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Financial Sustainability Scorecard

for National Systems of Protected Areas

2nd Edition, 2010

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Financial Sustainability Scorecard: for National Systems of Protected Areas

ANDREW BOVARNICK

2ND EDITION, 2010

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INTRODUCTION



Context

Protected area financing is critical for sound PA management. However, globally, protected area financing needs to be improved at both site and system level. Hence developing long-term financing systems is a key element for protected areas sustainability.

Protected area “financial sustainability” refers to the ability of a country to meet all costs associated with the management of a protected area system. The system level is defined here simply as the aggregation of PA sites and central level operations. This implies a funding “supply” issue of generating more revenue across the system, but just as importantly, a “demand” side challenge of managing PA financing needs (at sites and at the central level). PA financial sustainability needs to be addressed from both sides of the financial equation.

It is this systematic process of defining costs and identifying ways to meet those costs that constitutes financial planning. Good financial planning enables PA managers to make strategic financial decisions such as re-allocating spending to match management priorities, and identifying appropriate cost reductions and potential cash flow problems.

In addition to cost and revenue concerns, a third area that requires special consideration in order to achieve PA financial sustainability is institutional arrangements. Responsibility for PA management and financing are often shared across various institutions and roles need to be clarified and harmonized for effective financial planning and budgeting. Furthermore, within these managing institutions efficient and transparent mechanisms for collecting and managing PA-related fees are often not in place.

Therefore, UNDP has developed this scorecard to assist project teams and governments track their progress to make PA systems more financially sustainable. The scorecard has been designed at the PA system level and not site level because:

- There are activities required at a national level and not just at site level such as policy reform, fund management and setting PA fees, which can affect all PAs;
- There are activities that require a coordinated effort and support from several government institutions, particularly the Ministry of Finance, which are best achieved through a centralized management and financing system;
- Sites will often require similar activities so it is cost-effective to provide these centrally, such as training or monitoring;
- Fundraising can be more effective if coordinated centrally;
- System level planning allows cross-subsidization between sites; and
- Harmonized fee systems can reduce competition issues between sites.

PA financing must be viewed at two levels. One is the basic status of a PA system’s finances – how much is being spent and how much is needed to be spent for effective management. This will look at annual expenditures, operational costs, investment needs, revenue generation etc. From this it is possible to assess financing gaps and financial targets for increasing budgets and expenditures and/or reducing management costs in order to balance accounts.

However, there are limitations to what a snapshot of a PA system's financial accounts shows about the underlying structure, health and future direction of its finance. One year there could be a high level of expenditure due to donor support, a capital injection from a debt-for-nature swap, or a jump in tourism. However, one year's financial status does not necessarily ensure the future financial health of a PA system. To fully assess if a PA system is moving towards financial sustainability it is also important to investigate and analyze the structural foundations of what enables and promotes long-term financial improvements for PAs. A PA system's financing is based on many elements, which are becoming increasingly known, and are quite common across countries.

Assessing a PA system's financial sustainability is widely recognized as a key component of effective PA management. The Programme of Work of the Convention on Biological Diversity acknowledges the importance of financial sustainability by including specific recommended actions for countries under Goal 3.4, which focuses on ensuring financial sustainability of protected areas. Specific activities under this goal include: a) conducting a national-level study of the effectiveness of existing financial resources; b) identifying diversified funding mechanisms and options; c) establishing a national-level sustainable finance plan; and d) developing and implementing supportive enabling policies. This financial scorecard covers many of the aspects in Goal 3.4 of the CBD Programme of Work, and can provide the basis for many of the recommended actions.

Purpose

The purpose of this scorecard is to assist governments, donors and NGOs to investigate and record significant aspects of a PA financing system – its accounts and its underlying structural foundations – to show both its current health and status and to indicate if the system is holistically

moving over the long-term towards an improved financial situation. The scorecard is designed for national systems of PAs but could be used by sub-national eg state, regional or municipal or networks of Marine Protected Areas (MPAs).

There is a section to record overall financial status and changes to the inflows and outflows of capital of the PA system. However, the scorecard is designed to check the progress of the entire PA financing system and its foundations which will lead to the future financial viability of a PA system. Therefore the scorecard is structured to look at elements of a financing system, described below.

These elements in themselves provide guidance on what a framework for a PA financing system should comprise. Assessing each element can help a country identify which areas of its governance structure needs to be improved to enhance its PA financing system.

