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1. Introduction

1.1. Financial sustainability of MPA

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

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

For Bovarnick et al. (2010), the financial sustainability is defined as the ability for a financing system, "1) to secure sufficient, stable, and long term financial resources and, 2) to allocate these resources in a timely manner and in appropriate forms, to cover the costs necessary" for an effective and efficient management of an MPA with respect to its objectives. Establishing sustainable financing for MPAs is thus an upstream exercise necessary to help MPAs reach an effective management. We consider that the problem of underfunding derives directly from a lack of reliable information regarding the costs of MPA management and creation.

1.2. Mediterranean MPAs and financing

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

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

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

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

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

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

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

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

1.3. Financial planning for the Porto Palermo MPA

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

This report presents the financial strategy for the management of the Porto Palermo (PP) marine protected areas (MPA) (later noted as PP MPA), which is still awaiting to be officially declared (in July 2015). This first financial plan aims to 1) Identify financing needs to achieve PP MPA objective, as they are defined in its management plan for the next 10 years in order to 2) Identify potential and feasible financial mechanisms that could be used to cover these needs.

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

2. Method

2.1. Drafting a financial strategy for MPA

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

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

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

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

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

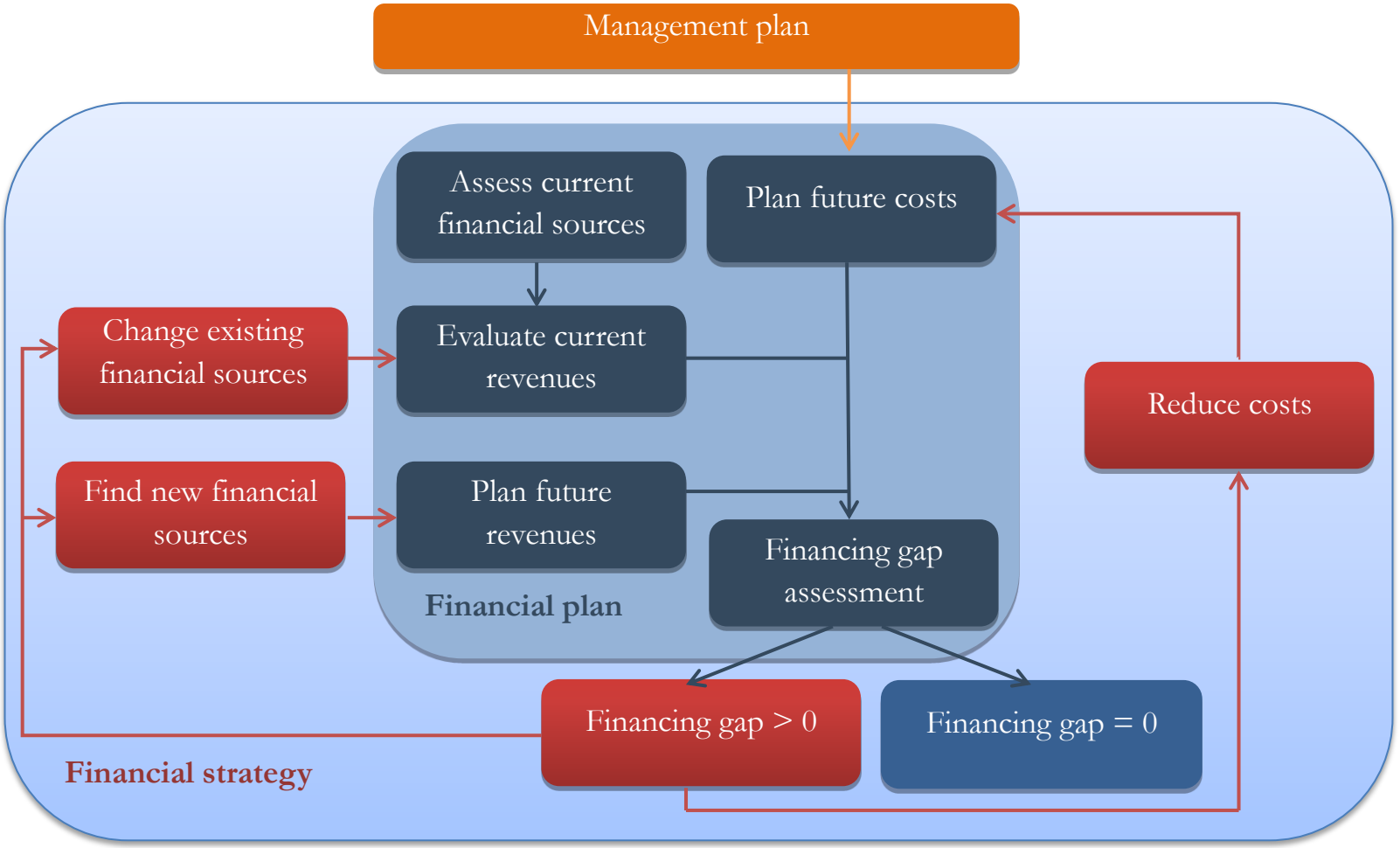


Figure 1 : Financial planning framework

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

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

The preparation of the financial plan for PP MPA follows this process.

2.2. Data collection and mission

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

This mission has been undertaken consistently with the preparation of the financial plan for the Karaburun-Sazan MPA. The consultant has taken a great attention to ensure coherence between the two strategies drafted for these MPAs.

Data collection mostly consisted in interviews with representatives of various sectors of activities at the central level in Tirana. At the regional level, meetings were organized with the local municipality of Himare, during the MPA launching event that took place on 23rd and 24th of July.

In addition, a working session with the management team at the regional office of AKZM was organized in Vlore on the 25th July. This session enabled to discuss and validate the general approach to the financial planning and financial strategy of the MPA to be soon officially declared.

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

3. The Porto Palermo MPA

3.1. Background

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

Among the seven other areas identified as meeting the MPAs criteria, the site of Porto Palermo Bay was recently selected to be subject of the pilot MPA creation in the country as part of the MedMPAnet project supported by the RAC/SPA (UNEP(DEPI)/MED WG, 2013).

Porto Palermo bay, previously known as Panorma bay, is situated in southeast of Himara municipality, between peninsula of Panorma and peninsula of Kavadon, at the Ionian Sea.

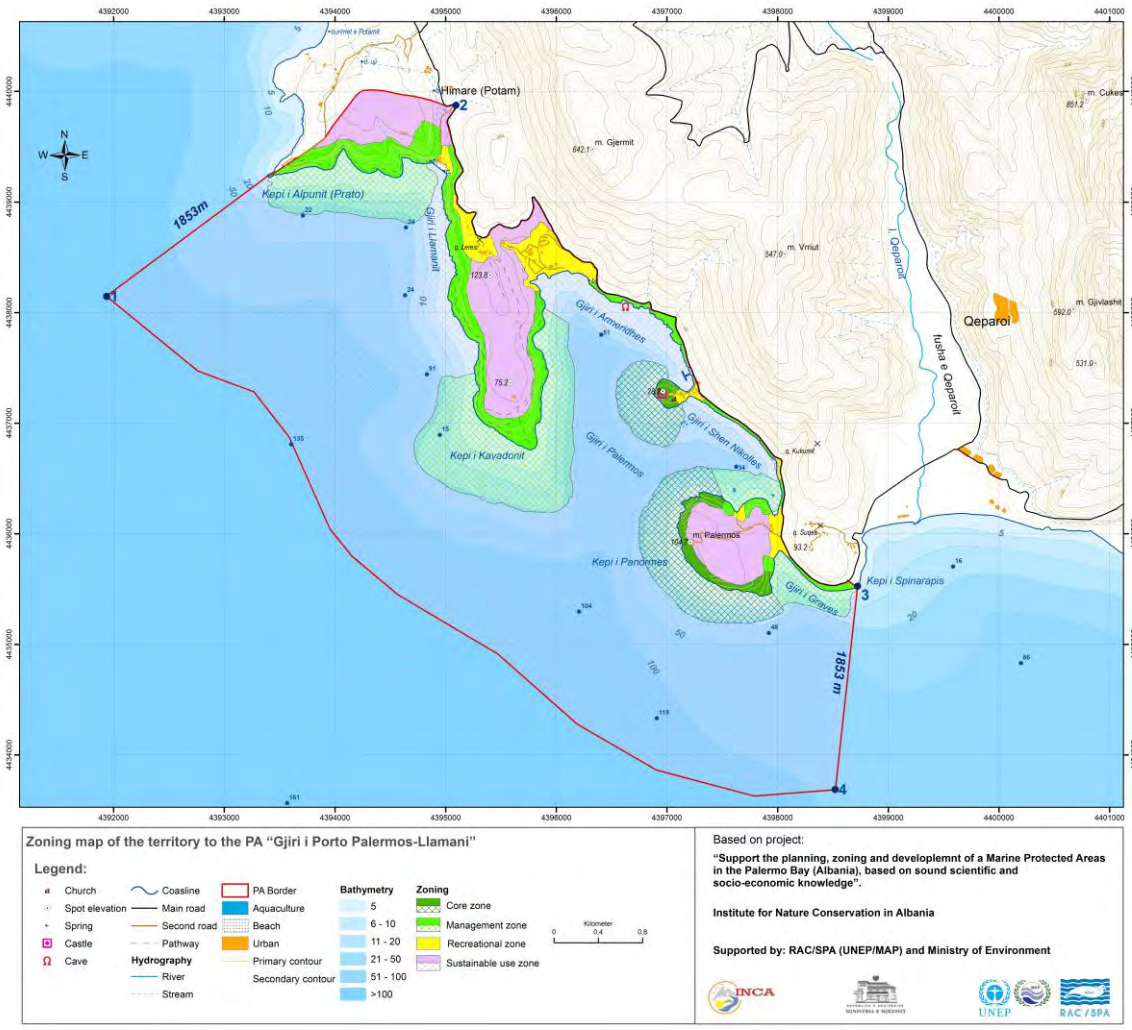


Figure 2: Map of the proposed MPA of Porto Palermo
(RAC/SPA-UNEP/MPA, 2015)

The PP MPA first management plan, finalised in November 2014, give some considerations for the territorial borders to be proposed as a protected area: the PP MPA will cover 2,067.75 hectares within the administrative territory of Himara municipality, of which 315.36 hectares (15.25%) occupy land and 1,752.39 hectares (84.75%) represent sea surface.

