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SYDNEY 2014

Guide to increase the public budget for protected area systems:

Lessons from Chile, Guatemala and Peru

Andrew Bovarnick

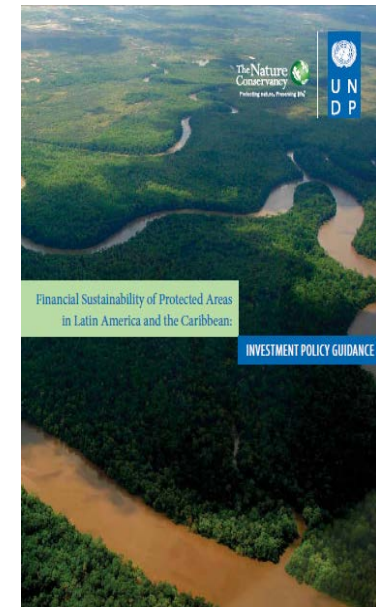
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Why it is important to improve the Public Budget of the PAS

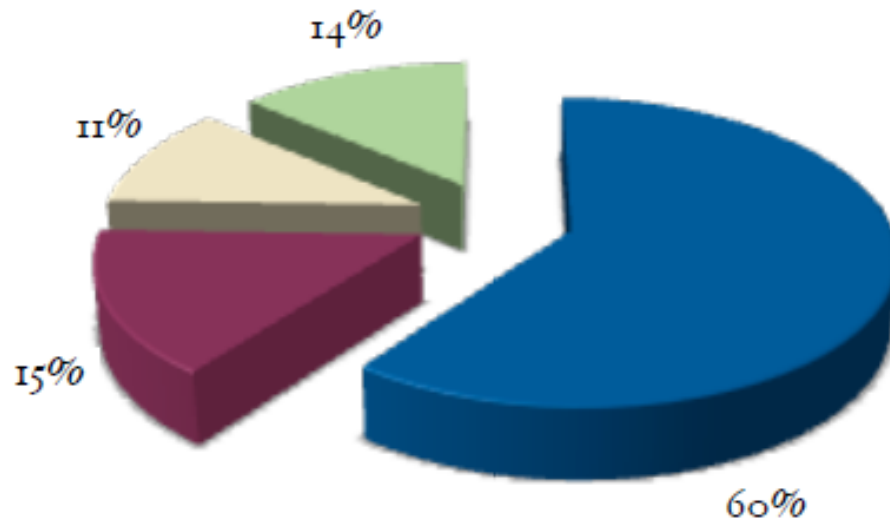
- Funding to PAS has large deficits. It is below what is needed for basic conservation
- Public funding to PAS is a core component of the PAS' budget - 60%
- National budget is the most important financial management tool for all government agencies
- Annual public expenditure on PAS average only 0.008% of national budget