The questions regarding financial data also provide an opportunity for a country to assess its capacity to generate and collect cost and revenue data fundamental for PA financial planning. Where data is unavailable, provision of such data should be a priority for the country.

Whilst the scorecard recognizes the importance of cost-effective management in PA financing it does not provide specific guidance on the use of funds.

Results of the financial scorecard can also contribute to the Convention on Biological Diversity's activity 3.4.5 within Goal 3.4: "Providing regular information on protected area financing to relevant institutions and mechanisms, including through future national reports under the Convention on Biological Diversity, and to the World Database on Protected Areas."

Structure

The scorecard has three sections:

- Part I** – Overall financial status of the protected areas system. This includes basic protected area information and a financial analysis of the national protected area system.
- Part II** – Assessing elements of the financing system.
- Part III** – Scoring.

Part I requires financial data to determine the costs, revenues and financing gaps of the PA system both in the current year and as forecast for the future. It provides a quantitative analysis of the PA system and shows the financial data needed by PA planners needed to determine financial targets and hence the quantity of additional funds required to finance effective management of their PA system. As different countries have different accounting systems certain data requirements may vary in their relevance for each country. However, where financial data is absent, the first activity the PA authority should be to generate and collect the data.

Part II of the scorecard is compartmentalized into three fundamental components for a fully functioning financial system at the site and system level – (i) legal, regulatory and institutional frameworks, (ii) business planning and tools for cost-effective management (eg accounting practices) and (iii) tools for revenue generation.

COMPONENT 1: LEGAL, REGULATORY AND INSTITUTIONAL FRAMEWORKS THAT ENABLE SUSTAINABLE PA FINANCING

Legal, policy, regulatory and institutional frameworks affecting PA financing systems need to be clearly defined and supportive of effective financial

planning, revenue generation, revenue retention and management. Institutional responsibilities must be clearly delineated and agreed, and an enabling policy and legal environment in place. Institutional governance structures must enable and require the use of effective, transparent mechanisms for allocation, management and accounting of revenues and expenditures.

COMPONENT 2: BUSINESS PLANNING AND TOOLS FOR COST-EFFECTIVE MANAGEMENT

Financial planning, accounting and business planning are important tools for cost-effective management when undertaken on a regular and systematic basis. Effective financial planning requires accurate knowledge not only of revenues, but also of expenditure levels, patterns and investment requirements. Options for balancing the costs/revenues equation should include equal consideration of revenue increases and cost control. Good financial planning enables PA managers to make strategic financial decisions such as allocating spending to match management priorities, and identifying appropriate cost reductions and potential cash flow problems. Improved planning can also help raise more funds as donors and governments feel more assured that their funds will be more effectively invested in the protected area system.

COMPONENT 3: TOOLS FOR REVENUE GENERATION AND MOBILIZATION

PA systems must be able to attract and take advantage of all existing and potential revenue mechanisms within the context of their overall management priorities. Diversification of revenue sources is a powerful strategy to reduce vulnerability to external shocks and dependency on limited government budgets. Sources of revenue for protected area systems can include traditional funding sources – tourism entrance fees

– along with innovative ones such as debt swaps, tourism concession arrangements, payments for water and carbon services and in some cases, carefully controlled levels of resource extraction.

Part III summarizes the total scores and percentages scored by the country in any given year when the exercise is completed. It shows the total possible score and the total actual score for the PA system and presents the results as a percentage. Over time changes to the scores can show progress in strengthening the PA financing system.

Scoring

The Scorecard should be completed every year to show the yearly situation in the protected area system and the changes over time. The first year the Scorecard is completed becomes the baseline year and this stays fixed. Then if the Scorecard is completed every subsequent year the results can be compared to the baseline data and data from previous years to show the annual progress of the national PA financing system.

Each year the scores within Part II should be totaled for each Component and these sub-totals added together to reach an overall score for the national PA system.

In each country certain elements may be more important and difficult to achieve than others. In this case country teams have the flexibility to modify the current weighting system and change the number of points allocated to a certain element so the scoring better suits their national conditions. Any modifications to scoring should be transparent and footnoted.

