
Workshop Proceedings

**Workshop to Develop a Conservation Trust Fund and Conservation Finance
Mechanisms for the Sustainable Financing of Protected Areas
in the U.S. Virgin Islands**

**The Nature Conservancy, Estate Little Princess
St. Croix, US Virgin Islands**

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Acronyms and Abbreviations

CTF	Conservation Trust Fund
CZM	Coastal Zone Management
DCZM	Division of Coastal Zone Management
DFN	Debt for Nature
DPNR	Department of Planning and Natural Resources
DSPR	Department of Sports, Parks and Recreation
DFW	Division of Fisheries and Wildlife
EDA	Economic Development Authority
EDC	Economic Development Commission
NGO	Non- Government Organisation
NOAA-CRCP	National Oceanic and Atmospheric Administration - Coral Reef Conservation Program
PA	Protected Area
SEA	St. Croix Environmental Association
SEP	Supplemental Environmental Project
SHPO	State Historic Preservation Office
STEER	St. Thomas East End Reserves
STXEEMP	St. Croix East End Marine Park
SUCCEED	St. Croix Unified for Community, Culture, Environment and Economic Development Inc.
TCFA	Tropical Forest Conservation Act
TNC	The Nature Conservancy
TPTF	Territorial Parks Trust Fund
TVIL	Trust of the Virgin Islands Lands
USVI	United States Virgin Islands

I. Workshop Proceedings

1.1. Welcome, Opening of Workshop, and Introductions

Mr. Aaron Hutchins of The Nature Conservancy (TNC) opened the workshop and welcomed participants. A list of participants is provided in Annex 1.

1.2 Introductory Presentation - Territorial Park System Report by Karl Knight from V.I. Energy Office

Mr. Karl Knight thanked TNC for holding the workshop and being supportive of what they were trying to achieve. He acknowledged that Aaron Hutchins has been supportive of the Territorial Parks System Initiative.

Mr. Knight noted that the structure of the Territorial Parks System began long ago. It was part of the DeJongh-Francis platform campaign. The Governor started the process in 2007, trying to determine how to get it done. The Governor changed his vision over time. The effort was sidetracked due to fiscal issues. But a conversation last year with the Governor confirmed that it still needs to get done. Karl Knight expressed thanks to Commissioner Alicia Barnes for shifting resources to support the initiative. There is a new focus on inclusion of the private sector, making it an inclusive effort rather than a government mandated effort. The private sector should therefore have a seat at the table and is integral to the effort moving forward.

The Territorial Parks System initiative is not focused on creating new parks at this time. It is consolidating existing protected areas for shared marketing and branding as well as coordinating efforts across the Parks System. Visitors should know that the parks are connected through a Territorial System. Legislation was first enacted in 1972 to establish statutory law, but failed to gain adequate priority. In 1987 the administration of protected areas moved from the Department of Conservation and Cultural Affairs to the Department of Housing, Parks and Recreation. This move eliminated distinction between urban/recreational areas and natural/conservation areas. The culture of Housing Parks and Recreation did not support park rangers and interpretive needs. Since 1987 the Department of Housing, Parks and Recreation has not given emphasis to natural/protected areas. Therefore the goal is to realign management of natural/protected areas under the Department of Planning and Natural Resources (DPNR), the department with expertise (for example enforcement, technical, conservation, data collection) in various Divisions to take care of natural resources and conduct planning.

The vision is to create a Division of Territorial Parks and Protected Areas with the mission to protect parks. Fiscal woes sidetracked the effort and Government was unable to include it in the budget in the last couple of years. Therefore the effort will move forward as a barebones entity rather than a fully developed/supported Division. The new Division will lack an Assistant Director and administrative staff, but will be a coordinating Division. Various approaches to managing the Territorial Parks System were discussed, including establishment of a semi-

autonomous entity, but the ultimate decision was that DPNR should manage and house the entity.