3.2. Socioeconomic context

The MedMPAnet project has published a report on the socio-economic context of the area where the PP MPA is being developed (RAC/SPA-UNEP/MAP, 2013a). The information below are largely inspired by this report. They have been adapted to fit our needs for characterization of the goods and services provided by ecosystems within the area. Thus, the main socio-economic activities related to the protected area and surrounding areas revolve around agriculture and cattle breeding, fisheries and aquaculture, tourism, collection of medicinal plants, hunting, and water use.

Agriculture and livestock are important activities in the area. Most products are sold on the local market. Agriculture concentrates on olive, citrus and viticulture. Livestock is increasing due to a higher demand for meat on the local market, which is likely to increase along with tourism development. The grazing can represent a high pressure on the habitats of the MPA, not to mention the burning of pastures by shepherds in order to control the vegetation.

Fisheries in the area is very much detailed in the ecological assessment on the area published by the MedMPAnet project (RAC/SPA-UNEP/MAP, 2013). The fishing activity seems to be limited to small-scale activity by fisheries from the Bay of Vlora mostly, and from Sarande. The pressure on the resources is not as high as it could be in the Vlora Bay, mainly because of the presence of the military forces around the Bay of PP, and the fact that it is not a traditional fishing ground for small-scale fishers. Large-scale fisheries by trawling are not occurring in the area (RAC/SPA-UNEP/MPA, 2015).

Aquaculture is present in the Bay of PP since 2004. There are now several cages in the Bay, owned by 4 companies. One company is not active and another operates without permit since 2011 (situation in 2013 – RAC/SPA-UNEP/MAP, 2013b). The Bay is particularly interesting for such activity (deep waters, protected from storms, important current that recycle the waters of the Bay.

Tourism in the PP area is related to the frequentation of the Himare city. Tourism and the main trends in tourism development are well-described in the assessment report. Roughly, the tourism increase by a rate close to 15% every year, demonstrating the dynamics of this booming economy in the area. Today, there are no marine activities such as boat tours and scuba-diving in the area.

The collection of medicinal plants is limited in the area according to the management plan. There are areas in the vicinity of Himare city of better potential for such activity.

Hunting is a common activity for residents and tourists. It can represent an important recreational activity in the region.

3.3. Institutional and legal context

The regulatory context that applies to the MPA at the international, national contexts that apply to the MPA is detailed in the management plan. For now, however, the MPA is still awaiting for being designated by the government. This should be done in the coming weeks (mid-2015), but there are still uncertainties on the content of the designation. The PP MPA first management

plan identifies, however, PP as meeting the criteria for protection status of "Protected Landscape", category V of IUCN.

Also, the newly created (February 2015) National Agency for Protected Areas (AKZM in Albanian) and its regional office of Vlore will be in charge of the management of the MPA. The Agency is under the authority of the Ministry of Environment. The creation of the AKZM is a great change for the development of the MPA. It sends a strong political message that protected areas deserve a specific dedicated agency. The PP MPA is likely to greatly benefit from this empowerment of protected areas responsibility. However, the Agency is still under the supervision of the Ministry and should therefore be in line with its policy with regards to protected areas. The functioning of the Agency is also heavily relying on the Ministry for the human and financial resources. Surely, this is caused by the very recent creation of the Agency and the Agency is likely to gain autonomy in the coming months and years. But, concerns were expressed with regards to the degree of freedom of this institution in order to develop its own policy.

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

About ownership of land within the MPA, it is important to note that the land of the PP MPA is almost entirely owned by the authorities: 185 hectares by the Himare municipality and 104 hectares by the administration of Vlora Forestry Office. This is an asset to consider for the implementation of management plan, easier when the authority owns the land, when compared with privately-owned lands.

3.4. Management plan

The management Plan for the Porto Palermo MPA was developed in 2014 by INCA (RAC/SPA-UNEP/MPA, 2015), under the assistance of the MedMPAnet project. The management plan provides the necessary background information to assess the priority for action regarding biodiversity conservation (see Annex 2). It also lists the management measures to be implemented over the next ten years.

The management plan addresses the main threats to the biodiversity identified in the area. The main threats to the ecosystems are the construction activities, which are largely uncontrolled. Beside the direct loss of natural habitat caused by the construction, such development causes major impact on water supply, wastewater sewage, and the production of solid waste. Also, overpopulation of cattle in natural habitats may cause degradation of the vegetation, added to regular burning of bushes by shepherds.

The marine ecosystems are largely threatened by aquaculture activity, especially if they are located in parts of the Bay with low current, which is not able to wash away accumulated food, excrements and drugs down the cages. Also, destructive fishing practices are common (blast fishing in the first instance, but also spear fishing with diving equipment). Also, the anchorage in the Bay is likely to destroy seagrass meadows of *P. oceanica*.

The management plan revolves around 5 programs, with a general goal and a set of specific objectives for each theme. The plan comprises a total of 62 actions. The five programs include the following:

- Consolidation of administration and management of the PA
- Conservation of ecosystem, habitats, biodiversity and marine and coastal landscape
- Sustainable Use of marine and coastal natural resources, including historic and cultural ones
- Development of entertainment, sports, health and recreational activities
- Promotion of values, scientific research and monitoring, public awareness and education

3.5. Main threats to the MPA financial sustainability and management

The situation of Albanian protected areas, as described by Kashta in 2010, has not really evolved. Many threats and limits to options for the financial sustainability of the Porto Palermo MPA identified then are still valid: These limits will have to be taken into account in the definition of the financial plan. Some of these limits are described below (Kashta, 2010):

- **Legal limits**
    - The legal framework for nature conservation does not take into consideration existing capacities and for this reason law enforcement is weak. Improvements should be made towards effective enforcement of PA-related laws and ordinances at all levels

- **Financial limits**
    - There are no secure funding for the future and proper financial practices are not in place
    - There is insufficient commitment and funding to effectively administer the PA system

- **Structural limits**
    - There is a general lack of any kind of infrastructure including transportation and personnel facilities and equipment
    - Training for governmental employees needs to be improved
    - The existing administration of PA lacks in both number and capacities of personnel
    - Lack of competitive and advantageous salary conditions influences the quality of staff and the expert level. This results in a lack of experts in such field as economic aspects of biodiversity and related impacts, and incentives.
    - The easy access to the site, crossed by the SH8 road, can limit the opportunity for the implementation of entrance fees for visitors. This type of financial mechanisms, if implemented, will have to be set up at strategic points.

4. Analysis of costs

4.1. Translation of the management plan to costs

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

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

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

4.2. Needs for basic and optimal management scenarios

The current management plan does not provide for a definition of priorities for actions planned over the next ten years in Porto Palermo. However, based on the priorities set in the Karaburun MPA and according to the comparable ecosystems and activities in the area, we have defined the level of priorities for the Porto Palermo action plan. Surely, this work should be reviewed by an ecological expert, but we thought essential to have two management scenarios for this area.

After this work of reviewing the action plan detailed in the management plan, these are related to the needs for the management of the PP MPA are defined for two different scenarios: one basic and one optimal management scenario.

The **basic management scenario** corresponds to the minimum activities to be implemented to ensure attainment of the main objectives of the management plan. This corresponds in the management plan to the implementation of priority 1 activities.

The **optimal management scenario** consist in the implementation of activities of priorities 1, 2 and 3 in the MPA. The priority 2 activities are the ones which have to be implemented and Priority 3 activities consist in "activities that can be undertaken when time and/or finances become available."

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

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

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

As mentioned above, this work of prioritization on the action plan needs approval from ecological expert. But it also requires regular updates while the management plan is being implemented. The context will surely change over time and the priorities set here, the content of the actions needs regular evaluation and revision. That is why the financial plan should remain a working document and be regularly revised according to changes in the development of the MPA.