Additionally if a specific element or sub-element is not appropriate for a country then it and its associated maximum scores can be taken out of the total possible scoring. In this way the total score can be adjusted to fit the country conditions. Because this means the total possible score may vary countries should present annual scores as a percentage (actual score compared to total possible score).

The percentage of achievement of each Component should be presented. This allows a comparison of progress between each Component and can aid countries to identify where their weaknesses and strengths are within their financing systems. Where lower scores are identified the corresponding areas should be a focus for future intervention and capacity building. The percentages will also permit comparisons across countries

Guidance for Preparation of Scorecard

It is recommended that the Scorecard is prepared through a workshop forum bringing together all stakeholders. Scorecard workshops generally are run over one to two days depending on data available and level of interest. Completing the financial data is then done through reviewing documents. Those involved with preparing the Scorecard (workshop organizers and participants) should take the following ideas into account when preparing the Scorecards:

1. The Scorecard is to **shed light** into what was previously often a black box. It allows practitioners to dissect components through discussion, and is not an exact science.
2. It is for every country in the world so will not necessarily fit exactly any specific country. This should not lead to concern. The Scorecard should be considered as a foundation and template to be tailored to fit country needs. This may mean changing terminology to fit local understanding or eliminating or adding elements. Adjust as necessary.
3. The scorecard has been designed to be as simple as possible given the complexities PA financing systems face. There will be uncertainties and questions about the nature of some of the elements. If in doubt use the best judgment of the group preparing the Scorecard.
4. The **process** of preparation should be participatory, bringing in experts from different departments, ministries, NGOs and protected areas to get an all round picture. The mix of stakeholders and expertise will be valuable to ensure that comprehensive and accurate data is inputted into completing the Scorecard.
5. The scorecard is meant to **stimulate** discussion and thinking on subjects that have previously often been ignored. Questions and debate during preparation are good as it means people are thinking. The richness of the discussions should be captured in the comments columns for future reference. The more **explanation of data** in the comments column the more valuable the Scorecard will be as a planning and monitoring tool.
6. Try to make sure participants invited to the Scorecard workshop are **prepared** going into the workshop. They should have seen the Scorecard template and come with data and ideas to the workshop.
7. The most important thing is to understand and **appreciate the intent** behind each element, not the specificities and doubts raised. The group should focus on what is the important concept being raised and how the PA system deals with it.
8. The Scorecard **summarizes** all major issues that are often not thought about or at least not thought about in one package. By going through all of them together there is an opportunity to look at the entire system and identify elements to be improved. The Scorecard is thus a platform for stimulating discussion and further investigation into issues important to sustainable financing.
9. Part I on data will likely be the most challenging. There are tough questions but every country must have this data to run its PA effectively. The point is to highlight what data is missing and have countries start thinking about **how to generate and collect data**. Scorecard preparers should not be too concerned if data is absent. They should state its absence and plan how to generate it during the next year.
10. The discussions more than anything else allows those involved with PA financing to explain and bring important issues to light to those not always involved but influential in PA financing.
11. Financial planning for PAs is a process and the Scorecard is to help start or strengthen the process of thinking about financial elements, data collection and how a country can improve it. This will take time and follow up.

Country:

Date of Completion: /
Month Year

Year of data used:



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National Systems of Protected Areas can include the entire set of PAs in a country but often consist of several sets of protected areas. These sets can be defined as either sub-systems or networks of protected areas, depending on their legal status.

A Sub-system is a set of protected areas whose operations are governed by a legal framework. A network is a set of protected areas that have commonalities and coordination but no dedicated legal framework.

Protected area practitioners often wish to assess and improve understanding of different parts of the national protected area system and may not have data for all parts. Hence it is recommended to prepare the Scorecard for each sub-system and for any network as needed. It is therefore useful to detail all the PA sub-systems and networks in the country. These can be presented in the Table in Part I.1.

Sub-systems will include:

- Federal
- State or provincial

Networks of PAs will vary by country depending on national definitions but will likely include the following:

- municipal protected areas
- co-managed protected areas
- private reserves
- community and indigenous reserves

Additionally, any set of PAs can be assessed for their financial sustainability as needed by a country or practitioners. These could be geographic eg a sub-region of a country, or ecological eg marine protected areas.

Note: In some countries some networks may have a legal framework and hence should be classified as a sub-system

10 Part I.1 – Basic Information on Country’s National Protected Area System, Sub-systems and Networks

Detail in the Table every sub-system and network within the national system of protected areas in the country.

