Feasibility Study of a Protected Areas Trust Fund

Sustainable Funding for the Nature Parks of the Netherlands Antilles

Part A – CONTEXT, DONOR POTENTIAL, FINANCIAL STRATEGY

February 2005

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<td>ACP</td>
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<tr>
<td>AMFO</td>
</tr>
<tr>
<td>APNA</td>
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<tr>
<td>BNA</td>
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<tr>
<td>BZK</td>
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<td>CARMABI</td>
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<td>CBD</td>
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<td>CBI</td>
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<td>MINA</td>
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<td>NA</td>
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<td>NPL</td>
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<td>OCT</td>
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<tr>
<td>PA</td>
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<td>VOMIL</td>
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<td>VSO</td>
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<td>WWF-NL</td>
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</table>
1 Executive summary

Biodiversity economics

A recent WRI report estimates that all Caribbean coral reefs combined provide goods and services with an annual net economic value from fisheries, dive tourism and shoreline protection services of between US$ 3.1 billion and US$ 4.6 billion (Burke & Maidens, 2004). Estimates for total annual economic benefits per sq km of coral reef have ranged from roughly US$ 100,000 to US$ 600,000, the largest share of which was associated with tourism and recreation followed by shoreline stabilization services. Although focusing on coral reefs only, the findings of the WRI study clearly demonstrate the vital role which intact ecosystems and a rich biological diversity play in the economies of Caribbean island states.

The coral reefs of the Netherlands Antilles are considered amongst the healthiest in the region. According to the WRI study, the estimated economic benefit of the country’s total coral reef area ranges from 24 to 144 million US$ per year. The economic value of all land and marine biodiversity of the Netherlands Antilles can still only be guessed. A comprehensive analysis of the costs and benefits of conserving the country’s biodiversity is therefore strongly recommended, as an instrument to increase political, public and financial support to conservation. The fact that these tropical islands, in spite of their small size, also boast the richest combined land and marine biodiversity within the Kingdom, give the Netherlands a special responsibility in initiatives towards effective and sustainable biodiversity conservation.

Nature parks finances

Protected areas, called nature parks on the Netherlands Antilles, are the cornerstone of the country’s biodiversity conservation policy, in compliance with international obligations under the Convention on Biological Diversity to which the Netherlands and the Netherlands Antilles are party. On each of the five1 islands one marine and one land park are being or have been established, most of them in the past two decades. Curaçao is developing a larger network of parks, which will be connected by ecological corridors. However, proper parks planning and operations have been seriously constrained by a lack of reliable long-term funding for their running costs.

1 Bonaire, Curaçao, Saba, Statia (or St Eustatius) and St Maarten make up the Netherlands Antilles. Aruba has a separate status within the Kingdom of the Netherlands and will probably join the Trust Fund process at a later stage (see chapter 2).
Some islands can finance a significant part of their park costs from user fees (mostly tourism charges) and island government contributions. This mainly applies to Saba and Bonaire, and to some degree to Curacao (see table 1), but both tourism and island government contributions may fluctuate considerably from year to year. In order to achieve financial sustainability, additional sources are needed which are more stable.

Based on a series of standardized budget items, around NAF 5 million (EUR 2.25 million) per year are needed to cover the recurrent operating costs of a ‘basic’ level of park management on all five islands, including the costs of an umbrella organization. The last column of Table 1 shows the relative deficits in meeting the basic operating requirements in 2002, the first three columns show the diversity between islands in the relative shares of financial sources.

Table 1
Relative shares of financial sources and degree of budget coverage of two parks per island (one on St Maarten)

<table>
<thead>
<tr>
<th>Island</th>
<th>Island government 2002-03</th>
<th>Other grants 2002-03</th>
<th>Self-generated 2002-03</th>
<th>Available budget as % of basic requirements 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saba</td>
<td>17%</td>
<td>30%</td>
<td>53%</td>
<td>100%</td>
</tr>
<tr>
<td>Statia</td>
<td>21%</td>
<td>51%</td>
<td>28%</td>
<td>100%</td>
</tr>
<tr>
<td>Sint Maarten</td>
<td>17%</td>
<td>78%</td>
<td>5%</td>
<td>100%</td>
</tr>
<tr>
<td>Bonaire</td>
<td>6%</td>
<td>4%</td>
<td>90%</td>
<td>100%</td>
</tr>
<tr>
<td>Curacao</td>
<td>26%</td>
<td>5%</td>
<td>69%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Towards a Trust Fund

Over the last 15 years, Conservation Trust Funds have been established in more than 40 developing countries as a mechanism for providing stable, long-term funding for protected areas. Since 1998, a Trust Fund has also been proposed for the Antillean nature parks, with implicit reference to an Endowment Fund. That same year the Dutch government agreed to support a feasibility study for a Trust Fund. In 2003, the Antillean department for the environment contracted the consultants to conduct such a study. Apart from assessing the feasibility of a

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2 Three types of Trust Funds exist:
- *endowment funds*, where only the returns on invested capital, not the capital itself, may be used.
- *sinking funds*, where investment income as well as the capital itself can be used over a fixed period.
- *revolving funds*, which are replenished by regular revenue sources such as fees or taxes.
Trust Fund to cover the running costs of one land and one marine park on each island, the assignment included a broader analysis of how the parks can be made financially sustainable, and advice on the organizational and technical aspects of the management and administration of a Trust Fund. Communication and fundraising strategies to support the process towards financial sustainability were outlined as well.3

A new momentum

In 2004, the Trust Fund process gained momentum as a result of first-time grants from the Dutch National Postcode Lottery (NPL), successful lobbying by NC-IUCN of the Dutch Parliament and Ministries, the launch of the Dutch Caribbean Nature Alliance (DCNA) as umbrella organization of all the park management NGOs and the fact that the Trust Fund study was finally underway. In addition, the DCNA will be receiving technical and political support from a group consisting of all major Dutch nature management organizations, i.e. Natuurmonumenten, Staatsbosbeheer and De Landschappen. The group is coordinated by NC-IUCN, and WWF-NL and CI-NL are also members. This new momentum is leading to growing political support, both in the Netherlands and in the Antilles, to the sustainable financing process.

Is sustainability feasible?

The consultants conclude that sustainable funding of the nature parks is feasible when based on a financial strategy with a Trust Fund as the stable core component, complemented by several parallel funding mechanisms (‘tracks’). Complementary tracks are required, since it is unlikely that a Trust Fund alone will ever be large enough to satisfy all financial needs. Besides, potential donors to a Trust Fund will want to see all other financing options to be fully utilized before being prepared to help capitalize the Trust Fund. On the other hand, the stability of a Trust Fund is needed in view of the uncertainties inherent in the other tracks.

3 Trust Fund design aspects will be discussed in detail in Volume B. Fundraising and communication are dealt with in Volume C.
Table 2
Multi-track strategy towards financial sustainability of nature parks

| Track 1 | Long-term support from the National Postcode Lottery (NPL) to fund recurrent costs. This track has two alternatives, either with NC-IUCN or with De Landschappen as intermediaries. Under the most optimistic scenario, the NPL may additionally agree to a one-time capital grant into the Trust Fund. The final goal is to either obtain an independent NPL beneficiary status for the DCNA, or a structural association of DCNA with De Landschappen. Although perspectives are positive, long-term support is not yet assured. |
| Track 2 | The Trust Fund, a key component in the overall strategy to achieve financial sustainability, not in terms of the volume of its annual contribution, but in terms of reliability and as a vehicle to develop commitment and support to the parks by a variety of stakeholders. Since the Trust Fund capital will probably grow slowly, this growth could be accelerated during a first stage by reinvesting the annual returns of the fund into the capital, provided that the financial situation of the islands allows for such reinvestments and the respective donors agree. Another way to strengthen the Trust Fund is to use portions of other revenues or grants to build a 'strategic reserve' as one of the Fund's sub-accounts. |
| Track 3 (several subtracks) | Strengthen existing sources of year-to-year financing for the parks (such as budget allocations from the various island governments, fees collected from tourists and other natural resource users, revenues from product sales, local fundraising, and project grants). Strengthening existing sources is necessary to demonstrate that there is a local commitment to supporting nature parks |
| Track 4 | Grants from development co-operation agencies (Netherlands, EU). The chances of proposals being approved are larger if nature parks are presented as vehicles for sustainable economic development. After Trust Fund revenues reach a substantial volume, these funding sources may not be needed anymore to cover operational costs of nature parks, but proposals could still be submitted for specific projects or investments. |

The tracks should not be seen as alternative options but rather as parts of a coherent package to be pursued simultaneously. The strategy represents a mixture of internal and external funding sources. Each track calls for specific actions involving different stakeholders.

Feasibility of a Trust Fund
As far as the feasibility of the Trust Fund itself is concerned, the Netherlands Antilles satisfy at least eight out of the nine criteria identified by the Global Environment Facility (GEF, 1998, p.39) as necessary for establishing a successful conservation trust fund. As for the decisive ninth criterion ---the potential to raise capital contributions from donors---the Trust Fund also appears to be
feasible, but developing this potential will require considerable efforts and time. The reports of this study contain practical recommendations in that sense. The fact that donor potential is the crucial feasibility factor for a Trust Fund underscores the significance of the first donor to cross the line, so that the Fund can demonstrate its effectiveness, reliability and transparency and inspire other potential donors.

**Fund umbrella structure**

This study recommends that rather than establishing the Trust Fund as a separate legal entity, the Fund should be set up as a “restricted” endowment or sinking fund within the DCNA. Although one single Trust Fund for all islands would be the most flexible and convenient option, it is more realistic to expect that some donors want to earmark their support for certain islands or purposes only. For this reason, the consultants propose an umbrella structure for the Trust Fund that includes (see also report B):

a) a core endowment for supporting the basic recurrent management costs of two parks on each island, and
b) separate sub-accounts for supporting only one particular protected area or island that could be set up either as: (1) endowments, (2) sinking funds for contributions by donors whose regulations do not permit them to contribute to permanent endowments, (3) revolving funds which are financed by earmarked fees or taxes regularly collected on the particular island.

A number of checks and balances as well as international fiduciary standards should be implemented in relation to setting up a Trust Fund in order to truly gain the confidence of potential donors.

**Donor assessment**

Since donor potential is the critical feasibility factor for a Trust Fund, the study included an assessment of this potential. The study assessed five categories of potential donors to nature parks, with a special, but not exclusive, focus on contributions to a Trust Fund:

1. national and island governments.
2. bilateral and multilateral co-operation agencies (Netherlands and European Commission).
3. international NGOs and charitable foundations.
4. business companies.
5. private capital foundations and wealthy individuals.

The following table summarizes the results of the assessment of donor potential.
Table 3
Summary of donor assessment by the current study

<table>
<thead>
<tr>
<th>Donor category</th>
<th>Potential and priority</th>
<th>Other considerations re parks funding</th>
</tr>
</thead>
</table>
| National and island governments    | - Trust Fund (TF) capital grant: very limited potential, no priority for fundraising, except under special circumstances (debt negotiations, large pollution fine, environmental damage fund).  
- Bank of the Netherlands Antilles (BNA): medium priority for TF capital grant fundraising (other grant options less priority, but to be monitored).  
- Be alert on opportunities for other types of grants, but no investment in fundraising. | Local governments’ primary role in the financial strategy:  
- urgent completion of legal and policy frameworks re. parks establishment and fee systems earmarked for parks (taking existing revolving funds for civil works as examples).  
- structural allocation of budget items to parks.  
- explicit political support to the TF. |
| European Commission (EC)           | - TF capital grant: low potential due to bureaucratic reluctance towards trust funds and due to the nature of the current SPD, Medium priority for fundraising. End date required (sinking fund option).  
- Medium priority for other types of grants (monitor Calls for Proposals under budget lines). | - DCNA lobby to incorporate parks in sustainable economic policy (Single Programming Document for EDF, European Development Fund).  
- Involve NC-IUCN in monitoring the EC. |
| Bilateral aid agencies (BZK)       | - TF capital grant: modest potential due to reluctance based on budgetary policies and legislation, but political support is growing; high priority for capital grant fundraising because of special responsibility of the Netherlands; a grant to a Sinking Fund is the most feasible option; be alert on specific opportunities (debt-swap, underexpenditure annual co-operation budget). New co-operation channels SONA and AMFO may be more flexible.  
- Consider proposal to BZK to fund TF administrative costs for the first few years. | - DCNA and NC-IUCN lobby to incorporate parks in economic development policy.  
- DCNA and park management NGOs to strengthen relations with SONA and AMFO.  
- Political support by BZK to TF important to leverage funding from other sources. |
| International conservation NGOs and other foundations | - Conservation International (CI): future potential for TF capital grant; high priority for medium-term fundraising, linking NA to transboundary hotspots. CI can help profile of the NA in the US. | - DCNA and NC-IUCN to cultivate relations with CI and its representatives in the NA and NL, and to stay informed on development of CI’s Caribbean Biodiversity Initiative. |
WWF-NL: potential project funding. Special occasions in the future may justify a TF grant proposal, but no priority for the time being.

In case parks could obtain the status of World Heritage Site, this may give access to funding by the United Nations Foundation.

DCNA to monitor opportunities at TNC and McArthur Foundation (US).

NC-IUCN to monitor opportunities at WWF-NL.

Best options to internationalize funding base are in the US.

Evaluate the feasibility of a WHS-status for one or more parks.

### Lotteries

<table>
<thead>
<tr>
<th>National Postcode Lottery (NPL): medium-term potential for TF capital grant; <strong>high priority</strong> for fundraising in general (one of the tracks in the Financial Strategy).</th>
</tr>
</thead>
<tbody>
<tr>
<td>DOEN Foundation (via NPL): remains important donor for project or temporary core funding.</td>
</tr>
</tbody>
</table>

**DOEN Foundation (via NPL): remains important donor for project or temporary core funding.**

**NPL:**

- Priority for cultivating relations.
- Options: (1) continued core grants via recognized intermediary beneficiaries (now NC-IUCN, later possibly De Landschappen), (2) independent beneficiary status for DCNA in the medium term, (3) TF capital grant.
- DOEN also needs to be cultivated.

Antillean lottery: DCNA to monitor progress with respect to linking lottery to charities.

### Business companies from the private sector

**High priority** for fundraising in general, and potentially for small-sized TF capital grants, requires patient networking and long cultivation periods.

- DCNA to concentrate on trendsetters / pioneers in corporate responsibility.
- DCNA and NC-IUCN to involve ‘ambassadors’ to open doors.

### Private foundations and wealthy individuals

Jade Foundation: small potential for TF capital grant, but further exploration needed, **high priority**. Private capital foundations to be monitored via Prince Bernhard Fund; potential for TF grant seems to exist.

Individuals: apparently **high priority** for fundraising in general, requires patient networking. Potential for TF grant undetermined.

- Prince Bernhard Fund is important for getting access to network of private entrusted funds in the Netherlands (involve NC-IUCN).
- DCNA and NC-IUCN to engage ‘ambassadors’ to open doors.

### Two financial scenarios

Based on previously determined requirement levels for the nature parks, two financial scenarios are presented in the final chapter, a ‘bare minimum’ and a ‘basic’ (i.e, target) scenario. The purpose of these scenarios is to show the overall degree to which the financial requirements of the average park are covered and,
more specifically, the roles of the Trust Fund and the NPL grants in relation to the two requirement levels.

‘Bare minimum’

The ‘bare minimum’ scenario is an emergency scenario which covers the ‘bare minimum’ requirements of parks management. This scenario is untenable for more than a few years and will even affect meeting minimal park management standards. It is based on self-generated income and island government contributions totaling NAF 1,76 million plus NPL grants of NAF 1 million per year. The first two sources are restricted to the island where they generate revenues which means that any ‘surplus’ in relation to the ‘bare minimum’ level stays on that particular island. This scenario shows that, without a Trust Fund and without a NPL grant, some islands will not even be able to meet their ‘bare minimum’ requirements. With a NPL grant of NAF 1 million, all islands can meet the bare minimum requirements, but since park management can only sustain such funding levels for a couple of years, a Trust Fund is needed as a complementary source.

‘Target’

In the ‘target’ scenario, the consultants assume that, to guarantee basic levels of management in the average nature park:

- almost half of the NAF 5 million basic budget for all islands (DCNA costs of NAF 350,000 included) can be covered from self-generated revenues, island government contributions and local fundraising.
- NAF 1,4 million (EUR 630,000) per year is needed to fill the gap between the sum of ‘basic’ financial requirements and what the three alternative tracks besides the Trust Fund can generate.

This target scenario shows that, without a Trust Fund, the parks will not be able to meet their ‘basic’ financial requirements. A capital of NAF 42 million (EUR 18.9 million) would need to be raised for an endowment to bridge an annual gap of NAF 1.4 million, assuming an average rate of return on investments of 6% per year over the long term plus an annual NPL contribution of NAF 1 million. On the level of individual islands, this capital amount would be sufficient to bridge the gaps if Trust Fund revenues were to be distributed without a distribution key. In reality, a percentage key will be applied proportionate to the standardized levels of ‘basic’ financial requirements of the parks on each island. This means that the target capital would leave some islands with budgets over their basic level, and others somewhat under their basic requirement level.
In case of a Sinking Fund, or a mix of Trust Fund types, the target capital can be considerably lower, but their annual contribution to the park budgets can not be sustained indefinitely without new capital injections in the medium or long term.

<table>
<thead>
<tr>
<th>ANNUAL REQUIREMENTS</th>
<th>NAF</th>
<th>EUR</th>
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<tbody>
<tr>
<td>Annual ‘basic’ budget for 2 parks per island, plus basic operational costs of the DCNA</td>
<td>5.000.000</td>
<td>2.250.000</td>
</tr>
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</table>

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<tr>
<th>ANNUAL INCOME</th>
<th>NAF</th>
<th>EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Total island government contributions</td>
<td>360.000</td>
<td>162.000</td>
</tr>
<tr>
<td>b) Total self-generated revenues</td>
<td>2.120.000</td>
<td>954.000</td>
</tr>
<tr>
<td>c) Non-earmarked donations</td>
<td>120.000</td>
<td>54.000</td>
</tr>
<tr>
<td>d) Dutch Postcode Lottery (NPL) contribution</td>
<td>1.000.000</td>
<td>450.000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ANNUAL FUNDING GAP</th>
<th>NAF</th>
<th>EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.400.000</td>
<td>630.000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Required Trust Fund (TF) target capital to fill this gap</th>
<th>NAF</th>
<th>EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>42.000.000</td>
<td>18.900.000</td>
</tr>
</tbody>
</table>

Assumed rate of return on investment 6%, TF asset management costs 0.5%, TF administrative costs of NAF 145.000 and 1.8% reinvestment into TF capital to compensate for inflation. *Assumed exchange rate : 1 NAF = 0.45 EUR.*

In case the NPL agrees to an annual grant of NAF 2 million, then the Endowment capital target can be considerably lower. Higher rates of return on Trust Fund investments have significant impacts on the target capital as well. The following table shows target capital sizes under different assumptions for both variables.
## Table 5
Trust Fund target capitals assuming different rates of return on asset investments and NPL grant sizes

<table>
<thead>
<tr>
<th>Rate of return on investment</th>
<th>No NPL grant (annual funding gap: 2,4 mln NAF)</th>
<th>Annual NPL grant 1 million NAF (annual funding gap: 1,4 mln NAF)</th>
<th>Annual NPL grant 2 million NAF (annual funding gap: 0,4 mln NAF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6%</td>
<td>69 million</td>
<td><strong>42 million</strong></td>
<td>13,5 million</td>
</tr>
<tr>
<td>8%</td>
<td>45 million</td>
<td>26,5 million</td>
<td>8,8 million</td>
</tr>
<tr>
<td>10%</td>
<td>32,5 million</td>
<td>20 million</td>
<td>6,5 million</td>
</tr>
</tbody>
</table>
Introduction

Nature under pressure
Over the past century, land areas in the Netherlands Antilles have increasingly been developed as urban areas, for road networks and tourism infrastructure, and on some islands for agriculture, livestock and small industry. Space was needed to accommodate the growing population and to meet economic development needs. As a result, the area available for natural vegetation and associated animal populations kept shrinking. In the surrounding coastal waters, coral reefs and other ecosystems suffered from pollution, sedimentation and overfishing. In spite of these pressures, a considerable biological diversity survives, a diversity little known outside the national and international conservation community.

A valuable resource
In recent decades, this biological wealth has become recognized as a natural resource that needs active protection against further loss. This recognition is not only based on aesthetic and ethical considerations, but also on the fact that the Antillean nature is a key resource for the main economic sector on which most Caribbean island economies depend: tourism. This not only applies to Bonaire and Saba which have become globally recognized ecotourism destinations, but also to islands which focus more on mass tourism, such as Curaçao and St Maarten. Even in mass tourism destinations, natural areas enhance the tourism product by keeping landscapes attractive or by providing excursion opportunities. Furthermore, natural ecosystems also possess a less obvious economic importance by reducing flood and drought risks, protecting soils and shorelines against erosion and storm damage, and by serving as fishery nurseries.

A park system develops
The main strategy to protect natural ecosystems, which is now applied worldwide and has been laid down in international conventions, is to set them aside as protected areas. In the Netherlands Antilles, the protected areas are referred to as nature parks, either as land or as marine parks. Since the late 1960s, nature parks have been legally established in the Antilles. Meanwhile, management responsibility of the parks was ceded to qualified NGOs on each island, reflecting an international trend to involve civil society in park management and to create new financing opportunities. As by far the largest island, Curaçao is now developing a larger network of parks that will be connected.

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4 Biological diversity is defined as the variation and variability in ecosystems, species and genes.

5 The economic value of nature and nature parks is discussed more elaborately in Chapter 3.
by ecological corridors. In 1996, NGOs and institutions concerned with nature conservation on all islands joined forces and established a Nature Forum which is convened every two years. Dutch government representatives attend the Forum as advisors; after all, within the Kingdom of the Netherlands, the Antilles represent a biodiversity ‘Hot Spot’, which makes its conservation more than a local responsibility. On its first meeting, on Bonaire in 1996, the Nature Forum agreed that at least one marine and one terrestrial park of adequate size should be established on each island to effectively protect the biodiversity of the Antilles for generations to come and that financial means should be available to manage these areas.

Joining forces

An essential step in joining forces between park management organizations from all five islands has been made in 2004 with the establishment of an umbrella organization, the Dutch Caribbean Nature Alliance (DCNA). MINA, the environmental department of the Antillean government, has played a very active and dedicated role in this process. Aruba is expected to join the DCNA at a later stage. The DCNA initiative is now supported by all major conservation and park management organizations in the Netherlands, led by the Netherlands Committee for IUCN. The DCNA will serve as an important vehicle for financial and technical support to the Dutch Caribbean nature parks, and a future Trust Fund will be closely linked to the DCNA.

The financing challenge

Protecting these parks against external pressures, but also their controlled use for education, recreation or research, requires active management and such management has its costs. These costs have so far been covered by project grants, contributions by the island, national or Dutch governments, and on some islands by user fees (mostly tourism-related). Cutbacks in government budgets, the short time span of project funding, the vagaries of tourism and the under-exploited potential to raise revenues from user fees and taxes have led to financial problems for the park agencies on all islands. The unpredictable funding situation complicates the long-term planning of park management and affects basic management operations. On some islands, this has even led to the temporary closure of park offices and the suspension of management activities.

6 This Support Group includes: Natuurmonumenten, De Landschappen, Staatsbosbeheer, WWF-NL, CI-NL and NC-IUCN.
**A Trust Fund**

The 1996 Nature Forum identified the lack of a reliable long-term funding mechanism as the main constraint in the development of a park system on the Antilles. Over the last 15 years, Conservation Trust Funds have been established in more than 40 developing countries (including Jamaica, Belize, Suriname, Mexico and Colombia) as a mechanism for providing stable, long-term funding for protected areas. The next Nature Forum in 1998 on Statia concluded that, also in the case of the Netherlands Antilles, the best financial mechanism to overcome the financial constraints would be a Trust Fund.

**Types of Trust Funds**

A ‘Trust Fund’ is a general term used for three types of financial mechanisms which provide stable, long-term funding in the form of annual grants (e.g. GEF, 1998):

a) **endowment funds**, where only the income generated by invested capital assets –not the capital itself- is used to finance agreed-upon activities.

b) **sinking funds**, where investment income as well as the capital itself can be used over a fixed period of time, usually between 10 and 15 years.

c) **revolving funds**, where regular revenues, such as proceeds from special taxes, replenish or augment funds that provide a continuing source of funding for specific activities.

In general, the annual revenues generated by Trust Funds for biodiversity conservation are used (1) to finance the recurrent and/or capital costs of protected areas, and/or (2) to provide grants for conservation and sustainable development projects, usually carried out by NGOs. The statutes of any particular Trust Fund should clearly determine which use of the revenues is allowed.

**Advantages of a Trust Fund**

Based on experiences with Trust Funds elsewhere, the main advantages of conservation trust funds are their abilities to:

1. provide sustained and reliable long-term funding of running costs of protected areas.
2. extend the lifetime of a grant over many decades rather than just a few years.
3. facilitate long-term planning for protected area management.
4. be relatively independent of political changes, government budget cuts, and certain government regulations.

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7 See Annex 7 for a general introduction to Trust Funds.
These advantages clearly show that a *conservation Trust Fund would be an appropriate mechanism in the context of the Netherlands Antilles, as long as a Trust Fund will be used to finance the parks’ running costs, not project costs.* After all, the lack of a stable financial basis to cover operational costs is the real bottleneck in developing a strong park system. Fundraising for projects can be done through specific grant proposals, which would be much more difficult in the case of funding regular park operations. The main challenge for a Trust Fund is to reach capital levels that are large enough to produce significant annual returns.

**History of the feasibility study**

Following a decision by the biannual National Nature Forum held in 2000, a Budget and Financing Plan was produced that same year. This Plan analyses the financial needs and opportunities for the operational management of one terrestrial and one marine protected area on each island and how these could be met by a Trust Fund and complementary sources (VOMIL, 2000). Three stages are proposed in the development of a Trust Fund for the Netherlands Antilles, starting with a feasibility study to analyze the conditions and capitalization potential under which a Trust Fund is feasible and to recommend on its design.

The need to start with a feasibility study is evident considering the fact that the main funding sources of conservation Trust Funds are ‘off-limits’ for the Netherlands Antilles because of the country’s high per-capita income and since it is part of the Kingdom of the Netherlands. In 1998, a motion was passed in the Dutch parliament that called upon the Secretary of State for Kingdom Affairs to commission such a feasibility study. The Dutch government agreed and the Secretary of State even expressed a willingness to contribute to such a Fund if certain conditions would be met. For various reasons, the study remained on hold and the need for a Trust Fund was reconfirmed at the Nature Forums in 2000 and 2002.

VSO/MINA started the tender process for the feasibility study in early 2003 and awarded the assignment to a consortium of AIDEnvironment (a Netherlands-based environmental and sustainable development consulting foundation, acting as lead partner), EcoVision (a Netherlands Antilles environmental consulting firm) and Mr. Barry Spergel, a conservation trust fund
specialist from the U.S.\textsuperscript{8} Both VSO/MINA and the DCNA have been active dialogue partners for the consultants throughout the study. The study was funded by the Dutch Ministry of the Interior and Kingdom Relations (BZK), as part of the sustainable economic development programme of the Netherlands Antilles.

The Terms of Reference for the study state three objectives:

1. to assess the feasibility of a Trust Fund as a mechanism for the sustainable financing of protected area management in the Netherlands Antilles.
2. to propose alternatives for the short-term (i.e., next five years') financing of protected area management in the Netherlands Antilles.
3. to advise on legal, organizational and technical aspects of the management and administration of such a Trust Fund.

Work on the feasibility study started in January 2004 and was divided in three phases:

I. \textbf{Preparatory phase}: a rapid appraisal of the key issues which determine the feasibility of the Trust Fund in view of the specific context of the Netherlands Antilles. The output was a discussion paper to generate feedback from the Principal and the park management NGOs, and define the set-up of the rest of the study.

II. \textbf{Inception workshop}: an inception workshop was held in February 2004 in Willemstad with the Principal, LNV, representatives of the NGOs responsible for PA management and some external guests, including former Prime Minister Don Martina and the director of NC-IUCN. The consultants also held several interviews on Curaçao and Bonaire with government officials, representatives from the private sector and NGOs.