There was discussion on repealing the St. Croix Park Authority, as resources were not put into its development. Whim Museum is managed by a nonprofit organization that has done well managing the property. The aim is not to take management away from existing management organizations, such as the Magens Bay Authority, but rather include them as part of the Parks System for marketing purposes. Other properties will be included in the consolidated park system – some beaches, forested areas, coastal areas, and historic properties, among others. Management of the different areas may vary. The objective is to create a coordinated Parks System that is catalogued and branded.

The Territorial Park Trust Fund (TPTF) was created in 2003 but has not been used in the fashion that it should have been. There are currently two trustees¹ and they do not meet as the Board. There should be 3 private citizens included but they have not been. The goal now is to make it a seven-member board instead of a five-member board, to capture additional expertise. There are two areas of funding that will be used for this initiative and be transferred to DPNR:

- The Land and Water Conservation Fund which is administered by the Department of Sports, Parks and Recreation, and
- The Forest Legacy Program, which is administered by the Department of Agriculture.

This effort will establish means of raising revenue, including creation of a revolving fund that will be filled by charging concession and admission fees. Kramers Park and Fort Frederick are opportunities to bring in some revenue through concessionaires. There is also opportunity to create the “Friends of the Territorial Parks System”, as an avenue to collect and disperse privately raised funds.

An Advisory Council will be established by Executive Order to put a plan in place for the parks system. Eight seats on the Advisory Council will include the expertise of governmental departments and private sector in hospitality, recreation, conservation, forestry, marketing/public relations and historic preservation. The Advisory Council will exist for five years and sunset automatically.

The next steps to create the Territorial Park System include:

1. Establishing a vision
2. Writing an Executive Order
3. Drafting legislation in correct form and submitting to Senate
4. Moving of structure/management between Departments

¹ Commissioner of Planning and Natural Resources; Commissioner of Sports, Parks and Recreation

5. Developing a 5-year Business Plan to properly manage the parks system, detailing what the needs are where the funds will come from. This is a priority action.

The Comprehensive Land and Water Use Plan has been debated as a vehicle, however conservation lands have already been prioritized and have management plans.

Discussion on Territorial Park System

The Executive Order grants the Governor authority to appoint the Advisory Council members. Mr. Knight weighed options for the structure and location of the management for the Territorial Park System:

1. Board governed Division within DPNR (similar to Coastal Zone Management)
2. Keep management within DSPR
3. Board managed semi-autonomous Authority (similar to Magens Bay). This was determined not be the best option initially because it would not be self sustaining at the outset
4. Cabinet level management agency. This would be costly and there are too many Cabinet level entities already.
5. Privatization of the management. This was not preferred because resources and expertise exist within government.

DPNR will not open concessions itself. It will facilitate entrepreneurial concessionaire opportunities. There is an example of successful concessionaires in place for cruise ships on St Thomas. The DPNR will have to be enhanced to properly manage this new effort. There will be an appointment of a Parks System Division Director initially and then the Division will be able to increase staff over time.

It is difficult for Government to receive private gifts or funding. Friends groups are useful after they gain momentum. It has been difficult to get St. Croix East End Marine Park (STXEEMP) Friends group established despite 6 years of effort. Mechanisms have to be established to accept private or museum funding. Magens Bay Authority does not seem to have this issue.

Two financing entities will be established – a Trust and a Revolving Fund. The Trust will acquire properties for conservation. Larger gifts will be accepted by the Trust. Legislation will create a revolving fund to enable acceptance of funds generated by admissions fees, facility rentals and concession charges. An exit tax of \$1 could support conservation efforts. The Trust should be private sector managed and will be better defined out through this workshop.

There are solutions that have been established for barriers that are similar to those discussed. These include:

- Revolving funds managed by various departments,

- Entrance fees established at various parks,
- “Friends of” organizations,
- The Territory collects concessionaire funds, and
- Government can accept checks.

Departments have different cultures: Departments of Agriculture and Sports, Parks and Recreation lend themselves to working with the public. DPNR does not have a culture friendly atmosphere and does not have experience working with vendors, concessionaires, etc. This is largely because DPNR is a regulatory agency. DPNR will have to change this culture.