4.3. Recurrent costs

Human resources

The human resources needs have been estimated based on the interviews carried out as part of the field mission, as well as the provisional team for the management of the MPA and the management plan. The team proposed in the management plan is described below. The description of associated duties comes from proposals for the "*administration and management structure for the Karaburuni Peninsula and Sazani Island Marine National Park*" (Beqiraj, 2012):

- A responsible Chief of the MPA;
- A specialist for communications, public awareness, education and ecotourism in charge of designing the information system of the MPA in published written form, but also by professional guiding through the park but also organizing local celebrations, fairs, exhibitions etc., that attract visitors and providing interesting tourist activities to help the development of traditional values and local products;
- A specialist for management and monitoring of ecosystems, habitats, species and coastal-marine landscape in charge of the control and management of environmental pollution, damage of important genetic resources (plants and animals), as well as a sound harvesting/use of these resources, alteration of natural habitats, coastal erosion, alien and invasive species, diseases and their spreading vectors;
- Three rangers/Forest Guards in charge of safeguarding the entire MPA in both marine and coastal parts, in order to prevent damages and degradation of natural and cultural resources.

This provisional team would comprise a maximum of 6 persons in charge of the MPA. This unit does not sufficiently reflect the main objectives of a suitable administration for the management of marine and coastal protected area, including the territorial administrative division of Vlora District and Himara Municipality. This team thus corresponds to the **basic management scenario** for the implementation of minimum activities to be implemented in the MPA.

The report by Beqiraj (2012) has listed the expert needs for specific field such as experts on Marine and Coastal planning, legal aspects, public relations, etc.

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

A working session with the management team in Vlora provided information on furthering MPA needs for staff and their evolution over the period 2016-2025 in relation to the MPA optimal implementation. This work was done for the Karaburun-Sazan MPA. Assuming a similar management context, on the Porto Palermo MPA, it can be thought that the number of rangers and field officers should increase by a total of 6 over the period, in order to follow the expected increase of frequentation by tourists and the control of socioeconomic activities. The technical team should be increased by one more officer after 4 years in order to follow the increase of activities of the management team.

Seasonal staff are currently absent from the management team. However, in the optimal scenario, they should be hired in the coming years in order to ensure full enforcement of the monitoring and control activities, along with permanent rangers. The seasonal staff will steadily increase to total 5 field assistants in 2025.

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

Maintenance

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

The maintenance costs are considered equivalent for both basic and optimal scenario since both scenarios consider purchase of a boat and a car. It is only the fuel consumption for the boat that change, depending on the monitoring tour frequency with an estimate 4 monitoring tours per week for basic and 8 per week for the optimal scenario.

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

Other costs

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

4.4. Investment costs

Equipment purchase

The investment costs first revolve around the purchase of new equipment for patrol and transportation: one boat and one car. For the management team, these are essential needs to the development of the MPA. The boat to be purchased is an inflatable boat with a 60 to 150 HP

engine. This boat is estimated to cost about 4 million ALL. The car needs to be a 4x4 in order to get to the most remote places of the area. This car is estimated to cost about 3.2 million ALL.

For the basic management scenario, second-hand vehicles will be preferred, with an estimated 1 million ALL for the boat and 2 million ALL for the car.

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

Local infrastructure purchase

As for this category of expenses, house infrastructure will be mutualized with the regional office of the Agency. For this reason, there is no rent for offices accounted for in the financial plan. However, the rangers should be locally equipped with the necessary infrastructure in order to fulfil their duties and responsibilities: the building of a rangers' shed will have to be envisaged.

Also, the demarcation buoys are essential for the development of the MPA for both scenarios (A.1.9.). It is estimated that 4 buoys will be sufficient in the first years to mark the most strategic areas: along the coast from the peninsula of Panorma and the peninsula of Kavadon. A second set of buoys will be deployed after 5 years (planned in 2022).

The rangers' shed will be used to carry out visitors' reception and information in the basic scenario. This function seems essential to the communication about the MPA to tourists and residents.

In the optimal scenario, facilities for guest visitors will be constructed in natural landscape attractive areas (A.4.4.) and a museum center, archeological areas, libraries and shops will be established related to recreation and culture, reception of visitors, guests, promotion of natural and cultural resources and local traditional products (A.4.8.).

Sewage infrastructure facilities (A.3.5.) and waste disposal containers (A.4.6.) are planned as priority 3 in the optimal management scenario only.

Studies

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

As for the optimal management scenario, studies planned include a full initial diagnosis of habitats of the area (including seagrass meadows and invasive species development) and the monitoring to be ensured every two years.

In addition, a mid–term revision of the management plan and the financial plan not specified in the management plan will have to be scheduled and carried out by an independent consultant. This is likely to be undertaken by the management team in the case of the basic management scenario. The advantage of external evaluation is that it may help reviewing more objectively the

actions already implemented and revise the activities to be developed in the second part of the MPA period accordingly.

Education

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

In the optimal management scenario, an emphasis was put on the communication material to be purchased at the beginning of the period. This corresponds to the period were maximum efforts should be put to communicate about the MPA and its first achievements. Further, it is also the right time to develop educational material to be used the following years of implementation of the management plan. For this reason, the communication expenses were estimated at 5 million ALL in 2016 and 2017. This also comprises expenses associated with the presence at exhibits and shows.

Conferences and meetings are also an important expense item. It is associated to the development of collaborative work with stakeholders and decision-makers. In the optimal scenario, the estimated 250,000 ALL are supposed to cover external training (public and stakeholders training) as well.

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

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

Synthesis

The following tables present the results of the costs estimation for both optimal and basic management scenarios. Two tables for each scenario successively present: 1) running and investments costs; and 2) total costs per main program in the optimal scenario.

Table 1 : Costs associated with the basic management scenario of the Porto Palermo MPA

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
OPERATING COSTS	**Unit cost (Albanian lek)**	**3 722 500**	**5 789 046**	**8 172 527**	**8 412 777**	**8 504 833**	**8 598 730**	**8 694 504**	**8 792 194**	**8 891 838**	**8 993 475**
Human resources		**3 660 000**	**3 660 000**	**3 660 000**	**3 810 000**	**3 810 000**	**3 810 000**	**3 810 000**	**3 810 000**	**3 810 000**	**3 810 000**
Technical staff (permanent)	*55 000*	*1 320 000*	*1 320 000*	*1 320 000*	*1 320 000*	*1 320 000*	*1 320 000*	*1 320 000*	*1 320 000*	*1 320 000*	*1 320 000*
Field staff (permanent)	*50 000*	*1 800 000*	*1 800 000*	*1 800 000*	*1 800 000*	*1 800 000*	*1 800 000*	*1 800 000*	*1 800 000*	*1 800 000*	*1 800 000*
Administrative staff (permanent)	*45 000*	*540 000*	*540 000*	*540 000*	*540 000*	*540 000*	*540 000*	*540 000*	*540 000*	*540 000*	*540 000*
Field staff (short term)	*50 000*	*0*	*0*	*0*	*150 000*	*150 000*	*150 000*	*150 000*	*150 000*	*150 000*	*150 000*
Maintenance		**0**	**2 065 296**	**4 447 502**	**4 536 452**	**4 627 181**	**4 719 725**	**4 814 119**	**4 910 401**	**5 008 610**	**5 108 782**
Local office rent (per month)	*120 000*	*0*	*1 468 800*	*1 498 176*	*1 528 140*	*1 558 702*	*1 589 876*	*1 621 674*	*1 654 107*	*1 687 190*	*1 720 933*
Local office maintenance (incl. xater, electricity, communication) (per month)	*15 400*	*0*	*188 496*	*192 266*	*196 111*	*200 033*	*204 034*	*208 115*	*212 277*	*216 523*	*220 853*
Boat fuel	-	*0*	*0*	*2 080 800*	*2 122 416*	*2 164 864*	*2 208 162*	*2 252 325*	*2 297 371*	*2 343 319*	*2 390 185*
Boat maintenance	-	*0*	*0*	*260 100*	*265 302*	*270 608*	*276 020*	*281 541*	*287 171*	*292 915*	*298 773*
Car fuel	-	*0*	*204 000*	*208 080*	*212 242*	*216 486*	*220 816*	*225 232*	*229 737*	*234 332*	*239 019*
Car maintenance	-	*0*	*204 000*	*208 080*	*212 242*	*216 486*	*220 816*	*225 232*	*229 737*	*234 332*	*239 019*
Other		**62 500**	**63 750**	**65 025**	**66 326**	**67 652**	**69 005**	**70 385**	**71 793**	**73 229**	**74 693**
Basic equipment (GPS devices, boots, uniforms, torches, etc.)	-	*62 500*	*63 750*	*65 025*	*66 326*	*67 652*	*69 005*	*70 385*	*71 793*	*73 229*	*74 693*
INVESTMENTS COSTS	**Unit cost (Albanian lek)**	**3 400 000**	**2 203 200**	**2 080 800**	**1 061 208**	**1 082 432**	**1 104 081**	**1 756 813**	**1 148 686**	**3 514 978**	**1 195 093**
Material resources		**2 000 000**	**612 000**	**1 040 400**	**0**	**0**	**0**	**0**	**0**	**2 343 319**	**0**
Boat purchase	*1 000 000*	*0*	*0*	*1 040 400*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Car purchase	*2 000 000*	*2 000 000*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*2 343 319*	*0*
Scuba-diving equipment purchase	*600 000*	*0*	*612 000*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Local infrastructure construction		**400 000**	**571 200**	**0**	**0**	**0**	**0**	**630 651**	**0**	**0**	**0**
Rangers' shed construction	*400 000*	*400 000*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*