III. \textbf{Research, Design and Follow-up}, the study’s main phase. Based on the preceding phases, an in-depth analysis took place of the feasibility of a Trust Fund as well as other financial mechanisms and the structure and organization of a Trust Fund were designed. The analysis was further based on literature and internet sources. A variety of people were

\begin{itemize}
\item The consultants involved in this assignment are Mr Rob Glastra (team leader) on behalf of AIDEnvironment, Mr Tim van den Brink on behalf of EcoVision and Mr Barry Spergel. Former AIDEnvironment director Mr Bart Romijn, now partner of Warner Strategy and Fundraising, has provided backstopping support.
\end{itemize}
interviewed, mostly on Curaçao and in the Netherlands. In the course of a week of meetings with government officials and private sector representatives in Curaçao and St. Maarten in August 2004, it was decided to establish the Trust Fund within DCNA rather than as a separate legal entity. The Consultants therefore recommended various changes and additions to DCNA’s Draft Articles of Incorporation in order to make this possible. Finally, by way of follow-up, the study also included basic fundraising and communication strategies.

Phase III produced three reports:

- **Report A** (the current report) includes the analysis of the feasibility of a Trust Fund and other ‘tracks’ towards financial sustainability. It starts with a rapid analysis of the economic value of nature and nature parks, in order to demonstrate that nature conservation is not just a luxury for rich countries but an investment in sustainable development (chapter 3). This chapter is followed by an assessment of the Antillean context including a series of feasibility criteria for a Trust Fund (chapter 4) and a more general assessment of the donor potential (chapter 5). Report A is concluded with a proposal for a strategy towards financial sustainability (chapter 6).

- **Report B** contains the design of the Trust Fund, dealing with the legal, institutional and financial structure. Experiences with Trust Fund elsewhere on the world are used as a reference.

- **Report C** includes fundraising and communication strategies related to sustainable funding for the nature parks.

This feasibility study covers all five islands of the Netherlands Antilles, in accordance with the ToR. The Aruban park management organization also attended the inception workshop, but since it was unclear to what extent they would join the rest of the Trust Fund development process, Aruba has not been taken into consideration in the reports produced by this study. Due to their expected participation in the DCNA, it is quite possible that Aruba will join the Trust Fund at a later stage. If, in the future, Aruba’s parks are also included, then references and data used in this Study on budget requirements for all islands as well as on income sources will have to be adjusted accordingly.

**Aruba’s position**

This feasibility study covers all five islands of the Netherlands Antilles, in accordance with the ToR. The Aruban park management organization also attended the inception workshop, but since it was unclear to what extent they would join the rest of the Trust Fund development process, Aruba has not been taken into consideration in the reports produced by this study. Due to their expected participation in the DCNA, it is quite possible that Aruba will join the Trust Fund at a later stage. If, in the future, Aruba’s parks are also included, then references and data used in this Study on budget requirements for all islands as well as on income sources will have to be adjusted accordingly.
3 Economic valuation of nature parks

3.1 Cost and benefits of protected areas

The conservation of biodiversity and other natural resources in nature parks generates both costs and benefits. Protecting the parks against external pressures, but also their controlled use for education, recreation or research, requires active management and such management has its costs. The available park management budgets are often much smaller than needed to ensure that conservation and sustainable development objectives are met. In many countries, budgets continue to decrease even in the face of increasing demands on protected areas to produce clean air and water, to stabilize water cycles, to provide recreational opportunities and to protect biodiversity and associated ecosystem processes.

As indicated in a recent Australian study (ICEM, 2003), the main economic benefits of protected areas have traditionally been considered the extractive value of their component resources (if extractive uses are permitted) and tourism earnings (where tourism exists). Such a limited definition of economic value usually determines decision-making on development and conservation issues. This often has negative implications for protected areas which have to survive on completely inadequate budgets. In this context, the primary objective of a more comprehensive economic valuation is to help develop mechanisms that reflect all values of protected areas and their natural resources, beyond mere extractive value and tourism earnings.

Box 1 illustrates how the conservation of biological diversity is imbedded in the international framework for sustainable socio-economic development.
Box 1. Sustainable Conservation Objectives, AGENDA 21

At the ‘Earth Summit’ in Rio (UNCED, 1992), the nations of the world adopted Agenda 21, of which Chapter 15, on biological diversity, stresses the need to: “take effective economic, social and other appropriate incentive measures to encourage the conservation of biological diversity and the sustainable use of biological resources”. This agenda led to a new Convention on Biological Diversity which, *inter alia*, calls on governments to establish systems of protected areas and to manage these in support of conservation, sustainable use and equitable benefit sharing. Governments recognised that protected areas have a key role to play in the alleviation and prevention of poverty and the maintenance of the global community’s critical life-support systems. This new vision for protected areas requires an awareness and understanding of the economic values generated by protected areas.

Economic valuation

Environmental resources are complex and multifunctional. How the myriads of goods and services provided by these resources affect human welfare is not always obvious. Economic valuation of natural resources provides a tool to assist with the difficult decisions involved (Barbier, 1997). Economic valuation, as opposed to mere financial valuation, measures both their market and non-market values. In other words, it measures the total economic value, including the direct use value (such as food, fodder, and timber), indirect use value (such as watershed protection and soil fertility), and non-use value (such as existence value of biodiversity) (IUCN, 2004). Thus, economic valuation can assess the true flow of benefits from a protected area or nature park, as well as how these benefits are balanced with the costs of managing them.

Figure 1 visualizes the economic benefits and costs in relation to protected areas.
The following table provides an example of the classification of total economic value for wetlands based on direct use, indirect use and non-use values.

Identifying the goods and services, measuring their values and determining who benefits and who bears the costs is not always a straightforward process (IUCN, 1998). Many goods and services are not traded on commercial markets. The entire range of values of non-market goods and services needs to be measured and expressed in monetary terms, where possible, so that they can be weighed against commercially traded components and alternative, production-oriented forms of land use.

The following table gives a classification of economic values for wetlands based on direct and indirect use and non-use values.
Table 6
Classification of total economic value for wetlands (Barbier et al., 1997)

<table>
<thead>
<tr>
<th>Uses Values</th>
<th>Non-Use values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Use</td>
<td>Option</td>
</tr>
<tr>
<td>Fish</td>
<td>Nutrient retention</td>
</tr>
<tr>
<td>Agriculture</td>
<td>Flood control</td>
</tr>
<tr>
<td>Fuelwood</td>
<td>Storm protection</td>
</tr>
<tr>
<td>Tourism and recreation</td>
<td>Groundwater recharge</td>
</tr>
<tr>
<td>Transport</td>
<td>External ecosystem support</td>
</tr>
<tr>
<td>Wildlife harvesting</td>
<td>Micro-climate stabilization</td>
</tr>
<tr>
<td>Peat/Energy</td>
<td>Shoreline stabilization</td>
</tr>
</tbody>
</table>

The environmental quality of nature parks on islands directly correlates with the degree of sedimentation, soil and coastline erosion, storm damage buffering, tourism attractiveness and fishing opportunities, and has economic multiplier effects on other sectors such as construction and transportation. The following sections aim to demonstrate how economics can justify the establishment and management costs of nature parks. Examples are given from protected areas and nature parks in other parts of the Caribbean.

3.2 Valuation approaches in the Caribbean

The ‘Reefs at Risk’ study

The degradation of coral reefs can lead to significant economic losses, particularly in the coastal areas of developing countries, through loss of fishing livelihoods, malnutrition due to lack of protein, loss of tourism revenues, and increased coastal erosion. A recent report on the ‘Reefs at Risk’ study conducted by the World Resources Institute (WRI) in cooperation with over 20 organizations working in the region, presents a unique, region-wide look at the status of and prognosis for Caribbean coral reefs (Burke & Maidens, 2004). This study is very relevant for nature conservation on the Netherlands Antilles, since coral reefs represent their richest biological treasure.

The study has produced the first regionally consistent, detailed mapping of threats to the region’s estimated 26,000 square kilometers of coral reefs. The project provides decision-makers and the public with important insights on links between human
activities that stress and damage reef organisms and where
degradation of reefs could be expected to occur, or may have
already occurred. The project developed regionally consistent
indicators of coral reef condition and threats in four broad
categories representing the key stresses to reefs in the Caribbean:
- coastal development.
- watershed-based sediment and pollution.
- marine-based pollution and damage.
- overfishing.
The Reefs at Risk Threat Index indicates that nearly two thirds
of coral reefs in the Caribbean are threatened by human
activities. Protective measures are crucial both on land and in the
sea to prevent over-exploitation, destructive fishery methods,
coastal development, pollution and sedimentation.

Value of Caribbean reefs

Of particular interest is the economic analysis of the study, as
illustrated by the box text.

Box 2.
Economic value of Caribbean coral reefs (Burke & Maidens, 2004)

Caribbean coral reefs provide goods and services with an annual net economic value in 2000 estimated at
between US$3.1 billion and US$4.6 billion from fisheries, dive tourism, and shoreline protection services.
Estimates for total annual economic benefits per sq km of coral reef have ranged from roughly US$ 100.000 to
US$ 600.000, the largest share of which were associated with tourism and recreation followed by shoreline
stabilization services.

According to this study the Netherlands Antilles with a total coral reef area of 240 sq km would generate an
annual economic benefit between 24 to 144 million US$. Only 66% is located inside a marine protected area
(MPA).

Some other key data from the study:
- Coral reef-associated fisheries in the Caribbean region provide net annual revenues valued at an
  estimated US$310 million. Degradation of the region’s coral reefs could reduce these annual revenues by an
  estimated 30-45%, or US$95 million to US$140 million per year by 2015.
- Net benefits from dive tourism total an estimated US$2.1 billion per year in 2000. By 2015, coral reef
degradation could result in reduced net benefits from dive tourism of between US$110 and 310 million.
- Coral reefs protect coastal shorelines by dissipating wave and storm energy. This study estimates that
  the value of such shoreline protection services provided by Caribbean reefs at between US$700 million and
  US$2.2 billion per year. Within the next 50 years, coral degradation and death could lead to losses totaling
  US$140 million to US$420 million annually.
Another study estimated that a healthy coral reef of one square km may produce enough fish to satisfy the protein needs of 2,500 persons per year, provided the productivity of the ecosystem remains intact (Cesar et al., 2000).

Tourism multiplier effect

The WRI report revealed that over 116 million people live within 100 km of the Caribbean coast and over 25 million tourists a year visit the Caribbean, almost all of whom spend most of their time in coastal areas. Tourism revenues alone bring in over US$ 25 billion a year for the region. These expenditures also generate significant tax revenues for the government (Burke & Maidens, 2004).

Tourism also has a so-called multiplier-effect on economies, by encouraging growth in the primary and secondary sectors of industry (building, infrastructure and resort development, food and beverages). In its simplest form the multiplier effect can be described as 'how many times money spent by a tourist circulates through a country's economy'. For example, money spent in a hotel helps to create jobs directly in the hotel, but it also creates jobs indirectly elsewhere in the economy. The hotel has to buy food from local farmers, who may spend some of this money on fertiliser or clothes. The demand for local products increases as tourists often buy souvenirs, which increases secondary employment. The multiplier effect continues until the money eventually 'leaks' from the economy through imports - the purchase of goods from other countries.

A recent publication (WTTC, 2004) stated that in 2004 the broader travel and tourism economy is expected to contribute 14,8 % of the Caribbean GDP and account for 2,4 million jobs, representing 15,5 % of total employment. Over the next ten years, travel and tourism in the region is forecast to achieve annualised real growth of 4,1 %, in terms of GDP, and 2,8 % in terms of travel and tourism employment. This would take the share of GDP and employment by 2014 to 16,5 % and 17,1 %, respectively.

Coastal protection

Other indirect uses relate to the Antilles reefs and coastlines and their storm protection, shoreline stabilisation, navigation and coastal protection function. The latter is particularly important, box 3 provides an example from Jamaica.
Cesar et al. (2000) estimated the total coastal protection value for the Portland Bight Protected Area (PBPA) on Jamaica, an integrated terrestrial and marine protected area. Portland Bight is an area with coral reefs but also rich in biodiversity in dry limestone forests and mangrove areas. Mangroves and other wetlands, as well as coral reefs contribute to coastal protection, as such ecosystems are able to dissipate wave energy. Mangrove destruction has damaged the coastal road going into Portland Ridge in recent years.

For the PBPA Cesar et al. (2000) estimated that the total coastal protection value is around US$3.55 million in net present value terms or nearly US$400,000 per year (with a 10% discount rate). It is assumed that a 1% loss in coastal ecosystems leads to a 1% loss in the coastal protection function, and this in turn leads to a loss of 1% of the value of the coastline. With a 1% decline in mangrove stands in the absence of park management (but no decline with park management), the benefits of the Portland Bight Protected Area (PBPA), in terms of coastal protection, are US$40,000 per year.

Non-use values
Non-uses values of the Antilles include the many unique ecosystems that have an important contribution to the biological diversity of the island (and the region), and provide habitat or nesting areas for endangered species, several of which are endemic to the islands or to the Caribbean. Some of these non-use functions are related use-functions. Tourists come to enjoy the biodiversity and culture. Spash (2000) gave an example of contingent valuation method from a survey in Montego Bay (Jamaica) and Curaçao (Netherlands Antilles) to investigate the consumer surplus, or individual utility, of coral reef improvement. The survey instrument was designed to capture the “non-use” benefits of marine biodiversity, for both local residents and for visitors. The question to respondents dealt with their willingness to pay (WTP) for more coral cover in the park. Expected WTP for coral reef improvement was US$3.24 per person in a sample of 1,058 respondents for Montego Bay. For Curaçao, the number was US$2.08 per person. But this value was heavily dependent on whether or not respondents believed that marine systems possessed inherent rights, and that humans had inherent duties to protect marine systems.

Foreign support value
To estimate biodiversity value in a developing country, Ruitenbeek (1992) suggests taking the value of foreign support likely to be available to protect the biodiversity resource through...
NGOs, through the Global Environment Facility and other sources. A study for Indonesia has shown that two marine parks were able to capitalise on their global value of biodiversity, by obtaining an average of US$10,000/ km² / year (Cesar et al., 2000). In the Portland Bight (Jamaica), an area of roughly 200 km² could be eligible for global grant funding of around US$ 10,000/ km² / year, generating cash revenues of US$ 2,000,000 per year. This grant money would not be available in the absence of park management. However, in the absence of a global accounting and allocation system for foreign support, it is not possible to determine the eligibility of the protected areas on the Netherlands Antilles due to the high per capita income and their status within the Kingdom of the Netherlands.

Parks valuation

A comprehensive valuation has been applied to the Portland Bight Protected Area (PBPA) on Jamaica (Cesar et al., 2000) (see table 7). The values of the ecosystem services (fisheries, forestry, tourism and recreation, carbon fixation, coastal protection and biodiversity) can be combined to calculate the total benefits of the PBPA. Benefits of the PBPA are estimated at US$ 52,6 million in present value terms (at a 10 % discount rate) in an optimistic tourism scenario and US$ 40,8 million in a pessimistic tourism case. Hence, the US$19,2 million management costs over the next 25 years are well justified on economic grounds versus the US$ 40,8 million total economic value during this period.

A similar comprehensive valuation in monetary terms of the nature parks on the Netherlands Antilles can be achieved by combining the values of ecosystem services which benefit from the management of nature parks. Due to an enormous lack of data, an integrated analysis of costs and benefits is still impossible for the nature parks on the Netherlands Antilles.

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9 The assumption is that protected area status is a precondition for fisheries to recover from the current state of collapse and regain economic value, if based on sustainable harvesting practices. Another assumption is that less forest exploitation would be allowed but more carbon credits produced if the area would be legally protected.
### Table 7
Total economic value of the Portland Bight Protected Area (PBPA), Jamaica (in thousand US$).

<table>
<thead>
<tr>
<th>Year</th>
<th>Without PBPA</th>
<th>With PBPA</th>
<th>Accumulated difference 2000-2025* (in NPV)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fisheries</td>
<td>0</td>
<td>0</td>
<td>18,928</td>
</tr>
<tr>
<td>Forestry</td>
<td>100</td>
<td>0</td>
<td>-916</td>
</tr>
<tr>
<td>Tourism (high)</td>
<td>0</td>
<td>0</td>
<td>11,809</td>
</tr>
<tr>
<td>Tourism (low)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Carbon fixation*</td>
<td>0</td>
<td>0</td>
<td>4,122</td>
</tr>
<tr>
<td>Coastal protection*</td>
<td>0</td>
<td>0</td>
<td>366</td>
</tr>
<tr>
<td>Biodiversity</td>
<td>0</td>
<td>0</td>
<td>18,322</td>
</tr>
<tr>
<td>Total (high tourism)</td>
<td>100</td>
<td>570</td>
<td>52,631</td>
</tr>
<tr>
<td>Total (low tourism)</td>
<td>100</td>
<td>570</td>
<td>40,822</td>
</tr>
</tbody>
</table>

*These are calculated in net terms. This means that the “with” scenario gives the net gains relative to the “without” scenario.

### 3.3 Valuation in the Netherlands Antilles

Apart from coral reefs, the Netherlands Antilles are home to a range of valuable ecosystems, including wetlands, dry forests and shrublands, and a number of endangered species (Rojer, 1997). Most of these resources are currently under pressure from urbanization and infrastructure development, overfishing, overgrazing by goats, pollutants (such as industrial waste, oil and sewage) and woodcutting. Already in 1996, the Nature Forum agreed that at least one marine and one terrestrial park of adequate size should be established on each of the five islands to effectively protect their biodiversity, ecosystem services and landscape values for generations to come. Such nature parks provide many different services and functions. The most important ones are discussed below and examples are given to illustrate their economic value.
**Direct uses**

Direct uses of biodiversity include fisheries, products from the woods and shrublands, including non-timber products such as honey, orchids and medicinal plants. For example, a comprehensive survey on fishery on the Saba Bank in 2000 (Dilosun, 2000) indicated that about 50 fishermen were active, who generated a gross economic value of 1,1 million US$ in 1999. This figure, however, does not relate to the marine park. In order to make a better estimation of the direct use value of fisheries for the Antilles as a whole, more data on the specific contribution of fish products from each of the islands is needed.

**Economic value of tourism**

Direct uses also include tourism and recreation, which forms a fundamental sector of the Antillean economy. Besides the attractive climate, the main tourist attractions are scuba diving, snorkelling, windsurfing, boating, hiking, shopping, gambling, cycling and mountain biking. Several of these attractions are closely linked to the availability and condition of natural resources, and the rich fauna and flora (particularly the reefs). As depicted in the 2004 Nature and Environment Policy Plan from the Netherlands Antilles, (NEPP, 2004), "Tourism, environment and nature are inextricably linked. Tourism is also one of the most, if not the most important pillar of the economy of all our islands." It is thus crucially important that nature and natural resources are in a healthy state and that their qualities are monitored and managed. Given the growing demand for access to protected natural areas by tourists, adequate pricing mechanisms are to be implemented to ensure that recreational opportunities contribute to conserving such areas.

In 1995 tourism contributed 561 Million US$ or 27% of the GDP to the national economy of the Netherlands Antilles (IMF, 2001). If this percentage is extrapolated to 2003, with a GDP of 2,4 billion US$ (CIA factbook, 2004), tourism would account for about 650 Million US$. This figure, however, relates to all types of tourism and a correction factor should be applied to discriminate nature park related tourism.

**Bonaire and ecotourism**

Already in 1992, Pourier studied the future of tourism on Bonaire and concluded that Bonaire should avoid mass tourism, and instead focus on exclusive tourism, e.g. better hotel rooms, better service, etc. Bonaire has consistently embarked on the ecotourism path, and benefits in economic, social and ecological terms are becoming more and more visible. In 1992 an annual diver admission fee of US$ 10 was introduced. This admission fee system proved to be successful and found immediate and whole-hearted support amongst visiting divers, although it took
longer to convince the dive operators. One year after fee introduction the Marine Park was already entirely self-financing. Early 2005, the authorities announced a rise in the diver fee to US$ 25. Although at the same time the island’s budget line for nature parks will be reduced, the net financial result for the parks will be positive.

The Travel Cost method has been used to estimate the value of the Bonaire Marine Park. Based on the estimated demand curve for reef-oriented vacations to Bonaire, the travel costs from each region and on an assumption of 20,000 annual visits to the marine park, the total consumer surplus of visitors to the Bonaire Marine Park is approximately US$19.2 million annually (Pendleton, 1995).

**Saba Marine Park**

Besides providing an important nursing grounds for many juvenile fish species, the Saba Marine Park (SMP) is another example of a self-financing entity thanks to its rich ecosystem assets. Box 4 describes how the establishment of Saba Marine Park (SMP) resulted in increased tourism which made it possible to raise revenues through visitors fees, souvenir sales and donations.

**Box 4**

Tourism Saba Marine Park source Van’t Hof, Tom & Kenneth C. Buchan, 1995

The Saba Marine Park (SMP) was created in 1987 in response to the desire of the Island Government to promote diving and snorkelling tourism, whilst protecting the marine resources upon which such tourism is based. The Park, which includes all near-shore waters of the island to the 60 m depth contour with a total area of 870 ha, has a comprehensive legislative base, the Marine Environment Ordinance 1987. Prior to the establishment of SMP few divers visited Saba. Dive operators at the time estimated the number of divers at 500 in 1984 and 1,000 in 1986. Following the establishment of SMP the number of visiting divers and snorkellers increased rapidly: from 2,600 in 1988 to well over 5,000 in 1994. A similar increase was realised in the number of yachts visiting SMP, from 131 in 1990 to 463 in 1994.

A fee structure was initially targeting divers and snorkellers only. Divers were required by law to pay US$ 1 per dive and snorkellers US$ 1 per visit to the island. The fees were later raised to US $ 2 per dive and per snorkeller, while also a yacht mooring/anchorage fee was introduced (based on the number of passengers or crew on board, or on gross tonnage for larger vessels), which included the snorkelling fee. The 1994 and 1995 SMP budgets amount to approximately US $ 111,000. Over the years 1993-1995, the proportions of SMP revenue sources were: Visitor fees 51%, Gross souvenir sales 32%, Donations 9%, Other income 8%.

The first year after the cut of personnel subsidy by government, one may conclude that the 1994 and 1995 budgets are essentially balanced, and that SMP has achieved its goal to become a self-financing entity within the Saba Conservation Foundation.
The successful implementation of ecotourism on the Antilles was rewarded in 2001, when the Bonaire Marine Park (BMP) together with Saba Marine Park were selected "Ecotourism Success Stories" by the UN (UN-SIDS, 2001). Another indicator for success is Bonaire's rise on the top ten list of Caribbean diving destinations published in international divers magazines.

Coastal protection

Coastal protection is also a critical issue for the Antilles. Sint Maarten, Saba, and Sint Eustatius are subject to hurricanes from July to October. The impact of hurricanes is further amplified by ongoing soil and reef degradation. The effects are always significant because land areas are so small on the Antilles. Their cumulative effects on the economy are undeniably substantial. A typical example of indirect uses or damage costs avoided for the Antilles is the recurrent hurricanes and the damage they cause to the reefs, bays and human activities in these areas. The 'damage cost approach' uses the value of the expected loss of the 'stock at risk' as straightforward proxy for the value of the coastal protection service. Cesar (1996) used a combination of the value of agricultural land, costs of coastal infrastructure and houses to arrive at a range of US$ 90 up to US$ 110,000 per km of reef per year.

3.4 Conclusions

Economic valuation can be a powerful tool for raising awareness about the economic value of natural resources and about the implications of different development or management decisions.

The main function of nature parks on the Antilles is the conservation of wild species and (semi)-natural ecosystems in order to maintain a flow of (largely non-marketable) goods and services that will secure wider social, economic and environmental benefits. Many of these are currently being neglected because they have no formal market, price or expressed cash value.

In order to increase public and political support for Antillean nature conservation by means of a monetary valuation of natural ecosystems and nature parks in particular, many more data are needed. The consultants therefore strongly recommend a systematic analysis of:
• direct and indirect (multiplier effect) employment generated by nature and parks in particular (park management, nature-related tourism, fisheries).
• sales of nature and parks related business (as % of GDP).
• avoided damage costs and opportunity costs.

The first two variables are easier to quantify and such data should be published first, if a more comprehensive cost-benefit analysis takes too much time. Specific factors to be considered in the analysis are the visitor willingness-to-pay (as has been done for Bonaire) to assess the effect of increases of fees on park revenues, the introduction of other fees, visitation patterns, etc.

The above sections and examples give an indication of the wider range of direct and indirect values of nature parks than most people are aware of. These additional economic values should also be considered for both the development and conservation decision-making processes that affect nature park management in the Antilles, including the establishment of a nature park Trust Fund. A clean environment and healthy ecosystems are an essential basis for the economic development of the Netherlands Antilles. As the Inter American Development Bank (IDB, 1997) wrote in its 1997 report: "The long term sustainability of economic growth in the Netherlands Antilles is inextricably linked to the careful management of the environment particularly because of the current and expected increase in tourism in all the islands."
4 The Netherlands Antillean context

4.1 Nature park policy and legislation

Country and island levels
The nature parks of the Netherlands Antilles are the cornerstone of the country's policy for biodiversity conservation. At the Netherlands Antilles country level, there is adequate framework legislation (a Country Ordinance) and policy (the National Nature Policy Plan adopted in 2000) for the creation of nature parks on individual islands. The country is thus complying with international obligations under the Convention on Biological Diversity to which the Kingdom of the Netherlands is a party. Most decision-making in nature policy and legislation, however, takes place on the island level. Plans, regulations and legal decrees related to nature parks exist at this level, but in some cases the process as indicated by the framework legislation is yet to be completed. So far, a five-year Island Nature Policy Plan has only been adopted on Bonaire (in 2004) and an Island Nature Ordinance only on St Maarten (in 2003). Both instruments are in various stages of development on almost all the other islands.

More progress needed
Progress with respect to the legal and policy context has been slow concerning:
- conclusion of the legal establishment of 10 nature parks (one marine and one terrestrial on each of the islands),
- reliable structural financial support by local governments, in addition to alternative sources.
- the establishment of fee systems with revenues earmarked (at least partially) for park development and management.
Potential capital donors will be less inclined to support a Trust Fund if some local governments do not show more commitment to creating an enabling legal and policy environment for nature parks. An important incentive would, for instance, be a broader income tax deductibility of private or corporate donations to charities (similar to the 501(c)3 status of charities in the US).

Lobbying for the policy framework
Accelerating this process through lobbying island and national governments can be expected to increase the interest of potential donors. In addition to these three issues, island land use plans and development plans reinforce the overall policy framework as well as donor confidence. Saba’s five-year plan which explicitly mentions nature-based tourism as a key component is a good example. The threat that the island land use plan (EOP) for Curacao could be changed or suspended would send a negative signal to the donor community. The park umbrella organization DCNA can play a vital role in lobbying
the national and island governments, together with the park management NGOs and other strategic allies in the Netherlands Antilles and the Netherlands.

Table 8 summarizes basic park data for all five islands.

### Table 8

Key data on park status and management

<table>
<thead>
<tr>
<th>Island</th>
<th>Protected Area</th>
<th>Management Organization</th>
<th>Management mandate</th>
<th>Manager + rangers</th>
<th>Legislation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Marine: all of the coastal waters &lt;60 m in depth - 2700 ha</td>
<td></td>
<td>Yes</td>
<td>5 persons</td>
<td>Passed</td>
</tr>
<tr>
<td></td>
<td>Marine: part of the coastal waters &lt;60 m in depth</td>
<td></td>
<td>Yes</td>
<td>1 person</td>
<td>Island Decree ’70s. Island Ordinance in preparation.</td>
</tr>
<tr>
<td>Saba</td>
<td>Land: Muriel Thissel - 43 ha</td>
<td>Saba Conservation Foundation</td>
<td>Yes</td>
<td>1 person</td>
<td>in preparation</td>
</tr>
<tr>
<td></td>
<td>Marine: all of the coastal waters &lt; 60 m in depth</td>
<td></td>
<td>Yes</td>
<td>2 persons</td>
<td>Passed</td>
</tr>
</tbody>
</table>
Island Protected Area | Management Organization | Management mandate | Manager + rangers | Legislation \\
--- | --- | --- | --- | --- \\
St. Eustatius (Statia) | STENAPA (St Eustatius National Parks) | Yes | 2 persons (+2 with one year contract) | Passed \\
Land: The Quill/The Boven - 540 ha | | | | Created in 1997 \\
Marine: all of the coastal waters <30 m in depth | Yes | | | Passed \\
| | | | Created in 1996 \\
St. Maarten | St. Maarten Nature Foundation | No | -- | in preparation. \\
Land: Hillsides not yet realized | | | | Created in 1999 \\
Marine: all of the coastal waters < 30 m in depth | Yes | 2 persons | | Zoning approved. \\
| | | | Park establishment in preparation (Island Nature Ordinance was passed Aug. 2003) \\

### 4.2 Earmarked fees and taxes

Current user fees and taxes

Of particular importance to the parks, both as management tools and as a mechanism for income generation, are fees and taxes. The situation regarding taxes and fees that are earmarked for conservation and nature park management varies greatly between islands. User fees have been introduced on all islands except Curaçao and St Maarten. Bonaire and Saba are the most advanced, although it took twelve years to get diver fees introduced. Bonaire even expects to become almost self-sufficient in financing the operational costs of its nature parks in 2005. On St Maarten, fees form part of the marine park ordinance which has been in the ‘final draft’ stage for several years. On Statia, conservationists have been pushing for almost three years to get the legally adopted anchorage fee system implemented. The introduction of these fees is now negotiated as part of the overall agreement with Statia Oil Terminal and Statia is lacking the capacity to speed up these negotiations. The agreement is more than two years overdue.