The Department of Tourism wants this to work because it is another product to market. The Department of Tourism is frequently asked to give money to many Departments and initiatives for various efforts (i.e. Waste Management for Carnival cleanup) and only has so much funding to go around. The Department of Tourism supports its budget through a revolving fund, funded through the Hotel Tax. While giving funding to other Departments, it also requests increased collaboration from those Departments.

There are examples in other countries of a revolving fund with different pots of money for effective management. Trustees could be established to join and manage combined revolving funds. There may be a need for various revolving funds to accept federal funding separately from private or local funding. Umbrella type funds can establish endowments that provide funding in perpetuity.

1.2.1 Outline of Sustainable Finance Workshop Agenda

Dr. Alicia Hayman provided an overview of the agenda and outlined the two main objectives expected from the workshop. Annex 2 outlines the agenda for the two days workshop. The main objectives were to:

1. Develop an action plan for passing/amending the necessary legislation to create the fund
2. Develop USVI-specific action plan/next steps for the creation and implementation of new conservation finance mechanisms

2. Sustainable Finance for Parks and Protected Areas

2.1. Conservation Trust Funds - Jonathan Rotter, TNC

Conservation Trust Funds (CTFs) have been established in over 50 developing countries to support the long-term costs of protected areas and biodiversity conservation, including the Netherlands Antilles, Mexico, Belize, Suriname, Colombia, Panama, Guyana and Jamaica. The mandate(s) of CTFs cover areas such as:

- Protected Areas
 - Reserves, National Parks, etc.

- Watersheds/Forests (Water Funds, Tropical Forest Conservation Act (TFCA) debt swaps)
- Adaptation to Climate Change
- Support local conservation NGOs (TFCA debt swaps)

The rationale for expanding to a broad Mandate:

- Broader conservation focus (can fund activities outside of PAs, for example)
- Economies of Scale (no need to duplicate board and administrative services)
- Broader conservation funds tend to attract more and greater funding from donors

The purposes of CTFs include long-term funding of biodiversity conservation and protected area management costs. They are not a replacement for regular government budget funding, but an additional funding source. They are legally independent of government and managed by a majority non-government Board of Directors. CTFs do not manage PAs, but make grants to organizations/agencies to: acquire PAs, manage PAs, or conduct conservation projects. Grants are based on an open, transparent process, according to stated criteria and goals.

CTF's can be based on different financial mechanisms including:

- **Endowments:** capital from donors is invested in perpetuity, and each year only the investment income is spent (example: Suriname)
- **Sinking Funds:** capital is invested for a limited time period (5 to 20 years) and each year part of the capital is also spent (example: Jamaica, based on DFN swap)
- **Revolving funds:** a continuous stream of new revenues from earmarked fees & taxes (ex. Belize)
- **“Umbrella” funds:** combination of the above, with different sub-accounts (sometimes managed by separate committees) for different purposes, different donors, or different parks.

CTFs have provided between 15% and 95% of the operating costs of national PA systems. In many cases, Governments continue to fund all PA staff salaries

- Mexico: 15%
- Ecuador: 20%
- Caucasus PA Fund: 50% (1:1 matching requirement)
- Peru: 70%
- Bolivia: 95%

Most CTFs have an Executive Director and a small staff for the purpose of:

- Soliciting and reviewing grant proposals
- Monitoring and evaluating grantees
- Liaison with government agencies and NGOs
- Liaison between Board and investment managers
- Preparing quarterly & annual reports and financial statements
- Fundraising and liaison with donors

Some CTFs outsource administrative services to existing entities, however; typically donors require that a fund's administrative costs not exceed 15% of the CTF's annual budget.

Discussion on Conservation Trust Funds

- A self-perpetuating Board may be preferable to a Government appointed Board
- It was suggested that the VI Public Finance Authority might be utilized. It was determined that the entity is too broad for this Parks System initiative.
- Could the Board of Trustees model of the Red Cross and Boy Scouts be used? Yes, the model has been used extensively in other countries.
- Technical skills provided by members on the Board are important – legal, technical, finance.