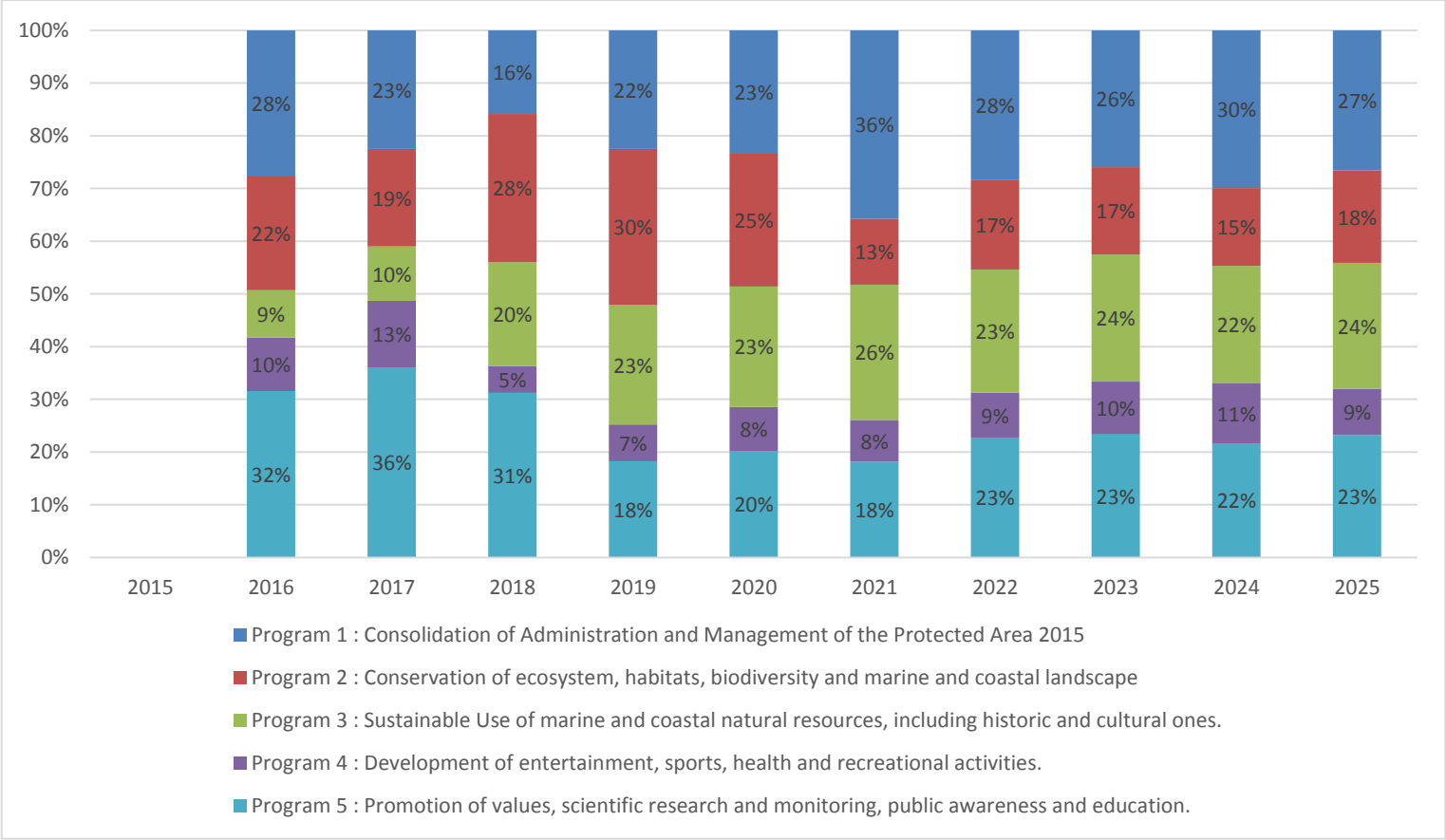
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Demarcation buoys	*560 000*	*0*	*571 200*	*0*	*0*	*0*	*0*	*630 651*	*0*	*0*	*0*
Studies		**700 000**	**714 000**	**728 280**	**742 846**	**757 703**	**772 857**	**788 314**	**804 080**	**820 162**	**836 565**
Study, identification and assessment of the effectiveness of protection and management measures, implementation of the management plan, and improvement of protection status of species and their habitats.	*700 000*	*700 000*	*714 000*	*728 280*	*742 846*	*757 703*	*772 857*	*788 314*	*804 080*	*820 162*	*836 565*
Education		**300 000**	**306 000**	**312 120**	**318 362**	**324 730**	**331 224**	**337 849**	**344 606**	**351 498**	**358 528**
Training of administration staff on information and data management on marine and coastal ecosystems.	*150 000*	*150 000*	*153 000*	*156 060*	*159 181*	*162 365*	*165 612*	*168 924*	*172 303*	*175 749*	*179 264*
Training local members on the management, activities and their responsibilities in the protected area.	*150 000*	*150 000*	*153 000*	*156 060*	*159 181*	*162 365*	*165 612*	*168 924*	*172 303*	*175 749*	*179 264*
TOTAL		**7 122 500**	**7 992 246**	**10 253 327**	**9 473 985**	**9 587 265**	**9 702 810**	**10 451 318**	**9 940 880**	**12 406 816**	**10 188 568**

Table 2: Costs associated with the optimal management scenario of the Porto Palermo MPA

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
OPERATING COSTS	**Unit cost (Albanian lek)**	**3 722 500**	**6 577 542**	**11 045 593**	**12 471 305**	**12 609 731**	**12 900 925**	**13 194 944**	**13 341 843**	**13 641 680**	**13 944 513**
Human resources		**3 660 000**	**4 260 000**	**4 260 000**	**5 550 000**	**5 550 000**	**5 700 000**	**5 850 000**	**5 850 000**	**6 000 000**	**6 150 000**
Technical staff (permanent)	*55 000*	*1 320 000*	*1 320 000*	*1 320 000*	*1 320 000*	*1 320 000*	*1 320 000*	*1 320 000*	*1 320 000*	*1 320 000*	*1 320 000*
Field staff (permanent)	*50 000*	*1 800 000*	*2 400 000*	*2 400 000*	*3 000 000*	*3 000 000*	*3 000 000*	*3 000 000*	*3 000 000*	*3 000 000*	*3 000 000*
Administrative staff (permanent)	*45 000*	*540 000*	*540 000*	*540 000*	*1 080 000*	*1 080 000*	*1 080 000*	*1 080 000*	*1 080 000*	*1 080 000*	*1 080 000*
Field staff (short term)	*50 000*	*0*	*0*	*0*	*150 000*	*150 000*	*300 000*	*450 000*	*450 000*	*600 000*	*750 000*
Maintenance		**0**	**2 253 792**	**6 720 568**	**6 854 979**	**6 992 079**	**7 131 920**	**7 274 559**	**7 420 050**	**7 568 451**	**7 719 820**
Local office rent (per month)	*120 000*	*0*	*1 468 800*	*1 498 176*	*1 528 140*	*1 558 702*	*1 589 876*	*1 621 674*	*1 654 107*	*1 687 190*	*1 720 933*
Local office maintenance (incl. Security, xater, electricity, communication) (per month)	*15 400*	*0*	*376 992*	*384 532*	*392 222*	*400 067*	*408 068*	*416 230*	*424 554*	*433 045*	*441 706*
Boat fuel	-	*0*	*0*	*4 161 600*	*4 244 832*	*4 329 729*	*4 416 323*	*4 504 650*	*4 594 743*	*4 686 638*	*4 780 370*
Boat maintenance	-	*0*	*0*	*260 100*	*265 302*	*270 608*	*276 020*	*281 541*	*287 171*	*292 915*	*298 773*
Car fuel	-	*0*	*204 000*	*208 080*	*212 242*	*216 486*	*220 816*	*225 232*	*229 737*	*234 332*	*239 019*
Car maintenance	-	*0*	*204 000*	*208 080*	*212 242*	*216 486*	*220 816*	*225 232*	*229 737*	*234 332*	*239 019*
Other		**62 500**	**63 750**	**65 025**	**66 326**	**67 652**	**69 005**	**70 385**	**71 793**	**73 229**	**74 693**
Basic equipment (GPS devices, boots, uniforms, torches, etc.)	-	*62 500*	*63 750*	*65 025*	*66 326*	*67 652*	*69 005*	*70 385*	*71 793*	*73 229*	*74 693*
INVESTMENTS COSTS	**Unit cost (Albanian lek)**	**8 750 000**	**3 886 200**	**6 710 580**	**2 387 718**	**2 435 472**	**2 484 182**	**3 164 516**	**2 584 543**	**6 737 041**	**2 688 958**
Material resources		**3 500 000**	**612 000**	**4 369 680**	**0**	**0**	**0**	**0**	**0**	**4 100 808**	**0**
Boat purchase	*4 200 000*	*0*	*0*	*4 369 680*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Car purchase	*3 500 000*	*3 500 000*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*4 100 808*	*0*
Scuba-diving equipment purchase	*600 000*	*0*	*612 000*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Local infrastructure construction		**1 000 000**	**979 200**	**0**	**0**	**0**	**0**	**630 651**	**0**	**0**	**0**
Rangers' shed consruction	*400 000*	*400 000*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Guest visitors facilities	*400 000*	*0*	*408 000*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Museum establishment	*600 000*	*600 000*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Demarcation buoys	*560 000*	*0*	*571 200*	*0*	*0*	*0*	*0*	*630 651*	*0*	*0*	*0*
Studies		**2 000 000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Marine ecological assessment	*2 000 000*	*2 000 000*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Cultural and geological assessment	*500 000*	*500 000*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Regular ecological monitoring	*2 000 000*	*2 000 000*	*0*	*0*	*2 122 416*	*0*	*0*	*2 252 325*	*0*	*0*	*2 390 185*
Water quality assessment	*300 000*	*300 000*	*306 000*	*312 120*	*318 362*	*324 730*	*331 224*	*337 849*	*344 606*	*351 498*	*358 528*
Carrying capacity study	*2 500 000*	*2 500 000*	*0*	*0*	*0*	*0*	*2 760 202*	*0*	*0*	*0*	*0*
Management plan updating	*500 000*	*0*	*0*	*0*	*530 604*	*0*	*0*	*0*	*0*	*585 830*	*0*
Financial plan updating	*200 000*	*0*	*0*	*0*	*0*	*216 486*	*0*	*0*	*0*	*0*	*239 019*
Education		**2 250 000**	**2 295 000**	**2 340 900**	**2 387 718**	**2 435 472**	**2 484 182**	**2 533 865**	**2 584 543**	**2 636 234**	**2 688 958**
Promotionnal material	*2 000 000*	*2 000 000*	*2 040 000*	*2 080 800*	*2 122 416*	*2 164 864*	*2 208 162*	*2 252 325*	*2 297 371*	*2 343 319*	*2 390 185*
Training	*250 000*	*250 000*	*255 000*	*260 100*	*265 302*	*270 608*	*276 020*	*281 541*	*287 171*	*292 915*	*298 773*
TOTAL	**12 472 500**	**10 463 742**	**17 756 173**	**14 859 023**	**15 045 203**	**15 385 107**	**16 359 460**	**16 359 460**	**15 926386**	**20 378 721**	**16 633 472**