Fee-based Revolving Funds

Several Revolving Funds can be mentioned that have been set up in the Antilles so far. In such cases, tax money flows directly into
a fund that is legally independent of Government, such as the Road Fund (Wegen Fonds) or a special fund, filled by airport taxes, which is used by Alterra Airport. However, all five members of the Board of Directors of the Road Fund are government officials, whereas in the case of a conservation Trust Fund none of the voting Board members would be government officials. This may make it more difficult to justify channeling the revenues from a government-imposed tax into a civil society foundation.

If the governments of islands that receive large numbers of tourists would decide to collect “nature conservation fees” of only a few dollars (or even just a few cents in the case of an island like St. Maarten) from each cruise ship passenger, airline passenger or hotel guest, this might be able to generate relatively large amounts of money for the nature parks in those islands. Part of these revenues could even be used to support severely under-funded nature parks on other islands of the Netherlands Antilles, although this would require special legislation. Several Caribbean countries, such as Belize and the Turks and Caicos Islands, have established conservation trust funds which are financed in this way. In the case of the Trust Fund proposed for the Netherlands Antilles, the money generated from such fees could supplement the stream of income generated each year as a result of investing the capital contributed by donors to the Trust Fund. However, the lack of unity among Caribbean nations

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10 On Curacao, a one-cent surcharge was added in the past to the price of gasoline and allocated to a fund for the promotion of sports and culture. Curoil and the island Council of Curacao (which has to give its approval) could be approached about the possibility of ‘earmarking’ a small percentage of the price of fuel for nature management. Similarly, St. Maarten’s Commissioner for Environment mentioned the possibility of introducing a small additional tax on fuel (one cent per liter) which could be earmarked for protecting areas in St. Maarten. However, the Director of the St. Maarten Tourism Office said that because the central government had already raised the gasoline tax too high, many people in St. Maarten now buy fuel for their cars on the French side of the island. Another St. Maarten Commissioner seemed to support the idea of earmarking a part of the waste reprocessing tax for supporting nature parks.

One of the most socially responsible leaders of the tourism industry in St. Maarten suggested the idea of slightly raising the land tax, which he said was much lower on the Dutch side than on the French side of St. Maarten, and earmarking this increase for the Trust Fund. He also suggested the idea of using the money from environmental fines to support the Trust Fund, and said that the collection of such fines should be outsourced to private contractors. The official from the central tax directorate mentioned that a precedent already exists for channeling certain kinds of fines into an independent foundation rather than to the government: criminal fines and the proceeds from sales of confiscated illegal goods are earmarked for an independent foundation for compensating crime victims.

The Vice President of the Curacao Hotel Association (CHATA) supported the idea of introducing a mandatory hotel tax of perhaps around US $1/night that would be earmarked for the Trust Fund. However, other officials mentioned that Curacao’s island government recently stopped requiring visitors to beaches in areas managed by CARMABI to pay parking fees, even though these fees had become one of CARMABI’s only sources of revenue for maintaining the beaches, because some local people had started to complain to local politicians about having to pay any fees at all for the beaches.
makes it difficult for single countries to raise fees in the light of the stiff competition on the tourism market.

Potential for new fees

Although the central government could require the island governments to introduce new kinds of taxes for environmental protection, it is entirely up to the different island governments to set and approve the rates for such taxes, which essentially leaves the ball in their courts. Some of the officials whom the Consultants met from the Netherlands Antilles central government and from the island governments of Curacao and St. Maarten expressed the view that local people and businesses were already over-taxed, and that tourists already had to pay too many fees. It is interesting to note that such views were not as frequently expressed by people from the tourism industry, who seemed more willing than government officials to consider the introduction of new earmarked fees and taxes to support nature conservation.

When comparing the Antilles with other countries, there is considerable potential on some islands for the further development of earmarked tourism fee and other revenue systems. Such systems should be seen as part of a broader financial strategy for the nature parks. Annex 1 has a general overview of the main fee-based mechanisms and lists examples of taxes and fees which are applied in other Caribbean countries. Nevertheless, the whole subject of introducing new fees and taxes to support protected areas is quite complicated from a political (balance between national and island levels) and an economic perspective (in terms of assessing potential impacts on the tourism industry).

4.3 Financial requirements and availability

To facilitate financial planning, the 2000 Budget and Financing Plan (VOMIL, 2000) included two tables, with ‘bare minimum’ and ‘basic’ budget requirements based on a standardized series of budget line items for all islands. This resulted in two standard total amounts, for the Windward and the Leeward islands. The tables from 2000 have been updated for the current study in consultation with the park managers, the DCNA and VSO/MINA. Total amounts are given in table 9. To enable an assessment of the financial gaps, requirements are compared with available budgets for 1998 and 2002.

The table shows that all islands combined need around NAF 1,97 million per year to cover bare survival needs and around NAF
4.65 million to ensure that basic recurrent management costs are covered (EUR 0.9 mln and EUR 2.1 mln, respectively). If operating costs of the DCNA are included, then the amounts would rise to NAF 2.2 for the ‘bare minium’ and NAF 5 million for ‘basic’ operating levels.

Table 9
Basic budget requirements and actually available budgets in 1998 and 2002, for managing one marine and one land park per island (in NAF; 1 NAF = 0.45 Euro).

<table>
<thead>
<tr>
<th></th>
<th>Saba</th>
<th>Statia</th>
<th>St Maarten</th>
<th>Bonaire</th>
<th>Curaçao</th>
<th>DCNA</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bare minimum¹²</td>
<td>385.000</td>
<td>385.000</td>
<td>250.000</td>
<td>475.000</td>
<td>475.000</td>
<td>250.000</td>
<td>2.220.000</td>
</tr>
<tr>
<td>Additional¹³ basic budget requirements</td>
<td>425.000</td>
<td>425.000</td>
<td>560.000</td>
<td>635.000</td>
<td>635.000</td>
<td>100.000</td>
<td>2.780.000</td>
</tr>
<tr>
<td>Total basic budget requirements</td>
<td>810.000</td>
<td>810.000</td>
<td>810.000</td>
<td>1.110.000</td>
<td>1.110.000</td>
<td>350.000</td>
<td>5.000.000</td>
</tr>
<tr>
<td>Available budget 1998</td>
<td>530.000</td>
<td>271.000</td>
<td>199.000</td>
<td>564.000</td>
<td>673.000</td>
<td>-</td>
<td>2.237.000</td>
</tr>
<tr>
<td>Available budget 2002</td>
<td>323.000</td>
<td>135.000</td>
<td>169.000</td>
<td>865.000</td>
<td>650.000</td>
<td>-</td>
<td>2.142.000</td>
</tr>
<tr>
<td>Available 2002 budget as % of bare minimum (without DCNA)</td>
<td>84%</td>
<td>35%</td>
<td>68%</td>
<td>182%</td>
<td>137%</td>
<td>-</td>
<td>108%</td>
</tr>
<tr>
<td>Available 2002 budget as % of total basic req. (without DCNA)</td>
<td>40%</td>
<td>17%</td>
<td>21%</td>
<td>78%</td>
<td>59%</td>
<td>-</td>
<td>46%</td>
</tr>
</tbody>
</table>

¹¹ The proposed Hillsides Park is still far from becoming reality and therefore not included in the ‘bare minimum’ scenario, but it is included in the ‘basic’ scenario.

¹² For each island, the ‘bare minimum budget’ includes salaries for one marine and one land park manager (except St Maarten which has no land park yet), 1-4 rangers, one car and one boat (depreciation and operational costs), office costs, communication equipment, operational expenses, buoys, diving equipment, travel costs, accounting and 10% for contingencies.

¹³ The ‘additional basic budget requirements’ include (for each island) one administrative officer, 1-6 additional rangers depending on the area, one education officer, one visitor centre for each park, more operational expenses, audiovisual equipment, monitoring and other management measures, and 10% for contingencies.
Table 10
Proportions of three income sources with average percentages for 2002–2003. For self-generated income the percentage is given for 1998 as well  

<table>
<thead>
<tr>
<th>Island</th>
<th>Island government</th>
<th>Other grants</th>
<th>Self-generated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2002-03</td>
<td>2002-03</td>
<td>1998</td>
</tr>
<tr>
<td>Saba</td>
<td>17%</td>
<td>30%</td>
<td>77%</td>
</tr>
<tr>
<td>Statia</td>
<td>21%</td>
<td>51%</td>
<td>27%</td>
</tr>
<tr>
<td>Sint Maarten</td>
<td>17%</td>
<td>78%</td>
<td>24%</td>
</tr>
<tr>
<td>Bonaire</td>
<td>6%</td>
<td>4%</td>
<td>91%</td>
</tr>
<tr>
<td>Curaçao</td>
<td>26%</td>
<td>5%</td>
<td>58%</td>
</tr>
</tbody>
</table>

The traditional sources for the financing of operational park management costs have been grants, subsidies from island governments and revenues generated mostly by tourism and other user fees. Detailed amounts per source category per island can be found in the inception report of this study. Table 10 presents a summary of their relative shares.

Conclusions

The following conclusions can be drawn from these tables:
1. The degree to which minimum requirements have been met in the past varies greatly between islands, but there is a general gap between available funding and the basic needs.
2. The Windward Islands face large fluctuations in their funding situation (self-generated revenues, non-structural government contributions, donor grants).
3. Self-generated income is low on the Windward Islands, and has even decreased since 1998 on some; it is particularly low on St Maarten in spite of its status as a top tourist destination where allocating even a fraction of e.g. general port taxes to nature conservation would be justified; dependency on non-structural grants is high.
4. Self-generated income is tourism-dependent and, therefore, relatively unstable.
5. More or less sustained financial government support was only found on Curaçao.

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14 Percentages have been averaged to compensate for large variations in source proportions. For 1998, no reliable discrimination could be made between the other two sources; their sum can be calculated by deducting the self-generated percentage from 100%.
6. The parks on Saba, Statia and St Maarten have dramatically less funding available than required to operate at bare minimum levels (see Box 5 on Statia as an example).
7. Carmabi Curaçao has an annual budget between the bare minimum and the basic level.
8. The budget of Stinapa Bonaire has approached its basic requirements level and expects to surpass this level in 2005 with fee and sales revenues.

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**Box 5 Statia Marine Park’s struggle to survive**

*History of financing of operations*

1997 – 2000: Received large start up grants.
- Employed Manager, Assistant Manager, Rangers and built infrastructure.

2001 – 2002: Survived financially through a few small grants and user fees.
- These grants barely covered costs and mostly for projects but user fee income was too small.
- Island Government provided a subsidy for the Assistant Manager’s salary (70%). No more rangers.
  Volunteer program started.
- Started lobbying the island government to collect tanker anchorage fees (as authorized by Ordinance).

2002 – 2003: Received Emergency Grant from BZK which
- Allowed 1 year’s employment of 2 additional staff (immediately led to increase in self-generated income). Allowed effective deployment of volunteer program to keep operations going.
- Paid for operational costs (power, phone, etc.).

2003 (Oct): Office closed, then reopened with a Government subsidy.
- Island Government took 4 months to increase the subsidy to fl.30,000 (Oct-Dec 03) and agreed to work on changing the tanker fee system.
- Grants for research and turtle program included some salary costs, which barely covers salaries now.

*Negative consequences of the financial crisis in 2003*

Parks office closed in Oct 03 when BZK emergency grant stopped, no support from Island Government.
- This caused a vicious circle that worsened finances and compliance with regulations:
  - Less fees collected (dive, yacht and trail fees)
    - Mooring maintenance and patrols stopped (loss of infrastructure)
    - Decreased adherence to rules by fishermen and divers, so traps and anchoring occurred in the reserves (causing conflict and damage)
    - No information or public awareness activities (and loss of potential revenue from souvenir sales)
    - Staff had to be dismissed (resulting in a loss of the training and time that had been invested in them)
    - Visits by school groups and clubs stopped, so community support weakened
    - High investment costs were required to restart operations (moorings had to be replaced because of lack of maintenance, staff knowledge was lost, public support and conservation awareness were lost).

Source: STENAPA
4.4 Feasibility and proposed structure of a Trust Fund

The history of Conservation Trust Funds in general is not long, having only started in the early 1990s, but long enough to allow for an evaluation of critical success factors and lessons learned. The Global Environment Facility (GEF), the financial vehicle for the implementation of the Convention on Biological Diversity (CBD), has been particularly active in setting up, capitalizing and evaluating Conservation Trust Funds.

Based on evaluations of Conservation Trust Funds, a number of criteria have been identified which determine their feasibility (adapted from GEF, 1998, page 39, which analyzed the experience of 13 funds). The current study assessed the context of the Netherlands Antilles against these criteria, the results of which are summarized in the following table.

<table>
<thead>
<tr>
<th>Criteria for Trust Fund feasibility</th>
<th>Assessment of Netherlands Antillean context</th>
<th>Actions that can be undertaken to make the context more favorable</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRITERION 1: Globally or nationally significant biodiversity, whose conservation requires long-term funding (absence of grave immediate threats requiring mobilization of large amounts in a short time period).</td>
<td>High and unique biodiversity, especially compared to other parts of the Kingdom. The Caribbean is now considered a global biodiversity hotspot by Conservation International. The Netherlands Antilles are located in or near two of the hotspot’s priority areas (Saba Bank and 5 Caribbean Marine Priority Area). Antillean coral reefs are among the most vital in the Caribbean. Long-term versus immediate funding needs are more or less in line with this criterion.</td>
<td>Attractive information and promotion material with sound scientific underpinning needed which appeals to key target groups on funding market.</td>
</tr>
<tr>
<td>CRITERION 2: Strong government political support for conservation, and government commitment to make the trust fund a high national priority in submitting aid requests to international donors.</td>
<td>Basic political support for conservation is present, legal and policy framework (slowly) developing. Resources for implementation scarce. Further lobbying with national and local</td>
<td>Assess existing government policies and determine position of conservation in requests for donor assistance; also need to analyse existing tax incentives and disincentives for conservation, and</td>
</tr>
<tr>
<td>Criteria for Trust Fund feasibility</td>
<td>Assessment of Netherlands Antillean context</td>
<td>Actions that can be undertaken to make the context more favorable</td>
</tr>
<tr>
<td>------------------------------------</td>
<td>--------------------------------------------</td>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>CRITERION 3: Availability of one or more mentor organizations (such as a donor agency, an international NGO, or another, more experienced trust fund) who can provide both moral and technical support to the Trust Fund during the start-up and implementation phases.</td>
<td>The ‘Support Group’ in the Netherlands (Natuurmonumenten, De Landschappen, Staatsbosbeheer, WWF-NL, CI-NL), coordinated by NC-IUCN, is prepared to play this role.</td>
<td>Have this role formalized in a letter of understanding. Approach CI at a later stage.</td>
</tr>
<tr>
<td>CRITERION 4: Government acceptance of the idea of creating a mixed public/private institution that will function beyond direct government control.</td>
<td>Yes. Management NGOs already provide good examples of this type of institution in terms of park management and collection of diving fees. Acceptance to be formally confirmed in the case of tax revenues and other official assistance.</td>
<td>No further action needed.</td>
</tr>
<tr>
<td>CRITERION 5: A critical mass of people from diverse sectors of society who can work together to establish the trust fund and/or who are willing to serve on its board.</td>
<td>Yes.</td>
<td>Smart communication and stakeholder involvement strategies are high priorities. Continuous work with the media is needed. Involvement of influential persons is vital success factor.</td>
</tr>
<tr>
<td>CRITERION 6: A legal framework in the country that permits establishing a trust fund or foundation, and provides tax exemption for its earnings from investments.</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>CRITERION 7: A basic fabric of legal and financial practices and institutions in the country that people have confidence in.</td>
<td>Yes, certainly in comparison with many other countries where Trust Funds have been established.</td>
<td></td>
</tr>
</tbody>
</table>
## Criteria for Trust Fund feasibility

<table>
<thead>
<tr>
<th>Criteria for Trust Fund feasibility</th>
<th>Assessment of Netherlands Antillean context</th>
<th>Actions that can be undertaken to make the context more favorable</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRITERION 8: A pool of potential grant recipients in the country which are interested and capable of carrying out biodiversity conservation activities.</td>
<td>Local NGOs and protected area management have reasonable to high levels of technical competence. Further institutional strengthening, training and capacity building are a priority to meet professional challenges. DCNA will be the key vehicle.</td>
<td></td>
</tr>
<tr>
<td>CRITERION 9: Realistic prospects for attracting sufficient capital for the fund (donor potential).</td>
<td>Bi- and multilateral donors of capital grants (BZK, EC) little likely in the short-term, but a parliamentary motion adopted by the Dutch parliament in November 2004 asking BZK to provide a capital grant to the Trust Fund may lead to a positive reshuffling of contributions between donors in support of the Trust Fund. Reasonable potential is expected in the private sector (corporations, individuals, private foundations) and the National Postcode Lottery. Developing this potential will require ongoing communication and confidence building efforts.</td>
<td></td>
</tr>
</tbody>
</table>

### Score

A Trust Fund for nature parks in the Netherlands Antilles could satisfy at least eight out of the nine criteria identified by GEF as necessary for establishing a successful conservation trust fund. The Netherlands Antilles have high scores on seven criteria, and a lower but still ‘passing’ score on criterion 2 (‘government support and commitment to conservation’). As for the decisive ninth criterion ---the potential to raise capital contributions from donors---the Trust Fund also appears to be feasible, but interest and commitment to the Trust Fund expressed so far have a preliminary character and do not guarantee actual contributions. This criterion will be discussed in the next chapter.
This Study recommends that rather than establishing the Trust Fund as a separate legal entity, the Trust Fund should be set up as a ‘restricted’ endowment or sinking fund within DCNA, since:

- DCNA has the type of institutional structure which is recommended for conservation trust funds by international donors such as the GEF, USAID, WWF, TNC and CI.
- DCNA’s general purposes include the Trust Fund’s more restricted purpose (i.e., to cover the annual gaps in funding the basic recurrent management costs of one marine protected area and one terrestrial protected area on each island of the Netherlands Antilles).
- Administrative costs of the Trust Fund would be reduced considerably.
- There will be no need to reach a minimum capital level before the Fund can be operational.
- Fundraising competition between the DCNA and the Trust Fund would be avoided.

The disadvantages of combining the DCNA and the Trust Fund and how these can be addressed are discussed in Volume B. Once the Trust Fund has fulfilled this restricted purpose, any of its annual budgetary resources which are left over could be used to support DCNA’s other, broader purposes.

A Trust Fund will have an ‘umbrella’ structure that includes a ‘core’ endowment for supporting the basic recurrent management costs of one marine protected area and one terrestrial protected area on each of the islands, as well as separate sub-accounts that could be set up either as:

- An endowment for supporting only one particular protected area or island.
- A sinking fund for contributions by donors whose regulations do not permit them to contribute to permanent endowments (but which could either be for all of the islands, or just for one particular island or protected area).
- A revolving fund which is annually financed by earmarked fees or taxes collected on a particular island.

*The Trust Fund structure will be discussed in more detail in Volume B.*
4.5 Conclusions

- A Trust Fund for nature parks in the Netherlands Antilles could satisfy at least eight out of the nine feasibility criteria identified by GEF as necessary for establishing a successful conservation trust fund. The ninth criterion (donor potential) is the decisive one.

- The fact that donor potential is the crucial feasibility factor for a Trust Fund underscores the significance of the first donor to cross the line, so that the Fund can demonstrate its effectiveness, reliability and transparency and inspire other potential donors.

- One of the preconditions for a successful Trust Fund is that alternative funding sources are developed and carefully managed and that ample time and energy are invested in active communication with stakeholders outside the traditional conservation community.

- An effective lobby among island and national governments by the DCNA and its partners plays a crucial role in accelerating the development of a favorable legal and policy context for the parks. This context is critical for building credibility and confidence in the private and public donor community.

- The consultants recommend that rather than establishing the Trust Fund as a separate legal entity, the Trust Fund should be set up as a ‘restricted’ endowment or sinking fund within DCNA. DCNA’s Articles of Incorporation and administrative procedures need to be designed in such a way as to enable it to serve as the trustee. The Trust Fund will have an ‘umbrella’ structure that includes a ‘core’ endowment as well as separate sub-accounts.

- When comparing the Antilles with other countries and even Antillean islands among themselves, there should be considerable potential for the further development of earmarked tourism fee and other revenue systems. The tourism industry seemed more willing than government officials to consider the introduction of new earmarked fees and taxes to support nature conservation. Such systems should be part of any financial strategy for the nature parks, and can also take existing revolving funds on the islands as examples.
5 Donor potential

5.1 Assessment of potential donors

The current chapter will discuss those donors and donor categories which were short-listed after an initial rapid assessment prior to the inception workshop which was held on Curacao in February 2004. Annex 2 summarizes the findings of the long list which resulted from that rapid assessment. The emphasis of the assessment was on potential capital contributions to a trust fund, but other forms of support from a financial sustainability perspective were considered as well.

In general, there are five categories of potential donors for protected areas in general, and to conservation trust funds in particular:

- national governments.
- multilateral and bilateral aid agencies (such as the World Bank/GEF\textsuperscript{15}, and US, German, British, Swiss, Canadian and Dutch agencies for development cooperation).
- private US and European foundations and wealthy individuals.
- international conservation NGOs.
- business companies.

Different resource mobilization strategies are required for each type of donor. See the fundraising strategy in Volume C for more details.

In the case of conservation trust funds in most other countries, the best fundraising strategy has been to focus first on donors who have a history of supporting conservation trust funds and have large bilateral assistance programs in other countries in the region. This strategy applies less to the Netherlands Antilles because it is part of the Kingdom of the Netherlands, and therefore ineligible for grants from most bilateral and multilateral official aid agencies.

ANTILLEAN AND ISLAND GOVERNMENTS

A capital contribution from the national or any island government to a Nature Parks Trust Fund would send a very positive signal to other potential donors. However, the chances for such a contribution in the short or medium term are quite

\textsuperscript{15} Over the past seven years, GEF support and assistance has helped create more than 23 Conservation Trust Funds. And until 2004, over US$ 180 million of GEF funding has been allocated into such funds worldwide (Crepin, 2003).
small, considering the pressing social and economic problems, aggravated by the debt crisis at the country and Curaçao island levels. Furthermore, it is highly unlikely that there is sufficient political support to contribute to a Trust Fund on top of regular budget items for park management and fee systems earmarked for parks.

**... and opportunities**

Nevertheless, opportunities for a capital contribution may arise in case:

- the government can not meet interest and repayment obligations on its debt anymore and bilateral or private creditors are no longer willing to enter into new debts to service old ones. In that case, a debt swap might be proposed (see next section, on the Dutch government, and Annex 3 for more details). In view of the competition that can be expected from the social sector, only a combined debt-for-sustainability-swap seems socially and politically feasible.
- a government receives large fines or recovery funding as a response to environmental damages caused by a major transportation accident or a natural disaster.

**A positive BNA signal**

A high official from the Bank of the Netherlands Antilles (BNA), the independent supervisory authority for the banking sector and the monetary system gave a positive signal by inviting the DCNA to submit a request to the BNA for a modest-sized capital donation to the Trust Fund.

**Prevent funding reductions**

A major goal for the DCNA and the park management NGOs is to prevent reductions in funding for conservation by the national and island governments as a result of the establishment of the Trust Fund. Funding reductions may be interpreted by donors as a lack of local support. In other countries, such a government commitment has usually come in the form of a Letter of Intent by major donors to the Trust Fund. It could also come in the form of a written provision in a grant agreement. However, experience has shown that it is almost impossible to legally enforce or even monitor government compliance with such a provision or a Letter of Intent. Its main value is that it would allow a donor to raise this issue in future discussions with the government.

Nevertheless, the consultants recommend that major donors request the Antillean and island governments (or their departments of finance) to sign a side letter stating that both parties agree that the purpose of establishing the Trust Fund is to provide *additional* financial resources for nature parks, and
that therefore the current level of national and island
government financial support for nature conservation should not
be reduced as a result. At the Antillean level, such a
commitment is feasible. A number of nature parks receive
funding from the decentralized Island Governments, either in
the form of budget items and/or from earmarked fee systems.
Without lobbying by the DCNA and park management NGOs,
some governments might reduce their net support, i.e. the
combination of budget line items and earmarked fees.

**DUTCH GOVERNMENT**

**Ministry of the Interior and Kingdom Affairs (BZK)**

Since BZK is virtually the exclusive source and channel of Dutch
government funding for development co-operation with the
Netherlands Antilles, one of the priorities of this Study has been
to assess BZK’s willingness to support the Trust Fund with a
capital grant. In 1998, the then Secretary of State for
Constitutional Kingdom Affairs, Mr De Vries, expressed his
willingness for such a support (VOMIL/MINA, 2000), provided
that:

- other donors participate as well.
- the Netherlands Antilles government establishes a coherent
  policy and legislative framework related to nature protection.
- protected areas are either owned by the national or local
  governments, or subject to management agreements between
  the government and private owners.

The Secretary favored a step-by-step approach, in which each
side alternately takes a further step towards the end goal after the
other side has taken a step, according to a schedule agreed upon
by both parties. Such a step approach is now becoming standard
practice in bilateral relations of the Netherlands.

**Changing bilateral relations**

Since 1998, however, the relation between the Netherlands and
the Netherlands Antilles has faced many tests and challenges.
Governments have changed several times on both sides, which
led to new approaches and political priorities. In 2001, a five-year
co-operation framework for “Sustainable Economic
Development” was agreed which includes six economic and an
additional environmental program. Specific plans based on this
framework are prepared annually by the Antillean government,

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16 Unfortunately, it was not possible for the consultants to obtain a meeting with the Ministry of Finance within
the timeframe of the study to discuss this issue.
with the Dutch government evaluating the plans mainly on their sustainability, effectiveness and efficiency.

In recent years, the emphasis in development cooperation is shifting towards poverty alleviation, governance issues and strengthening of the judicial system. However, the sustainable economic development program still provides a framework for addressing environmental issues, even when continuous lobbying efforts are required to keep them on the agenda.

**Position re Trust Fund grant**

With regard to a contribution to a Trust Fund for nature parks, BZK’s position is that:

- the use of government funds with the explicit goal to create financial reserves without spending the capital itself is considered ‘not efficient’ under the Dutch government’s accounting system; financial departments in several Ministries have rejected endowment initiatives on these grounds in the past.
- using Dutch government grants to create financial reserves may be politically more difficult in times of drastic budget cuts causing tightened operational budgets for all Ministries.
- the environment is a sector where Antillean ownership and policy priorities play a major role, which means that any inclination by BZK to endorse funding proposals for a Trust Fund would require strong backing by the Antillean and island governments.

In the light of the objections, a contribution to a Sinking Fund should be much more acceptable.

**New co-operation channels**

The newly formed SONA and AMFO (see box 6) are in a position to adopt, within limits, their own budgetary policies and guidelines. This may reduce the risk of a capital grant being rejected on the above-mentioned technical or political grounds if

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17 Officials from various ministries have repeatedly commented that a capital grant by the Dutch government to a Trust Fund might be incompatible with financial legislation (the ‘comptabiliteitswet’), in the sense that funds entrusted to third parties would be ‘administratively not transparant’, ‘inefficient’, ‘beyond parliamentary control’ and ‘risk-prone’. However, a properly designed Trust Fund can counter all of these objections. Inquiries with the Ministry of Finance, which should give permission to such a transaction, and other government officials indicated that it is not a question of conflict with the law but rather with standard budgetary policy and guidelines (“HAFIR” and “Nota Beheer en Toezicht”). In their view, the drawbacks of a Trust Fund are that financial resources would be permanently withdrawn from supervision by policy makers and could not be put to alternative use in case of future policy changes. Another technical disadvantage is the unbalance in the year of disbursement between budget and output. In spite of these objections, there have been cases of Dutch government contributions to Trust Funds, such as US$ 2,45 million to the Bhutan Trust Fund in the 1990s.
submitted to either of them, as compared to submitting a proposal directly to a Dutch Ministry.

