areas. For example, the companies that own the telecommunications towers near the summit of Mount Kitanglad pay the Philippines national park in which Mount Kitanglad stands, an annual fee that is based on the companies' revenues. In addition, Brazil's national protected areas system law authorizes the country's environmental agency to collect an environmental compensation fee equal to one-half of 1 percent of the construction costs or annual maintenance costs of any pipeline, electric power transmission line, or broadcasting tower that is located in a national park—the fee must be used to pay for conservation of the protected area in which the construction or maintenance activity occurs. However, it is not clear if there are any cases in the Dutch Caribbean where something similar could be introduced or could generate significant revenues.

4.8 Environmental taxes related to automobiles

Antigua and Barbuda charges an environmental levy on automobiles as an excise tax that is in addition to the import duty and sales tax. Costa Rica passed a law that earmarks 3.5% of the national gasoline tax for a forestry fund ("FONAFIFO") which pays landowners for maintaining the forest cover on their private land. This system is widely regarded as having been very successful in lowering Costa Rica's formerly high rate of deforestation, and has strong political support from many small landowners who benefit from the payments. However, deforestation is not a serious problem in the Dutch Caribbean islands, and a number of people who were interviewed for this report said that there would be strong political opposition on all of the islands to any attempts to raise the

gasoline tax or the taxes on automobiles. Unlike in Costa Rica, there are no groups of local voters in the Dutch Caribbean who would economically benefit from increasing taxes on cars and gasoline or earmarking a percentage of existing taxes for parks and conservation.

4.9 Fishing taxes and fees

Some countries such as Mauritania and Guinea Bissau have earmarked the long-term fishing access fees paid by the EU and other foreign fishing fleets for the right to fish in those countries' Exclusive Economic Zones for a national protected area trust fund. In other countries such as New Zealand and Namibia, a fish catch levy or tax that varies by fish species is paid by all commercial fishing boats and used for marine biodiversity conservation (including protection of marine mammals) and fisheries management. However, the fishing industry in the Dutch Caribbean islands consists mostly of a small number of local artisanal fishers, rather than large foreign commercial fishing vessels; and therefore earmarking fishing fees for marine conservation is unlikely to produce significant revenues.⁸

4.10 Tax Deductibility in the European Netherlands of Charitable Contributions and Grants for conservation in the 3 independent Dutch Caribbean islands

A Board member of CARMABI who works at Curaçao's largest bank proposed trying to change the current Dutch income tax regulation that only allows income tax deductions for Dutch people who make charitable contributions for supporting nature conservation "within the Netherlands", and instead lobby the Ministry of Finance to allow such deductions for nature conservation "within the Kingdom", which would mean that grants and contribution by Dutch organizations and individual donors (i.e., those in the European Netherlands) for nature conservation in the Dutch Caribbean islands would also be eligible. In addition, he proposed that the Curaçao Government should raise or eliminate the current maximum amount of 1% of income that can be claimed as a tax deduction for a donation for nature conservation in Curaçao.

4.11 Taxes on Alcohol and Tobacco

⁸ See the 2010 report by IMARES titled "Management plan for the natural resources of the EEZ of the Dutch Caribbean", at <http://edepot.wur.nl/155337>

In Saba there are no excise taxes on alcohol and tobacco (in contrast to Curaçao and Aruba), and the Governor of Saba suggested informally during an interview that an excise tax on these products could be a possible way of financing the parks, and could also have the beneficial side-effect of reducing local consumption of these items, which has socially negative impacts. However, a local politician who was interviewed doubted that it would be politically possible to introduce any kind of new local taxes. Moreover, a local government Finance Department official in Bonaire said that if such an excise tax were imposed, the revenues would go to the Kingdom Government rather than the local government. It is not clear whether the Dutch Ministry of Finance could decide to earmark revenue from an excise tax for supporting the parks, as opposed to just having it go into general government revenues.

4.12 Local Lotteries

In many US states, and in countries such as Netherlands and the UK, part of the profits from public lotteries are used to support parks and conservation. For example, more than 50% of the profits of the Oregon and Colorado state lotteries go to support state parks). The main lottery tickets sold in the Dutch Caribbean is the Curaçao-based “Robbies Lottery”. The Dutch Postal Code Lottery is not authorized to sell tickets in the Dutch Caribbean islands. Robbie's Lottery currently donates part of its profits to a charitable social program rather than conservation: it supports a program run by *Fundashon Kontra Kriminalidat i Pobresa* which gives young drop-outs a second chance in life by teaching them how to fish in order to support themselves and their families. In the Caribbean Netherlands islands, 60% to 70% of the population earns incomes below the poverty level, and the figure is probably even worse in Curaçao, although probably better in St. Maarten, and therefore many local businesses choose to allocate their charitable contributions for social projects rather than nature conservation.