Figure 3: An estimate of budget breakdown by main management programs in the optimal scenario



5. Analysis of revenues and financing gap

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

5.1. Current revenues

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

The revenues currently allocated to the Porto Palermo MPA are mostly those associated with the implementation of the MedMPAnet Project coordinated by the RAC/SPA. Research undertaken as part of this project will allowed for a first ecological and socioeconomic characterization of the Porto Palermo MPA.

5.2. Projected revenues

National budget

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

International donors

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

However, this potential contribution of international donors is to date not measurable.

5.3. Financing gap

In the absence of identified funding sources, the financing gap for the management of the Porto Palermo MPA is equal to the financing needs previously calculated. Details are presented in the Figure 4 for the basic management and the figure 5 for the optimal management.

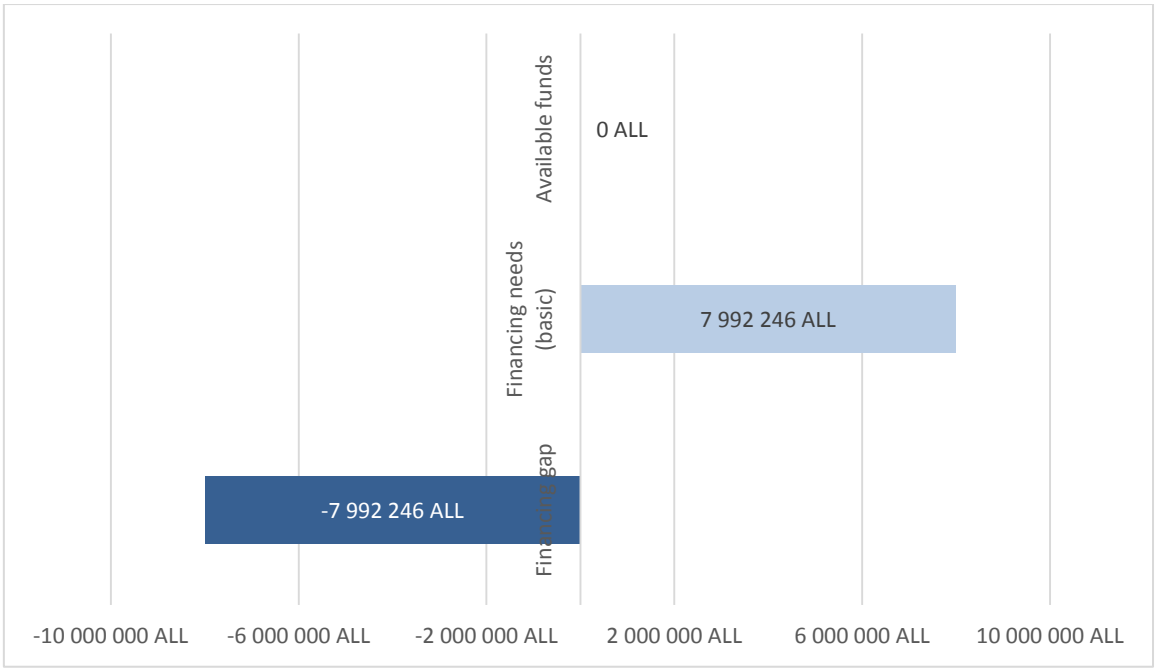


Figure 4: Estimated financing gap for the basic management of the Porto Palermo MPA

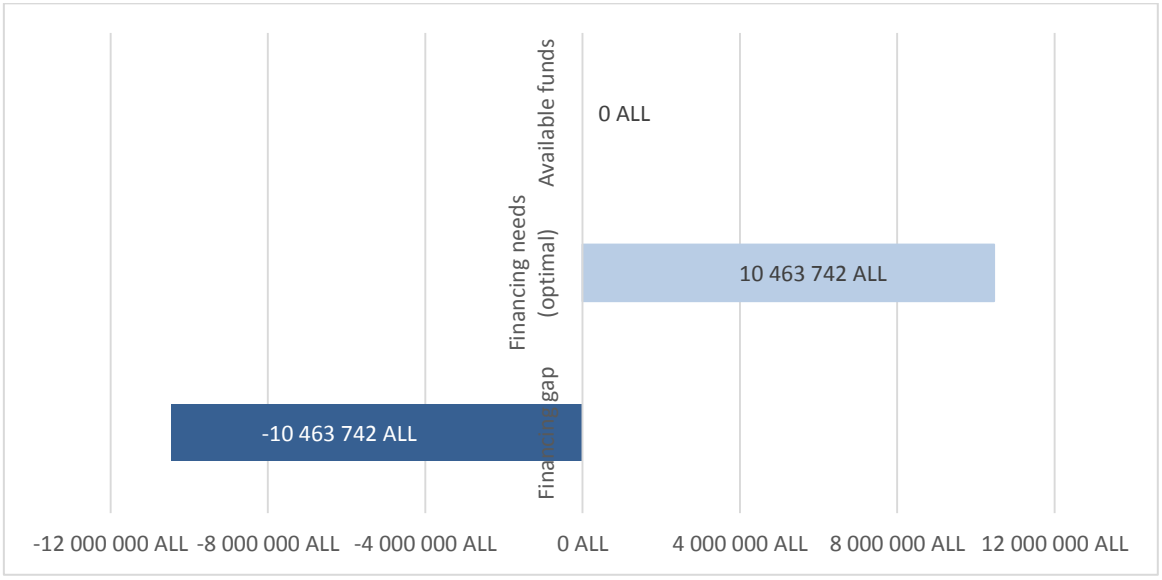


Figure 5: Estimated financing gap for the optimal management of the Porto Palermo MPA

6. Alternative mechanisms to bridge the financing gap

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

6.1. Rapid assessment of ecosystem services and beneficiaries

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

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

Table 3: Details of goods and services provided by ecosystems the PP MPA

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

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

1) Tourism operators (22 points)
2) Restaurants and hotels in the vicinity of the MPA (21 points)
3) Commercial fishers (13 points)
4) Pleasure boaters (10 points)
5) Diving centres (10 points)
6) Aquaculture producers (7 points)

Hence, the tourism operators sea (diving, excursion, sport fishing), hotels and restaurants appear as main beneficiaries of ecosystems protected by the MPA. This is caused by easy access to the MPA, crossed by the SH8 road (Fier – Vlora – Saranda), that extend the scope of the benefits provided by Porto Palermo. Beneficiaries are likely to greatly increase in the coming years, with the development of infrastructures for visitors.

6.2. Potential market-based financing mechanisms

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

- For tourism activities :
  - MPA entry fees
  - Recreational activity fees
  - Concession fees

- For commercial fisheries :
  - Commercial fishing license/permits
  - Marine resource extraction fees

- For aquaculture :
  - Production permits
  - Payment for environmental service (clean water)

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

- Fines
- Pollution charges
- Natural resource extraction fees

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

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

6.3. Potential non-market based financing mechanisms

Non-market based mechanisms generally financing Protected Areas that can be considered here include:

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

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

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

6.4. Selection of marked-based financing mechanisms

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

MPA entrance fees

This mechanism aims to collect an entrance fee to the protected area. This mechanism would take advantages of the growing notoriety of the site: Huffington Post ranked Porto Palermo first among 15 Undiscovered European Destinations for 2014 (Wasserman, 2014).