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Box 6  New channels for Dutch-Antillean development co-operation

The SONA
In 2004, management of the co-operation program from government-to-government is being transferred to a newly formed development fund, the SONA (Stichting Ontwikkelingsfonds Nederlandse Antillen), following the successful model applied in Aruba. The SONA is an independent foundation according to Netherlands Antillean law. It is governed by a Board with three members, two Antilleans and one Dutch. The SONA has contracted a separate implementing agency and can also raise funds from other donors.

With regard to the SONA, the Dutch government applies less restrictive budgetary principles than before, based on a commitment system instead of a cash system. This means that annual budgets do not have to be entirely spent before the end of the calendar year anymore. This virtually eliminates the usual ‘underexpenditure problem’ for BZK funding, which occurs when the original annual budget can not be spent before year’s end. Such an imminent underexpenditure created opportunities for submitting additional funding proposals in the last quarter. Instead, SONA funds have to be legally committed within two years after having been allocated. SONA funds may also be deposited into accounts that generate interests and these interests may be used as well, as long as adequate checks and balances exist.

The co-operation budget varies from year to year, and now stands at around 40 million Euros. Ten percent of the Dutch contribution has been allocated to the national Antillean government, to be calculated over a four-year period. Almost one quarter of this amount is for nature and the environment, including funding for activities on the various islands; in other sectors, these funds are restricted to the national Antillean level. The other ninety percent of the SONA development fund goes to island governments, and none of this is allocated to the environmental sector. However, the quality of individual project proposals remains the essential criterion and may lead to changes in these distribution percentages.

The AMFO
Parallel to the channel for Dutch bilateral government co-operation, an independent foundation was established in 2003 to operate as funding channel for NGOs, the AMFO (Antilliaanse Mede-Financierings Organisatie). Each island has established its own NGO platform and these platforms have developed multi-annual programs. Project proposals submitted to the AMFO have to fit in these programs. The annual AMFO programme budget for the coming years is 8 million Euros. So far, the overall emphasis of the programs is on social issues and capacity building, and so far no island program or activity field refers to nature management (see www.samfo.org).

Opportunities for the park management NGOs seem rather limited at the moment, but —once they become active members of the island platforms— this situation may change, as the Dutch-Antillean development programs are likely to be reformulated from time to time. Such a shift may, for instance, take place if environmental programmes are able to show a better performance and more measurable results than social programmes. Just as in the case of SONA, the AMFO can also raise funds from other donors.
Recent developments

BZK has recently reconfirmed its political support for the Antillean Trust Fund process. If other parties take the initiative to establish and capitalize a Trust Fund, BZK stated it would welcome such a development and can at least be expected to increase its political support. Early November 2004, the Dutch parliament unanimously adopted a motion asking the Secretary of State for Constitutional Kingdom Affairs, Mr De Graaf, to “use the expected under-expenditure in his 2004 budget for a substantial financial contribution to the Trust Fund for nature management on the Antilles”. This motion represents an important political signal which may outweigh the reservations expressed by financial government departments.

Sustainable financing of protected area management is increasingly recognized as a priority issue by the international donor and co-operation community, as evidenced, for example, at the World Parks Congress in 2003. This may also contribute to a change in the Dutch government policy towards Trust Funds, especially if backed-up by influential organizations and individuals who have dealt with long-term park funding.

Other Dutch Ministries

Ministry of Agriculture (LNV)

The Ministry of Agriculture (LNV) is the leading Ministry in Dutch international nature policy, although it does not have the largest budget. LNV supports nature management of the Netherlands Antilles by:
- providing in-kind technical assistance.
- supporting the cause of Antillean nature politically.
- small-sized financial support through a variety of programs.

Underexpenditure opportunity

In case the recent request for a BZK contribution to the Trust Fund as expressed in the parliament’s motion would be rejected, VSO/MINA and the DCNA may still consider presenting a larger funding proposal to BZK, LNV and/or the Ministry for Development Co-operation (OS) in the coming years. Such a proposal would be in anticipation of a possible underexpenditure in the overall government budget, i.e. outside the regular Antillean co-operation budget now being managed by the SONA and AMFO. Political support for the Trust Fund expressed by the Ministries of BZK and LNV may then play a vital role in the allocation of “unspent” funds from any Ministry. Demonstrated effectiveness of a Trust Fund and a professional performance of the DCNA will be obvious success factors.

Such a request should preferably be firmly embedded in a broader proposal which focuses on institutional strengthening.
and the integration of nature management in sustainable economic development. Well-managed nature parks and intact ecosystems should be highlighted for their economic values, as a key tourism resource, as protection against erosion and hurricane damage, as marine nurseries etc..

**The debt crisis**

In many countries, debt-for-nature swaps have been a major capital source for conservation Trust Funds. Annex 3 provides a general introduction to both commercial and bilateral debt-for-nature swaps.

**Bilateral debt negotiations**

The debts of the Netherlands Antilles’ government have reached dramatic proportions (see box 7). So far the government has been able to meet its repayment and interest obligations and debt-swaps have never been seriously considered. Only about 20% of the government debt of 3,8 billion NAF (2002 data) is owed to the Dutch government. Debt negotiations have continued during the past few years, and the Dutch government stated that it would not consider special debt-relief arrangements until the Antillean government would come up with a comprehensive debt-restructuring plan.

**A bilateral debt-swap?**

Early this year, BZK officials stated they would rather see a technical financial restructuring proposal than a swap involving another sector. Also, a debt-swap proposal for conservation only is likely to meet with strong local opposition from the social sector (politicians, NGOs and other interest groups). Therefore, only a mixed conservation-and-social development swap might be politically acceptable to Antillean stakeholders. Using part of such a swap to capitalize a protected areas Trust Fund is a further step and would require additional lobby efforts to overcome hesitations to immobilize funds instead of spending them.

Last year’s report on the Antillean debt crisis has been an important step towards a bilateral debt settlement (Ministry of Finance, 2003). The new Antillean government of Mr IJs recently presented an “urgency program” to address the economic crisis and, based on that program, came to an agreement with the Dutch government on a bilateral “co-operation plan”. As a result, the Dutch government decided to cancel unconditionally almost one quarter of the bilateral debt, worth EUR 48 million, in September 2004. In case of substantial progress with the implementation of the urgency program, the Dutch government is willing to consider further debt reductions, but this time probably not without conditions. This would offer
an interesting opportunity for VSO/MINA, the DCNA and NC-IUCN to lobby both governments for a debt-swap as part of a debt reduction.

In summary, short-term prospects for a debt-swap with the Dutch government, which seemed negative earlier this year, are still uncertain because of reluctance among BZK officials. Such an arrangement is nevertheless worth to be pursued by the DCNA, NC-IUCN and VSO/MINA. For the Dutch government to agree with a debt-for-nature swap, the Antillean government should at least show concrete commitment to environmental protection and the park organizations must demonstrate to be effective and efficient park as well as fund managers. As the debtor government, the Antillean authorities would have to agree to allocate funds from the government budget to finance whatever environmental or other social programs are being supported by the swap deal. The chances of this happening appear to be small, even though the amount that would have to be allocated by the government would probably be significantly less than the full amount that the government is otherwise obligated to repay to its creditors.

Commercial debt swaps

Commercial debt swaps seem less feasible in the short term as conversations with several banks, including the central Bank of the Netherlands Antilles, have shown. On the other hand, in 2003 the first signs of reluctance by commercial banks in the Netherlands Antilles with respect to new loans to the government were reported. The DCNA is recommended to closely monitor any changes in the position of commercial banks in debt negotiations with the central or island governments.

Box 7 The debt crisis of the Netherlands Antilles

A recent report by a special commission on the debt problems of the Antillean government concluded that, unless the government changes its policy, the “budget deficits and debt situation get completely out of control” (Ministry of Finance, 2003). Between 1980 and 2002, government debts rose from NAF 0.7 billion to NAF 3.8 billion, or from 40% to 81% of the GDP. The report even expected a percentage of 95% by the end of 2003 and 250% by 2010 (NAF 10 billion). This is extremely high as compared to international standards of, for instance, 40% for low-income countries and 60% for Euro countries. The national and the Curaçao island government together now account for 95% of all Antillean debt (40% and 55%, respectively; the other island governments have the remaining 5%).

The ratio between internal and external debt changed from 50/50 in 1980 to 81/19 in 2002 (92% of the external debt is owed to the Netherlands government). In 2003, interest payments absorbed 25% of all national government expenditures. A break-down of internal creditors results in the following percentages: 40% for the
APNA pension fund; 30% for private and institutional investors; 13% for commercial banks; 10% for the SVB social security bank and 6% for the Central Bank of the Netherlands Antilles.

The main solutions to the debt crisis which the Commission recommends:

- restructuring of interest (e.g. by refinancing the debt at lower interest rates).
- using development aid for interest payments, justified by traditional under-expenditures; however, the new set-up of Dutch aid with the SONA Development Fund makes this option highly unlikely.
- a package of structural measures to make public finances healthy again (budget cuts, guidelines for budget discipline, sanctions on non-compliance).

The Commission also concludes that debt relief can only be achieved with external help and qualifies the Dutch government as the ‘most logical candidate’.

The report from 2003 does not mention a debt-for-nature-swap or debt-for-development-swap as possible part of a debt relief or debt-restructuring package. However, the variety of creditors of the Netherlands Antilles Government means that different debt-restructuring strategies could be proposed for discussion with different creditors. On the one hand, the Dutch government is currently reluctant about the idea of debt swaps, but such an initiative could be proposed, for instance by DCNA and NC-IUCN, in case of negotiations to restructure or cancel the foreign debt. On the other hand, a discussion on debt swaps could be initiated with certain internal creditors such as commercial banks, the Central Bank, and other investors, in case the debt crisis gets out of control and those creditors give up hopes of ever being substantially repaid (in which case, they might be attracted by the public relations value of simply donating the debt for conservation, or selling the debt to a conservation organization for only a small fraction of its face value). Even though their share of the total debt may be small, the amounts are still substantial for swap purposes (NAF 409 million debt with commercial banks, NAF 144 million debt with the Central Bank and NAF 907 million debt with investors).

EUROPEAN COMMISSION (EC)

OCT benefits

Annex 4 presents an introduction to the current status of the Netherlands Antilles as one of the European Union’s Overseas Countries and Territories (OCTs). The advantages and disadvantages of an alternative status as Ultra-peripheral Territory (UPT) will be assessed in the coming years, based on a recently published report (SEOR, 2004). A summary of the main points can also be found in Annex 4. The following sections discuss the options under an OCT status.

OCTs may benefit from the following forms of financial assistance:

- grants from the EDF grant facility.
- refundable aid from the EDF Investment Facility.
- loans from the European Investment Bank's (EIB) own resources.
- aid under horizontal budget lines and Community programs.
The first and fourth are relevant to the present study.

**European Development Fund**

The **European Development Fund** (EDF) is the main instrument for EU aid for development co-operation in the ACP countries and the OCTs. Each EDF is concluded for a period of around five years, with the 9th EDF running from 2002 to 2007 and an allocation of EUR 20 million to the Netherlands Antilles. EDF grants are assigned to governments, within the framework of the so-called Single Programming Document (SPD) which sets out a development and cooperation strategy and which is drawn up principally by the authorities of the OCTs. Each SPD identifies a limited number of ‘priority focal areas’.

**SPD and focal areas**

The EC now prefers each OCT to concentrate on one focal area, with more than one area in exceptional cases only. Provided the country has a track record of sound public financial management, the OCT may also request budgetary support from the EDF; this will then be treated as national resources. The proposed SPD of the Netherlands Antilles for the 9th EDF is currently under review by the European Commission. It includes four social ‘focal areas’ (housing, water and sanitation, neighbourhood rehabilitation and vocational training) and does not include ‘environment’.

**Budget lines**

Horizontal budget lines and community programmes relevant to our study mainly fall under the Directorates General (DGs) **Development** and **Environment**. DG Development has a much larger budget than DG Environment and the latter concentrates on European countries. DG Development provides policy guidance on development policy, programs resources of the EDF and dedicated budget lines of the Commission’s budget, prepares strategies for co-operation with ACP countries and OCTs and monitors their implementation. DG Development furthermore programs the use of financial resources dedicated to certain sectors and themes in support of the development policy under the Commission budget. Among the most significant budget lines are ‘Environment in developing countries’, tropical forests and NGO co-financing. The implementation of programs funded under these budget lines rests with the **EuropeAid Co-operation Office** (AIDCO).

Funds are made available by means of Calls for Proposals published on EC web pages[^18], usually on an annual basis. Budget

[^18]: [http://europa.eu.int/grants/index_en.htm](http://europa.eu.int/grants/index_en.htm)
amounts available for such calls as well as thematic focus, eligibility criteria (such as government or NGO status) and co-financing requirements vary from year to year. Full details are given in each call.

Box 8  EC environmental budget lines and programs for developing countries

In 2000, DG Environment financed around 100 environmental projects, ranging in budget from EUR 15,000 to 500,000. The total budget was around EUR 8.6 million. Both government institutions and NGOs were eligible, from EU as well as developing countries. In contrast, the recent Call for Proposals 2004 by this DG accepts around 20 proposals under three well-defined topics, only one of which (capacity building for Kyoto Protocol negotiations) is open to developing countries with only one project being awarded. Total budget of the 2004 Call is just EUR 1.4 million.

Of more importance to the Netherlands Antilles are the Calls for Proposals by DG Development / EuropeAid under budget line B7-6200 that are announced annually since 2000. They consist of two programs, with clearly defined themes and issues: Promotion of the conservation and sustainable management of tropical forests and other forests in developing countries and Promotion of the full integration of the environmental dimension in the development process of developing countries. The 2003 Call was closed early March 2004. This time, only NGOs were eligible, while government agencies could be involved in the projects as ‘associates’. Projects can have a maximum duration of five years and the EC co-finances up to 80% of the budget. The total available budget was almost EUR 6 million and around EUR 25 million, respectively, with grant sizes from 0.5-2.5 million and 1-3.5 million, respectively.

As far as budget lines for NGOs and ‘decentralised cooperation’ are concerned (B7-6000 and B7-6002), these deal with North-South NGO-partnerships and with projects focussed on local civil society, respectively. Overall goal is to strengthen the ‘operating capacity of such grouping’ and to ‘develop human and technical resources and carry out local social and economic development’. These budget lines can be relevant to the individual park management NGOs on the Antilles as well as to the DCNA. In 2003, the total amount available was EUR 6 million which went to 13 contracts out of almost 500 submitted proposals.

The Tropical Forest program might be of interest to the Leeward Islands for more conventional project proposals. Although they would have to compete with large, globally known forest regions, one EC official stated that this aspect does not play a role in the selection unless it is an explicit eligibility criterion. Elements which should be stressed are their uniqueness, degree of threat,

http://europa.eu.int/comm/environment/funding/intro_en.htm
http://europa.eu.int/comm/europeaid/tender/index_en.htm
importance for the local economy and the effectiveness with which they are or will be managed. The program for ‘Environment in developing countries’ is relevant to all the Netherlands Antilles, but any grant proposal should be tailored to the criteria of a particular Call for Proposals.

**EC and Trust Fund grants**

Consultations with a range of EC officials showed different opinions on the feasibility of a capital grant by the EC to a Trust Fund. Most officials who have been consulted commented that such a proposal would be rejected by legal departments because of financial and legal regulations.\(^{19}\) These regulations became more restrictive in 2003, only allowing grant funds to be spent and not to generate interest. Until a few years ago, it was allowed to use interest generated as a by-product of large grant installments, but that is now considered as ‘banking practice’ and no longer permitted; any interest should be returned to the EC.

On the other hand, some desk officers state that a Trust Fund contribution is, in principle, possible. This was confirmed by a letter from the Head of the Operational Support Unit of EuropeAid stating that EC contributions to Trust Funds are not forbidden, provided a “destination for the funding after the end of the project is determined from the onset”. This means that the DCNA may, in principle, submit a proposal for a capital grant to a sinking fund. The same applies to a capital grant for an endowment fund, but under the condition that the time period in which the capital operates to generate revenues is limited. At the end of that period, the capital has to be used for some predefined purpose (see Annex 5 for the specific conditions), such as projects, running costs or capital investments (land purchase, park infrastructure etc.).

**DUTCH NATIONAL POSTCODE LOTTERY (NPL) AND DOEN FOUNDATION**

The National Postcode Lottery (NPL) is the largest non-governmental charity lottery in the Netherlands. Since its creation in 1989, the NPL has given EUR 642 million to non-governmental organizations working in development co-operation, EUR 637 million to environment and nature

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\(^{19}\) One EC official was involved in an attempt to establish a Trust Fund as part of the ECOFAC program in Central Africa which receives large EC funding, but a capital contribution by the EC was denied on legal grounds. One case was mentioned where the EC provided budgetary support to the education sector on Tuvalu freeing funds in the local government budget which were deposited in an environmental Trust Fund, by way of trade-off.
conservation, and EUR 322 to human rights organizations. Regular NPL grants to official beneficiaries are not earmarked and have a minimum size of EUR 0.5 million. Furthermore, beneficiaries can submit special projects once a year for the proceeds of an extra lottery draw. To qualify for the status of an NPL beneficiary, an NGO has to be legally established in the Netherlands, have a sound reputation, enjoy broad public support and possess fund-raising capacity. This implies that the DCNA would have to establish a legal dependence in the Netherlands. Any organization is required to first pass through a transition period before obtaining full beneficiary status. Proceeds from the 2003 draws left a net amount of EUR 217 million available for charity purposes, to be divided among 45 recognized beneficiaries.

**DOEN Foundation**

Indirectly, the NPL has been supporting Antillean park management NGOs through DOEN Foundation, one of its beneficiaries, since 1995 with a total amount of EUR 1.7 million in grants for land purchase, to cover operational park management costs and for projects. DOEN remains a high-potential donor for proposals that strengthen the income-generating capacity of the management NGOs. In 2003, DOEN Foundation has approved proposals for three-year core funding on Bonaire and Saba (EUR 470,000) plus a goat project on Saba. At the time of writing, an additional request for core funding on St Maarten and Statia has been approved by the Board of DOEN, totalling EUR 225,000 and EUR 229,000, respectively, for three years.

**NC-IUCN and NPL grants**

The NPL has expressed its interest in supporting conservation in the Netherlands Antilles on various occasions. A first step towards a more structural funding relation was the approval, in January 2004, of a EUR 0.5 million grant to cover operational costs of the Antillean nature parks and support the establishment of the DCNA (Dutch Caribbean Nature Alliance). This grant represented a promising start towards the recognition of the Netherlands Antilles and (later) Aruba\(^{20}\) (the Dutch Caribbean) as a destination for NPL funding. These funds are being channeled through the Netherlands Committee for IUCN (NC-IUCN), one of the 45 NPL beneficiaries, as intermediary. In January 2005, a second grant proposal worth almost EUR 2 million was approved by the NPL for the period 2005-07.

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\(^{20}\) Although Aruba has been invited to join the DCNA and has expressed an interest to do so, no concrete steps towards joining have been taken yet; some funds have been allocated in the NPL grants, but not yet paid.
Similar or additional grants could be applied for in the coming years. In the medium-term, an annual NPL contribution of EUR 1 million seems feasible, assuming a convincing performance by the park management NGOs in terms of their success in raising additional funds. They will also have to demonstrate effectiveness in managing NPL funds, in park management and in meeting conservation goals. It would help if NC-IUCN succeeds in incorporating such an annual contribution to the Antillean parks in its multi-annual beneficiary contract with the NPL, instead of the current dependence on more competitive project funding from an extra lottery draw.

**‘De Landschappen’**

Another NPL beneficiary that could play a role with respect to structural financial support to Antillean park management NGOs, is the association of 12 Provincial Landscapes, also known as De Landschappen. A proposal to eventually link the Dutch Caribbean nature parks, represented by the DCNA, to this association as a 13th “Landscape” has been under review within De Landschappen for several years. Any form of linkage, and the implications, conditions and mutual benefits, still need to be extensively discussed within De Landschappen. This process is expected to take some more time and its outcome will certainly be influenced by how the DCNA develops.

One of the goals of this linkage is to give the Antillean parks access to a share (most likely one 13th) of the annual NPL grant to De Landschappen. This grant currently amounts to EUR 12,5 million and is expected to increase by 1 million if DCNA would be admitted as the 13th member. Linking the DCNA to De Landschappen makes more sense than a continued linkage to IUCN, since the DCNA could then be accommodated to a comparable existing protected areas structure and provide a long-term partnership perspective, including access to NPL funds. A 13th landscape status for the Dutch Caribbean parks will be welcomed by the Dutch government as a non-governmental expression of Kingdom relations.

**DCNA as NPL beneficiary**

An alternative to linkage to De Landschappen is an independent NPL beneficiary status for the DCNA. This will require at least four years of successful professional performance as an organization and of visible progress in conservation and park management on the individual islands. The DCNA will also be required to establish a branch in the Netherlands which can legally represent the DCNA. Such a legal branch can also serve to mobilize support from Antillean residents in the Netherlands. During the transitional period NC-IUCN is committed to act as
intermediary not just in channeling funds but also in capacity building and organizational development.

**Combination**

Another option could be a combination of the two linkages, with an official association to De Landschappen besides a partnership agreement for lobby and technical support purposes with NC-IUCN. The position and preferences of the NPL on this issue will play an important role in any final decisions by De Landschappen, NC-IUCN and DCNA.

**A Trust Fund capital grant**

Another possibility is a one-time large grant, for instance from the NPL’s annual extra draw, to a Trust Fund. The ideal scenario would be a combination of a capital grant with one of the other options (grants via NC-IUCN or De Landschappen). The NPL has never contributed to Trust Funds before and its Board remains reluctant, but the Lottery is gradually reconsidering its funding policies. DCNA, NC-IUCN and De Landschappen could submit a request for such a grant in 2005 or 2006 with a convincing proposal arguing that a Trust Fund is an essential mechanism to achieve long-term financial stability for Antillean conservation and a one-time capital injection by the NPL would complement the other, more conventional grant.

**NATURE MANAGEMENT ORGANIZATIONS IN THE NETHERLANDS**

**The Support Group**

NC-IUCN has recently secured institutional commitments for various forms of support to the Dutch Caribbean park organizations, from the key organizations that manage protected areas in the Netherlands: Natuurmonumenten, Staatsbosbeheer and De Landschappen. WWF-Netherlands and CI-Netherlands also joined this ‘Support Group’. The members of this group provide political and technical support to the islands, which may refer to communication, promotion, training, financial management, park management and lobbying. Details will be worked out in the near future. Except from possibly WWF-NL, the members of the Support Group will not provide financial assistance to the Dutch Caribbean park organizations.

**Groenfonds**

The Groenfonds is an autonomous entity which channels and manages government funds for the Dutch national parks, finances nature and landscape management projects and provides financial advice on nature projects. The Groenfonds also supports private investments in nature conservation with strategic financial advice or with additional financial assistance. The Nationaal Groenfonds is a specialist in financial...
arrangements for rural areas, for public and private players or public-private partnerships. The Groenfonds only works in the Netherlands. However, its chairman, mr Pieter van Vollenhoven, has expressed an interest in involving the Groenfonds in support to Dutch Caribbean nature conservation. Technical advice on financial arrangements and fundraising would seem a logical form of support. The first discussions with NC-IUCN about types of support have not yet taken place at the time of writing this report.

Funding to cover the running costs of nature parks can not be expected from these organizations, with the exception at a later stage of De Landschappen (NPL funding) and –as part of a project- WWF-NL (see separate section). More importantly, none of these organizations will make a capital contribution to a Trust Fund.

CONSERVATION INTERNATIONAL

Caribbean Basin Hotspot

Conservation International (CI) considers the Caribbean Basin as one of the world’s biodiversity conservation hotspots. At the same time, the basin comprises the world’s greatest concentration of small countries, representing a variety of political systems. Based on these premises, CI is in the process of developing a Caribbean-wide conservation strategy and will seek funding in 2005.

This ‘Caribbean Biodiversity Initiative’ (CBI) includes two main activities:

- biodiversity research in the Caribbean Hotspot and Critical Marine Area, both of which have been designated as part of global analyses.
- establishing CI presence by involving local players in research and by establishing institutional links to a diverse set of local partners.

Program development

Among the programs which are currently being developed as part of the CBI are:

- conservation of Saba Bank (one of the world’s largest marine banks with some of the most pristine coral reefs in the Caribbean) and the Saba island forest.
- conservation of the Southern Caribbean Marine Priority Area, which ranks as the second most important concentration of marine biodiversity in the entire Atlantic Ocean. This area runs along the coast of South America from Colombia to
Suriname and includes islands such as Aruba, Bonaire and Curaçao.
Both programs offer good opportunities for future CI involvement including financial support to the Dutch Caribbean.

CI and Trust Funds

CI has made many large, multi-million dollar grants to support protected areas and nature conservation in biodiversity hotspots. These larger grants generally are not made by using CI funds (which are mostly used to finance CI’s own programs and offices), but by using one of the two independent multi-donor funding mechanisms that CI is responsible for administering:
- the Critical Ecosystem Partnership Fund (CEPF),
- the Global Conservation Fund (GCF).

CEPF and GCF

CEPF and GCF each have a total of between $75 million and $100 million available for making grants. CEPF grants are intended primarily for capacity building (especially for strengthening the capacity of local conservation NGOs in developing countries), and for large-scale eco-regional planning. However, CEPF grants must be completely spent within five years, and cannot be used to capitalize trust funds. By contrast, GCF grants are intended primarily to fund the costs of establishing new protected areas and of enlarging existing protected areas. GCF grants can be used to capitalize conservation trust funds which are intended to finance the recurrent operating costs of new or expanded protected areas, but not of existing protected areas. Currently, it is too early for the Caribbean to be a top priority for GCF, but it could become so in the future.

Potential CI role in the Antilles

The greatest potential in the short term for CI to make a contribution to the Trust Fund would be if CI could convince a wealthy US donor or multilateral corporation to make a donation to CI that would be earmarked for the Trust Fund. This appears to be the main strategy that is now being pursued by CI’s President and CI’s Antilles Country Director.

CI can be considered a key player in conservation finance for the western hemisphere, and is also of strategic importance to the Dutch Caribbean. The DCNA is recommended to develop and cultivate a close relationship with CI, which is facilitated by the early involvement of CI’s Dutch and Antillean representatives in the current feasibility study. Linking the Windward Islands to the Saba bank hotspot and the Leewards to a possible transboundary marine protected area with Venezuela might increase CI interest in financial support to the Netherlands.
Antilles. CI is also of strategic importance since it can help in persuading specific parts of the American public and US donors to give financial support to the Antillean parks.

**WWF-NETHERLANDS (WWF-NL)**

**Current prospects**

WWF-NL has not been short-listed as a promising donor, due to the outcome of the quick-scan prior to the inception workshop on Curaçao in February. WWF considers it to be more appropriate to rely on other sources for capitalizing the Trust Fund (such as BZK, local government budget allocations, imposition of new or higher fees, etc.). Instead, WWF plans to continue funding projects on those islands where WWF perceives that visible progress has been demonstrated in terms of institutional capacity and conservation results due to earlier financial support (Saba and Bonaire). Future changes in WWF-NL’s funding policy and priorities may offer new opportunities, though, and the DCNA is recommended to actively keep WWF-NL informed on progress and major problems. If the DCNA succeeds in creating and maintaining a network of influential supporters, then one of them may be able to leverage WWF-NL support to the Antilles if the need arises. Even a Trust Fund grant can then not be excluded, in case of a special occasion.

**Institutional support?**

A form of support which can be of vital importance and which WWF-NL may be willing to provide is capacity building by staff members from its headquarters, for instance in fundraising, sponsoring, marketing or communication. The DCNA could prepare a proposal in the form of a training course to the park management NGOs and/or the DCNA, preferably accompanied by visits to all islands to help develop specific fundraising strategies. Special attention should be paid to the potentials and pitfalls of partnerships with business companies. WWF-NL will focus increasingly on this sector of “major donors” in the coming years, not only for its fundraising potential but also to engage in joint activities which benefit the environment. WWF might be willing to share its lessons on franchising and the use of its logo on a range of consumer products (“panda” bread, “panda” dessert, VISA card). WWF’s current partnerships with one of Holland’s main power companies (Essent) and with the main Dutch bank that is involved in managing investment capital for charitable purposes (MeesPierson) may also provide valuable lessons for the Antillean organizations.
THE PRIVATE SECTOR – CORPORATIONS

The following table gives a general overview of the three categories of private funding sources for protected areas.