4.13 Grants from Foundations

Most of the large US foundations that have made large grants for marine and terrestrial biodiversity conservation are unlikely to make grants for the Dutch Caribbean islands.

- *MacArthur Foundation* recently made 2 grants of almost US \$1 million each to support marine biodiversity conservation activities in Cuba, but has not recently made any other grants for biodiversity conservation in the Caribbean.
- *Gordon and Betty Moore Foundation* has made many grants for marine biodiversity conservation, including a 2-year US \$500,000 grant in October 2013 to support TNC's “Caribbean Challenge”. However, all of its other grants for marine conservation have

either been in the US or in the Pacific, and focus on sustainable fisheries (which has very limited relevance in the Dutch Caribbean islands, where fishing is a relatively minor economic activity).

- *Packard Foundation* supports marine conservation activities in the Western US, the Gulf of California, and the Pacific. It also has a subprogram on marine birds, which focuses on eradication of invasive species (and therefore might at first seem to be a potential source of funding to eradicate the cats and rats that threaten the highly endangered endemic Tropicbird populations in Saba and St. Eustatius), but up to now all of the grants by this subprogram have focused on eradication efforts in the Pacific Flyway countries of Panama and Chile.
- *MAVA Foundation* in Switzerland has made many grants for marine and coastal biodiversity conservation, but only in the Mediterranean and in coastal West Africa.
- *Ford Foundation's* environmental grants are used to support strengthening the land rights of poor and indigenous people help them better deal with climate change, but not for protected areas and biodiversity conservation *per se*.
- *Dutch foundations and nature conservation organizations* do not appear to be able to increase their current level of grant support for parks in the Dutch Caribbean islands, since a number of the latter have recently had to lay off staff, and their own funding sources have been flat or declining.

4.14 Donations from Individuals

DCNA and the park management organizations could try to gradually develop a long-term relationship with high net worth individuals who visit the Dutch Caribbean islands, such as Paul Allen, the co-founder of Microsoft, who frequently visits Bonaire in his US \$150 million yacht (which is one of the world's largest), and whose personal foundation has made grants for conservation in places such as Botswana and Zambia (for elephants) and for scientific research relating to oceans, although not specifically for the Caribbean. The foundation's website gives more details about their grant criteria and procedures. Three-fourths of their grants are to organizations in the Pacific Northwest, but since the website states that Allen has donated more than US \$1.5 billion, that still leaves scope for seeking a substantial grant through cultivating a long-term relationship with Allen and his wife (who serves as President of the Foundation). Establishing such personal relationships are often more effective than simply submitting a grant proposal. One way to do this is to find out where such high net worth individuals are staying and who are their local contacts, and then send an invitation to the high net worth individuals to participate in some type of "fun event" such as going with a park director to tag turtles or birds, or participate in coral reef scientific monitoring or restoration, where they can personally observe and feel involved in conservation for a short period. It helps greatly if

the park director (or one of his or her staff) has an extroverted personality and can convey enthusiasm and personal commitment about the tasks being done.

Some large conservation trust funds such as Colombia's *Fondo Accion* have recently developed systems for "crowd sourcing" small individual donations which can be made over internet or by cell phones. However, this is based on asking people to contribute to specific projects whose development they can follow on the internet, rather than core funding for recurrent park management activities, and the amounts raised have so far been relatively small (e.g., around US \$70,000 in the case of *Fondo Accion*).

5. Advice regarding the DCNA Trust Fund

5.1 Role of the Trust Fund in the new constitutional construction

The new constitutional structure (in which the Caribbean Netherlands islands have become Dutch municipalities and the other islands are now autonomous countries but still part of the Kingdom of the Netherlands) is currently under review by DCNA's Trust Fund Committee in order to determine what changes (if any) in DCNA's legal documents should be made.