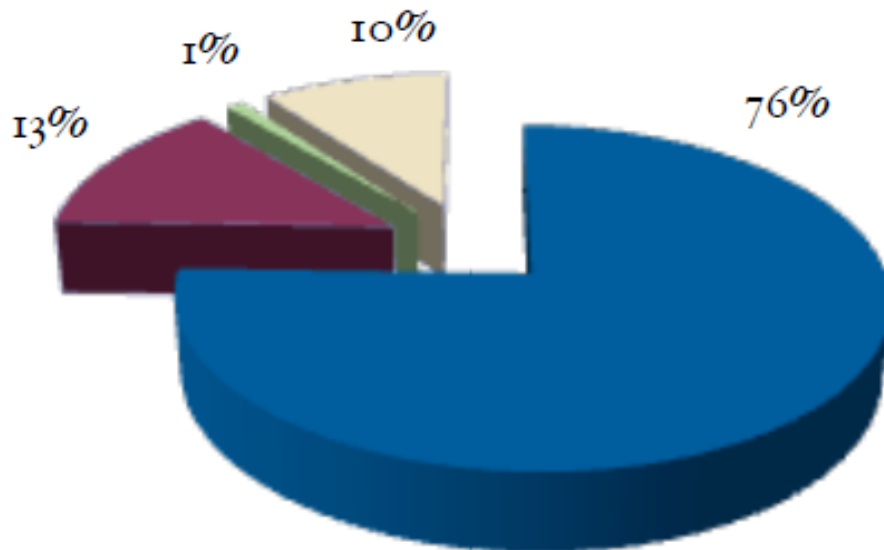
Key Findings: Funding sources



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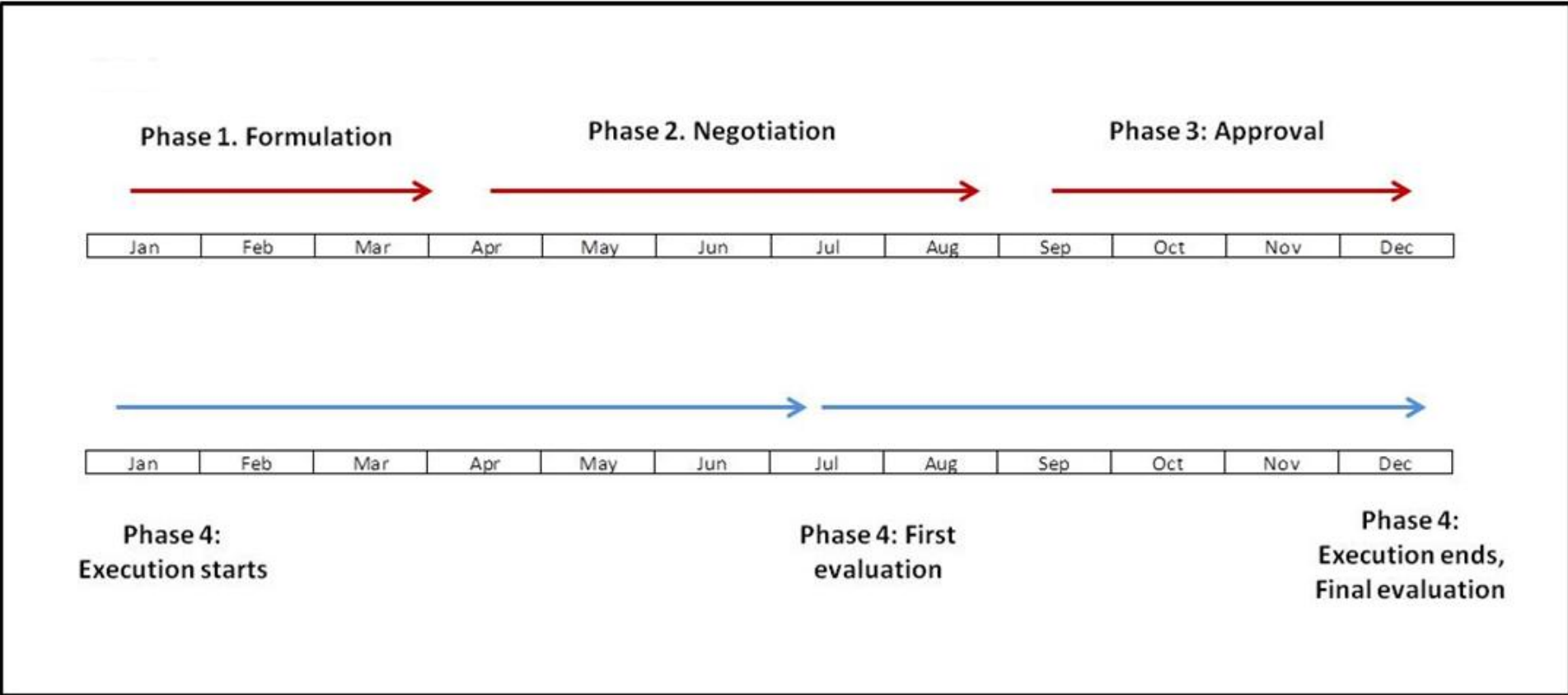
- Government funds specific for PAs
- International cooperation
- PA revenues
- Other