Table 12
Overview of private funding sources for protected areas (after Norris & Curtis, 1999)

<table>
<thead>
<tr>
<th>Source</th>
<th>Definition</th>
<th>Who Can Use It</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philanthropic Foundations</td>
<td>Grant-giving organizations</td>
<td>Generally available only to non-profit organizations</td>
<td>Can be a significant source of revenue for specific project activities or start-up of new programs.</td>
<td>Difficult source of recurrent funding. Intense competition for limited funding often leads to significant investment of effort in proposals with low-to-medium chance of funding.</td>
</tr>
<tr>
<td>Corporations</td>
<td>Sponsorship or other types of voluntary payments by companies</td>
<td>Parks agencies, NGOs</td>
<td>Generally a means of raising both national and international support for facilities or management. Corporate donors’ expectations sometimes can be met with simple acknowledgment placards. Means to link companies that benefit from protected areas to supporting them (tourism, hospitality industries)</td>
<td>Whether the protected area wishes to be associated with a certain corporate sponsor and what the corporation gets in return needs to be carefully considered before donations are solicited and accepted.</td>
</tr>
<tr>
<td>Individual Donations</td>
<td>Gifts through a variety of mechanisms - direct gifts, memberships, wills and bequests, etc.</td>
<td>Generally NGOs but sometimes protected areas agencies</td>
<td>No cumbersome application process. Can build donor loyalty over time. Usually unrestricted gifts.</td>
<td>Requires insight into potential givers and what motivates them. Some gifts, especially bequests, may take years to cultivate and eventually realize.</td>
</tr>
</tbody>
</table>

Experiences in other countries Although there are many cases around the world in which corporations have made large contributions (of more than US$1
million) to conservation organizations, there are very few cases in which corporations have contributed large amounts to conservation trust funds. Corporations generally prefer to channel their contributions to more tangible individual conservation projects for which they can claim direct credit, such as the construction of a visitor or research center, or the purchase and donation of parcels of land to a protected areas agency or a private conservation organization.

The few cases in which corporations have made donations of more than US$1 million to a conservation trust fund have involved large international oil companies such as Exxon (in Cameroon) or Shell and Enron (in Bolivia). Such donations were required by international financing agencies such as the World Bank or the U.S. Overseas Private Investment Corporation as a pre-condition for obtaining large loans or loan guarantees to construct oil or gas pipelines in ecologically sensitive areas. In those cases, contributions by oil companies were a form of environmental “mitigation”, and also served to improve the public image of oil companies which were under attack by environmental groups. A more common range of gifts to conservation trust funds by banks and corporations other than oil companies lies between $10,000 to $200,000. 21

Potential on the Antilles

Despite the fact that the economy of the Netherlands Antilles has been in crisis for a number of years, the volume of commercial and private capital flows in the country – albeit with large variations between the five islands – is impressive. After the Bahamas and Aruba, the Netherlands Antilles still have the third highest per capita GDP (over US$ 15,000 in 2001) among 15 Caribbean countries (IMF data quoted in SEOR, 2004; these include Dutch co-operation funds). If even a tiny fraction of this capital could somehow be tapped to support the nature parks, the amounts involved could still be very significant and bring an end to the parks’ financial crisis. There have always been individual members of the business community showing an interest in

21 - For example, the Jamaica National Parks Foundation received the following donations of $10,000 or more: USAID (US$240,000), The Conservation Trust of Puerto Rico (US$100,000), Eagle Merchant Bank (US$100,000 over 4 years), Smithsonian Institution (US$60,000), Sandals Resorts Ltd (US$13,000) and The Nature Conservancy (US$10,000). Many smaller donations were also made by Jamaican companies and individuals.

- In another example, Banker’s Trust (which is now part of Deutsche Bank) made a grant of $45,000 in 1992 to help pay for the costs of setting up the Mexican Nature Conservation Fund.

- In yet another example, WWF-South Africa successfully raised a total of US$ 2 million from various local banks and corporations to capitalize the Table Mountain Conservation Trust Fund, which thereby qualified to obtain a $5 million matching contribution from the GEF.
financial support to the conservation of the islands’ nature and culture.

A number of business representatives, former politicians and influential individuals have been consulted during this assignment to assess the feasibility of various types of financial support by the business sector to the Antillean nature parks in particular (see list of consulted persons at the end of this volume). These conversations lead to the conclusion that there is definitely potential for a variety of financial support mechanisms from the business sector. Part C of this report discusses some ins and outs in fundraising from the corporate sector in more detail.

Credibility and transparency
At all times, the reputation and credibility of the conservation organization should be protected. Transparency towards the press, other NGOs and the general public on the benefits both to the company and to conservation is essential. The local as well as the international track record of any company in terms of environmental impacts of their business practices, and how the company will use its support in public relations should be evaluated before entering into any agreement. Organizations such as WWF and Natuurmonumenten can provide examples of policies for partnerships with the corporate sector.

Trust Fund contributions?
Whether or not this would include capital contributions to the Trust Fund is an option that needs further networking and investigation. However, signals are positive enough to include this option in the communication strategy with the business sector; crucial success factors are:

- performance of the DCNA and the park management organizations and a financial management that meets high standards of reliability, efficiency and transparency.
- a professionally designed Trust Fund, with special incentives to raise donor interest in such a mechanism.
- a well-targeted and professional information campaign explaining why a Trust Fund is needed.
- investing ample time and energy in building trust and cultivating relations with this section of the donor community.

Preliminary indications of the size of capital contributions range from $20,000 to $50,000 per company.

Selective strategy
Approaching individual business companies at random for financial support to nature conservation is not efficient and has little effect. It makes more sense to first select promising sectors.
The main selection criterion is whether their business activity has impacts on or depends on the islands' ecosystems. The following sectors meet this criterion:

- tourism and recreation (all islands)
- oil (Curaçao, Bonaire, Statia, St Maarten)
- power and water (all islands)
- mining (salt on Bonaire; gravel and limestone on Curaçao)
- transportation and infrastructure (airline, port, airport)
- bioprospecting (possible option in the future)

Wildlife logos

Another reason for approaching business companies may be the use of wildlife in their logos. A well-known example is Exxon which has sponsored tiger conservation projects. GCN is a telecom company operating in the Netherlands Antilles which has an iguana in its logo. The company might be contacted to find out whether it would be willing to donate a percentage of the costs of mobile phone calls to the nature parks (see the recent 'call4care' and 'greentalks' initiatives in the Dutch telecom sector).

Tourism and transportation

The tourism and transportation sectors already play a key role in legal or voluntary tax and fee systems that may be earmarked for conservation and nature park management. Such systems should be part of any financial strategy for nature parks and are complementary to a Trust Fund. They may also be directly relevant to Trust Funds in case of a fee-based Revolving Fund (see the Introduction chapter).

Financial sector

Another sector with high donor potential for the nature parks and for a conservation Trust Fund in particular is the financial sector, including banks, other financial service providers and insurance companies:

- in terms of capital flows, it is the most prominent sector on Curaçao, which has the largest island economy and is one of the main off-shore financial centres of the Caribbean.
- the sector has a direct commercial interest in raising, managing and channeling funds to the Antillean nature parks; this includes managing assets for a Trust Fund.

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22 Contracts in which a pharmaceutical company or other entrepreneur secures rights to genetic resources (plant or animal materials collected and processed for analysis) in return for cash payments and/or royalties on any medicines/products that may be developed. This is a rather speculative enterprise which requires skilled legal representation for contracts and it is impossible to know the potential financial return up front (Norris & Curtis, 1999). Bioprospecting interest in marine biodiversity is quite recent.
• some individuals and companies that benefit from the favourable tax climate on various islands may want to do something in return; banks can be the obvious intermediaries.
• charitable giving is a tradition in the financial sector and there is a growing trend towards forming structural partnerships with conservation organizations.\textsuperscript{23}
• a growing number of banks offer asset management with an explicit charity component as one of their financial services. More details of the forms of support which financial service providers may be willing to provide will be discussed in Volume C of this report.

Results

Table 13 summarizes the results of the consultants’ contacts with a number of business companies and organizations. The modest short-term results confirm the importance of building long-standing relationships, as experiences elsewhere demonstrate. Another crucial element is the involvement of well-connected and respected goodwill ambassadors.\textsuperscript{24} These aspects will be further discussed in the fundraising chapter in Volume C.

\textsuperscript{23} “The Green Trust” between Nedbank and WWF in South Africa; “Investing in Nature” between HSBC and WWF, Earthwatch, CI and others; MeesPierson and WWF-NL and Natuurmonumenten and ING bank in the Netherlands.

\textsuperscript{24} Persons who have acted as informal goodwill ambassadors, and who have expressed an interest to continue in that capacity are:
- Mr Don Martina, former Prime Minister of the NA, director of Conservation International NA
- Mr Allerd Stikker, director of the Ecological Management Foundation
- Mr Pieter Borkent, director of Conservation International Netherlands
<table>
<thead>
<tr>
<th>Sector</th>
<th>Company or organization</th>
<th>Result</th>
<th>Suggested follow-up</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism and leisure</td>
<td>CHATA (Curaçao)</td>
<td>Existing voluntary charge (1 dollar a day) for social welfare in 4 hotels (Avila, Floris Suites, Papagayo, Livingstone) might be broadened to include support to nature parks.</td>
<td>contact by DCNA</td>
</tr>
<tr>
<td></td>
<td>Heineken International</td>
<td></td>
<td>CHATA has invited a presentation on parks funding</td>
</tr>
<tr>
<td></td>
<td></td>
<td>International corporate policy does not support nature conservation. Local subsidiary breweries might be contacted for specific events.</td>
<td>contact by DCNA and park management NGOs</td>
</tr>
<tr>
<td>Oil</td>
<td>Shell International</td>
<td>Shell is very reluctant to make a voluntary financial contribution to the environment, let alone to a Trust Fund.</td>
<td>DCNA and NC-IUCN to monitor any legal developments</td>
</tr>
<tr>
<td></td>
<td>Curoil</td>
<td>Curoil received information and expressed their initial interest. Management has not yet had an opportunity to make a decision on financial support.</td>
<td>contact by DCNA</td>
</tr>
<tr>
<td>Public utilities</td>
<td>Aqualectra</td>
<td>Exploratory contacts with general manager and PR manager positive; Aqualectra studies possibilities for one-time grants and/or contributions on the longer term. Contacts with US partner to follow soon.</td>
<td>contact by DCNA</td>
</tr>
<tr>
<td>Mining</td>
<td>Mijnmaatschappij Curaçao (subsidiary of Janssen de Jong)</td>
<td>Preliminary contacts with Board of Janssen de Jong NL seemed positive, but no reaction received on letter introducing DCNA and TF. (see also under “Curaçaose Wegenbouw Maatschappij”)</td>
<td>contact by DCNA (subs) and possibly NC-IUCN (Holding)</td>
</tr>
</tbody>
</table>

25 Such a gesture might be construed as an acknowledgement of financial liability for past pollution, and expose Shell to similar liability in other parts of the world. This situation might change if the company were to come under very strong public, political or legal pressure to clean up its environmental legacy.
<table>
<thead>
<tr>
<th>Sector</th>
<th>Company or organization</th>
<th>Result</th>
<th>Suggested follow-up</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cargill Salt Bonaire</td>
<td>Contact through goodwill ambassador pending</td>
<td>contact by DCNA + ‘ambassador’</td>
<td></td>
</tr>
</tbody>
</table>
| Transportation & infrastructure | Curaçaoose Wegenbouw Maatschappij (subsidiary of Janssen de Jong = JaJo) | The Wegenbouw Maatschappij sees 2 clear links between their activities and nature and environment:  
  - Impact of road construction,  
  - Their work for Christoffel Park (upgrading of park-infrastructure).  
JaJo is willing to consider in-kind contributions or discounts on works. Mutual benefits need to be discussed with DCNA.  
Alterra has discussed the project information in the Senior Staff Meeting. Results will be communicated soon. | Contact by DCNA                      |
| Alterra Airport        |                                               |                                                                                                                                             | Contact by DCNA                      |
| Financial sector       | Maduro & Curiel                               | Initial meeting positive, bank sees importance of the issue, but also heavy competition with other fields (e.g. poverty reduction).                                                               | contact by DCNA                      |
|                        | RBTT                                           | Bank will consider donation to Trust Fund (especially earmarked for Curaçao and Sint Maarten where RBTT offices are based).                                                                            | contact by DCNA                      |
|                        | MeesPierson Intertrust (Cur)                   | Top management sceptical about nature parks, but interested in staying informed.                                                                                                                       | DCNA to keep them informed because of MP’s strategic client network.                |
|                        | Mees Pierson (NL)                              | Exchange of information, focussing on general principles for sponsorship relations (using WWF-NL as a model)                                                                                           | Contact by NC-IUCN.                  |
|                        | Amaco (Netherlands)                            | Willing to provide certain administrative support at reduced fees as an in kind contribution. Modest financial donation, e.g. to Trust Fund (all support Subject to approval by Amaco Group’s managing board), | Contact by NC-IUCN.                  |
| Insurance              | ENNIA                                          |                                                                                                                                             | No short-term contact by DCNA        |
THE PRIVATE SECTOR – INDIVIDUALS AND FOUNDATIONS

Experience elsewhere  In almost all cases in other countries in which wealthy individuals contributed to conservation trust funds, such contributions were not made directly to the fund, but either:
- to an existing tax-exempt organization (such as WWF), earmarked for the trust fund, or
- through private foundations established by those individuals.

Open Society and Jade Foundations  A number of private charitable foundations have their seat in the Netherlands Antilles, some only for administrative or tax reasons (e.g. George Soros’ Open Society Institute), others because of an active interest in charitable causes on the Antilles (e.g. Jacob Gelt Dekker’s Jade Foundation). The Open Society Institute focuses on human rights and democracy issues in former socialist countries. The Jade Foundation focuses mainly on Curaçao’s cultural and historical heritage but has also expressed an interest in environmental issues.

Prince Bernhard Fund  The Prince Bernhard Fund (PBF) is the largest private culture fund in the Netherlands, also supporting domestic nature conservation. Over 151 private funds established by individuals, foundations or companies have been entrusted to the PBF, which has given the PBF a strategic position in the charity sector, both in terms of its network and of expertise in setting up and managing private funds. The PBF does have a modest subsidiary office in Curaçao, which has recently asked the head office for assistance in creating facilities for private funds on the Antilles.

The potential of individuals  A number of wealthy people, of Antillean or Dutch origin but also from other countries, have residences or second homes on the Netherlands Antilles. Most of them settled on Curaçao for tax reasons. Several captains of industry or rich investors are known to stay on Curaçao or St Maarten regularly for short-break holidays. Many of them are member of the ‘Penshonado’ Union which now has about 400 members. St Maarten has developed into one of the Caribbean’s main yacht centres, because it offers excellent marine services and provides a safe harbor in the hurricane season. Some owners of mega-yachts visit the island on a regular basis. Bonaire is becoming a top dive destination and some dive tourists are likely to be wealthy and, if making return visits, can be expected to have a commitment to the conservation
of the island’s (marine) nature. Although only a few may be inclined to give financial support for nature conservation, they should nevertheless be considered a high-potential target group for fundraising.

**Patrons or Ambassadors**

Developing good relations with influential individuals will pay off in opening doors, i.e. by expanding a network with potential private donors, getting access to high political levels and being able to influence policy. In order to give the Trust Fund a high profile among potential donors, influential individuals could be invited to serve as one of the Fund’s Patrons or Goodwill Ambassadors, and asked to appeal to political and business leaders to support the Fund. Such a ‘patron’ is not necessarily a member of the Trust Fund’s board or advisory committee.

### Table 14
Results of contacts with individuals and foundations

<table>
<thead>
<tr>
<th>Private foundation or individuals</th>
<th>Result</th>
<th>Suggested follow-up</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jade Foundation</td>
<td>Contacts have been established, by the consultants and by several informal goodwill ambassadors with Jade’s founder, with whom Conservation International has recently established contacts as well. Main result: the “trust fund process” has been invited to participate in a television contest to be organized by Jade and Endemol later this year (details are still unknown).</td>
<td>contact by DCNA + ‘ambassador’</td>
</tr>
<tr>
<td>Prince Bernhard Fund</td>
<td>Will inform its network of private charities in the Netherlands on Antillean nature parks and the Trust fund process. Will assist Curacao branch in setting up facility to manage Antillean private capital funds.</td>
<td>Contact by NC-IUCN and DCNA</td>
</tr>
<tr>
<td>Several individuals are being approached by ‘Ambassadors’</td>
<td>No concrete results yet, but some have shown interest.</td>
<td>contact by DCNA, NC-IUCN + ‘ambassadors’</td>
</tr>
</tbody>
</table>

The same that has been said of the business sector applies to private foundations and wealthy individuals. All sorts of financial support are feasible, but they require a mixture of patience, social skills, connections with influential sympathizers who can open doors, high-quality presentations and proven
effectiveness in park and fund management. Here again, the feasibility of a capital contribution to a conservation Trust Fund can not be confirmed with certainty at this stage, but there are positive signals.

5.2 Conclusions

The consultants believe that sustainable funding of nature parks can be achieved, considering the complementary potential of a series of financial strategies and a new momentum which has become noticeable. This momentum is the result of recent NPL funding, lobbying efforts by NC-IUCN, the launch of the DCNA and the fact that the Trust Fund is finally underway. All this is leading to growing political support by both the Dutch and the Antillean governments to the sustainable financing process.

Identifying and committing capital donors is by far the biggest challenge and the primary limiting factor for the feasibility of the Trust Fund. The 2000 Budget and Financing Plan turns out to be too optimistic in its assumptions about the level and sources for the starting capital of the Trust Fund.

Several developments not foreseen in 2000 offer new opportunities, such as the involvement of the National Postcode Lottery and NC-IUCN. The private sector is believed to represent a larger potential for financial support to the nature parks than considered in the 2000 Budget and Financing Plan.

ANTILLEAN AND ISLAND GOVERNMENTS

It would be unrealistic to expect a capital contribution from the national or island governments to a conservation Trust Fund in the short or medium term, considering the pressing social and economic problems. It will already be difficult enough to achieve or maintain regular funding from budget items in the island government budget and/or fee systems earmarked for parks.

A high official from the Bank of the Netherlands Antilles (BNA), the independent bank that supervises the entire banking sector and monetary system, suggested that the Trust Fund could submit a request to the BNA for a modest-sized capital donation to the Trust Fund.

Curoil and the island Council of Curaçao (which has to give its approval) could be approached about the possibility of ‘earmarking’ a small percentage of the price of fuel for nature park management, using existing Revolving Funds as examples, where tax money flows directly into a fund that is legally independent of Government (the Road Fund and the Alterra Airport Fund).

Opportunities for such a capital contribution may arise in case:
- the government can not meet the interest and repayment obligations on its debt anymore and bilateral donors or private banks are no longer willing to enter into new debts; in that case, a debt-swap may be proposed, with a combination of debt-for-nature and debt-for-poverty swap being the most feasible option.
- a government receives large fines or recovery funding as a response to environmental damages.
DUTCH GOVERNMENT

• With poverty alleviation now being the overriding priority in bilateral co-operation, any financial support sought for nature and environment should be firmly embedded in the wider context of sustainable development.

• Objections based on budgetary management policy by the Ministry of Finance and by its own finance department make a capital grant by BZK to a parks Trust Fund little likely in the near future, unless these objections are outweighed by political positions and decisions, such as the recent motion adopted by the Dutch parliament asking the Secretary of State for Kingdom Affairs to "use the expected under-expenditure in his 2004 budget for a substantial financial contribution to the Trust Fund for nature management on the Antilles".

• A bilateral debt-for-nature swap only has a chance if the Antillean government formally proposes such an arrangement as part of a comprehensive debt-restructuring plan, as requested by the Dutch government. Even then, reservations exist on both sides. A debt swap might only be politically acceptable to Antillean stakeholders provided a social development component is included besides a nature component. Nonetheless, the current bilateral debt negotiations offer good lobby opportunities.

• The fact that the Dutch government is now willing to consider further debt reductions, after a first reduction in September 2004, represents an interesting opportunity for VSO/MINA, the DCNA and NC-IUCN to lobby both governments for a bilateral debt-swap.

• As of mid 2004, the recently established SONA and AMFO will be the key channels for bilateral funding. Their procedures and distance from politics, as well as possible future program changes, may offer interesting new funding opportunities to the DCNA and to the park management NGOs, including for a capital grant to a parks Trust Fund. Building confidence and positive relations with both funds should be a priority for DCNA and the park management NGOs.

• The following conditions might have a positive effect on BZK’s willingness to consider financial support by BZK to a Nature Parks Trust Fund:
  - nature and the environment gain importance on the political agenda of the Antilles and concrete steps have been taken locally towards strengthening the nature parks (legal ordinances, income generation, incentives).
  - other sources have capitalised the Trust Fund first and the Fund has proven its effectiveness.
  - the NGOs and their umbrella organization have shown to be effective park and fund managers.

• Park-related project grants via government (SONA) or via NGO channels (AMFO), including bridging funds to finance operations of the DCNA and the park management NGOs, remain feasible provided they fit in bilaterally agreed co-operation programs.

EUROPEAN COMMISSION (EC)

• EC budgetary policy and guidelines do not exclude an EC capital grant to a Trust Fund, although legal departments have been known to reject such proposals on regulatory grounds and regulations have even
become stricter in 2003. Any capital grant proposal to a Trust Fund of the endowment type can not generate interests indefinitely and should give the capital a destination after a certain predetermined period of time.

- The Antillean government may submit to the European Development Fund either a conventional project proposal, or a proposal for the temporary capitalization of a Trust Fund or a proposal for budgetary support which includes an allocation for park management, provided that it falls under one of the focal sectors identified in the Single Programming Document that has been drawn up by the government and approved by the EC.

- The DCNA may submit a conventional project proposal or a proposal for the temporary capitalization of a Trust Fund to future Calls for Proposals for relevant budget lines (environment, tropical forests, NGOs) by DG Development / EuropeAid, provided the proposal meets the specific conditions of the Call.

DUTCH NATIONAL POSTCODE LOTTERY (NPL) AND DOEN FOUNDATION

- the Dutch National Postcode Lottery (NPL) is the most promising external source for the longer-term funding of Antillean nature parks because:
  - the NPL has sizeable and stable funding capital and individual grants are large.
  - the NPL provides non-earmarked core funding.
  - significant first steps towards a more structural relation have been made with a EUR 0,5 million grant in early 2004 and a EUR 2 million grant in 2005 for 2005-07, both submitted by NC-IUCN as intermediary beneficiary.
  - the possibility of associating the DCNA to De Landschappen, which is another NPL beneficiary, is a possible medium-term option with many benefits to the Antillean conservation organizations.
  - one of the NPL’s main beneficiaries, the DOEN Foundation, has been supporting Antillean conservation since the 1990s.

- In the medium-term, an annual non-earmarked NPL contribution of 1 million EUR seems feasible, assuming satisfactory DCNA and parks performance. Association to De Landschappen offers the best opportunity for a structural financial share of similar size.

- there are three possible strategies for the DCNA to benefit from NPL funding for a longer period:
  - continue to receive funds indirectly through the NC-IUCN as intermediate NPL beneficiary; this could lead to an independent NPL beneficiary status after several years of satisfactory performance. NPL grants channelled through NC-IUCN will be more predictable if they would be incorporated into NC-IUCN’s regular beneficiary contract with the NPL instead of depending on the proceeds from the annual draw.
  - become associated to De Landschappen, ideally as a 13th landscape with the right to share in the NPL’s annual allocation; in addition, NC-IUCN might or might not continue to provide lobby and technical support.
  - apply for a capital grant to the Nature Parks Trust Fund (this option could be combined with any of the other two).

The first option is the most realistic one for the time being. The third, a capital grant to a Trust Fund, could be seriously explored in 2005 or subsequent years.

- Future financial support through DOEN Foundation is feasible (for instance for income-generating capacities), but not on a structural basis. Performance criteria weigh heavily in DOEN’s funding decisions. A contribution
by DOEN to a Trust Fund is highly unlikely, at least until such a Fund has proven its effectiveness. Any support by DOEN should be compatible with its relation as a special funding window for the NPL.

**NATURE MANAGEMENT ORGANIZATIONS IN THE NETHERLANDS**

- Funding to cover the running costs of nature parks can not be expected from Natuurmonumenten or Staatsbosbeheer. The third national nature management organization in the Netherlands (*De Landschappen*) might become an important partner to the DCNA in advice on communication, fundraising and organizational development, apart from becoming a key channel for NPL funding in case of a structural association as the “13th landscape”.

- The recently established Support Group formed by the Dutch nature management organizations Natuurmonumenten, Staatsbosbeheer and De Landschappen, plus NC-IUCN, WWF-NL and CI-NL, concentrates an important leverage potential with the Dutch government and civil society to help the Antillean nature parks achieve financial sustainability.

**CONSERVATION INTERNATIONAL**

- The interest of CI in the Dutch Caribbean is growing since it identified the Caribbean as one of the world’s biodiversity hotspots. At a later stage, the Caribbean can become a priority for the Global Conservation Fund (GCF) -one of the multi-donor funding mechanisms that CI is administering and which can be used to capitalize conservation trust funds. The DCNA can then consider presenting a capital grant proposal to the GCF, especially when embedded in a transboundary conservation initiative.

- CI is strategically important since it can help in persuading parts of the American public and US donors to make financial contributions to the Antillean nature parks.

- The greatest short-term potential for CI to make a contribution would be if CI could convince a wealthy US donor or multilateral corporation to make a donation to CI which would be earmarked for the Antillean Trust Fund.

**WWF-NETHERLANDS (WWF-NL)**

- WWF-NL remains an important potential donor for project funding. Future changes in WWF’s funding policy and priorities should be monitored by the DCNA and the park management NGOs.

- A capital contribution by WWF-NL to a Dutch Caribbean Nature Parks Trust Fund is not feasible in the foreseeable future.

- WWF may be willing to provide capacity building in marketing, communication, local fundraising or sponsoring, including strategic partnerships with members of the business community. The consultants recommend the DCNA to approach WWF-NL with a proposal along these lines.
THE PRIVATE SECTOR – CORPORATIONS

- There is considerable potential for various forms of financial support by private companies, especially among Antillean but also among certain Dutch companies with interests in the Antilles. The financial and tourism sectors are considered to have the highest donor potential. Companies with wildlife in their logos should be approached as well. Companies depending or impacting on natural resources need further exploration.

- The following companies have given positive responses, but no hard commitments yet, to contacts made by the consultants concerning possible future support to the nature parks. DCNA and NC-IUCN are recommended to follow-up on these contacts: Bank of the Netherlands Antilles, Maduro & Curiel Bank, RBTT bank, AMACO, Alterra Airport, Curoil, Aqualectra, Curaçaose Wegenbouw Maatschappij.

- Capital contributions to a Trust Fund by private companies might be feasible, but require considerable time investments to gain confidence by demonstrating effective park, organizational and financial management. Estimates of the size of eventual capital contributions by business companies to a Trust Fund range from $20,000 to $50,000 per company.

THE PRIVATE SECTOR – INDIVIDUALS AND FOUNDATIONS

- There is potential for various forms of financial support by individuals and private foundations. Contacts with the Jade Foundation should be continued. The Prince Bernhard Fund is important because of its network in the world of entrusted private funds, and because of its branch on Curaçao.

- Capital contributions to a Trust Fund by private foundations or individuals might be feasible, but require more time investments to gain confidence.

- Developing good relations with influential wealthy individuals will pay off in opening doors, i.e. by expanding a network with potential private donors, getting access to high political levels and being able to influence policy.
6 Financial strategy and scenarios

6.1 The strategy proposed in 2000

The 2000 Budget and Financing Plan for the Antillean nature parks proposed a three-phase process for achieving financial sustainability:

I. For the year 2000, emergency funding was to be provided for St Maarten and Statia. The remaining islands would continue on the same precarious basis on which they had been operating on in the past. A Trust Fund feasibility study was to be commissioned.

II. 2001-05: Bonaire, Curacao and Saba would continue operating on ‘basic’ funding levels, St Maarten and Statia on ‘bare minimum’ funding levels. A Trust Fund with a capital of NAF 30 million would start operating in 2002 and, at an 8% annual rate of return, generate 2,4 million in revenues. One million would be used for nature park budgets, and 1,4 million would be added to the Trust Fund’s capital. Structural co-financing of parks’ operational park costs were to be provided by island governments. A feasibility study of revenue-generating projects was also proposed in a report produced by KPMG which developed business plans for the nature parks on all five islands (KPMG, 1999).26

III. 2006-10: All five islands would be able to operate their nature parks at ‘basic’ funding levels. The Trust Fund would be sufficiently capitalized (at NAF 37,5 million) to produce NAF 3 million a year for operational costs. Feasible revenue-generating projects would be implemented. Other fee-based revenue income would be increased.