5.2 Option of converting the endowment into a sinking fund

Converting an endowment into a sinking fund is an option that was recently pursued in the case of the US \$215 million trust fund in Brazil for the Amazon Region Protected Areas (ARPA) program. What was originally planned to be an endowment in perpetuity was converted in 2014 into a 25-year sinking fund by the agreement of all the donors (including the World Bank, the German Government, the Brazilian Government, WWF, the Moore Foundation, and several Brazilian corporations).⁹ The main reasons for deciding to do this were because of lower than expected rates of return from investing the endowment, and a lower amount of contributions to the endowment than was originally expected. It therefore became clear that annual income from investing the endowment would not be sufficient to finance the gap in protected area management costs for the 70 parks targeted by ARPA, but it was calculated that those costs could be covered by also spending down all of the endowment's capital over a 25-year period. The ARPA sinking

⁹ ARPA covers more than 70 protected areas that together constitute 15 percent of the Brazilian Amazon, and is funded by the Government of Germany, the Inter-American Development Bank, Global Environment Facility, WWF, and the Brazilian Government.

fund is referred to as a “bridging fund”, because it is expected that at the end of 25 years based of current projections for Brazil’s economic growth, the Brazilian Government will be able to cover all of the recurrent park management costs out of its own budget (due to Brazil’s high rate of economic growth).

If the DCNA trust fund were treated the same way and converted from an endowment in perpetuity to a 25-year sinking fund, then by applying the current average long-term projected annual rate of return on investment of 6%¹⁰ to the trust fund’s remaining principal and interest each year, and withdrawing (i.e., spending) this same fixed amount each quarter over a 25-year period, DCNA would be able to withdraw a total of approximately US \$1 million/year for 25 years, and would have zero balance remaining at the end of the 25-year period (based on standard amortization tables, and starting with a capital of US \$14 million at the beginning of the 25-year period).

If DCNA were to follow the recommended standard maximum percentage of overhead for conservation trust funds after the first 3 years (when start-up expenses drive up overhead expenses), then DCNA should spend no more than 20% (i.e., \$200,000/year, and preferably no more than 15% or US \$150,000/year) on its own management and overhead expenses, which would leave it with approximately US \$800,000 to \$850,000 disburse as grants to fund park management recurrent expenses in the islands. Although several DCNA Board members said that under current circumstances DCNA should try to find ways to significantly reduce its management and overhead expenses, the terms of reference for this report do not include an in-depth analysis of DCNA’s own management and overhead expenses.

Converting the DCNA trust fund from an endowment to a sinking fund could enable DCNA to fill around 45% of the previously estimated US \$1,840,000 financing gap on the 5 islands. A big challenge would be to see whether DCNA’s total management and operating expenses could be reduced to such a level without critically impairing DCNA’s ability to carry out its mission. This also requires reconsidering the extent to which DCNA’s mission should be limited to making and disbursing grants to park management organizations to spend on basic operating costs (as well as monitoring and evaluating the execution of the grants and preparing reports on this to donors), and the extent to which DCNA should focus its activities on strengthening the capacity of the parks management organizations, and fundraising for them. This also requires considering whether there are a series of dates by which the park management organizations’ capacities (e.g., for financial management) will be sufficiently strengthened so that the need for further

¹⁰ One of DCNA’s 2 asset managers (Schretlen) has a long-term target rate of return of 5% to 7%, and the other one (UBS/Arbor Group) has set 7% as its long-term target rate of return. The figure of 6% is used here in order to be more conservative.

significant capacity-building tapers off, or whether this need for DCNA to strengthen the capacity of the park management organizations is likely to persist indefinitely (and the extent to which their lack of capacity is based mostly just on a lack of sufficient funding for basic park management activities). These issues go beyond the scope of the present study, which was never intended to be a comprehensive evaluation of DCNA's mission, performance and activities, but only to assess the DCNA trust fund's potential for filling the financial gap in basic park management on the 5 islands.

5.3 Re-assessment of the capital required for the Trust Fund to fulfill its original goal and the feasibility of acquiring this capital

An alternative (or complementary) option to converting the endowment into a sinking fund, and a potential way of filling part of the gap in sustainably financing the basic management of the parks on the 5 islands, would be to intensify DCNA's efforts to raise more capital for the DCNA trust fund (since if the trust fund's capital (as of June 2014) were increased by around US \$3 million to \$16.67 million, then this should be sufficient to generate the same amount of \$1 million/year as under the sinking fund scenario described above).

On the other hand, the DCNA trust fund's capital would need to be increased to a total of US \$30.7 million, in order for the trust fund to be able to generate the amount of US \$ 1.84 million/year that would be needed to fill the total financing gap for basic park management on all 5 Dutch Caribbean islands. This is based on assuming that the trust fund's investments could achieve a net average long-term rate of return of around 6%, which is the rate that both of the DCNA trust fund's two current investment managers have set as a realistic long-term target. This \$1.84 million/year would be enough to cover 100% of the current financial gap in carrying out basic management of the parks on all 5 islands.