Protected Areas System, sub-systems and networks	Number of sites	Terrestrial hectares covered	Marine hectares covered ¹	Total hectares covered	Institution responsible for PA management	Comments
National System of PAs						
Sub-system						
PA sub-system 1 – insert name						
PA sub-system 2 – insert name						
Additional sub-system						
Network						Specify if the network is within a sub-system
PA network 1 – insert name						
PA network 2 – insert name						
Additional networks						
Total						

* For each sub-system and/or Network detailed in Part I.1, prepare Part I.2

¹ MPAs should be detailed separately to terrestrial PAs as they tend to be much larger in size and have different cost structures

Part I.2 – Financial Analysis of the National Protected Area System

Complete this separately for each PA sub-system and for any network presented in Table I.1, as needed

Financial Analysis of the Sub-System or Network [Insert name of Sub-System or Network]	Baseline year (US\$) ³	Year X ⁴ (US\$) ⁵	Comments Add the source of data and state confidence in data (low, medium, high)
Available Finances⁶			
1. Total annual central government budget allocated to PA management (excluding donor funds and revenues generated for the PA system)			
- operational budget (salaries, maintenance, fuel etc)			
- infrastructure investment budget (roads, visitor centres etc)			
2. Extra budgetary funding for PA management - Total of 2.a +2.b -			Specify sources of funds
a. Funds channelled through government – total			
- PA dedicated taxes			eg a conservation departure tax or water fees re-invested in PAs
- Trust Funds			Only include available funds for the year and not amounts contributed for capitalization
- Donor funds			
- Loans			
- Debt for nature swaps			
- Others			
b. Funds channelled through third party/independent institutional arrangements – total			
- Trust Funds			
- Donor funds			
- Loans			
- Others			

² The baseline year refers to the year the Scorecard was completed for the first time and remains fixed. Insert year eg 2007.

³ Insert in footnote the local currency and exchange rate to US\$ and date of rate (eg US\$1=1000 colones, August 2007).

⁴ X refers to the year the Scorecard is completed and should be inserted (eg 2008). For the first time the Scorecard is completed X will be the same as the baseline year. For subsequent years insert an additional column to present the data for each year the Scorecard is completed.

⁵ Insert in footnote the local currency and exchange rate to US\$ and date of rate.

⁶ This section unravels sources of funds available to PAs, categorized by (i) government core budget (line item 1), (ii) additional government funds (line item 2), and (iii) PA generated revenues (line item 3).

FINANCIAL SCORECARD - PART I – OVERALL FINANCIAL STATUS OF THE PROTECTED AREAS SYSTEM

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3. Total annual site based revenue generation across all PAs broken down by source⁷ - Total			Indicate total economic value of PAs (if studies available) ⁸
a. Tourism entrance fees			Specify the number of visitors to the protected areas in year X - international: - national: Specify fee levels: Estimate % of overall fees generated by most popular PAs within the system (as often a high % of fees may be generated by only one or two PA sites): Estimate total revenues possible if fee level raised:
b. Other tourism and recreational related fees (camping, fishing permits etc)			Specify purpose and level of fees:
c. Income from concessions			Specify type of concession
d. Payments for ecosystem services (PES)			Provide examples:
- water			
- carbon			
- biodiversity			
- other			
e. Other non-tourism related fees and charges (specify each type of revenue generation mechanism)			
- scientific research fees			
- genetic patents			
- pollution charges			
- sale of souvenirs from state run shops			
- other			
4. Percentage of PA generated revenues retained in the PA system for re-investment⁹			
	%		Specify whether PA generated revenues are retained directly in the PA system or are sent to government and then returned back to the PA system

⁷ This data should be the total for all the PA systems to indicate total revenues. If data is only available for a specific PA system specify which system.

⁸ Note this will include non monetary values and hence will differ (be greater) than revenues.

⁹ This includes funds to be shared by PAs with local stakeholders.