2.2. Review of Existing Example of a Trust Fund Legislation and By-laws- Caribbean, Jonathan Rotter, TNC

Model legislation establishes the entity and purpose; governance structure (Board of Directors); powers of the Board; and provisions for a revolving fund. Model bylaws provide for flexibility, elements of the governance structure (terms of office, vacancies, removal of officers, additional Directors) and additional responsibilities of the Board (for example approving annual work plans, review and approve grants and establish bank and investment accounts). For the Eastern Caribbean CTFs, the purpose and objectives of the Trust is:

“The Trust will develop and administer the national funding legislation, the income from which is intended, along with income generated by the Endowment Fund, to provide a sustainable flow of funds which supplements existing and future funds from any sources now or hereafter dedicated which will enable the Trust to support the long-term management and expansion of the **[Country]** National System of Protected Areas, including, but not limited to, support for enforcement, infrastructure, monitoring needs and other activities that contribute substantially to the conservation, protection and maintenance of biodiversity as identified via stakeholder consultations within the **[Country]** National Protected System of Protected Areas (the Trust's “General Purpose”).”

Founding members include two permanent members (Government and additional founding member organization). These founder members serve until replaced by the appointing

organization. Additional Directors serve terms up to two years; terms are renewable twice and must be absent for at least one year after two terms.

Responsibilities of the Board include:

- Approve the Annual Workplan
- Review all requests for grants or other funding
- Approve all grant-making procedures, grants or other funding to projects and to specify the use to which such grants or funds will be put
- Hire an Executive Director and other staff
- Review and approve the annual budget and financial reports of the Trust
- Appoint or replace the Auditor
- All other things, which the Board determines are necessary and proper for the administration and operation of the Trust to enable the Trust to achieve its General Purpose.

Meetings of the Board are held at least twice per year and special meetings may be called by the Executive Director or upon request of three Directors. The Board may establish one or more committees (Finance Committee and Conservation Committee must be established).

2.3. Review of Examples of Existing Trust Funds- North Carolina, Jonathan Rotter, TNC

The presentation on the North Carolina Parks and Recreation Trust Fund included nature of funds, allocation of monies, source of monies, Parks & Recreation Authority and funding examples. The nature of the fund was that it had a dedicated funding source, was used to fund building and renovation of facilities and to purchase land and also used to support acquisition of new lands through a matching mechanism to local governments.

The fund is allocated as follows:

- 65% Capital projects & repairs & land acquisition
- 30% Matching fund
- 5% Coastal water access

Money for the fund is raised from an increase of excise tax on real estate transfers at 75 cents per \$1,000 in value.

The Parks and Recreation Authority is managed by a 9 Member Board (3 Appointed by the Governor (including the Chair), 3 appointed by the Speaker of the House & approved by the

legislature and 3 appointed by the Senate President & approved by the legislature to serve for a duration of 3 year staggered terms with no more than 2 consecutive terms.

One funding example is a coalition of private conservation groups, which quickly purchased \$16 million in property adjacent to existing preserve. The Fund held the property and covered the holding costs. The Fund also honored a pledge to repurchase the property that was already identified as a priority.

Discussion on Conservation Trust Funds

- During discussion on whether a broader Conservation Trust Fund or a narrower Protected Area/Parks Trust Fund should be established it was noted that the decision depends on the relationship with the government. At this time establishment of a sustainable Parks System (narrower reach than conservation trust fund) may be preferable. There may be opportunity in making the Trust larger to manage for multiple uses and encompass growth
- How would this support the addition of new ecologically sensitive and valuable areas? Part of the charter of the Fund should be to establish protection of new, identified areas with conservation value
- The Comprehensive Land and Water Use Plan failed due to real estate lobby
- There are examples of land acquisition and conservation easements as tools for conservation. A NGO focused on conservation can acquire land more nimbly than the Territorial government. However, the expectation is that the government will purchase the land from the NGO
- If DPNR were to partner with another government Department to acquire land, it would be Property and Procurement. There lies difficulty with Title 3 in that it requires that contracts go through Property and Procurement. Property and Procurement needs to be integrated into these discussions
- There is a need to create a digital inventory of protected lands
- Will there be an overall parks system management plan for the protected areas system? In order to manage the System appropriately there should be a system- wide management plan.