Today, the PP MPA is crossed by the SH8 road connecting Fier to Saranda, so it will be difficult for MPA managers to make people pay for entry on the site only. One option will thus be to set up entrance fees for access to restricted areas presenting a natural or historical interest for visitors.

The high level of preservation and the "*coastline's picturesque scenery*"(Wasserman, 2014) of the Ali Pasha castle could justify the setting up of an entrance fees for its access. The location of the castle could also facilitate the implementation of such mechanisms: there is only one road to the castle on the central Peninsula in the middle of the Porto Palermo Bay.

The initial fee should not be dissuasive for people planning to visit the site: at first, it should maintain the number of visitors to collect sufficient funds. Then, willingness to pay analysis should be conducted to identify a higher entrance fee to be more profitable for the MPA. An initial fee of 300 ALL/person (2,15 eur/pp) could be suitable. The castle discovery will gain from the protection of the site that will involve the regulation of visitors and the development of infrastructures. The social acceptability of such fee is likely to be high for this mechanism. The pricing policy is discussed further in the next chapter.

The castle of Ali Pasha, according to the guide, is visited throughout the year by about 8000 visitors, of whom 80% are foreigners (RAC/SPA and UNEP/MAP, 2013). The projected revenues from this entrance fee are thus estimated to be 3 million ALL in 2016 (considering a visitor increase of more than 15% every year (RAC/SPA and UNEP/MAP, 2013).

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

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

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

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

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

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

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

Recreational activities fee

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

The MPA recreational fee would be attached to the price of the activities. They are therefore highly dependent on the natural state of the area and will gain from the protection of the site. The social acceptability of such fee is likely to be high for this mechanism.

The fee collection organization is key to the success of the development of such financing mechanism. Some marine protected areas administer fees directly, for example at Hol Chan Marine Reserve in Belize, staff sell tickets at the dive/snorkel site. At others, revenues from fees barely cover the costs of collecting, especially at sites with low visitation levels. In the USA, collection costs for their national parks service and forest service are about 20% of the fee revenues. Some parks are so remote that it is technically difficult to place staff to collect and manage fees. In some places, tickets or passes may be sold through tourism or other businesses, or by using an honour system, backed up by spot checks by park rangers. Thus entry may be sold through tour operators, as at the Great Barrier Reef (AU$4 per day), or at Bonaire Marine Park (US$10 per day). This is paid when divers arrive at the resort, and they must wear a plastic tag to dive. While spot checks for tags are made on shore, peer pressure is effective enough on dive boats to ensure that all divers pay the fee (Lindberg, 2001). One specific solution to collect recreational fees can be sought, in the form of a fee concession. This would have the advantage not to invest much in materials and infrastructure. This would also dissuade these occasional professionals to offer such recreational services, if they have to pay a concession that could only be paid with a full-time activity.

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

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

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

Concession fee

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

Conditions for the development of a concession

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

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

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

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

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

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

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

Further elements on whether to use concession in PA and the development of such financing mechanism are provided in Annex 3.

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

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

Payment for environmental service (clean water for aquaculture)

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

In the recent years only one fish farm has been established within the Porto Palermo bay. The aquaculture producer and potential are likely to enjoy clean water for their fish, thanks to the protection on the marine and coastal ecosystems of the MPA. Also, these producers will surely benefit to a better image of the environmental status of the Bay, being partly protected by an MPA. This will enable them to sell more to the local restaurants and at higher price. This better image can also be transformed into an ecolabel associated to local production in the Bay ("product of the Porto Palermo Bay" for instance) and developed by the MPA team.

This option is still rather undefined but it could be a good opportunity to engage aquaculture producers as part of the MPA management. Their acceptance for such payment would be largely influenced by their marketing opportunity. Hence, in a lot of case of PES, such agreements are essentially a tool for communication as well as of better management. There is no doubt such agreement could be beneficial to the producers in some years, along with a possible increase of demand for good-quality, local products.

Fines

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

Hotel taxes

Taxes on tourist stay in the Bay of Porto Palermo can represent a large source of revenue for the MPA. The total number of tourists in the Bay is unknown but they are thought to be 100 000 people to come and enjoy the region in 2010 (RAC/SPA and UNEP/MAP, 2013) on the region of Himara.

In Vlora, there is currently a local tourist tax that applies to accommodation. These system could be adapted to the Porto Palermo area to finance MPA management. Today, however, this tax is invisible for tourists when they pay for their stay, and we have serious doubt that the total number of nights and persons are fully reported by operators.

Also, the visibility and frequentation of the MPA is today not representative of the total number of tourists in the region. For this reason, a percentage on the tourist taxes seems an unreasonable option for the moment, while the contribution of the MPA to tourism development is not occuring.

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

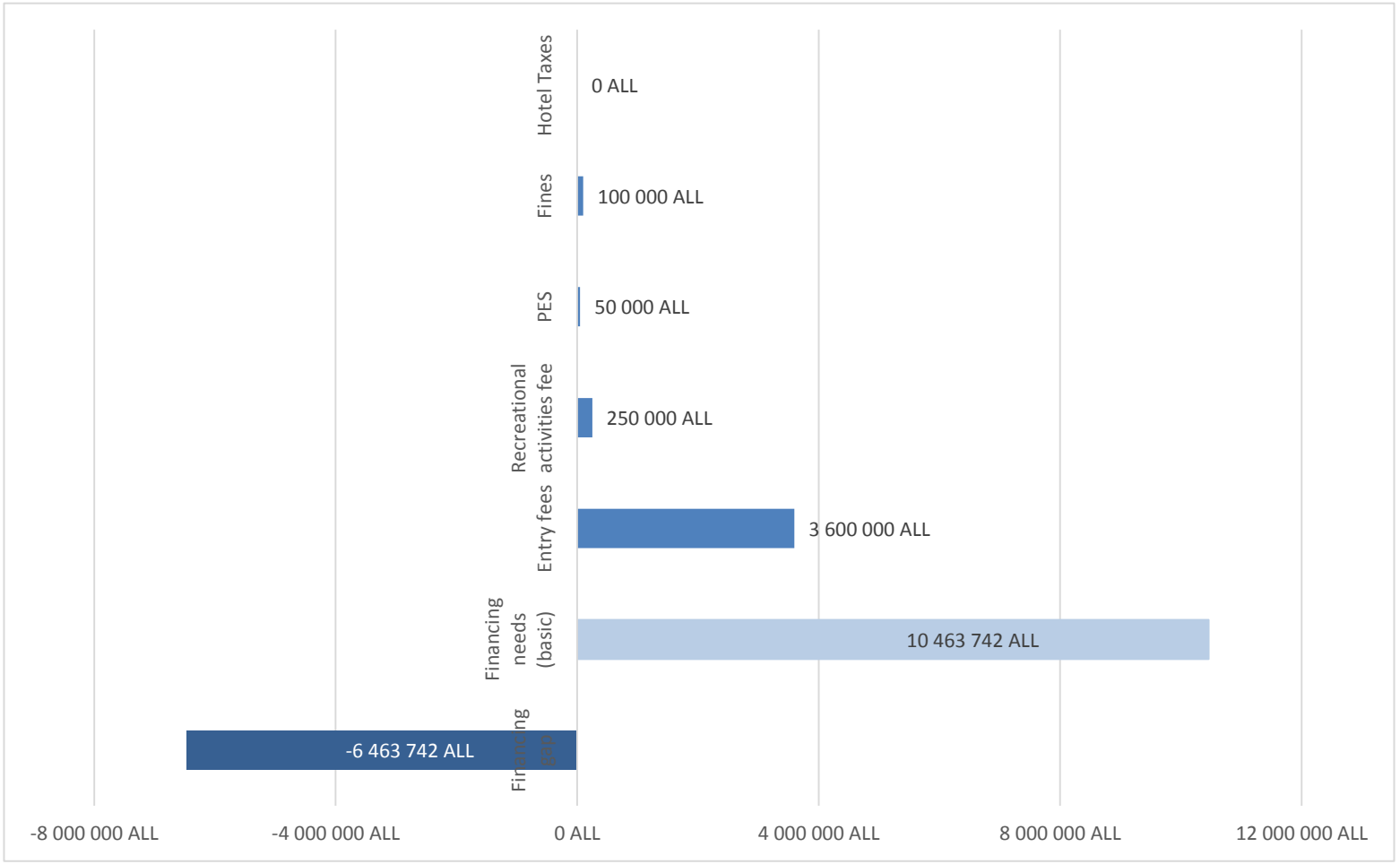
Synthesis

The following tables present:

- the details of expected revenues and ranking of options for each financing mechanism assessed; and
- the estimated financing gap assuming a minimum revenue for each previously selected financing sources. To fill the remaining gap, additional sources will have to be identified among traditional funding (government, NGOs, etc.).