Old vs new expectations

The 2000 Plan was rather optimistic in its assumptions about the level and sources for the starting capital of the Trust Fund: that a capital amount of NAF 30 million could be achieved in 2002, to be raised through contributions from international NGOs, the Dutch Ministry of BZK and the Antillean government, within

26 The 2000 plan states that most of the revenue-generating projects recommended by KPMG in 1998 (KPMG, 1999) were premature in the current understaffed and underfunded state of the management organizations and were based on overoptimistic assumptions. The 2000 plan also states that the staff and funding levels of the parks would have to be raised first, before the organizations could make the necessary investments of time and staffing in those projects considered feasible.
the framework of a debt-for-nature swap. In fact, the current study concludes that identifying and committing capital donors is by far the biggest challenge and the primary limiting factor for the feasibility of the Trust Fund. This means that alternative financial tracks and scenarios and additional funding sources will be needed for a much longer period. On the positive side, a number of developments not foreseen in 2000 offer new opportunities, notably the involvement of the National Postcode Lottery, NC-IUCN and potentially De Landschappen. The consultants also believe that the private sector represents a larger potential for financial support to the nature parks than was expressed in the 2000 Plan.

### 6.2 New road map to financial sustainability

Based on the consultants’ assessment of the donor potential and of the different approaches and conditions which various donors use, and based on conversations with stakeholders, our expert judgement and the 2000 Financing Plan, we propose a four-track financial strategy towards the financial sustainability of the Antillean nature parks.

**Key features**

- All four tracks should be developed and maintained simultaneously; they should not be seen as alternative options but as parts of a coherent package. Progress in one financial track depends on progress in one or more of the others. This calls for a comprehensive action plan which covers all four tracks instead of pursuing them in isolation.

- The strategy represents a mixture of internal and external funding sources. This mixture reflects the philosophy that the Antilles (government, NGOs, private sector) on the one hand should seize all opportunities to develop their own sources, but on the other hand can not be expected to sustain adequately managed nature parks without external support.

- Many sources and mechanisms (fees, island contributions, donations) will be linked to specific islands; special attention should, therefore, be given to developing those sources which can be distributed among the islands and fill the specific funding gaps of each of them (NPL, an all-Antillean Trust Fund).
Each track calls for specific actions involving different sets of stakeholders.

Common assumptions

The following assumptions are common to all four tracks:

- that DCNA and the park management NGOs operate successfully, in terms of institutional development, fund and park management.
- that island governments make medium-term funding commitments (as outlined in the 2000 Budget Plan).
- that island governments take the necessary enabling steps (legal park establishment process, fee systems reach minimum targets).

The different tracks will now be briefly introduced, each followed by a table listing actions and assumptions, and together visualized in diagrams. A more detailed strategy for fundraising, with steps and actions per donor category, is presented in Part C of this report.

National Postcode Lottery

1) Track 1 relies on funding from the National Postcode Lottery (NPL) and has two alternatives (see chapter 4), either with NC-IUCN or with De Landschappen as intermediaries. The first “sub-track” has actually started, with a first grant in 2004 (EUR 0.5 million) and a second, larger grant approved in January 2005 (EUR 2 million for 3 years). In the medium-term, an annual non-earmarked NPL contribution of EUR 1 million seems feasible, assuming satisfactory DCNA and parks performance.

The following points should be noted:

- There is no guarantee that the NPL will continue providing such grants. The performance of the park management NGOs and the DCNA will be a key success factor. This equally applies to DCNA’s possible status as an autonomous NPL beneficiary starting in 2008 or later.
- If De Landschappen (DL) decides positively about associating with the DCNA, then NC-IUCN’s financial intermediary position is likely to be transferred entirely to DL.
- The fact that the role of the NPL forms a crucial part of the four-track strategy of the park management NGOs towards financial sustainability should help in convincing the NPL to continue its support through either channel and give it a more structural character.
Table 15
Actions and assumptions for Track 1

<table>
<thead>
<tr>
<th>1. National Postcode Lottery</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Actions</strong></td>
</tr>
<tr>
<td>• In 2005: legally establish DCNA; prepare strategy, structure and multi-year workplan.</td>
</tr>
<tr>
<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td><strong>Partnering with NC-IUCN &gt;</strong></td>
</tr>
<tr>
<td>• Multi-year agreement between NC-IUCN and DCNA signed in 2005.</td>
</tr>
<tr>
<td>• DCNA and NC-IUCN to prepare annual grant proposals to the NPL, with convincing performance reports.</td>
</tr>
<tr>
<td>• Apply for independent NPL beneficiary status in 2008, if association to DL turns out to be not feasible.</td>
</tr>
<tr>
<td><strong>Partnering with DL (De Landschappen)&gt;</strong></td>
</tr>
<tr>
<td>• Internal discussion process within DL in 2005-06 on:</td>
</tr>
<tr>
<td>- Member organizations’ willingness to associate</td>
</tr>
<tr>
<td>- Support role of NC-IUCN as third party</td>
</tr>
<tr>
<td>- Status of DCNA (as 13th member or otherwise)</td>
</tr>
<tr>
<td>- Distribution key of NPL funding</td>
</tr>
<tr>
<td>- Duration (permanent or temporary, until the Trust Fund reaches a predetermined size)</td>
</tr>
<tr>
<td>• in case DL Board decides positively on association with DCNA, DL and DCNA prepare an agreement.</td>
</tr>
</tbody>
</table>
The Trust Fund

2)  Track 2, the Trust Fund, is a key component in the overall strategy, not in terms of the volume of its annual contribution, but in terms of reliability and donor commitment. A Council of Patrons will be instrumental in fundraising for the Trust Fund. As long as the Trust Fund’s capital does not reach minimum or target levels, this will have two consequences:

- parks will have to be managed with less resources, resulting in lower management intensity.
- the other four tracks will have to be more heavily relied on in order to compensate for the shortfall in projected revenues from the Trust Fund.

Administration costs

As long as the capital of the Trust Fund is at a low level, asset management and administrative costs will be relatively high, even with the proposed close linkage of the Trust Fund to the DCNA. Other donor grants, obtained through tracks 3 or 4, could then pay for such costs during at least the first few years of the Trust Fund’s operations.

Maximize reinvestment

Since it is not unlikely that the Trust Fund capital will grow slowly, this growth can be accelerated by reinvesting the annual returns of the fund into its capital, as several Trust Funds in other countries have done (GEF, 1998). This depends on two conditions:

- the Trust Fund donors should agree to reinvesting.
- other funds should be available to cover the running costs as ‘replacement’ of Trust Fund revenues.

Development co-operation agencies that politically support Trust Funds but whose procedures or laws prohibit donations to the fund’s capital have been known to provide such ‘replacement’ funding in other countries.27

27 The Dutch government has done so in the case of a parks Trust Fund for Uganda.
### 2. Conservation Trust Fund

<table>
<thead>
<tr>
<th>Actions</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• in 2005: legally establish DCNA; prepare strategy, structure and multi-year workplan.</td>
<td>• Prominent individuals willing to join a Council of Patrons for the DCNA.</td>
</tr>
<tr>
<td>• Establish Council of Patrons for the DCNA in 2005.</td>
<td>• DCNA and the park management NGOs operate successfully, in terms of institutional development, fund and park management.</td>
</tr>
<tr>
<td>• Agreement on technical-administrative assistance in 2005 between DCNA and Groenfonds and/or Natuurmonumenten.</td>
<td>• island governments make medium-term funding commitments (cf. Dec 2000 document) (track 3).</td>
</tr>
<tr>
<td><em>(steps in Trust Fund design and implementation process - see also Volume B)</em>:</td>
<td>• island governments take necessary enabling steps (legal park establishment process, fee systems reach minimum targets).</td>
</tr>
<tr>
<td>• Revise DCNA’s Articles of Incorporation to explicitly provide for the TF</td>
<td>• island, national and Dutch governments express political support to the Trust Fund.</td>
</tr>
<tr>
<td>• start raising core endowment</td>
<td></td>
</tr>
<tr>
<td>• invest core endowment</td>
<td></td>
</tr>
<tr>
<td>• establish separate sub-accounts</td>
<td></td>
</tr>
<tr>
<td>• appoint members of the Finance Committee of DCNA’s Board of Directors</td>
<td></td>
</tr>
<tr>
<td>• develop sections of DCNA’s Operations Manual and Strategic Plan which specifically deal with the Trust Fund</td>
<td></td>
</tr>
<tr>
<td>• develop investment guidelines</td>
<td></td>
</tr>
<tr>
<td>• hire asset manager</td>
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</tbody>
</table>

#### Existing funding sources

3) **Track 3**, strengthening existing sources, is a necessary one, because sources such as budget allocations from island governments, fee and sales systems, and local fundraising, demonstrate that there is a local commitment to supporting nature parks. Such a commitment is essential to create trust and interest among external donors, including donors to the Trust Fund, international cooperation agencies, foundations, international NGOs, and other potential financial supporters. A Council of Patrons will be instrumental, especially in local fundraising.

One of the ‘existing sources’ are taxes and fees that are earmarked for nature parks, for which on some islands there is considerable room for further development. However, the whole subject of
introducing new fees and taxes to support protected areas is complicated from a political and an economic perspective (in terms of assessing potential impacts on the tourism industry).

**Antillean lottery**

The Antillean lottery has expressed an interest in establishing a similar lottery linked to charity and asked the NPL for assistance. Little progress has been made so far, but DCNA is nevertheless advised to monitor further developments and be alert for an opportunity to link nature parks to the lottery. Although not really an existing funding source, this could be considered a mechanism under Track 3.

**Table 17**

Actions and assumptions for Track 3

<table>
<thead>
<tr>
<th>3. Strengthening of existing funding sources</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Actions</strong></td>
</tr>
<tr>
<td>- Individual island business plans to be prepared by each park management NGO.</td>
</tr>
<tr>
<td>- Local governments to implement reasonable tax and fee systems that are earmarked for nature parks.</td>
</tr>
<tr>
<td>- DCNA to develop strategies in 2005 for each existing funding source, taking outcome of tracks 1, 2 and 4 into account.</td>
</tr>
<tr>
<td>- DCNA and park management NGOs implement fundraising strategy targeted at general public and private sector (corporations, individuals).</td>
</tr>
<tr>
<td>- DCNA, NC-IUCN and park management NGOs lobby on all three levels (island, country, Kingdom) for agreements with island governments on budget allocations.</td>
</tr>
<tr>
<td>- DCNA and park management NGOs prepare program / project portfolio.</td>
</tr>
<tr>
<td>- DCNA and park management NGOs implement revenue generation strategies.</td>
</tr>
<tr>
<td>- DCNA monitors further developments with respect to linking the Antillean lottery with charities.</td>
</tr>
<tr>
<td><strong>Assumptions</strong></td>
</tr>
<tr>
<td>- DCNA and the park management NGOs operate successfully, in terms of institutional development, fund and park management.</td>
</tr>
<tr>
<td>- Prominent individuals willing to join a Council of Patrons for the DCNA.</td>
</tr>
<tr>
<td>- Island governments make medium-term funding commitments (outlined in Dec 2000 document).</td>
</tr>
<tr>
<td>- Further taxes and fees are socially and politically feasible and local governments have sufficient will to implement them.</td>
</tr>
<tr>
<td>- Island governments take necessary enabling steps (legal park establishment process, fee systems reach minimum targets).</td>
</tr>
</tbody>
</table>
Development co-operation

4) *Track 4*, grants from international development cooperation agencies, is specifically meant to fill the funding gaps until Trust Fund revenues reach acceptable levels. The chances of proposals being approved are larger if the other tracks within the broader financial strategy have substantial volumes. Nature parks should be presented as elements within the context of sustainable economic development to make project proposals eligible for development co-operation funding. After Trust Fund revenues reach a substantial volume, these funding sources should not be needed anymore to cover operational costs of the parks; this fact should make these donor agencies less reluctant to provide operational funding in the first stage. Proposals could still be submitted later for specific projects or investments.

**Table 18**

Actions and assumptions for Track 4

<table>
<thead>
<tr>
<th>Actions</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
- DCNA and NC-IUCN prepare multi-year grant proposals aimed at closing gaps left by tracks 1 – 3:  
  - For SONA and AMFO (BZK), focus on institutional strengthening and the role of parks in sustainable development.  
  - For EU focus on Environment budget line B6720.  
  - Include TF contribution as component of any of these proposals if feasibility improves.  | - SONA and AMFO accept environmental proposals as part of Antillean development and poverty alleviation strategy.  
- Antillean government endorses proposals.  
- Administrative objections by BZK and EU to a TF contribution are overcome.  
- DCNA and the park management NGOs operate successfully, in terms of institutional development, fund and park management.  
- Island governments make medium-term funding commitments (cf. Dec 2000 document) *(Track 3)*.  
- Island governments take necessary enabling steps (legal park establishment process, fee systems reach minimum targets). |

The following diagram is a schematic representation of the four financial tracks of the strategy, with the key steps.
Figure 2. Strategy towards the financial sustainability of nature parks in the Netherlands Antilles

1. NPL funding
   - DCNA as NC-IUCN partner
     - 2004: IUCN - DCNA agreement; first NPL grant awarded
     - 2005–08: annual NPL grants
   - DCNA associated with De Landschappen (DL)
     - 2004: IUCN - DCNA agreement; first NPL grant awarded
     - 2005-06: DL members evaluate DCNA development and implications of DCNA association
     - 2007 onwards: DL and DCNA define type of association; DCNA gets share of new annual NPL grant to DL
     - 2009 onwards: DCNA has independent NPL beneficiary status

2. Nature Parks Trust Fund
   - 2004: design completed
   - 2005: Trust Fund legally established as part of the DCNA

3. Strengthening of existing sources
   - 2005:
     - fundraising strategies developed for each source (includes reserve facility)
     - agreements with island governments on budget allocations
     - project portfolio prepared
   - 2005 onwards: revenue generation strategies implemented on all islands

4. Development co-operation (Netherlands, EU)
   - 2005-06: funding proposals prepared for SONA/AMFO (institutional strengthening) and EU (environment), including:
     - debt-swap/TF proposal to BZK
     - TF capital proposal to EU
   - 2006 onwards: BZK and/or EU grants

Financial Sustainability
The following diagram roughly shows the time paths and trends in funding volumes of the different tracks of the financial strategy. Only rough indications on the relative volumes of individual sources can be inferred from this diagram.

**Figure 3**
Rough time paths and trends in funding volumes of the different tracks

6.3 **Recommended actions per stakeholder**
The following table summarizes recommended actions per stakeholder category. Most actions have been derived from the tables of the financial tracks.
Table 19
Actions per stakeholder in relation to the financial strategy

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Recommended actions by that stakeholder</th>
</tr>
</thead>
<tbody>
<tr>
<td>DCNA</td>
<td><em>Developing the DCNA</em></td>
</tr>
<tr>
<td></td>
<td>• Hire staff and establish a suitable headquarters within the Netherlands Antilles.</td>
</tr>
<tr>
<td></td>
<td>• Prepare a multi-year workplan for institutional development of the DCNA and the park management NGOs, with clear performance indicators which are suitable for communication purposes.</td>
</tr>
<tr>
<td></td>
<td>• Establish a Council of Patrons for lobby, leverage and fundraising purposes in 2004-05.</td>
</tr>
<tr>
<td></td>
<td>• Sign multi-year partnership and liaison agreement with NC-IUCN, for channeling NPL funding and support in capacity building and organizational development.</td>
</tr>
<tr>
<td></td>
<td>• Agreement on technical-financial assistance in 2004 with Groenfonds and/or Natuurmonumenten.</td>
</tr>
<tr>
<td></td>
<td>• Develop and implement communication and fundraising strategies in 2005 for each funding source, including a well-targeted and professional information campaign explaining why a Trust Fund is needed.</td>
</tr>
<tr>
<td></td>
<td>• Develop a range of attractive and tailor-made information and promotion materials for key target groups (funding market, general public, politics).</td>
</tr>
<tr>
<td></td>
<td>• Assess existing government policies on the position of conservation in government requests for donor assistance; also analyze existing tax incentives and disincentives for conservation.</td>
</tr>
<tr>
<td></td>
<td><em>Fundraising</em></td>
</tr>
<tr>
<td></td>
<td>• Prepare annual grant proposals for the National Postcode Lottery (NPL), including adequate reports on DCNA and parks performance.</td>
</tr>
<tr>
<td></td>
<td>• If association to De Landschappen turns out not to be feasible, then work towards meeting the conditions to become an independent NPL beneficiary by 2008, in co-ordination with NC-IUCN.</td>
</tr>
<tr>
<td></td>
<td>• Invest in and cultivate good relations with the SONA, the AMFO, De Landschappen and Conservation International.</td>
</tr>
<tr>
<td></td>
<td>• Prepare multi-year grant proposals for SONA / AMFO and the European Commission aimed at closing gaps left by other funding tracks (NPL, Trust Fund and local sources).</td>
</tr>
<tr>
<td></td>
<td>• Prepare a proposal for WWF-NL to provide capacity building by its staff members, in marketing, communication, local fundraising or sponsoring.</td>
</tr>
<tr>
<td></td>
<td>• Follow up on promising Antillean and international contacts with individuals and business companies established by consultants.</td>
</tr>
<tr>
<td>Stakeholder</td>
<td>Recommended actions by that stakeholder</td>
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<td>----------------------------------------</td>
</tr>
<tr>
<td></td>
<td>• Lobby for a debt-swap (for 'nature and sustainable development') as part of coming bilateral debt renegotiations.</td>
</tr>
<tr>
<td></td>
<td>• Lobby on all three levels (island, country, kingdom) to leverage agreements on budget allocations by island governments.</td>
</tr>
<tr>
<td></td>
<td>• Prepare and maintain a program / project portfolio to seize grant and donation opportunities.</td>
</tr>
<tr>
<td></td>
<td>• Implement revenue generation strategies.</td>
</tr>
<tr>
<td></td>
<td>• Monitor progress with respect to linking the Antillean lottery to charities.</td>
</tr>
<tr>
<td><strong>Trust Fund</strong></td>
<td>• Design and implement a Trust Fund (see Volume B for more details).</td>
</tr>
<tr>
<td></td>
<td>• Revise DCNA’s Articles of Incorporation to provide for the TF</td>
</tr>
<tr>
<td></td>
<td>• Start raising core endowment</td>
</tr>
<tr>
<td></td>
<td>• Invest core endowment</td>
</tr>
<tr>
<td></td>
<td>• Establish separate sub-accounts</td>
</tr>
<tr>
<td></td>
<td>• Appoint members of the Finance Committee of DCNA’s Board of Directors</td>
</tr>
<tr>
<td></td>
<td>• Develop sections of DCNA’s Operations Manual and Strategic Plan specifically dealing with the Trust Fund</td>
</tr>
<tr>
<td></td>
<td>• Develop investment guidelines</td>
</tr>
<tr>
<td></td>
<td>• Hire asset manager</td>
</tr>
<tr>
<td></td>
<td>• Prepare Trust Fund grant proposals, for the NPL, the Bank of the Netherlands Antilles, SONA / AMFO / BZK, and for the private sector.</td>
</tr>
<tr>
<td></td>
<td>• Approach Curoil and the island Council of Curaçao about the possibility of earmarking a small percentage of the price of fuel for nature parks.</td>
</tr>
<tr>
<td><strong>NC-IUCN</strong></td>
<td>• Lobby for a medium-term structural funding commitment from the NPL.</td>
</tr>
<tr>
<td></td>
<td>• Sign multi-year partnership and liaison agreement with DCNA, for channeling NPL funding and support in capacity building and organizational development.</td>
</tr>
<tr>
<td></td>
<td>• Follow up on promising Dutch contacts with individuals and business companies established by consultants, for fundraising and lobbying purposes.</td>
</tr>
<tr>
<td></td>
<td>• Continue lobby with Dutch government in support of financial sustainability for the Antillean nature parks (see under Netherlands government).</td>
</tr>
<tr>
<td></td>
<td>• Conduct a publicity campaign in the Netherlands in support of nature conservation on the Antilles, and nature parks in particular (web site, events, brochure package).</td>
</tr>
<tr>
<td></td>
<td>• Lobby for a debt-swap (for ‘nature and sustainable development’) as part of upcoming bilateral debt renegotiations.</td>
</tr>
<tr>
<td></td>
<td>• Cultivate relations with the Prince Bernhard Fund (PBF) because of the network of privately entrusted funds managed by the PBF.</td>
</tr>
<tr>
<td>Stakeholder</td>
<td>Recommended actions by that stakeholder</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| Antillean government                | - Endorse Trust Fund proposals politically (appropriate priority in aid requests).  
- Develop a debt-swap (for ‘development and nature’) proposal for the next round of debt negotiations with the Netherlands government.  
- Express a commitment not to reduce any regular funding from the government budget as a result of the Trust Fund being capitalized.  
- Formal confirmation of accepting a mixed public-private institution managing funds for nature parks, including when based on earmarked taxes. |
| Island governments                  | - Make medium-term funding commitments from the regular budget.  
- Take necessary enabling steps (legal park establishment process, implementation of new and old fee systems earmarked for conservation).  
- Make commitment not to reduce funding for conservation as a result of establishment of the Trust Fund.                                                                                       |
| Netherlands government              | - Endorse Trust Fund proposals politically.  
- Develop a debt-swap (for ‘development and nature’) proposal for the next round of debt negotiations with the Antillean government.  
- Consider Antillean nature parks as potential beneficiary in case of underexpenditure of the overall government budget.                                                                                  |
| Dutch nature management organizations | - Board of De Landschappen may agree to support Netherlands Antillean nature parks through the DCNA, including –in the medium term- an equal share to DCNA in the annual NPL grant.  
- Develop agreement on technical-financial assistance in 2004 between DCNA and Groenfonds and/or Natuurmonumenten.  
- Use the leverage potential with the Dutch government and civil society to help the Antillean nature parks achieve financial sustainability.                                                        |

28 **Natuurmonumenten as an example for managing funds and revenues**: Natuurmonumenten keeps parts of the gifts and bequests it receives in investment funds, which are managed by two external asset managers. Investment returns still reached around 8% in 2003. The other part of the gifts and bequests, e.g., those that have been earmarked, are spent directly. Of the invested funds, 4% is made available each year to support the running costs of the organization and the numerous protected areas which Natuurmonumenten manages. Other sources to cover running costs are regular member contributions, government contributions and income from rents and leases. The costs of land purchase and new projects are mostly covered by funds from the National Postcode Lottery (NPL), the Dutch government and larger bequests.
6.4 Financial scenarios

Chapter 4.3 presented estimates of two levels of financial requirements, a ‘bare minimum’ and a ‘basic’ one, for the marine and land parks established or about to be established on the five islands. Based on these requirement levels, two financial scenarios are presented here, a bare minimum and a basic (i.e., target) scenario. Detailed underlying financial projections per island can be found in Annex 6. The purpose of these scenarios is to show the roles of a Trust Fund and of NPL grants in relation to the two financial requirement levels of the parks. The first (bare minimum) scenario shows the financial consequences of pessimistic assumptions on funding sources and the absence of a Trust Fund. The second (basic) scenario starts from more optimistic, but still realistic, assumptions and then calculates the theoretical Trust Fund capital size needed to bridge the gap between requirements and other funding sources. This calculation is theoretical in the sense that the distribution key of revenues from the Trust Fund is not taken into account; the calculation is not a decision making tool and should be seen as an exercise to quantify Trust Fund sizes for the park system as a whole.

The inflation factor

The consultants assume that inflation equally affects expenses and income and have not taken this element into account, except for calculations of Trust Fund capital levels. In general, there are two options to cope with the inflation effect in order to maintain the same real value of the trust fund’s capital:

- an amount of money equal to the inflation rate of the value of the capital would have to be subtracted from the income that is earned each year from investments, and should be reinvested back into the capital (unless the trust fund capital is likely to grow significantly in the future as a result of new contributions after the trust fund has reached its target size).

- assume that the trust fund will receive average new contributions to its capital each year that are equal to or greater than the inflation rate of its capital, or else that sometime in the next 10 years there will be one or two large donations that will increase the trust fund’s capital by an

29 The distribution key will be discussed in Part B of this report. Taking the key into account here would make the scenarios unnecessarily complex.
amount that is more than enough to offset for the annual inflation rate.

For the time being, the first option is considered the most realistic one and the scenarios have been calculated accordingly.

I. BARE MINIMUM SCENARIO

**Emergency scenario**

The ‘bare minimum’-scenario is an emergency scenario that is untenable for more than two years. It will cause erosion of the weakest organizations and may affect the viability of meeting even the barest criteria for management effectiveness.

**How it is calculated**

This scenario starts from the estimated availability of funds from the ‘existing sources’ (island government budget allocations, private donations, fees and product sales revenues, grants for specific projects) with or without a NPL contribution, and then compares the income with the estimated ‘bare minimum’ budgets to show the balance. The NPL contribution can be distributed over various islands according to individual island needs and agreed distribution keys. For the other sources it is assumed that funds can only be spent on the island where they are raised or generated, which explains the large share of Bonaire and Curaçao in the ‘positive balance’.

In the scenario, NAF 540.000 (= 450.000 for Bonaire and Curaçao plus 90.000 for the other islands) will be available to raise island budgets above the ‘bare minimum’ levels, in case of a NAF 1 million NPL grant. The table demonstrates how the NPL contribution makes the difference between surplus and deficit.
## Table 20

Financial 'bare minimum' scenario for the running costs of nature parks

<table>
<thead>
<tr>
<th>FINANCIAL BARE MINIMUM SCENARIO</th>
<th>NAF</th>
<th>EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ANNUAL INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Total island government contributions</td>
<td>360.000</td>
<td>162.000</td>
</tr>
<tr>
<td>b) Total self-generated revenues</td>
<td>1,400.000</td>
<td>630.000</td>
</tr>
<tr>
<td>c) Dutch Postcode Lottery (NPL) contribution</td>
<td>1,000.000</td>
<td>450.000</td>
</tr>
<tr>
<td></td>
<td>2,760.000</td>
<td>1,242.000</td>
</tr>
<tr>
<td><strong>ANNUAL EXPENSES</strong> (see chapter 4.3)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual ‘bare minimum’ requirements for 2 parks per island</td>
<td>1,970.000</td>
<td>887.000</td>
</tr>
<tr>
<td>Minimum operational costs of the DCNA</td>
<td>250.000</td>
<td>112.000</td>
</tr>
<tr>
<td></td>
<td>2,220.000</td>
<td>999.000</td>
</tr>
<tr>
<td><strong>BALANCE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance (available to cover running costs above bare minimum level), distributed as follows:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Income a+b on Curaçao and Bonaire surpasses bare minimum, but the difference stays on islands of origin</td>
<td>+ 450.000</td>
<td>+ 203.000</td>
</tr>
<tr>
<td>- Balance available for other islands</td>
<td>+ 90.000</td>
<td>+ 40.000</td>
</tr>
<tr>
<td></td>
<td>+ 540.000</td>
<td>+ 243.000</td>
</tr>
<tr>
<td><strong>WORST CASE: NPL CONTRIBUTION STOPS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income budget</td>
<td>1,760.000</td>
<td></td>
</tr>
<tr>
<td>Expenses budget</td>
<td>2,220.000</td>
<td></td>
</tr>
<tr>
<td>DEFICIT &gt;&gt;&gt;&gt;&gt;</td>
<td>- 460.000</td>
<td>- 207.000</td>
</tr>
</tbody>
</table>

By way of reference: in 2003, island government contributions and self-generated revenues totalled NAF 315,000 and NAF 1,654,000, respectively.

(assumed exchange rate : 1 NAF = 0,45 EUR)

**Assumptions**

The bare minimum scenario is based on the following assumptions:

- Island government contributions and self-generated revenues are kept on the low side of the range of expectations.
• All revenues and other income raised by individual islands stay on those islands (resulting in positive balances for the Leeward islands and deficits for the Windward islands in relation to ‘bare minimum’ requirements).
• The annual budget is based on a realistic estimate of available financial resources in recent years (NAF 2,76 million or EUR 1,24 million).
• An NPL contribution can be distributed according to island needs and is mainly used to cover deficits of the Windward islands.