2.4. Existing Enabling Legislation and Policy Development for a USVI Trust Fund Jonathan Rotter, TNC with additional comments by Karl Knight

The United States Virgin Islands (USVI) Trust Fund would be a separate and distinct fund in the Treasury. Investment earnings become part of the Fund. No expenditure or disbursement is done except as provided; monies remain in the fund until expended. The funds would only be disbursed as authorized by the Board. Property acquired vests in the Territory.

In general fund money would be used for:

- Preservation & conservation of land
- Grants to managers or managing agencies the Board selects
- Natural area inventory by DPNR
- Land Acquisition
 - Representing ecological diversity
 - Additionally for parks, trails, aesthetic forests, fish & wildlife management areas, scenic rivers & public natural areas

Land acquisition policy would give first priority to land identified for natural or cultural heritage values by the Historical Preservation Commission or DPNR. A maximum of 25% of the fund may be used for acquisition for parks, trails, etc. in a given year. The Director of Parks; Commissioner of Sports, Parks & Recreation; and the Commissioner of Planning & Natural Resources may prioritize Land acquisition based upon recommendations.

Twenty percent of the value of land acquired would be placed into a stewardship account and related investment income credited to this account. The account would be non-lapsing and used solely for management of land acquired as directed by Board. The Board of Trustees would be composed of 5 Members:

- Commissioner of Planning & Natural Resources
- Commissioner of Sports Parks & Recreation
- Governor with advice & consent of Legislature appoints:
 - St. Thomas resident
 - St. John resident
 - St. Croix resident

Appointees would not be Government employees and must be knowledgeable in acquisition & management of natural areas. Members would serve staggered six-year terms.

The Board would elect a Chair and a minimum of 3 meetings would be held yearly with a majority being a quorum. There would be no compensation for attending meetings only reasonable expenses could be recouped. There would be no civil liability in absence of bad faith.

Discussion on Legislation and Policy Development of USVI Trust Fund

- Property acquisition can be prioritized by ecological value/connectivity, species protection, and historical or cultural value. Analysis/prioritization of land should be managed and communicated carefully to not drive up land prices
- It was noted that the talent and resources at the table are sufficient to get this done, but requires strong collaboration

- Use of funding from the Trust must be restricted so that the public will have the comfort that funds will be used appropriately. A Management Plan or System Plan is often use to guide the activities supported by the Trust
- A Management Plan will include operational costs. A Management Plan may take 12 months. First a digital land inventory will have to be conducted and could take an estimated 3 years. The development of the Management Plan would follow through a 12 months process with stakeholders. It was emphasized that the management planning process should not stop existing efforts from continuing.
- CZM Commission could be used as an example. Cautionary note that the CZM Commission wants fiduciary control. Roles of Board and Division management should be clear so that there is no confusion over roles. The Board should have autonomy but also held accountable to mandate
- The creation of a new Territorial Parks and Protected Area Division should also include a clear mission and plan. The Division will also be responsible for creating the management plan. There were questions of how to marry private sector with public sector and how the government would interface with donors
- The Advisory Council is to be established by Executive Order. Legislation and Board of Trustees will be permanent. Formation of the Advisory Council should be included in the legislation. The Board of Trustees should be given a clear fiduciary role, rather than a management role
- There was discussion whether St. Thomas and St. John should be referred to as usual into the St. Thomas St. John District that also includes Water Island. The goal is to have geographic representation from the Territory on the Board. Water Island should be represented and the best way to do this may be through having a resident (or residents) from the St. Thomas St. John District that also includes Water Island
- Discussions were also held as to whether Board members should be approved through the Senate, as the objective is to ensure public trust in Board members. It was stated that the scrutiny of Senate would be a drawback and could lead to a lack of interested Board members and understaffed Boards. It was noted that the TNC donors would not expect a Senate vetted board. It was suggested that there be a Hybrid membership whereby there would be 2 ex-officio, 3

Recommended Hybrid Board of Trustees

- Two ex-officio members
- Three appointed by the Senate
- Four appointed by the original 5 seats

seats and 4 appointed by the original 5 seats. The Board of Trustees should then establish and adopt bylaws

3. Action planning for passing/amending the TPAT legislation, and making TPAT operational

Participants developed Action Plans for passing the TPAT legislation and making it operational in USVI. These were presented in plenary and can be found in Table I below.