Financing mechanism	Payee	Potential number of payees (2015-2016)	Social acceptability	Technical feasibility	Price estimate/ unit	Potential revenues 2016-2020	Potential revenues in 2021-2025	Ranking
MPA marine entry fees	Tourists visiting the MPA (through boat tours)	10 000 - 14 000tourists	++	++	300 ALL/p	3,6 million ALL - 6,3 million ALL	7,3 million ALL-12,8 million ALL (35000-50000 people)	1
Recreational activities fee	Recreational users	500 users (diving, snorkelling, bathing)	++	+	500 ALL/day	250,000-500,000 ALL	2 million -4 million ALL (8000-16000 people)	2
Payment for environmental service (clean water for aquaculture)	Aquaculture producer	1 companies	+, ok if benefits highlighted and ecolabel developed	-	50,000-200,000/farm	50,000-200,000 ALL	50,000-200,000 ALL	3
Fines	Fishers, aquaculture producers, tourism operators	uncertain	++	+	High to be deterrent	100,000-1,000,000 ALL	100,000-1,000,000 ALL	2
Hotel taxes	Hotels, camping, B&B	Several hundred thousands	-	-	Unknown	Very high potential	Very high potential	3

Figure 6: Estimated financing needs, gap and potential revenues in the optimal scenario



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Annexes

Annex 1: mission report and training programme

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

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

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

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

4. The second part of the mission started on the 23rd of July afternoon. The consultant concentrated his meetings with the regional team of AKZM in Vlora (and her director Lorela Lazaj) in order to present the objectives of the mission, methodological approach to BP development, and collaborative work to be undertaken to prepare a sound BP for Porto Palermo. The two other members of the regional office of AKZM (Ms. Mëhillaj and Mr. Hysolakoj) were fortunately at the BP training in Tirana on the 23/07 and able to share their knowledge with Ms. Lazaj about tools and methods presented.

6. The second part consisted in time spent in Porto Palermo area for the launch of the MPA party, dinner and official launch on the 23/07 and 24/07. These events were the occasion to exchange with authorities and the civil society of Himare concerned with the implementation of the MPA.

7. Most the 25/07 was dedicated to collaborative work with the regional office of AKZM on the translation of the Karaburun management plan into business plan. This was the occasion for the team to discuss the practical implementation of all activities, as scheduled in the management plan. It also enabled them to assess the level of priority defined in the plan and plan for their implementation over the 10 years period for the implementation of the management plan.

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

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

10. The last day of mission was dedicated to wrap-up meetings with INCA director Genti Kromhida. The meeting enabled to present the various options for financing mechanisms and get feedbacks on their feasibility.

Date	Person met	Details
21-07-15 AM	Eno Dodbiba (UNDP) Genti Kromidha (INCA) Marinela Mitro (INCA) Nihat Dragoti (INCA)	-Kick-off meeting for mission for the preparation of the Karaburun-Sazan business plan -clarification of terms o referene, presentation of objectives and method -validation of mission schedule
21-07-15 PM	Zamir Dedej (AKZM, director)	-presentation of the National Agency for Protected Areas -introduction of the mission and presentation of objectives -interview about the resources of the Agency and empowerment of the KS MPA -feedbacks on feasibility of financing mechanism in KS MPA
21-07-15 PM	Elvana Ramaj (MoE, head of biodiversity sector) Silvamina Alshabani (MoE, head of protected areas sector)	-interview about the role of MoE in MPA development, exchanges between MoE and AKZM. -opportunities and threats to MPA development in Albania -discussion and perspectives about potential financing mechanisms in MPA
22-07-15	Training session (about 35 participants)	-see training programme and pictures below
22-07-15	Eno Dodbiba (UNDP)	-meeting about national perspective for MPA development, socioeconomic and institutional context for sustainable financing of MPA, MPA financing mechanisms -data collection and review of documents relevant to the BP preparation
23-07-15	Etleva Gega (AKZM, economist)	-meeting about budget for the AKZM, questions about potential financing of PP MPA

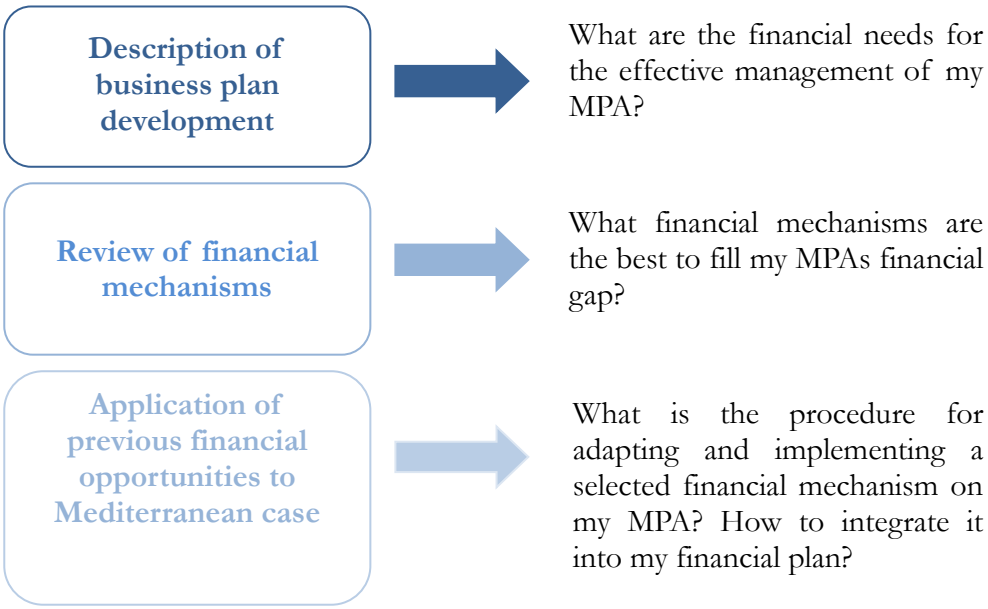
	Grisela Canollari (AKZM, lawyer)	-collection of average costs of PA for staff, vehicles, operational costs (electricity, communication, etc.)
23-07-15	Travel to Vlora region - Himara	
23-07-15	Lorela Lazaj (AKZM, Vlora regional director)	-presentation of the mission -schedule of working session -broad discussion about perspectives for MPA management plan implementation
24-07-15 AM	Unformal meetings in Himara with municipality and local staekholders	
24-07-15	Travel to Vlora	
25-07-15 AM	Simo Ribaj (SEEP) Chamber of commerce (canceled) CRCD (canceled) Doreid Petoshati (UNDP)	-meeting about stakeholder participation to the KS MPA management -opinions on various local financing mechanisms for MPA financing
25-07-15 AM+PM	Lorela Lazaj (AKZM, regional director) Nexhip Hysolakoj (AKZM) Tatjana Mëhillaj (AKZM)	-translation of the management plan into needs and subsequent costs (operational and investment costs) -concertation about most cost-effective means to implement management plan activities
26-07-15	Genti Kromidha (INCA)	-discussion about socioeconomic and institutional context of PP MPA development -expertise in ecological functioning of the MPA and potential financing mechanisms in PP MPA based on payment for ecosystem services
26-07-15	Travel to Tirana	
27-07-15	Eno Dodbiba (UNDP) Genti Kromidha (INCA)	-debrief about mission -completion of data collection

The training session aimed to promote the development of protected areas sustainable financing mechanisms, on a local and national scale, by providing the necessary tools, expertise and

examples to encourage and support local and national authorities in charge of biodiversity conservation to implement such mechanisms after the training. It should also convince the managers and conservation stakeholders to engage in the financial strategy development and put the necessary efforts to ensure the sustainability of the biodiversity they protect.

In particular, the training should enable participants to:

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



The training agenda is presented in the Table below.

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


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

Annex 2: Priorization of management actions

NB: The PP MPA activities have been prioritized based on priorities of actions identified for the Karaburun Sazan island MPA and their implementation timeframe.