Conclusions from the bare minimum scenario:
• without a Trust Fund and without a NPL grant, some islands will not even be able to meet their ‘bare minimum’ requirements, under conservative estimates of other sources of funding.
• with a NPL grant of NAF 1 million, all islands can meet the bare minimum requirements, but since park management can only sustain such funding levels for a couple of years, a Trust Fund is needed as a complementary source.

II. TARGET SCENARIO

How it is calculated

The target scenario starts from the annual ‘basic requirements’ budget levels (NAF 5 million or EUR 2,25 million) and then calculates the projected annual budget shortfall by adding together all income sources other than the Trust Fund. The amount of capital needed for an Endowment type of Trust Fund to generate sufficient revenues to cover the projected theoretical budget shortfall is then calculated, based on expected average rates of return, after first deducting: estimated asset management costs, trust fund administrative expenses and a reinvestment in the capital to compensate for inflation. The budget shortfall is theoretical in the sense that the Trust Fund revenues are assumed to be freely distributed among the islands so as to raise the average income budget per island to ‘basic’ levels. In reality, however, a predetermined distribution key will be applied (see Part B). This means that NPL funds will have to be used to prevent funding gaps for any particular island in relation to their basic requirements from becoming too large.
In case of a Sinking Fund, or a mix of Trust Fund types, the target capital can be considerably lower, since a large part of the Trust Fund’s budget could come from spending (i.e., using up) part of the Fund’s capital, besides its investment returns. On the other hand, the annual contributions of such funds to the park budgets can not be sustained indefinitely without new capital injections in the medium or long term. Volume B provides more details on underlying assumptions such as expected rates of return and on the distribution key of Trust Fund revenues between islands.

The detailed target scenario is based on the following assumptions:

- Island government contributions, self-generated revenues and non-earmarked donations are kept on the higher, but not unrealistic, side of the range of expectations.
- Revenues and other income raised by individual islands generally stay on those islands (on Bonaire, self-generated revenues are assumed to equal the basic requirements budget).
- A conservative average long-term gross rate of return on Trust Fund investments of 6% /year. The net rate of annual return on investments would be 3,7% after subtracting 1,8% to offset for inflation and 0.5% for the asset manager’s fee (but excluding the Fund’s administrative costs).
- An annual NPL grant of 1 million NAF.
- NPL grants and TF revenues can be distributed freely among the islands, i.e. without a fixed formula.
**Erratum**

Table 21

Financial target scenario for the running costs of nature parks

<table>
<thead>
<tr>
<th>FINANCIAL TARGET SCENARIO</th>
<th>NAF</th>
<th>EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ANNUAL REQUIREMENTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual ‘basic’ budget for 2 parks per island, plus basic operational costs of DCNA</td>
<td>5.000.000</td>
<td>2.250.000</td>
</tr>
<tr>
<td><strong>ANNUAL INCOME</strong>[^30]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Total island government contributions</td>
<td>360.000</td>
<td>162.000</td>
</tr>
<tr>
<td>b) Total self-generated revenues</td>
<td>2.120.000</td>
<td>954.000</td>
</tr>
<tr>
<td>c) Non-earmarked donations</td>
<td>120.000</td>
<td>54.000</td>
</tr>
<tr>
<td>d) Dutch Postcode Lottery (NPL) contribution</td>
<td>1.000.000</td>
<td>450.000</td>
</tr>
<tr>
<td></td>
<td>3.600.000</td>
<td>1.620.000</td>
</tr>
<tr>
<td><strong>ANNUAL FUNDING GAP</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.400.000</td>
<td>630.000</td>
</tr>
<tr>
<td><strong>Required Trust Fund (TF) target capital</strong></td>
<td>42.000.000</td>
<td>18.900.000</td>
</tr>
<tr>
<td>Expected rate of return on investment (6%)</td>
<td>2.520.000</td>
<td>1.134.000</td>
</tr>
<tr>
<td>Estimated TF asset management costs (0,5%)[^31]</td>
<td>- 210.000</td>
<td>- 94.500</td>
</tr>
<tr>
<td>Estimated TF administrative costs</td>
<td>- 145.000</td>
<td>- 65.250</td>
</tr>
<tr>
<td>Reinvestment into TF capital to compensate for inflation (1,8%)</td>
<td>- 765.000</td>
<td>- 344.250</td>
</tr>
<tr>
<td><strong>Annually available for park management</strong></td>
<td>1.400.000</td>
<td>630.000</td>
</tr>
</tbody>
</table>

The target scenario shows that, without a Trust Fund, the parks will not be able to meet their ‘basic’ financial (target) requirements. A capital of **NAF 42 million (EUR 18,9 million)** would need to be raised for an endowment to bridge an annual

[^30]: By way of reference: in 2003, island government contributions and self-generated revenues totalled NAF 315.000 and NAF 1,654.000, respectively. The increase in projected self-generated revenues is mainly due to higher revenues on Bonaire, Curaçao and St Maarten.

[^31]: Asset management costs are relatively higher at lower capital levels (ranging from 0,75% to 1% at capital levels below 10 million NAF).
gap under conservative assumptions. However, different assumptions for NPL grant sizes and for rates of return on Trust Fund investments have very significant impacts on the target size of the Trust Fund capital, as the following table shows. Combining three different assumptions on annual NPL grant sizes (no grant, 1 million or 2 million NAF) with three rates of return (6%, 8% or 10%) produces nine different subscenarios.

Table 22
Summary of Trust Fund target capital levels under different subscenarios

<table>
<thead>
<tr>
<th>Rate of return on investment</th>
<th>No NPL grant</th>
<th>Annual NPL grant 1 million NAF</th>
<th>Annual NPL grant 2 million NAF</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Net annual funding gap: 2,4 mln NAF</td>
<td>Net annual funding gap: 1,4 mln NAF</td>
<td>Net annual funding gap: 0,4 mln NAF</td>
</tr>
<tr>
<td>6%</td>
<td>69 million</td>
<td><strong>42 million</strong></td>
<td>13,5 million</td>
</tr>
<tr>
<td>8%</td>
<td>45 million</td>
<td>26,5 million</td>
<td>8,8 million</td>
</tr>
<tr>
<td>10%</td>
<td>32,5 million</td>
<td>20 million</td>
<td>6,5 million</td>
</tr>
</tbody>
</table>

Calculations are based on estimated TF administrative and operational costs of 100,000 NAF for TF capital sizes up to 15 million, 115,000 NAF for capital sizes from 15 to 35 million and NAF 145,000 for capital sizes over 35 million.

Calculations are made as follows: <TF capital = (Net annual funding gap + TF admin.costs) : 0,037 or 0,057 or 0,077> (for ascending rates of return).

---

32 In booming stock exchange years such as 1997, returns on Conservation Trust Fund assets have been recorded of 16% (Bhutan TF), 14% (Mexican TF) and 11% (Brazilian TF) (GEF, 1998).
33 The 2000 Budget plan for the Netherlands Antillean nature parks used more optimistic assumptions on the rates of return, of 8% on interests and even 10% if part of the capital would be invested in stocks (VOMIL/MINA, 2000).
Communicating the scenarios

In external communication, the two scenarios can be used as follows:

- the BARE MINIMUM scenario shows:
  - that NPL grants are needed to even allow the bare minimum levels of park management to be realised on all islands.
  - that a Trust Fund is needed to raise park management significantly above the unsustainable emergency level.

- the TARGET scenario shows:
  - the size of the annual funding gap, plus the required size of an (endowment) Trust Fund to fill the gap at the national 'system' level (i.e., not on the individual island level due to the distribution key which will be applied).
  - how important NPL grants, and their sizes, still are, even with a Trust Fund.

6.5 Conclusions

- Financial sustainability for the nature parks can only be achieved if various financial ‘tracks’, based on familiar and new funding sources are developed and maintained simultaneously, with a Trust Fund as the stable core. This multi-track strategy represents a variety of internal (Antillean) and external funding sources.

- Since it is not unlikely that the Trust Fund capital will grow slowly, this growth can be accelerated by reinvesting the annual returns of the fund into its capital, provided that the original donors agree. Another way to strengthen the Trust Fund is to use portions of other revenues or grants to build a ‘strategic reserve’ as one of the Fund’s sub-accounts.

- Without a Trust Fund, without a NPL grant and under conservative estimates for other funding sources, some islands will not even be able to meet their ‘bare minimum’ requirements. With an annual NPL grant of NAF 1 million, all islands can meet the bare minimum requirements, but –except Bonaire and Curaçao—some remain dangerously close to this bare minimum and since park management can only sustain such funding levels for a couple of years, a Trust Fund is needed as a complementary source.

- In the target scenario, the overall ‘basic’ budget can be covered by a combination of existing sources, a NPL contribution and the annual revenues of a Trust Fund that, at a conservative rate of return on investment, should have a target capital size of NAF 42 million (EUR 18.9 million). Lower capital sizes mean that the budget will be in between ‘bare minimum’ and ‘basic’ levels. However, a smaller Trust Fund capital can still significantly reduce the funding gap in case of higher rates of return.
Without a Trust Fund, the average park will not be able to meet their ‘basic’ financial (target) requirements. Different assumptions on the rate of return on the Trust Fund assets and on the size of the NPL grant lead to a very wide range in the size of the Trust Fund capital needed to meet the targets: from NAF 6.5 million to NAF 69 million.
Literature references


other recommended sources on the subject:


the website for the Conservation Finance Alliance, with many useful studies and documents:
<www.conservationfinance.org>

>>>
List of consulted persons

Netherlands Antilles

Conservation International – Netherlands Antilles:
- Mr Don Martina, representative, former PM

Curaçao Tourist Board:
- Mr James Hepple, Executive Director

Curaçao Hospitality and Tourism Association
- Mr Don Werdekker, Vice President

Bank van de Nederlandse Antillen:
- Mr. A.G. Romero
- Mr. Jeffrey Sybesma
- Mrs. Davelaar

Ministry for Development Cooperation (N.A.):
- Mr Richard Cardoso, Head Research and Policy Development
- Mr Edil Poulina, Head Project and Program Management

Ministry of Finances (N.A.) :
- Mr G. W. Th. Damoen

Tax Department (N.A.) :
- Mr C.P. Josepa

Executive Council Curaçao:
- Commissioner G. van der Gen

Executive Council St. Maarten:
- Commissioner Mrs Sarah Wescott Williams
- Commissioner Mr Roy Marlin

St. Maarten Tourism Industry Association
- Mr Frank Mingo

St. Maarten Hospitality & Trade Association
- Emil Lee

Curaçao Island Government, Legal Affairs
- Mrs Debora Richard

AMFO
- W. Wiels (contacted by Kalli De Meyer)

JADE Foundation:
- Mr Leo Helms

Humanitarian Care Foundation:
- Mr Norbert George, chairman

34 staff of the park management NGOs and of VSO/MINA not included in this list; however we would especially like to thank Chris Schmitz, Christoffel Park Manager, Curaçao, and Fernando Simal, Bonaire Marine Park manager, for highly interesting field visits and for providing invaluable information on the management situation of these parks.
Maduro & Curiel’s Bank - Curacao:
- Mr L. Capriles, President

Maduro & Curiel’s Bank – St Maarten:
- Mr Jan Beaujon (also Chairman of the Board of the Nature Foundation of St. Maarten)

RBTT Bank:
- Mr P. Hurtado, Managing Director

MeesPierson Intertrust:
- Mr Gregory Elias, General Manager
- Mr Edward Martina, Senior Portfolio Manager

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- Mr W. Hofstede

Curoil
- Mr A. Zwueste

Aquallectra
- Mr I. Moenir Alam

Alterra Partners
- Mr E. van der Horst

ENNIA
- Mr R. Pietersz

- Mr Rutsell Martha, former Minister of Justice, member of the State Council
- Mrs Kalli de Meyer, former manager Bonaire marine park, now director Bonaire Coral Resources and co-ordinator of the DCNA

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- Mr Nico Visser
- Mr Erik van Zadelhoff, Head Nature Division
- Mr Jan Rietema and Sabine Keteler

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- Mrs Ieteke Verhoeven, policy advisor Development Cooperation
- Mrs Ingrid Derkzen, policy advisor Development Cooperation
- Mr Hans van der Mierden, audit department
- Mr Raymond van Doorn, staff member
- Mr Jan Gudde, staff member
- Mrs Ceciel Pluijmaekers, staff member (on AMFO a.o.)

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- Mr Ton van der Zon, Head Biodiversity Unit
- Mr Aart van der Horst, Biodiversity Unit

*Ministry of Finance:*
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*WWF-Netherlands:*
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- Mr Guus Loomans, fundraiser Major Donors
- Mr Bas Geerts, Business Corporations Unit

*DOEN Foundation:*
- Mr Jeroen Loots, fund manager

*National Postcode Lottery:*
- Mr Leo van Grunsven, manager allocations

*IUCN Netherlands Committee:*
- Mr Willem Ferwerda, Director

*Groenfonds:*
- Mr Roelof Balk, Director

*De Landschappen:*
- Mr Henkjan Kievit, Director

*Prince Bernhard Fund:*
- Mrs Maartien Delprat, Head Fundraising Section
- Mr Johan de Bie, former secretary of the board

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- Mr Feiko Prins, international affairs
- Mrs Anita van Loenen, sponsoring and joint promotion
- Mr Fedde Koster, director of administration

*Conservation International – Netherlands*
- Mr Pieter Borkent, Director

*Wetlands International:*
- Mr Marcel Silvius, senior Programme Manager

*Peace Parks Foundation:*
- Mr John Loudon, member of the Board

*Ecological Management Foundation:*
- Mr Allerd Stikker, Chairman

*AMACO (Netherlands) BV*
- Mr Michael Elias, Managing Director

*MeesPierson:*
- Mr Teetse Holtrop, Director Charity Structuring

*Shell International:*
- Mr Steven de Bie, Sustainable Development Manager

*Rabo bank:*
- Mr Luuk Hans, Green Banking Department

*Janssen de Jong BV*
- Mr E. Kuperus, Secretary of the Managing Board

*Heineken International BV*
- Mr M.E. van Rijn, dept. of Corporate Affairs

**Committee 50 Years Kingdom Statute:**
- Mr Marius Jonkhart, also chairman NOB Holding

**Provincial Parliament North Holland:**
- Mr Ton Hooijmaaijers, member of parliament

- Mr Carel de Haseth, former plenipotentiary Minister of the Netherlands Antilles.
- Mr Kremer, attorney with Loyens & Loeff

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- Mr Hemmo Muntingh, former member of European parliament
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- Mr Paolo Roggeri, desk officer EuropeAid
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- Mr Jurgen Lefevere, administrator EuropeAid

**U.S.**

**Conservation International**
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- Mr Christopher Stone (Senior Program Officer, Global Conservation Fund -GCF)
- Mr Donnell Ocker (Director, Critical Ecosystem Partnership Fund –CEPF)

**The John T. and Catherine D. MacArthur Foundation:**
- Mr David Hulse (Senior Program Officer, Global Environment and Sustainability Program)

**The Nature Conservancy (TNC):**
- Mr Robert Weary (Director, Virgin Islands and Eastern Caribbean Program)

**WWF-US:**
- Mrs Melissa Moye (Director, Center for Conservation Finance)
Mr Brian Menkes, attorney in US tax law issues for non-profit organizations at the Washington DC office of the international law firm Wilmer, Cutler & Pickering.
# Annex 1  
**Fee-based mechanisms**

The following table presents a general overview of fee-based mechanisms for protected area funding (after Norris & Curtis, 1999).

<table>
<thead>
<tr>
<th>Mechanism</th>
<th>Definition</th>
<th>Who Can Use It</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Taxes, Levies, Surcharges</strong></td>
<td>Fees and levies imposed on certain classes of activities, sales or purchases</td>
<td>Government prerogative to impose and collect; proceeds may be earmarked for annual use, trust funds, etc.</td>
<td>- Regular, recurrent income, use generally unrestricted.</td>
<td>- Can result in promotion of inappropriate activities as a means to capture income. &lt;br&gt; - May require special authorizing legislation. &lt;br&gt; - May generate controversy, especially among constituencies to be taxed (requires public education on advantages and purposes of levy).</td>
</tr>
<tr>
<td><strong>Entry Fees</strong></td>
<td>Charge for visitation, usually &quot;per person&quot; or &quot;per vehicle&quot;; may include such variations as seasonal or annual passes, charges to tour firms bringing escorted groups</td>
<td>The entity with jurisdiction over a protected area can collect fees itself or designate another party to do so on its behalf, depending on applicable law</td>
<td>- Regular, recurrent income, use generally unrestricted</td>
<td>- Not appropriate for little-visited areas (projected revenue should exceed cost of collection) &lt;br&gt; - Potential equity issues (can be addressed by lowering fees for national/local residents) &lt;br&gt; - Introducing fees for areas that previously were free can generate controversy (requires local outreach and education before implementation).</td>
</tr>
<tr>
<td><strong>Leases and Concessions</strong></td>
<td>Legally binding agreements between the entity with authority over the protected area</td>
<td>Protected area agencies, private reserves, NGOs, businesses</td>
<td>- Effective mechanism to provide services with little up-front investment by the</td>
<td>- Concessionaires operate for profit motive, may not share values of protected area.</td>
</tr>
</tbody>
</table>
Mechanism | Definition | Who Can Use It | Advantages | Disadvantages |
---|---|---|---|---|
and private organizations or entrepreneurs, who market goods and services related to the protected area and return some share of the profits, or a flat fee | protected area. | Concessionnaire incurs the risks associated with potential unprofitability | Estimation of fees is complex and difficult; need to ensure healthy and safe service at reasonable price to visitor; fair return to both protected area and entrepreneur. |

The next table illustrates some of the different types of fees, taxes or surcharges that other countries have successfully used as a way of locally generating co-financing for conservation trust funds (and for protected areas and nature conservation in general) without thereby reducing the number of foreign tourists or the profits of the tourism industry. Such fee systems may be a way of generating the local matching funds that international donors usually require as a condition for contributing to a conservation trust fund.

| Long-term financial mechanisms in the form of a “revolving fund” | Examples from other Caribbean countries |
---|---|
1. Hotel Room Tax / Surcharge | - In Turks and Caicos islands, an extra 1% is added to the existing 8% hotel tax, and legally earmarked to support a Protected Areas Trust Fund. |
| | - The Spanish resort island of Majorca (which receives several million foreign tourists each year) collects a surcharge of 2 Euros per hotel room per night, which goes into a special environmental fund. |
| | - The US state of Delaware requires (by law) that 10% of all hotel taxes be earmarked for a beach conservation fund. |
| | - A major hotel chain in Hong Kong automatically adds a $1 charge to hotel guests’ bills as a “contribution” for nature conservation projects, with an explanation on the bill stating that this charge will be removed if a guest specifically so requests. |
| | A similar voluntary charge, for hospitality training and environment in general, is
<table>
<thead>
<tr>
<th>Long-term financial mechanisms in the form of a “revolving fund”</th>
<th>Examples from other Caribbean countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>being applied in all major hotels on St Maarten.</td>
<td></td>
</tr>
<tr>
<td>2. Cruise Ship Passenger Tax / Fee</td>
<td>- The CTO has recently proposed a uniform US$ 20 head tax for all Caribbean states, which has been strongly opposed by the FFCA (Florida-Caribbean Cruise Association) and by some individual states.</td>
</tr>
<tr>
<td></td>
<td>- Several years ago 4 Eastern Caribbean states tried to impose a $1.50/passenger waste disposal fee which was used to clean up pollution in ports, but these fees were repealed when the cruise ship industry protested. However, a number of cruise ship destinations in Alaska have recently been successful in imposing these kinds of head taxes on cruise ship passengers, without thereby driving away business.</td>
</tr>
<tr>
<td></td>
<td>- Some cruise ship companies (such as Lindblad) have asked all their passengers to contribute to a nature conservation fund set up by the company, and voluntarily contributed</td>
</tr>
<tr>
<td>3. Fee collected from non-resident airline passengers</td>
<td>Belize instituted such a fee in 1996, which is the sole source of funding for a Protected Area trust fund.</td>
</tr>
<tr>
<td>4. Dive and Mooring Fees</td>
<td>This is already being done in Bonaire and Saba. Recommended for Curacao, St. Maarten and Statia.</td>
</tr>
<tr>
<td>5. Pollution Fines</td>
<td>- Almost US $1 billion out of the $4 billion settlement of claims for damages from the Exxon Valdez oil tanker spill in Alaska has been allocated for a coastal and marine conservation fund. US courts have often required industrial polluters to contribute pay large sums of money to establish conservation trust funds to restore and conserve rivers which they have polluted.</td>
</tr>
<tr>
<td></td>
<td>- Revenues could be raised if fines for pollution (either land-based, or within NA territorial waters) were significantly increased and enforcement efforts strengthened. The challenge is to have them legally earmarked just for the nature parks Trust Fund.</td>
</tr>
<tr>
<td>6. Real estate transfer taxes</td>
<td>Many local governments in the US impose taxes on real estate sales that are earmarked specifically for conservation and purchase of open spaces. New Jersey and Florida have each raised more than $1 billion this way.</td>
</tr>
<tr>
<td>Long-term financial mechanisms in the form of a “revolving fund”</td>
<td>Examples from other Caribbean countries</td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td>------------------------------------------</td>
</tr>
<tr>
<td>7. Tax on the Off-Shore Financial Sector</td>
<td>Revenue could potentially be raised through a small increase in corporate taxes and registration fees, or through a tax/fee on stock transfers or foreign currency transactions. Assess whether this would cause NA to become less competitive with other offshore financial centers in the Caribbean.</td>
</tr>
</tbody>
</table>
| 8. Lottery and casino revenues                                  | - Around 25% of the revenue from the Dutch Postal Lottery is allocated for nature conservation organizations and projects inside and outside the country.  
- US states such as Colorado and Oregon allocate between 15% and 50% of the revenues from state-run lotteries for nature conservation and preservation of undeveloped land.  
- Assess the feasibility of allocating part of Antillean lottery revenues or a small tax on casino gambling profits to charity purposes, specifically for long-term conservation funding). |
| 9. Rum Tax or other taxes on alcohol and tobacco               | In Puerto Rico, 20% of the tax on rum (around US $5 million/year) goes to the Puerto Rican Conservation Trust, and is mostly used to buy private land to create or expand parks. |
## Annex 2

### Long list of potential donors

<table>
<thead>
<tr>
<th>Potential donor (category) or financial mechanism</th>
<th>Level of donor’s interest in the Netherlands Antilles</th>
<th>Type of financial support potentially provided (project, programme, core, TF contribution)</th>
<th>What does donor want in return / other conditions / observations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DUTCH FOUNDATIONS AND NON-GOVERNMENTAL AGENCIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WWF-Netherlands</td>
<td>Reasonable – but little interest in contributing to a trust fund, at the country level, although possibly at an individual island level once effectiveness has been proven</td>
<td>Crucial support from 1998-2001 (3,5 mln NLG) for core and project funding. Since then more limited project funding for Saba and Bonaire, includes establishing &quot;Friends of Bonaire&quot; as financial support mechanism.</td>
<td>Visible results in short-term, always with exit-strategy. Support for individual islands only, rather than at the national level.</td>
</tr>
<tr>
<td>DOEN Foundation</td>
<td>Interest exists – but little interest in contributing to a trust fund as long as its effectiveness not proven and income-generating potential in some islands underutilized.</td>
<td>Important support in previous years. Recently approved core and project funding for 3 years, to Saba and Bonaire. Request for St Maarten and Statia now under consideration.</td>
<td></td>
</tr>
<tr>
<td>Groenfonds (National Green Fund)</td>
<td>Very basic – chairman (royal family) has great personal interest in NA.</td>
<td>Technical financial advice may be feasible.</td>
<td></td>
</tr>
<tr>
<td>Dutch Union of Landscapes</td>
<td>National Dutch focus, but interest in NA growing.</td>
<td>Board is cautious, but willing to discuss options for linkage (with potential access to support) in coming months; status as 13th landscape would be ultimate step.</td>
<td></td>
</tr>
<tr>
<td>Potential donor (category) or financial mechanism</td>
<td>Level of donor’s interest in the Netherlands Antilles</td>
<td>Type of financial support potentially provided (project, programme, core, TF contribution)</td>
<td>What does donor want in return / other conditions / observations</td>
</tr>
<tr>
<td>-------------------------------------------------</td>
<td>-----------------------------------------------------</td>
<td>---------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>Conservation International (CI)</td>
<td>Growing CI interest in Caribbean hotspot. Caribbean Basin Initiative (CBI) now being developed. Antilles are in two CBI priority areas. CEPF and GCF are not likely to make any large grants in the Caribbean for the foreseeable future.</td>
<td>CI has provided all sorts of financial support elsewhere, including capitalization of conservation trust funds. Project support on Netherlands Antilles feasible, especially for marine conservation.</td>
<td></td>
</tr>
<tr>
<td>The Nature Conservancy (TNC)</td>
<td>Currently starting a 2-year process of biodiversity assessments for entire Caribbean. TNC may be interested in providing advice or contacts to NA, but the financial resources of TNC’s Caribbean Program (approx. $4 million/year) are focused on Jamaica, Dominican Republic, Bahamas, and the Grenadines.</td>
<td>TNC made million-dollar contributions to several trust funds, but only it had already operated large-scale conservation programs in those countries for many years. This is highly unlikely for the NA.</td>
<td></td>
</tr>
<tr>
<td>MacArthur Foundation</td>
<td>The Caribbean will probably not be a focus until 2005 or 2006 due to staff changes</td>
<td>MAF has made contributions to several trust funds, but current Director is not keen on TFs.</td>
<td></td>
</tr>
<tr>
<td>Moore Foundation</td>
<td>Not interested in the Caribbean</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Packard Foundation</td>
<td>Not interested in the Caribbean</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goldman Foundation</td>
<td>Not interested in the Caribbean</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Potential donor (category) or financial mechanism</td>
<td>Level of donor’s interest in the Netherlands Antilles</td>
<td>Type of financial support potentially provided (project, programme, core, TF contribution)</td>
<td>What does donor want in return / other conditions / observations</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>------------------------------------------------</td>
<td>---------------------------------------------------------------------------------</td>
<td>-------------------------------------------------</td>
</tr>
<tr>
<td><strong>LOTTERIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dutch Postcode Lottery</td>
<td>Has expressed considerable interest in Neth Antilles; accepted beneficiary organizations play crucial intermediate role.</td>
<td>Large funds only. Project, programme and core funding. Long-term funding relation feasible. Large non-earmarked grant has just been approved on Jan 29, 2004, via NC-IUCN. TF contribution not likely but not to be dismissed as medium-term option.</td>
<td>Solid recipient organization required; established intermediate beneficiary needed. NA umbrella NGO might qualify as such in medium term.</td>
</tr>
<tr>
<td><strong>GOVERNMENTS AND MULTILATERAL AGENCIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Netherlands Govt.</td>
<td>Strong interest in NA as part of the Kingdom – large financial commitments – but the overall relationship is under serious political strain. Environment has less priority than a few years ago, now primary emphasis is on poverty alleviation. Policy priorities may shift again in the future.</td>
<td>Contribution to TF capital is not feasible for the foreseeable future, for political and budgetary policy reasons. Conservation support as part of debt restructuring is not feasible as long as overall debt management does not improve. Project support feasible if embedded in sustainable economic development context.</td>
<td>Improved governance context. Active role and commitments by local government, private and NGO sectors.</td>
</tr>
<tr>
<td>Potential donor (category) or financial mechanism</td>
<td>Level of donor’s interest in the Netherlands Antilles</td>
<td>Type of financial support potentially provided (project, programme, core, TF contribution)</td>
<td>What does donor want in return / other conditions / observations</td>
</tr>
<tr>
<td>-------------------------------------------------</td>
<td>---------------------------------------------------</td>
<td>---------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>EU</td>
<td>Netherlands Antilles currently have OCT status, received considerable EDF support. Also eligible under several budget lines of DG Development.</td>
<td>Contribution to TF capital is not feasible for budgetary policy reasons. Project support possible under several budget lines. No EDF funding for environment since this has not been included as ‘focal area’ by Netherlands Antilles government.</td>
<td></td>
</tr>
<tr>
<td>GEF</td>
<td>NA is not eligible</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PRIVATE SECTOR – CORPORATIONS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shell Oil Co.</td>
<td>Historical ties.</td>
<td>Donations not feasible for political reasons.</td>
<td></td>
</tr>
<tr>
<td>KLM</td>
<td>Limited</td>
<td>Only in minor publicity projects.</td>
<td></td>
</tr>
<tr>
<td>Financial sector</td>
<td>Numerous branches and representations in Antilles due to favourable fiscal climate.</td>
<td>Good potential for various kinds of conservation support.</td>
<td></td>
</tr>
<tr>
<td>Hotel sector</td>
<td></td>
<td>Limited potential, more review needed.</td>
<td></td>
</tr>
<tr>
<td>Cruise ship companies</td>
<td>Unlikely to be donors, except if they cause a major pollution incident.</td>
<td>Usually only small project grants. Larger grants unlikely because of potential snowball effect across Caribbean.</td>
<td></td>
</tr>
<tr>
<td>Potential donor (category) or financial mechanism</td>
<td>Level of donor’s interest in the Netherlands Antilles</td>
<td>Type of financial support potentially provided (project, programme, core, TF contribution)</td>
<td>What does donor want in return / other conditions / observations</td>
</tr>
<tr>
<td>-------------------------------------------------</td>
<td>--------------------------------------------------</td>
<td>---------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>PRIVATE SECTOR – INDIVIDUALS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wealthy individual donors, including private foundations</td>
<td>Potential exists: retired residents, second home owners, repeat visitors.</td>
<td>Apparently good potential for various kinds of conservation support.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Scale needs further assessment.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Appeal to sense of responsibility for NA as part of Kingdom.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Introduction to Debt-for-Nature Swaps

There are two types of Debt-for-Nature swaps, commercial and bilateral ones. Both will be introduced briefly.