FINANCIAL SCORECARD - PART I – OVERALL FINANCIAL STATUS OF THE PROTECTED AREAS SYSTEM

5. Total finances available to the PA system [line item 1+2.a+2.b]+ [line item 3 x line item 4]			
Available for operations			
Available for infrastructure investment			
Costs and Financing Needs			
1. Total annual expenditure for PAs (all PA operating and investment costs and system level expenses) ¹⁰			State any extraordinary levels of capital investment in a given year State degree of disbursement/executed – total annual expenditures as % of available finances (line item 5.) If this % is low, state reasons:
- by government			
- by independent/other channels			
2. Estimation of PA system financing needs			Where possible breakdown by terrestrial and marine sub-systems
a. Estimated financing needs for basic management costs (operational and investments) to be covered			Summarize methodology used to make estimate (eg costs detailed at certain sites and then extrapolated for system)
- PA central system level operational costs (salaries, office maintenance etc)			
- PA site management operational costs			
- PA site infrastructure investment costs			
- PA system capacity building costs for central and site levels (training, strategy, policy reform etc)			These system capacity building needs are additional to daily operations but critical for system development and are often covered by donors
b. Estimated financing needs for optimal management costs (operational and investments) to be covered			Summarize methodology used to make estimate
- PA central system level operational costs (salaries, office maintenance etc)			
- PA site management operational costs			
- PA site infrastructure investment costs			
- PA system capacity building costs for central and site levels (training, strategy, policy reform etc)			These system capacity building needs are additional to attaining basic management capacities and may entail additional scientific research, public communications, scholarships etc)

¹⁰ In some countries actual expenditure differs from planned expenditure due to disbursement difficulties. In this case actual expenditure should be presented and a note on disbursement rates and planned expenditures can be made in the Comments column.

FINANCIAL SCORECARD - PART I – OVERALL FINANCIAL STATUS OF THE PROTECTED AREAS SYSTEM

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<p>C. Estimated financial needs to expand the PA systems to be fully ecologically representative</p>			<p>Insert additional costs required for land purchase for new PAs:</p>
<p>- basic management costs for new PAs</p>			
<p>- optimal management costs for new PAs</p>			
<p>Annual Financing Gap (financial needs – available finances)¹¹</p>			<p>Where possible breakdown by terrestrial and marine sub-systems</p>
<p>1. Net actual annual surplus/deficit¹²</p>			
<p>2. Annual financing gap for basic management scenarios</p>			
<p>Operations</p>			
<p>Infrastructure investment</p>			
<p>3. Annual financing gap for optimal management scenarios</p>			
<p>Operations</p>			
<p>Infrastructure investment</p>			
<p>4. Annual financing gap for basic management of an expanded PA system (current network costs plus annual costs of adding more PAs)</p>			
<p>5. Projected annual financing gap for basic expenditure scenario in year X+5^{13,14}</p>			
<p>Financial data collection needs</p> <p style="margin-left: 40px;">Specify main data gaps identified from this analysis:</p> <p style="margin-left: 40px;">Specify actions to be taken to fill data gaps¹⁵:</p>			

¹¹ Financing needs as calculated in (8) minus available financing total in (6).

¹² This will likely be zero but some PAs may have undisbursed funds and some with autonomous budgets may have deficits.

¹³ This data is useful to show the direction and pace of the PA system towards closing the finance gap. This line can only be completed if a long term financial analysis of the PA system has been undertaken for the country.

¹⁴ As future costs are projected, initial consideration should be given to upcoming needs of PA systems to adapt to climate change which may include incorporating new areas into the PA system to facilitate habitat changes and migration.

FINANCIAL SCORECARD – PART II – ASSESSING ELEMENTS OF THE FINANCING SYSTEM

Component 1 – Legal, regulatory and institutional frameworks					Comments
Element 1 – Legal, policy and regulatory support for revenue generation by PAs	None (0)	A Few (1)	Several (2)	Fully (3)	
(i) Laws or policies are in place that facilitate PA revenue mechanisms					Specify the revenue generation mechanisms that are not permitted under the current legal framework
(ii) Fiscal instruments such as taxes on tourism and water or tax breaks exist to promote PA financing					
Element 2 - Legal, policy and regulatory support for revenue retention and sharing within the PA system	No (0)	Under development (1)	Yes, but needs improvement (2)	Yes, satisfactory (3)	
(i) Laws or policies are in place for PA revenues to be retained by the PA system					Specify % to be retained:
(ii) Laws or policies are in place for PA revenues to be retained at the PA site level					Specify % to be retained:
(iii) Laws or policies are in place for revenue sharing at the PA site level with local stakeholders					Specify % to be shared:
Element 3 - Legal and regulatory conditions for establishing Funds (endowment, sinking or revolving) ¹⁶					
	No (0)	Established (1)	Established with limited capital (2)	Established with adequate capital (3)	
(i) A Fund has been established and capitalized to finance the PA system					
	None (0)	A few (1)	Several (2)	Sufficient (3)	
(ii) Funds have been created to finance specific PAs					

¹⁵ Actions may include (i) cost data based on site based management plans and extrapolation of site costs across a PA system and (ii) revenue and budget accounts and projections.