Table I: Action Plan for Passing TPTF Legislation

Objective: Amend/enact legislation for establishment of the TPTF				
Actions	Primary Responsibility	Partners	Timeline	
			Start	End
1. Secure funding and initial staffing for new Division of Territorial Parks and Protected Areas	Commissioner A. Barnes, Karl Knight		March 2014	May 2014 (45 days)
2. Amend legislation	Karl Knight		March 2014	May 2014 (45 days)
3. Create bill form and submit to Senate	Governor's Counsel, Karl Knight		March 2014	May 2014 (45 days)
4. Draft Executive Order to establish Advisory Council (will provide continuity during change of administration)	Karl Knight and Office of the Governor		March 2014	June 2014 (60 days)
5. Establish champion in the Legislature	Jean-Pierre Oriol		March 2014	Prior to presentation to Legislature
6. Present to legislature. Senate President will present to Legislature and assign committee.	Karl Knight	TNC, TVIL, Landmark, SEA, SUCCEED,	Submission prior to budget hearings, hearing may be post budget hearings	November 2014 (45 days + 6 months)
7. Nominate Board of Trustees and send for confirmation	Office of the Governor		Following bill approval	December 2014

8. Senate takes action on Nominees				March/April 2015
9. Conduct first Board meeting and hold elections	Division of Territorial Parks and Protected Areas (Parks)	NGOs		June 2015
10. Conduct Board training	Division of Territorial Parks and Protected Areas (Parks)			June 2015
11. Develop bylaws	Board of Trustees			June 2015
12. Utilize standard operating procedures	Board of Trustees			June 2015

4. Sustainable Finance Mechanisms- Dr. Alicia Hayman

Recapping the previous day, Dr. Hayman noted that:

- Participants expressed support for a 9-member hybrid Board (2 ex-officio; 3 appointed by the Senate; and four appointed by the Board of Trustees).
- No decision was taken on the options for the Trust (either as a fund for acquisition of land for conservation with a separate Government-run revolving fund or as an umbrella fund that combines both using sub-accounts).
- The group was reminded that steps would be taken to modify the legislation and that within 45 days the draft amendment would be ready to be submitted. Key players would help to drive the process and a champion in the Senate will be identified. A Trust Fund vehicle must be established. Dr. Hayman introduced the second part of the workshop to the participants.
- The appointment of the Advisory Council and the establishment of the new Division are also integral to the process.

There may be several sources of funding including:

Most federal actions against businesses or individuals for failure to comply with the environmental laws are resolved through settlement agreements.

1. Corporate or private donations
2. Supplemental Environmental Projects (SEPs) – actions against business or individuals for failure to comply with the environmental laws are often resolved through settlement agreements. As part of a settlement, an alleged violator may voluntarily agree to undertake an environmentally beneficial project related to the violation in exchange for mitigation of the penalty to be paid. SEPs are uncertain and cannot be planned for but they could be a potential source of revenue
3. Fines (however they stay with the entity that issues the violation)
4. Division of Fisheries and Wild Life (DFW) permits could require a fee per head. If the new Division of Territorial Parks and Protected Areas is going to issue permits, that will have to be established in the new legislation
5. Private donations would be a small portion of funding and should not be counted on to fill a Trust. If the Board is government controlled then there will be reluctance on the part of donors to contribute private dollars
6. Trust can be funded through fees (for example transfer taxes, excise taxes, head tax). A Government-dominated Board may work if fees are the dominant funding source.

None of the financial mechanisms to support conservation or protected areas have been enacted except donations to Friends groups. The accountability of government and ability to demonstrate where funding is going is critical. State Historic Preservation Office (SHPO) is able to receive both public funding and additional donations. This method to collect private funding should be investigated to determine whether it might be used as a model.