Hypothetically, if the trust fund were to also provide DCNA with US \$330,000/year to \$460,000/year to fund DCNA's own management expenses (which would correspond to the 15% to 20% of a conservation trust fund's annual budget management maximum of a conservation trust fund's annual budget that is generally recommended as a maximum for management expenses by international donor agencies such as the GEF, KfW and USAID), then the trust fund's capital would need to be increased to US \$36 million to US \$38 million. These amounts are based on assuming that the 6%/year net income from investing the DCNA trust fund's capital would be the sole source for filling the financing gaps for basic management of the parks on all 5 islands and the sole source for funding DCNA's own management expenses. However, this is unlikely to be the case, since it is both hoped and expected that other sources of income for the parks and for DCNA can

also be developed, which could thereby significantly reduce the amount of capital that the DCNA trust fund would need to have in order to fill the financing gaps.

List of People interviewed for the Study

Bonaire:

Edison E. Rijna, Deputy Governor
Fred Tiemessen, Openbaar Lichaam
Frank van Slobbe, Openbaar Lichaam
Willem van Delft, NL Ministry of Infrastructure and Environment
Huib de Bliet, NL Ministry of Economic Affairs
Paul Hoetjes, NL Ministry of Economic Affairs
Etshel Pieterella, Tourism Corporation Bonaire
Irene Dingjan, Bonaire Hotel and Tourism Association
Jeannette Nolen-Heitkönig, STINAPA
Herbert Piar, STINAPA
Ramon de Leon, STINAPA
Marc Beenackers, STINAPA
Willem van Hees, STINAPA
Bruce Bowker, dive operator
Carolyn Caporusso, dive operator
Charles Vos, resort manager
Esther Wolf, consultant

Curaçao:

Lucille George-Wout, Governor
Paul Stokkermans, Director of CARMABI / DCNA Board member
Peter Bongers, CARMABI Board member and Chairperson
Jeffrey Sybesma, CARMABI Board member
Liza Dindial, Chata (hotel association)
Theo van der Giessen, Uniek Curaçao (nature conservation organization)
Frensel Mercelina, Uniek Curaçao
Jeanine Constansia-Kook, Ministry of Health, Environment and Nature
Faisal Dilrosun, Ministry of Health, Environment and Nature
Ivan Kuster, Ministry of Finance
Hugo Clarinda, Curaçao Tourist Board
Dino Daal, Curaçao Tourist Board
Nolo Ambrosi, dive operator

Saba:

Jonathan Johnson, Governor
Menno van der Velde, Island Secretary
Piet Gerritsen, Finance Department
Koen van Laar, Openbaar Lichaam
Bastiaan Janssen, Rijksdienst
Glenn Holm, Saba Tourist Bureau
Lynn Costenaro, dive operator
Cheri Waterfield, dive operator
Wolfgang Touten, dive operator
Hidde Verbeeke, hotel manager
Paul Cizek, hotel owner
Johan Schaeffer, Saba Conservation Foundation (SCF) ranger
Johanna van Hof, SCF Board member and DCNA Alternate Board member
Michael Chamma, SCF Board member
Karen George, SCF Board member

St. Eustatius:

Gerald Berkel, Governor
Carlyle Tarr, Commissioner
Roberto Hensen, Department of Agriculture and Fisheries
Charles Lindo, St. Eustatius Tourism Development Foundation
Steve Piontek, STENAPA / DCNA Board member
Hilda Doek, STENAPA
Terence Keogh, Nustar
Chris Butler, Nustar

St Maarten¹¹:

Tadzio Bervoets, St. Maarten Conservation Foundation / DCNA Board member

¹¹ Although the consultant who wrote this report spent 3 full days in St. Maarten, the Director of the St. Maarten Conservation Foundation was suddenly called by the Governor to negotiate the new Service Level Agreement during that time, and therefore was unable to arrange any meetings for the consultant with other organizations and individuals in St. Maarten. The St. Maarten Conservation Foundation is the most short-staffed of any of the park management organizations, and there was no one else who could arrange meetings.

Netherlands:

Astrid Hilgers, Ministry of Economic Affairs (EZ)

Willem van der Heul, EZ

Jan Bandsma, Ministry of the Interior and Kingdom Relations

Milton Horn, Ministry of Infrastructure and Environment

Judith Lingeman, Postcode Lottery

Carel Drijver, WWF-NL

Allard Stapel, WWF-NL

Mariska Bottema, WWF-NL

Rob Glastra, IUNC-NL

Ellen van Buuren, Vogelbescherming NL

Bert Denneman, Vogelbescherming NL

Piet Bakker, SBB

DCNA Secretariat Staff:

Kalli De Meyer, Executive Director

Nathaniel Miller, Assistant Director

Elise Benedictus, Accounting Officer

DCNA investment manager:

John Adams, UBS/Arbor Group (in Seattle)