¹⁶ This element can be omitted in countries where a PA system does not require a Trust Fund due to robust financing within government.

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	No (0)	Partially (1)	Quite well (2)	Fully (3)	
(iii) Fund expenditures are integrated with national PA financial planning and accounting					
Element 4 - Legal, policy and regulatory support for alternative institutional arrangements for PA management to reduce cost burden to government	None (0)	Under development (1)	Yes, but needs improvement (2)	Yes, Satisfactory (3)	
(i) There are laws or policies which allow and regulate concessions for PA services					
(ii) There are laws or policies which allow and regulate co-management of PAs					
(iii) There are laws or policies which allow and regulate local government management of PAs					
(iv) There are laws which allow, promote and regulate private reserves					
Element 5 - National PA Financing Strategies					
(i) There are policies and/or regulations that exist for the following which should be part of a National PA Finance Strategy:	No (0)	Yes, but needs improvement (2)	Yes, satisfactory (3)		
- Comprehensive financial data and plans for a standardized and coordinated cost accounting systems (both input and activity based accounting)					
- Revenue generation and fee levels across PAs					Specify the tariff levels for the PAs
- Allocation of PA budgets to PA sites (criteria based on size, threats, business plans, performance etc)					List the budget allocation criteria
- Safeguards to ensure that revenue generation does not adversely affect conservation objectives of PAs					
- PA management plans to include financial data or associated business plans					
(ii) Degree of formulation, adoption and implementation of a national financing strategy ¹⁷	Not begun (0)	In progress (1)	Completed and adopted (3)	Under implementation (5)	

¹⁷ A national PA Financing Strategy will include targets, policies, tools and approaches

FINANCIAL SCORECARD – PART II – ASSESSING ELEMENTS OF THE FINANCING SYSTEM

Element 6 - Economic valuation of protected area systems (ecosystem services, tourism based employment etc)	None (0)	Partial (1)	Satisfactory (2)	Full (3)	
(i) Economic valuation studies on the contribution of protected areas to local and national development are available					Provide summary data from studies
(ii) PA economic valuation influences government decision makers		(eg within Ministry of Environment)	(eg within other sectoral Ministries)	(eg within Ministry of Finance)	
Element 7- Improved government budgeting for PA systems	No (0)	Partially (2)	Yes (3)		
(i) Government policy promotes budgeting for PAs based on financial need as determined by PA management plans					
(ii) PA budgets includes funds to finance threat reduction strategies in buffer zones (eg livelihoods of communities living around the PA) ¹⁸					
(iii) Administrative (eg procurement) procedures facilitate budget to be spent, reducing risk of future budget cuts due to low disbursement rates					
(iv) Government plans to increase budget, over the long term, to reduce the PA financing gap					
Element 8 - Clearly defined institutional responsibilities for financial management of PAs	None (0)	Partial (1)	Improving (2)	Full (3)	
(i) Mandates of public institutions regarding PA finances are clear and agreed					
Element 9 - Well-defined staffing requirements, profiles and incentives at site and system level	None (0)	Partial (1)	Almost there (2)	Full (3)	
(i) Central level has sufficient economists and economic planners to improve financial sustainability of the system					State positions and describe roles:
(ii) There is an organizational structure (eg a dedicated unit) with sufficient authority and coordination to properly manage the finances of the PA system					
(iii) At the regional and PA site level there is sufficient professional capacity to promote financial sustainability at site level					State positions and describe roles:
(iv) PA site manager responsibilities include, financial management, cost-effectiveness and revenue generation ¹⁹					

¹⁸ This could include budgets for development agencies and local governments for local livelihoods.

¹⁹ These responsibilities should be found in the Terms of Reference for the posts.