4.1 Review of existing sustainable finance plans and willingness to pay results- Anne Marie Hoffman, TNC

Summaries of the Sustainable Finance Plans and Willingness to Pay results for the St. Croix East End Marine Park (STXEEMP) and the St. Thomas East End Reserves (STEER) pictured in Figure 1.

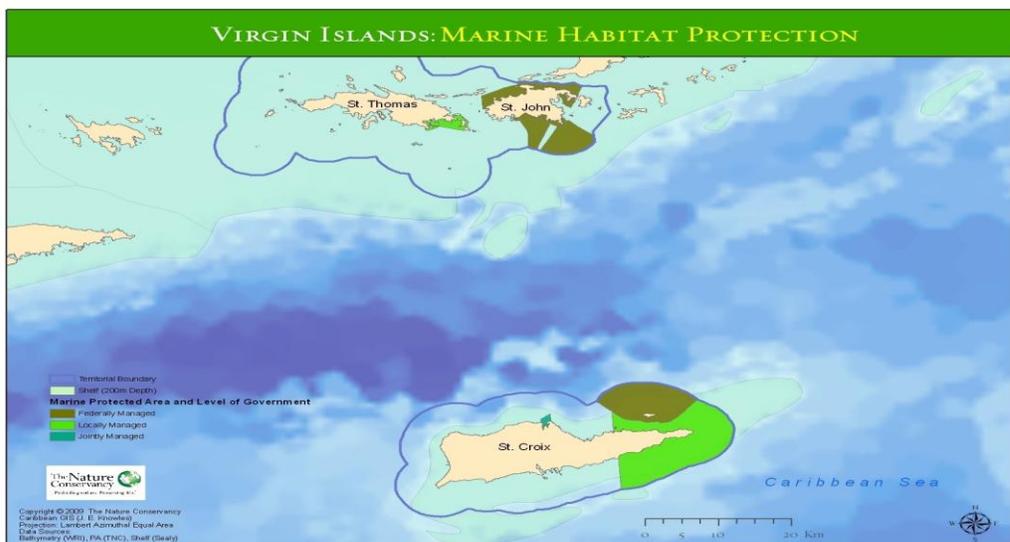


Figure 1: Virgin Islands Marine Habitat

STXEEMP was established in 2001. It is a multi-use park approximately 60 mi² area and represents the first step toward a territorial park system. STEER combines three Marine Reserves/ Wildlife Sanctuaries and is approximately 6 mi² area. It was originally established in 1994. It is the first time concerted area management is being practiced.

The Sustainable Finance Plan:

- Validates program activities by testing cost assumptions
- Identifies baseline for sustainable financing needs
- Establishes clear short and long-term targets
- Supports requests to federal and other potential funders
- Guides program budgeting
- Assists in resource allocation decisions

- Demonstrates (via scenarios) how changes may affect financial and operational needs

The Sustainable Finance planning process involves a:

1. Review and analysis of management actions/needs
2. Historical analysis of the protected areas' finances
3. Identification of financial needs for basic operation, as well as optimal management, of the protected areas
4. Identification of financing sources
5. Level of sustainability (needs vs. revenue) over the long-term
6. Construction of an articulated set of sustainable finance strategies, concretely presented as a portfolio of activities for the protected areas
7. System of Monitoring and Evaluation for the long-term financial sustainability plan
8. Identification of legal and institutional barriers and gaps to implement the long-term financial sustainability plan

The draft structure of the DPNR would have four divisions and an advisory board with the Division of Coastal Zone Management (CZM) having direct oversight over STEER. Functional areas managed by STEER would include resource management and protection, tourism and recreation, management and administration, community development and outreach and maintenance. This is captured in Figure 2 below.