ACTIVITIES	ACT. NO	PRIORITY			IMPLEMENTATION TIMEFRAME										
		P1	P2	P3	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2024
PROGRAM 1: Program 1: Consolidation of Administration and Management of the Protected Area 2015															
Approval of Palermo-Llamani area as a Protected Area, under the status of "Protected Landscape".	A.1.1	X													
Approval of the Management Plan of the Protected Area "Porto Palermo-Llamani bay".	A.1.2.	X													
Approval of the administration staff of the protected landscape of "Porto Palermo-Llamani bay"	A.1.3.	X													
Formulation and implementation of activities on information and public awareness of the applicable legal provisions on administration, management and sustainable use of natural and cultural resources of the protected area.	A.1.4.	X													
Information and implementation of the management plan of the protected area "Porto Palermo-Llamani bay".	A.1.5.	X													
Capacity building and strengthening of cooperation between the Municipality, administration of the protected area and other local groups of interest.	A.1.6.	X													
Training of administration staff on information and data management on marine and coastal ecosystems.	A.1.7.	X													
Training local members on the management, activities and their responsibilities in the protected area.	A.1.8.	X													
Demarcation of protected area and on-site management sub-areas.	A.1.9.	X													
Drafting and implementation of the regulation on responsibilities of the administration staff of the protected area.	A.1.10	X													
Inspection of social, economic, touristic and services activities within the territory of the protected area.	A.1.11.	X													
Inspection and arrangement of the fishing and marine-culture activities, based on the management sub - areas.	A.1.12.	X													
Inspection of illegal hunting activities of flora and fauna wild species in the marine and coastal area.	A.1.13.	X													
Inspection of fires of pastures, pollution of marine and coastal	A.1.14.	X													

waters, solid waste, sewage system and untreated wastewater, any type of waste disposal and wrecking/drowning of boats/vessels.															
Provision of all available logistic and working tools for the accomplishment of mission by the personnel of the protected area (personnel facilities, equipment and furniture, personal computers, printers, photocopies, scanners, uniforms, motorbikes, binoculars, camera, telescope, speedboats)	A.1.15.	X													
PROGRAM 2. Conservation of ecosystem, habitats, biodiversity and marine and coastal landscape															
Drafting of action plan for the conservation of biological diversity, for the preservation of land, marine and coastal habitats.	A.2.1.	X													
Identification and formulation of lists of the biological biodiversity components, types of threatened habitats and endangered species, based on their level of protection status.	A.2.3.		X												
Drafting and implementation of action plan for the protection, recovery and the improvement of their level of endangered status, including migratory species.	A.2.4.		X												
Identification of processes and action categories, which might have a significant adverse impacts on the conservation and sustainable use of biologic diversity, and monitoring activity of their effects.	A.2.5.		X												
Arrangements on intentional or accidental introduction of non-local or genetically modified species in the natural habitats of the protected area.	A.2.6.	X													
Preservation of high quality of sea waters and seabed waters, prevention of their degradation and destruction.	A.2.7.	X													
Preservation of marine and coastal characteristics of the ecological, geological, geo-morphological importance, capes, bays, caves, tunnel, water sources and underwater wildlife.	A.2.8.	X													
Formulation of a specific program for the conservation of meadows with Posidonia (Posidonia oceanica).	A.2.9.		X												
Development of programs for observation and fight against invasive species, Agave americana L. and Ailanthus altissima (Mill.) Swingle, and Caulerpa ssp., of Grabs algae (Percnon gibbesi) etj.	A.2.10.		X												
PROGRAM 3: Sustainable Use of marine and coastal natural resources, including historic and cultural ones															
Implementation of development forms and management of activities for the conservation of natural, social and economic integrity of marine and coastal natural and cultural resources.	A.3.1.	X													
Promotion of new financial tools to increase investments for the natural recovery, biodiversity, and sustainable use of marine and	A.3.2.	X													

coastal natural resources, in conformity with the environmental capacity.															
Development of standards for the facilities or touristic services in harmony with the characteristics of the protected area, infrastructure of the management, and presentation of the protected area identity.	A.3.3.	X													
Territory planning adjustment, rational use of the territorial area, based on the area capacity and urban planning instrument.	A.3.4.	X													
Development of sewage infrastructure facilities, treatment of waste and wastewater, supply with running water, urban waste management and treatment etc, in the interest of the protection of marine and coastal area water quality.	A.3.5.			X											
Arrangements on discharge or waste disposal or other substances causing direct or indirect damages to the protected area integrity.	A.3.6.	X													
Arrangement of prohibition of any illegal activities or modification of land and waters, or underground activities of the land, seabed, marine and coastal territory within the protected area.	A.3.7.	X													
Arrangement or prohibition of any type of other activities damaging or disturbing the life of species or threatening the conservation status of the ecosystem or damaging the natural and cultural characteristics of the protected area.	A.3.8.	X													
Arrangement or prohibition of fishing and hunting of the wild flora and fauna, date mussels, corals and other protected species or destruction of habitats of marine and coastal rocky area.	A.3.9.	X													
Removal of marine-culture from the territory of protected area, based on the new status, and promotion of artisanal and recreational fishing.	A.3.10.			X											
Development and implementation of technical projects for the conservation of necessary sub-water areas for the preservation of fish species and their peaceful cultivation (specific obstacles for fishing boats according to the specific marine relief), development of tourism and sub-water museums.	A.3.11.			X											
Conservation of cultural values and preservation of their historic original characteristics.	A.3.12.		X												
Implementation of technical projects on conservation, maintenance and use of cultural resources, such as Porto Palermo Castle, St. Nichols' Church, sub-water archeological values, and museum institutionalization.	A.3.13.	X													
PROGRAM 4: Development of entertainment, sports, health and recreational activities															

Promotion and implementation of eco-touristic activities, such as entertainment, recreation, health and cultural activities, supported by the private sector and local community, in line with the vision and objectives of the protected area.	A.4.1.	X													
Assignment of the sightseeing itineraries in nature, sightseeing areas and places according to tourist and visitors' interest, camping areas, cabins and cottages, sanitary facilities, waste disposal places, medical health facilities, parking areas, sport fishing areas, horse riding paths, docks etc.	A.4.2.		X												
Promotion of businesses and community for the specific development forms and activity management types in support of the natural, social, cultural and economic activity and the preservation of marine and coastal resources in the area.	A.4.3.	X													
Construction of facilities for guest visitors in natural landscape attractive areas, peaceful places in conformity with the identity of the natural features of the protected area, to be preferred by tourists and based on approved technical projects.	A.4.4.		X												
Specification of the areas for eco-touristic sea and underwater activity (diving areas, boat sailing, sport fishing, wild life sightseeing in the sea and coastal area etc).	A.4.5.		X												
Placing and maintaining the waste disposal containers according to waste types in most populated beach areas by the visitors.	A.4.6.			X											
Publishing tourist and visitor guides such as natural and ecological leaflets and booklets for various groups of interest. Publishing tourist and visitor guides such as natural and ecological leaflets and booklets for various groups of interest.	A.4.7.	X													
Establishment of a museum center, archeological areas, libraries and shops related to recreation and culture, reception of visitors, guests, promotion of natural and cultural resources and local traditional products.	A.4.8.			X											
PROGRAM 5: Promotion of values, scientific research and monitoring, public awareness and education															
Promotion of research and other scientific activities in support of the information of values, the management form of protected area, sustainable use, management of habitats and protected species.	A.5. 1.	X													
Study and assessment of activities with negative effects on species and their habitats, identification of measures for a favorable situation of the conservation of protected species and their products.	A.5.2.		X												

Drafting monitoring programs for the identification and assessment of sub-areas, the effectiveness of measures of the action management plan, and improvement of status of protection of protected species.	A.5.3.		X													
Study, identification and formulation of the list of endangered and threatened flora and fauna species and identification of the status of their protection level.	A.5.4.		X													
Study and identification of habitats and their problematic species, their status of protection, specification of priority areas for the conservation of species of community interest.	A.5.5.		X													
Identification of measuring indicators and main monitoring parameters of the environmental situation of protected area.	A.5.6.		X													
Case Study on expansion of the invasive species and their impact on the natural ecosystem of protected area.	A.5.7.		X													
Comprehensive study on the distribution and specification of status of various types of sub-water rocky area.	A.5.8.		X													
Appropriate measures for the arrangement of intentional or accidental introduction of other non-local species, or other genetically modified species, in natural habitats and prohibition of other species threatening the eco-system, habitat, or species of protected area.	A.5.9.		X													
Study, identification and assessment of the effectiveness of protection and management measures, implementation of the management plan, and improvement of protection status of species and their habitats.	A.5.10.	X														
Formulation of education- awareness program for public awareness of the protected area, and further information on ecological, natural, biodiversity, landscape, traditional and cultural values. Also, information on border areas, rules of management, permitted and prohibited activities, and rules to be applied by private subjects and visitors.	A.5.11.		X													
Improvement of the public awareness process, understanding, assessment of the protected area environment and potential impact of human activities in these areas.	A.5.12.	X														
Support of local environmental NGOs and media for the public awareness supporting activities.	A.5.13.	X														
Training sessions and seminars on sustainable use of the natural and cultural values.	A.5.14.		X													

Formulation of booklets, leaflets, posters, albums, DVD, CD, commercial TV spots, short documentary films, caps and blouses bearing protected area logos, and natural and landscape and cultural values, etc.	A.5.15.			X												
Public information for the interest and values of protected area, species and scientific values related to nature protection, biodiversity and other components.	A.5.16.	X														
Promotion of public participation, NGOs, schools, mass-media, businesses and private actors, for necessary steps on protection and sustainable development of protected areas.	A.5.17.	X														

Annex 3: Whether to use concessions

Basic considerations in drawing up and letting concessions

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

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

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

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

Detailed points to be considered in relation to concessions

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

Leasing vs. ownership

Typically, the basic facilities, such as the store or the camp-site, are owned by the protected area, but are leased to the private sector for a period of time, say five years. Sometimes the infrastructure is constructed by the concessionaire, but becomes protected area property after a specified time. The infrastructure may be constructed by the concessionaire, donated to the park upon completion, and then leased back to the concessionaire. Tourism facilities owned by private enterprise under a form of land lease are often disadvantageous to park management, because of the weak ability of the protected area to manage the activities and behaviour of privately-owned facilities in a park.

Rights and responsibilities

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

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

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

Fees

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

Monitoring, incentives and enforcement

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

Role of local communities in concessions

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

It is an important option for protected area management, which can contribute significant funds to the local community.

Concessions: conclusion

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

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