- Entrance fees
- Concessions
- PES
- Other



PAS budget cycle

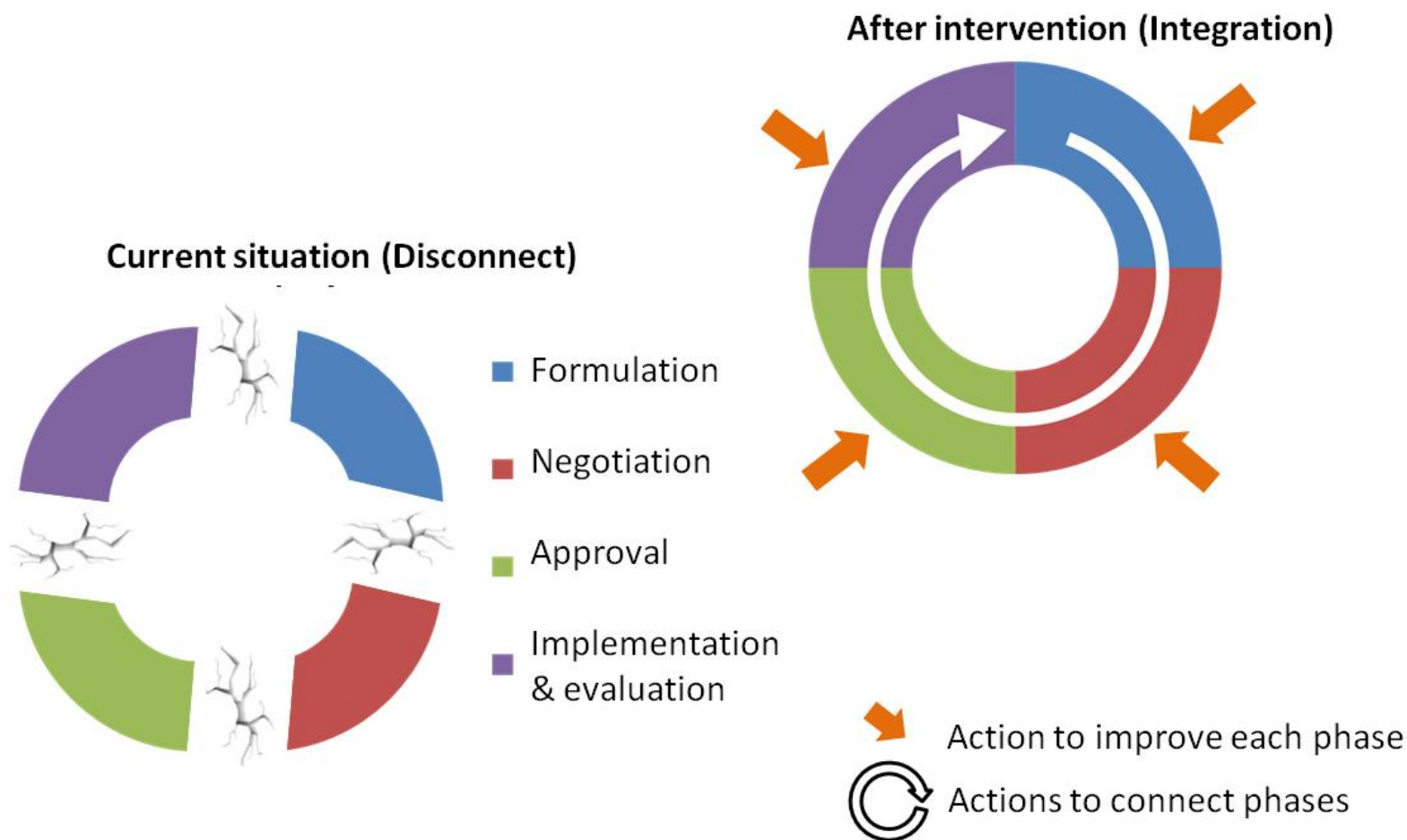


Major weaknesses of the PAS budgeting cycle



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Each phase has weaknesses and there is a major functional disconnect between each phase, which in turn contributes to the weakness of each phase