FINANCIAL SCORECARD – PART II – ASSESSING ELEMENTS OF THE FINANCING SYSTEM

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(v) Budgetary incentives motivate PA managers to promote site level financial sustainability (eg sites generating revenues do not necessarily experience budget cuts)					
(vi) Performance assessment of PA site managers includes assessment of sound financial planning, revenue generation, fee collection and cost-effective management					
(vii) There is capacity within the system for auditing PA finances					
(viii) PA managers have the possibility to budget and plan for the long-term (eg over 5 years)					
Total Score for Component 1					Actual score: Total possible score: 101 %:
Component 2 – Business planning and tools for cost-effective management					Comments
Element 1 - PA site-level management and business planning					
	Does not exist (0)	Poor (1)	Decent (2)	High quality (3)	
(i) Quality of PA management plans used, (based on conservation objectives, management needs and costs based on cost-effective analysis)					
	Not begun (0)	Early stages Below 25% of sites within the system (1)	Near complete Above 70% of sites (2)	Completed 100% coverage (3)	
(ii) PA management plans are used at PA sites across the PA system					Specify if management plans are current or out-dated
(iii) Business plans, based on standard formats and linked to PA management plans and conservation objectives, are developed across the PA system ²⁰					
(iv) Business plans are implemented across the PA system (degree of implementation measured by achievement of objectives)					

²⁰ A PA Business Plan is a plan that analyzes and identifies the financial gap in a PA's operations, and presents opportunities to mitigate that gap through operational cost efficiencies or revenue generation schemes. It does not refer to business plans for specific concession services within a PA. Each country may have its own definition and methodology for business plans or may only carry out financial analysis and hence may need to adapt the questions accordingly.

FINANCIAL SCORECARD – PART II – ASSESSING ELEMENTS OF THE FINANCING SYSTEM

(iv) Business plans for PAs contribute to system level planning and budgeting					
(v) Costs of implementing management and business plans are monitored and contributes to cost-effective guidance and financial performance reporting					
Element 2 - Operational, transparent and useful accounting and auditing systems	None (0)	Partial (1)	Near complete (2)	Fully completed (3)	
(i) There is a transparent and coordinated cost (operational and investment) accounting system functioning for the PA system					
(ii) Revenue tracking systems for each PA in place and operational					
(iii) There is a system so that the accounting data contributes to system level planning and budgeting					
Element 3 - Systems for monitoring and reporting on financial management performance	None (0)	Partial (1)	Near completed (2)	Complete & operational (3)	
(i) All PA revenues and expenditures are fully and accurately reported by PA authorities to stakeholders					
(ii) Financial returns on tourism related investments are measured and reported, where possible (eg track increase in visitor revenues before and after establishment of a visitor centre)					
(iii) A monitoring and reporting system in place to show how and why funds are allocated across PA sites and the central PA authority					
(iv) A reporting and evaluation system is in place to show how effectively PAs use their available finances (ie disbursement rate and cost-effectiveness) to achieve management objectives					
Element 4 - Methods for allocating funds across individual PA sites	No (0)	Yes (2)			
(i) National PA budget is allocated to sites based on agreed and appropriate criteria (eg size, threats, needs, performance)					
(ii) Funds raised by co-managed PAs do not reduce government budget allocations where funding gaps still exist					
Element 5 - Training and support networks to enable PA managers to operate more cost-effectively²¹	Absent (0)	Partially done (1)	Almost done (2)	Fully (3)	

²¹ Cost-effectiveness is broadly defined as maximizing impact from amount invested and achieving a target impact in the least cost manner. It is not about lowering costs and resulting impacts.

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(i) Guidance on cost-effective management developed and being used by PA managers					
(ii) Inter-PA site level network exist for PA managers to share information with each other on their costs, practices and impacts					
(iii) Operational and investment cost comparisons between PA sites complete, available and being used to track PA manager performance					
(iv) Monitoring and learning systems of cost-effectiveness are in place and feed into system management policy and planning					
(v) PA site managers are trained in financial management and cost-effective management					
(vi) PA financing system facilitates PAs to share costs of common practices with each other and with PA headquarters ²²					
Total Score for Component 2					Actual score: Total possible score: 61 %:
Component 3 – Tools for revenue generation by PAs					Comments
Element 1 - Number and variety of revenue sources used across the PA system	None (0)	Partially (1)	A fair amount (2)	Optimal (3)	
(i) An up-to-date analysis of revenue options for the country complete and available including feasibility studies;					
(ii) There is a diverse set of sources and mechanisms, generating funds for the PA system					Suggested benchmarks for a diversified portfolio of financial mechanisms for the PA system: Partial – 1-2 Fair amount – 3-4 Optimal – 5 or more List the mechanisms:

²² This might include aerial surveys, marine pollution monitoring, economic valuations etc.