Commercial debt-for-nature swaps have generated a total of $112 million for conservation over the last 15 years (according to figures compiled by WWF’s Center for Conservation Finance), with almost all of this occurring in the years between 1988 and 1994, following the Latin American debt crisis.

In a commercial debt-for-nature swap, a conservation organization purchases hard currency debt owed by a developing government to international commercial banks at a substantial discount from the face value of the debt (because the international banks do not expect to be fully repaid). The conservation organization then reaches an agreement with the developing country government for cancellation of the debt in exchange for payment in local currency or bonds, which is used to implement agreed upon conservation activities. The amount of funds that have been generated for biodiversity conservation through bilateral debt-reduction agreements has been considerably larger.

Bilateral debt reduction agreements involve cancellation of debt owed by one government to another, in exchange for the debtor government’s commitment to allocate a specific portion (usually between 10% to 75%) of the cancelled debt for agreed upon environmental programs. Almost one billion has been generated this way, but more than half of this total amount was from 1991 debt reduction agreements between Poland and several of its bilateral creditors. These obligated the Polish government to spend $571 million (equivalent to 10% of the cancelled debt) over an 18-year period, mostly for reducing industrial pollution. However, around 5% of the $571 million is used for biodiversity conservation and protected areas.

The U.S. government’s Enterprise for the Americas Initiative (“EAI”) of the early 1990s generated a total of $177 million in local currencies for environmental protection and child survival projects seven Latin American countries. However, none of this money could be used to cover the basic operating costs of protected areas, since all of the money had to go to NGOs rather than government agencies. Similar restrictions apply to funds made available under the U.S. Government’s Tropical Forest Conservation Act, which in the past 5 years has generated almost $100 million (payable over 28 years) to fund projects by local NGOs in six countries to conserve tropical rainforests. In addition to these two U.S. Government programs, several European governments (including Germany and Switzerland) have also provided funds for biodiversity conservation and protected areas in developing countries through the mechanism of bilateral debt reduction agreements.

From: Spergel, 2004. *Conservation Finance: Limitations and Opportunities. Reflections on the Experiences of the last 15 Years*
Annex 4  The European Union, OCTs and UPTs

Overseas Countries and Territories (OCTs)

The Netherlands Antilles are one of the twenty Overseas Countries and Territories (OCTs) that have a special relationship with one of the Member States of the European Community States (Denmark, France, the Netherlands and the United Kingdom). Two main characteristics distinguish the OCTs from the ACP states (former European colonies in Africa, the Caribbean and the Pacific) and the Ultra-Peripheral Territories (UPTs):

• The OCTs are not part of the Community territory (Contrary to the UPTs).
• Their inhabitants have the nationality of the Member States to which they are related.

The OCTs are constitutionally linked to four of the Member and they are not independent states, contrary to the ACP states. Like the ACP countries, the OCTs benefit from the European Development Fund (EDF) under a specific association agreement. They also participate in certain Community programmes in specific areas.

In 2001, new OCT association arrangements were designed that will remain in force until 2011.

The specific objectives of the arrangements reflect the main objectives of the European Community's development policy as within the framework of other development cooperation agreements, such as the Cotonou Agreement with the ACP states. The cooperation focuses, in particular, on three objectives:

• the reduction, prevention and eventual eradication of poverty.
• sustainable development.
• the gradual integration of the OCTs into the regional and world economies.

There are six main areas of cooperation:

• economic and trade cooperation: trade arrangements.
• trade development (including trade in services).
• trade-related areas.
• human and social development; in this area, ‘sustainable management of biological diversity’ is mentioned as one among five ‘social sectors’.
• regional cooperation and integration.
• cultural and social cooperation.

A development and cooperation strategy is adopted by each OCT in the form of a Single Programming Document (SPD). The OCTs are responsible first and foremost for determining and implementing cooperation measures and the SPD is thus drawn up principally by the authorities of the OCTs. It is adopted jointly with the EC and the Member State to which it is linked.

Financial resources for the OCTs from the 9th European Development Fund are allocated for a period of five years from 2002 to 2007, totalling EUR 175 million, out of a total 9th EDF budget of EUR 16.4 billion (84% grant and 16% investment facility). The OCTs continue to
benefit from previous EDF funds that have already been allocated. The Commission manages the funds allocated under the EDF and the European Investment Bank manages the Investment Facility and the loans from its own resources. Like other developing countries, the OCTs may have access to aid allocated via budget lines for sectoral development policies such as food and humanitarian aid, aid for NGOs, aid related to development, environment, health and demographic issues, etc.

**Ultra-Peripheral Territories (UPTs)**

Among the most important implications of acquiring UPT status, i.e. becoming de facto EU territory, are:

- lifting of restrictions on the flows of goods, services, capital and persons from and to the EU.
- implementation of certain economic regulations.
- adoption of EU legislation and policy in a number of fields, such as the environment (including coastal and marine management and the protection of biodiversity).

Special benefits which a country enjoys as OCT (such as access to EDF funds and certain trade preferences) will no longer apply. In case of a change of status for the Antilles, the SEOR report expects that economic growth, trade and development will be stimulated, in part due to access to Regional Structure Funds and subsidies on transportation costs. These Structure Funds focus on infrastructure and employment and may not be used to reduce Dutch development funding. Certain mandatory fiscal adjustments will lead to lower import prices for industrial goods and higher import prices for food products, which are expected to increase prices in the tourist industry. Tourism from the US is expected to decrease, from the EU to increase. The balance between costs and benefits will be different for each of the Antilles. The Antilles could count on an estimated EUR 40 million a year in Structure Funds (SEOR, 2004). Whether a contribution by Structure Funds to a Nature Parks Trust Fund would be feasible will need further analysis.

**General objectives**

The general aim is to support developing countries in their efforts to integrate the environmental dimension into their development process. To this end, the Community provides financial assistance and appropriate expertise aimed at drawing up and promoting the implementation of policies, strategies, tools and technologies for the pursuit of sustainable development. Community support shall be provided directly to developing country stakeholders as well as indirectly through the strengthening of the environmental dimension of Community economic and development co-operation in order to ensure that full account is taken of environmental considerations in Community programmes.

**Types of actions**

Activities eligible for financing include, amongst others:

- support for the drawing up of national, regional and local policies, plans and strategies, programmes and projects for sustainable development,
• schemes to build up the institutional and operational capacities of actors in the development process, i.e. government, non-governmental organisations, private sector, civil society, indigenous peoples, at national, regional and local level,
• pilot projects in the field including those involving environmentally-sound technologies adapted to local constraints and needs,
• the promotion of trade in products that have been produced in a sustainable manner,
• the creation of instruments for sustainable development, inter alia, trade-related instruments such as labelling and certification schemes and green trade initiatives,
• the formulation of guidelines, operating manuals and instruments aimed at promoting sustainable development and environmental integration in particular in the form of public databases and databanks on the internet (open to the public),
• information campaigns on hazardous substances, and toxic waste and pesticides in particular,
• support for the development and application of environment assessment tools in the preparation and implementation of policies, strategies, programmes and projects,
• raising awareness of local populations and key actors in the development process and development cooperation with regard to the implications of sustainable development, in particular through information campaigns and training,
• inventory, accounting and statistical work, in order to improve the quality of environmental data and environmental indicators.

**Beneficiary organizations**

Co-operation partners which may receive assistance under this Regulation shall include international organisations, States, regions and regional bodies, decentralised departments, public agencies, private operators and industries, co-operatives, local communities, non-governmental organisations and associations representing local people, in particular forest-dependent people.

**Eligibility**

Grants may be awarded to Beneficiaries from Member States and from developing countries.

**Procedure to be followed**

Grant award is generally following call for proposals. The announcement notice, guidelines and application form of calls for proposals are published on the Europa web-site ([http://europa.eu.int/comm/europeaid/tender/index_en.htm](http://europa.eu.int/comm/europeaid/tender/index_en.htm) - go directly to ‘tender opportunities and calls for proposals’).
Annex 5  
Letter from EuropeAid on Trust Funds

EUROPEAN COMMISSION  
EuropeAid Cooperation Office  
Operational support  
Financial and contractual questions

Brussels, 27.04.04  
AIDCO/G2/LS D/2004 13166

Mr Rob Giastra  
AID Environment  
Donker Curtiusstraat 7 - 523  
1051 JL Amsterdam  
The Netherlands

Subject: Inquiry about Trust Fund Support

Ref.: your letter 039-2004 dated 31 March 2004

Dear Mr Giastra,

Thank you for your above-mentioned letter. I confirm that there is nothing in the applicable rules which forbids in principle the contribution by the EC, either from the General Budget or from the European Development Fund, to a trust fund of the types you mention (endowment fund or sinking fund).

In the case of an endowment fund, a clear destination for the EC fund after the end of the implementation of the EC-funded project should however be determined from the outset.

Different rules and constraints would however apply depending on who would be recipient of the EC funds and administer the trust fund.

- If it were the government of the beneficiary country itself, there would be no specific constraint at the stage of constituting the trust fund, other than normal rules applicable to other programmes managed by the beneficiary countries. This includes that in administering the funds the government would have to abide by the applicable EC rules, in particular for procurement.

- If it were an international organisation like the World Bank, no specific constraints, other than the rules normally applicable to cooperation between the Commission and other international organisations, would apply provided that other donors contribute to the fund.

- If the trust fund manager were a private organisation, award of the funds to it could only be granted following a call for proposals and adequate competition, unless in the following circumstances:

Inquiries: Consultations/Adverse/AidEnvironmentTrustFunds.doc
- In duly substantiated exceptional cases of urgency, i.e. where unforeseeable events oblige the contracting authority to act with an urgency incompatible with the periods laid down for call for proposals;

- Where the grant is awarded to a body with a de jure or de facto monopoly.

I hope this clarifies the situation. Please do not hesitate to contact me should you wish any further explanations.

Yours sincerely,

[Signature]

Raul MATEUS PAULA
Head of Unit

c.c.: Mr Zimmer, AIDCO/C/6
Annex 6  Financial projections per island over the next five years

The park management NGOs provided the information presented in the following individual island sections (data provided in the first half of 2004). Grants approved more recently have not been included in these tables. Apart from being a tool in the financial planning by each park management NGO, these data have been used as reference for the ‘self-generated revenues’ and ‘island government contributions’ in the two financial scenarios from chapter 6.3.

More precisely, the consultants used the following amounts for the two categories in the scenarios:

<table>
<thead>
<tr>
<th></th>
<th>Island government</th>
<th>Self-generated revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Minimum</td>
<td>Target</td>
</tr>
<tr>
<td>Curaçao</td>
<td>190.000</td>
<td>190.000</td>
</tr>
<tr>
<td>Bonaire</td>
<td>100.000</td>
<td>-</td>
</tr>
<tr>
<td>Saba</td>
<td>40.000</td>
<td>55.000</td>
</tr>
<tr>
<td>Statia</td>
<td>15.000</td>
<td>90.000</td>
</tr>
<tr>
<td>St Maarten</td>
<td>15.000</td>
<td>25.000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>360.000</strong></td>
<td><strong>360.000</strong></td>
</tr>
</tbody>
</table>

All amounts are in NAF.

The consultants made the following assumptions to arrive at the above amounts:
1- Curaçao: stable island government contribution. Estimated self-generated revenues in the minimum scenario come from the land park only, in the target scenario from both parks.
2- Bonaire: island government contribution is assumed to stop if fee increase proposal is approved. Self-generated revenues are taken at lower levels than indicated by STINAPA and by themselves cover the ‘basic budget requirements’.
3- All the amounts are within the ranges indicated by the park management NGOs.
**BONAIRE**

All information provided by STINAPA Bonaire. All figures are in NAF.

<table>
<thead>
<tr>
<th>Year</th>
<th>Island government</th>
<th>Other grants</th>
<th>Self-generated (fees, sales, donations)</th>
<th>Total Operational Funding</th>
<th>Project funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>100.000</td>
<td>11.700</td>
<td>885.100</td>
<td>996.800</td>
<td>233.300</td>
</tr>
<tr>
<td>2005</td>
<td>0</td>
<td>11.700</td>
<td>1.766.400</td>
<td>1.778.100</td>
<td>353.300</td>
</tr>
<tr>
<td>2006</td>
<td>0</td>
<td>11.700</td>
<td>1.766.400</td>
<td>1.778.100</td>
<td>163.300</td>
</tr>
<tr>
<td>2007</td>
<td>0</td>
<td>11.700</td>
<td>1.768.100</td>
<td>1.768.100</td>
<td>70.000</td>
</tr>
<tr>
<td>2008</td>
<td>0</td>
<td></td>
<td>1.763.100</td>
<td>1.763.100</td>
<td>70.000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Island government</th>
<th>Other grants</th>
<th>Self-generated</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>10%</td>
<td>1%</td>
<td>89%</td>
<td>100%</td>
</tr>
<tr>
<td>2005</td>
<td>1%</td>
<td>99%</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>2006</td>
<td>1%</td>
<td>99%</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td>100%</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td>100%</td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

**NOTES**

1. These figures are for STINAPA Bonaire and cover two “units”: Bonaire National Marine Park (BNMP) and the Washington Slagbaai National Park (WSNP). STINAPA charges the two parks a management fee which has not been included in this financial projection.

2. STINAPA assumes that when the Island Government approves of a BNMP divers fee increase and introduction fee for all users, we will no longer receive subsidy from them.

3. Under the current management contract of the BNMP with the Island Government, revenue of the BNMP cannot be used for maintenance of both parks. STINAPA will request the Island Government to change this regulation. If the request is not accepted, then the Washington Slagbaai National Park will have an operational deficit.

4. Island Government subsidy is for both STINAPA (largest part) and for the BNMP.
CURACAO

All information provided by CARMABI. All figures are in NAF.

<table>
<thead>
<tr>
<th>Year</th>
<th>Island government</th>
<th>Other grants</th>
<th>Self-generated (fees, sales, donations)</th>
<th>Total Operational Funding</th>
<th>Project funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>190.000</td>
<td>0 – 25.000</td>
<td>350.000 – 605.000</td>
<td>540.000 – 820.000</td>
<td>Various</td>
</tr>
<tr>
<td>2006</td>
<td>190.000</td>
<td>20.000 – 25.000</td>
<td>350.000 – 605.000</td>
<td>560.000 – 820.000</td>
<td>Various</td>
</tr>
<tr>
<td>2007</td>
<td>190.000</td>
<td>0 – 25.000</td>
<td>350.000 – 605.000</td>
<td>540.000 – 820.000</td>
<td>Various</td>
</tr>
<tr>
<td>2008</td>
<td>190.000</td>
<td>0 – 25.000</td>
<td>350.000 – 605.000</td>
<td>540.000 – 820.000</td>
<td>various</td>
</tr>
</tbody>
</table>

NOTES

1. The island government is expected to maintain its annual contributions at NAF 70,000 for the Underwater Park and NAF 120,000 for the Christoffel Land Park.

2. ‘Other grants’ (which refer to the marine park only) and ‘self-generated revenues’ vary whether the Underwater Park is considered or the much larger Curaçao Marine Management Zone will be established, according to a zoning plan that has been accepted by the island government. The corresponding legislation is in preparation.

3. ‘Self-generated revenues’ for the Christoffel Park are estimated to reach NAF 350,000 in 2005. As of 2006, a Christoffel Park Improvement Programme should become operational including the Savonet Open Air Museum. One of the main goals of the programme is to make the park completely self-sustainable. The expected revenues are estimated at over 1 million NAF per year, against an amount of around NAF 870,000 in costs. From 2008 onwards, this should result in a positive balance of NAF 160,000. These projected costs and benefits have not been incorporated in the scenarios in this report, to keep the financial picture comparable with the other islands. As far as beneficiaries of the Trust Fund are concerned, other, smaller parks may then represent the role of land park from Curaçao, after agreement by the DCNA and MINA/VSO.

4. Project budgets for the Christoffel Park alone from 2005 onwards run to more than NAF 9 million, largely as infrastructure investments.
SABA

All information provided by the Saba Conservation Foundation. All figures are in NAF.

<table>
<thead>
<tr>
<th>Year</th>
<th>Island government</th>
<th>Other grants</th>
<th>Self-generated (fees, sales, donations)</th>
<th>Total Operational Funding</th>
<th>Project funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>56.500</td>
<td>150.500</td>
<td>147.000</td>
<td>354.000</td>
<td>190.000</td>
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<td>2005</td>
<td>56.500</td>
<td>150.500</td>
<td>150.000</td>
<td>357.000</td>
<td>25.000 – 200.000</td>
</tr>
<tr>
<td>2006</td>
<td>56.500</td>
<td>150.500</td>
<td>150.000</td>
<td>357.000</td>
<td>25.000 – 200.000</td>
</tr>
<tr>
<td>2007</td>
<td>56.500</td>
<td>0</td>
<td>150.000</td>
<td>206.500</td>
<td>25.000 – 100.000</td>
</tr>
<tr>
<td>2008</td>
<td>56.500</td>
<td>0</td>
<td>150.000</td>
<td>206.500</td>
<td>25.000 – 100.000</td>
</tr>
</tbody>
</table>

35 The SCF receives NAF 56,500.- per annum subsidy for trail maintenance. The island government has paid this subsidy consistently for several years and the SCF believes the government will continue to commit to this subsidy although the amount could vary in the future, depending on the budgetary constraints of government. The government frequently raises the issue of withdrawing the subsidy (due to shrinking island budgets) and seeking an alternate funding source for all government subsidies to NGOs. For the time being, the subsidy is guaranteed but is unlikely to increase.

36 Grant from Stichting DOEN NAF 135,000 per annum for 3 years ($75,000/ pa $1 = NAF1,8)
   Grant from IUCN Nederland NAF 15,540 per annum for 3 year  (€6,667 /pa €1 = NAF 2,0)
   No grants after 2006. Grants committed to operational expenses only. Exchange rates may vary.

37 User fees in the Saba National Marine Park are unlikely to grow significantly unless there is growth in dive tourism to Saba or if the fees are increased (this is a consideration but is unlikely in the next 2-3 years). Collection of fees diving/yacht is efficient. Income generation from nature fees (terrestrial) may increase in the next 3-5 years especially if the national park is granted a legal status. The approach to collection will need to be improved in order to ensure an increase – proposals included in National Park management plan.

38 2004: Approved project funding from Stichting DOEN NAF 165,500
   Grant pending for education NAF 18,000
   Application to NGO Platform NAF 50,000
   NAF 233,000

2005 and 2006: No grants approved. No applications pending.

Expectation of project funding for 2005/6 and beyond is based on project planning, and then matching to available grant sources. The SCF believes the Antillean Co-financing Organization (AMFO) will play a greater role in project funding for all nature management NGOs in the Netherlands Antilles. Expected income for projects will vary depending on activities and success with grant applications.
### Table

<table>
<thead>
<tr>
<th>Year</th>
<th>Island government</th>
<th>Other grants</th>
<th>Self-generated</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>17 %</td>
<td>40 %</td>
<td>43 %</td>
<td>100%</td>
</tr>
<tr>
<td>2005</td>
<td>17 %</td>
<td>39 %</td>
<td>44 %</td>
<td>100%</td>
</tr>
<tr>
<td>2006</td>
<td>17 %</td>
<td>39 %</td>
<td>44 %</td>
<td>100%</td>
</tr>
<tr>
<td>2007</td>
<td>27 %</td>
<td>0%</td>
<td>73 %</td>
<td>100%</td>
</tr>
<tr>
<td>2008</td>
<td>27 %</td>
<td>0%</td>
<td>73 %</td>
<td>100%</td>
</tr>
</tbody>
</table>

### NOTES:

1. All figures are as realistic as possible. Explanatory footnotes are given for each category of income.

2. Project funding refers to funding that does not cover operational costs.

3. With reference to the list of examples in Annex 3, the SCF believes that most of these initiatives are difficult to apply to Saba mainly due to its small size and absence of economies of scale. There are possibilities to raise income from taxes (e.g. nature taxes, visitor taxes, etc.) but this would only be viable in the context of overall tax restructuring – current tax system is very skewed/inefficient.

4. Other possibilities for sources of income: Multi-national sector (in the Netherlands e.g. Shell, Philips, etc.) - Kyoto Protocol lists options for ‘payback’ by this sector for environmental take-up.
STATIA

All information provided by STENAPA. All figures are in NAF.

<table>
<thead>
<tr>
<th>Year</th>
<th>Island government</th>
<th>Other grants</th>
<th>Self-generated (fees, sales, donations)</th>
<th>Total Operational Funding</th>
<th>Project funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>0 – 100.000?</td>
<td>122.400</td>
<td>45.000</td>
<td>167.400-267.400</td>
<td>94.200</td>
</tr>
<tr>
<td>2005</td>
<td>0 – 120.000?</td>
<td>122.400</td>
<td>50.400</td>
<td>172.800-292.800</td>
<td>46.800</td>
</tr>
<tr>
<td>2006</td>
<td>0 – 120.000?</td>
<td>122.400</td>
<td>55.800</td>
<td>178.200-298.200</td>
<td>46.800</td>
</tr>
<tr>
<td>2007</td>
<td>0 – 120.000?</td>
<td>0</td>
<td>61.200</td>
<td>61.200-181.200</td>
<td>46.800</td>
</tr>
<tr>
<td>2008</td>
<td>0 – 120.000?</td>
<td>0</td>
<td>66.600</td>
<td>66.600-186.600</td>
<td>46.800</td>
</tr>
</tbody>
</table>

NOTES

1. The greatest uncertainty lies with the Island Government category. There was a permanent subsidy of 3,500/month until September 2003. This was replaced by a temporary subsidy of 10,000/month until end 2003 after the office closure and end of BZK emergency funding. We do not have any subsidy at present. In January 2004, we requested continuation of the temporary subsidy of 10,000/month until we can collect tanker fees and this is currently under discussion amongst the Executive Council. We hope to receive a response in the next month. Therefore, there is a range of 0-120.000 (100.000 for 2004) for the Island Government and a question mark against this figure.

2. Project funding refers to funding which does not cover operational costs. If STENAPA succeeds in its application for Marine Park funding, this will relate to project funding only and will not affect our Other Grants column.

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39 Zero subsidy from Island Government at present and temporary 3 month subsidy of 10,000/month expired at end 2003. In January 2004, we requested continuation of 10,000/month until we can collect tanker fees. Some positive feedback but (on 1 March 2004) still awaiting response about continuation of subsidy and amount.

40 NPL funding via IUCN. No other grants for operational expenses. DOEN application in process.

41 Marine Park and National Park fees income increased by approximately 5,400/year between 2001-2002 and also 2002-2003. This increase is due to growing numbers of divers and increased efficiency in collection. We estimate dive numbers will continue to increase resulting in an increase of $3,000/year in fee income.

42 This income is very variable depending on activities and success with grant applications. 2004: World Turtle Trust (46.800), KNAP Tanker Impact (15.000), KNAP Turtle Conservation (9.000), UNEP Fisheries Baseline (14.400), VNP Flora Education (9.000). This is an exceptionally high level compared to other years. 2005 onwards: no funding acquired yet but estimate 46.800 based on past years’ experience.
3. After consideration of the list of examples from Annex 1, STENAPA finds that many are not applicable to the situation on Statia. For example, Statia does not have visiting cruise ships, no casinos, the only source of industrial pollution would be from the visiting tankers (and STENAPA is still pursuing fines for an oil spill in February 2002 in the court, and it is likely that the fine will go to the Island Government), there are no major real estate transfers (most property is leased from government land), no offshore finance, the private sector is almost non-existent, there are no water bills for a nature tax (piped water). Two fee-related possibilities are:

- establishing a nature conservation fee for departing air passengers (9,780 non-Antillean residents arrived by air in 2002); yacht visitors already find the island expensive due to customs clearance of NAF 45 and Marine Park fee of NAF 18/night) (number of sea arriving tourists in 2002 was 6,336).

- increasing annual dive fees – considering increasing from $15 to $30. Dive passes were set at $30 until 2001 when the fee was decreased due to pressure from one dive centre and the belief that a lower fee would attract more divers. Two dive centres now indicate willingness to increase again. This would increase our fee income by approximately $14,000/year but needs approval by Board and Island Government first.

4. Assumptions include a continuing upward trend of tourism and Island Government support (for the upper level of projections).

Based on the lower range of Island Government subsidy:

<table>
<thead>
<tr>
<th>Year</th>
<th>Island government</th>
<th>Other grants</th>
<th>Self-generated</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>0%</td>
<td>73%</td>
<td>27%</td>
<td>100%</td>
</tr>
<tr>
<td>2005</td>
<td>0%</td>
<td>71%</td>
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<td>2006</td>
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<td>31%</td>
<td>100%</td>
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<td>0%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>2008</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Based on the upper range of Island Government subsidy:

<table>
<thead>
<tr>
<th>Year</th>
<th>Island government</th>
<th>Other grants</th>
<th>Self-generated</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>37%</td>
<td>46%</td>
<td>17%</td>
<td>100%</td>
</tr>
<tr>
<td>2005</td>
<td>41%</td>
<td>42%</td>
<td>17%</td>
<td>100%</td>
</tr>
<tr>
<td>2006</td>
<td>40%</td>
<td>41%</td>
<td>19%</td>
<td>100%</td>
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<td>2007</td>
<td>66%</td>
<td>0%</td>
<td>34%</td>
<td>100%</td>
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<tr>
<td>2008</td>
<td>64%</td>
<td>0%</td>
<td>36%</td>
<td>100%</td>
</tr>
</tbody>
</table>
# St MAARTEN

All information provided by the St Maarten Nature Foundation. All figures are in NAF.

<table>
<thead>
<tr>
<th>Year</th>
<th>Island government</th>
<th>Other grants</th>
<th>Self-generated (fees, sales, donations)</th>
<th>Total Operational Funding</th>
<th>Project funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>0-14.000? ¹</td>
<td>181.600</td>
<td>18.000</td>
<td>199.600-213.600</td>
<td>89.000</td>
</tr>
<tr>
<td>2005</td>
<td>0-20.000?</td>
<td>159.800</td>
<td>51.600</td>
<td>211.400-231.400</td>
<td>89.000</td>
</tr>
<tr>
<td>2006</td>
<td>0-25.000?</td>
<td>154.800</td>
<td>78.300</td>
<td>233.100-258.100</td>
<td>89.000</td>
</tr>
<tr>
<td>2007</td>
<td>0-25.000?</td>
<td>144.100</td>
<td>97.900</td>
<td>242.000-267.000</td>
<td>97.900</td>
</tr>
<tr>
<td>2008</td>
<td>0-25.000?</td>
<td>117.400</td>
<td>133.500</td>
<td>250.900-275.900</td>
<td>10.800</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Island government</th>
<th>Other grants</th>
<th>Self-generated</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>7%</td>
<td>85%</td>
<td>8%</td>
<td>100%</td>
</tr>
<tr>
<td>2005</td>
<td>9%</td>
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<td>9%</td>
<td>54%</td>
<td>37%</td>
<td>100%</td>
</tr>
<tr>
<td>2008</td>
<td>9%</td>
<td>43%</td>
<td>48%</td>
<td>100%</td>
</tr>
</tbody>
</table>

**NOTES**

1. Island Government subsidies reflect the average amount of received funds since 1997. This does not imply that government will give us the same amount in the future, but can be expected. Last time government gave subsidies to NAFSXM was October 2003.

2. Includes NPL funding via IUCN. DOEN application in process.