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Phase 1. Budget Formulation

- **Estimates of PAS financial needs are important but not sufficient to support budget increases.**
- **Ministries of Finance, approve all budgets, in order to consider budget increases, need to see PAS budgets with clear conservation outcomes, cost efficiencies, and development return on investment.**
- **PAS do not use indicators that capture and report their contribution to economic development. Budgets can not demonstrate their relevance.**
- **The MoF does not require these indicators and does not communicate their needs. PAS do not reach out to understand what the client needs**

Phase 1. Budget Formulation

- PAS annual budgeted are based on an incremental budgeting approach. This may include marginal increases depending on funds availability.
- PA management plans are not used to support budget planning.
- PA budgets also need to be connected to service delivery and outcomes.



Phase 2. Budget Negotiation

- The revision and negotiation of the PAS budget at executive level - Ministry of Finance - is critical because it is at this level where the major cuts or increases to the PAS budget may occur.
- It provides a unique opportunity to present data that you normally do not include in the PAS budget.



Phase 2. Budget Negotiation

- The PA budget may be reviewed by a budget specialist at the MoF that have limited understanding of the new data provided in the PAs budget. I.e., conservation results.
- Budget reviewers at the MoF are open to receiving explanations and supplementary information through face to face meetings.
- The MoF welcomes economic development indicators linked to conservation results & supplementary data from PA's ecosystems valuation.





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Phase 3. Budget Approval

- Once the PAS budget has been cleared by MoF, it needs approval at legislative level and sent for review to the Budget Commission of Congress.
- Legislators may have limited interest in supporting budget increases in the MoE's budget; and also have limited understanding of conservation results.
- A comprehensive communications campaign to support the PAS budget approval useful.
- The communications campaign should address both legislators and the public; and be centered on how investment in PAS contributes to economic development.



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Phase 4. Budget Execution and evaluation

- The execution of the budget is evaluated by comparing the level of spending vis-à-vis what was allocated.
- It does not review results as the majority of funds are rather allocated to recurrent costs such as salaries, benefits, operations.
- We need to move towards results based reporting



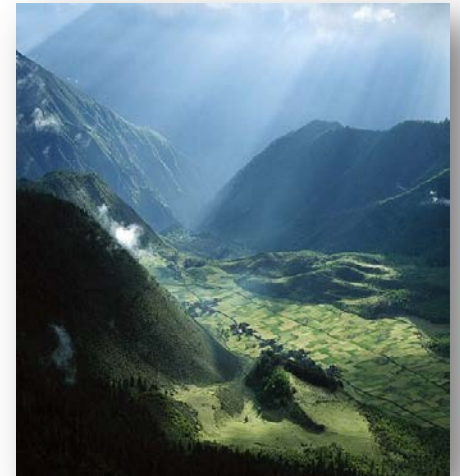
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Main finding - Performance indicators

- PAS are not producing measurable results, which could be used by the MoF to show Congress the returns of investing in PAs.
- The lack of performance indicators supporting PAS budgets reinforces the notion that PAS are a cost to the economy.
- MoF agreed they would be interested to develop jointly new sets of indicators PAS could monitor, report on and feed into budget negotiations
- 3 sets of indicators – results based, management effectiveness and finance & economic indicators – useful and feasible

Performance Indicators

- **Result-based conservation indicators refer to** results generated by activities that are included in the PA management plan. Eg 50% reduction in the rate of illegal hunting of bears, 25% reduction in area with invasive species
- **Cost-effectiveness indicators** to demonstrate how PAS meet their proposed results with minimum waste of time, effort and technical skill.
- **Economic impact indicators** refer to economic impact of conservation interventions in PAS eg percentage of new jobs in the tourism sector, percentage of increase in hydropower production, increase in tax revenues to government.





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Take home messages

- Budgets are the most important source of PA system funding
- Ministries of Finance have data needs for budgets which are not being met
- There are opportunities to strengthen relations, dialogue and negotiation with MOF to increase budgets
- Go start meetings with MoF
- Institutionalize dialogue, process and indicators

- **Guide to increase the public budget for protected area systems (PAS): Lessons from Chile, Guatemala and Peru” will be available in January 2015**