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(iii) PAs are operating revenue mechanisms that generate positive net revenues (greater than annual operating costs and over long-term payback initial investment cost)					
(iv) PAs enable local communities to generate revenues, resulting in reduced threats to the PAs					
Element 2 - Setting and establishment of user fees across the PA system	No (0)	Partially (1)	Satisfactory (2)	Fully (3)	
(i) A system wide strategy and action plan for user fees is complete and adopted by government					If PA sites have tariffs but there is no system strategy score as partial
(ii) The national tourism industry and Ministry are supportive and are partners in the PA user fee system and programmes					
(iii) Tourism related infrastructure investment is proposed and developed for PA sites across the network based on analysis of revenue potential and return on investment ²³					
(iv) Where tourism is promoted PA managers can demonstrate maximum revenue whilst not threatening PA conservation objectives					
(v) Non tourism user fees are applied and generate additional revenue					
Element 3 - Effective fee collection systems	Non (0)	Partially (1)	Completed (2)	Operational (3)	
System wide guidelines for fee collection are complete and approved by PA authorities					
Fee collection systems are being implemented at PA sites in a cost-effective manner					
Fee collection systems are monitored, evaluated and acted upon					
PA visitors are satisfied with the professionalism of fee collection and the services provided					This can be done through visitor surveys
Element 4 - Communication strategies to increase public awareness about the rationale for revenue generation mechanisms	None (0)	Partially (1)	Satisfactory (2)	Fully (3)	
(i) Communication campaigns for the public about tourism fees, conservation taxes etc are widespread and high profile at national level					
(ii) Communication campaigns for the public about PA fees are in place at PA site level					

²³ As tourism infrastructure increases within PAs and in turn increases visitor numbers and PA revenues the score for this item should be increased in proportion to its importance to funding the PA system.

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Element 5 - Operational PES schemes for PAs ²⁴	None (0)	Partially (1)	Progressing (2)	Fully (3)	
(i) A system wide strategy and action plan for PES is complete and adopted by government					
(ii) Pilot PES schemes at select PA sites developed					
(iii) Operational performance of pilots is monitored, evaluated and reported					
(iv) Scale up of PES across the PA system is underway					
Element 6 - Concessions operating within PAs ²⁵	None (0)	Partially (1)	Progressing (2)	Fully (3)	
(i) A system wide strategy and implementation action plan is complete and adopted by government for concessions					
(ii) Concession opportunities are operational at pilot PA sites					
(iii) Operational performance (environmental and financial) of pilots is monitored, evaluated, reported and acted upon					
(iv) Scale up of concessions across the PA system is underway					
Element 7 - PA training programmes on revenue generation mechanisms	None (0)	Limited (1)	Satisfactory (2)	Extensive (3)	
(i) Training courses run by the government and other competent organizations for PA managers on revenue mechanisms and financial administration					
Total Score for Component 3					Actual score: Total possible score: 71 %:

²⁴ Where PES is not appropriate or feasible for a PA system take 12 points off total possible score for the PA system.

²⁵ Concessions will be mainly for tourism related services such as visitor centres, giftshops, restaurants, transportation etc.

FINANCIAL SCORECARD – PART III – SCORING AND MEASURING PROGRESS

Total Score for PA System	
Total Possible Score	233
Actual score as a percentage of the total possible score	
Percentage scored in previous year ²⁶	

²⁶ Insert NA if this is first year of completing scorecard.

Annex I – Revenue Projection Estimates

This table should be filled out to supplement data presented on revenue generation in both Part I and II.

Fees and other revenue generation mechanisms	Current fee levels	Current revenues	Proposed fee level	Estimated revenue	Comments
Total					

Annex II – Policy Reform and Strengthening

This Table should be filled out to complement information provided in Part II, Component I on the policy and legislative frameworks. This table presents the list all policies to be reformed, established or strengthened to improve the PA financing system

Policy/Law	Justification for change or new policy/law	Recommended changes	Proposed Timeframe