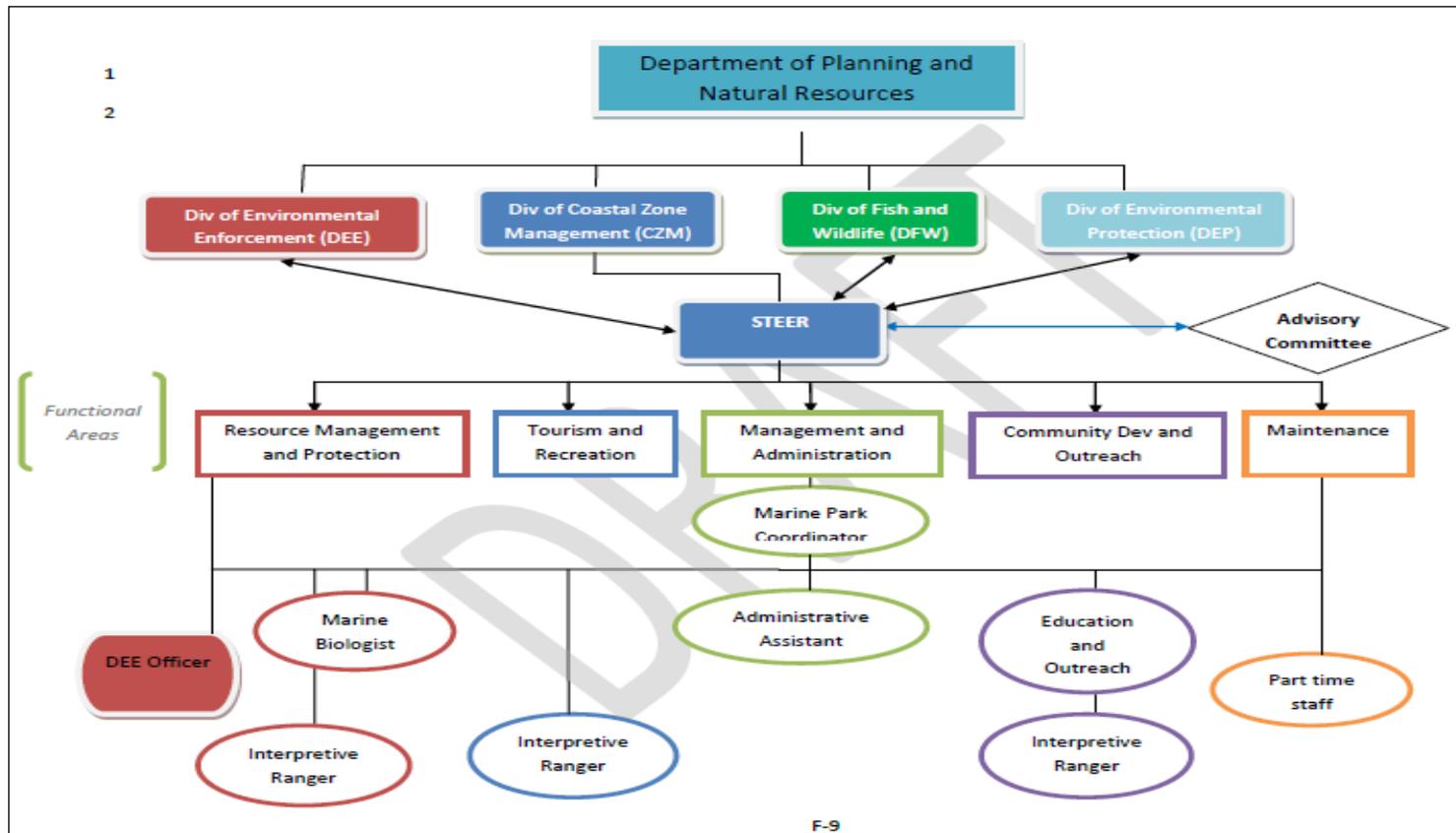


Figure 2: Draft Organizational Chart for the St. Thomas East End Reserves

Potential financial mechanisms for the Parks were rated on the basis of potential for revenue generation, certainty of revenue stream and complexity of implementation. The results are captured in Table 2.

Table 2: Ratings for Potential Financial Mechanisms

Financial Mechanism	Potential for revenue generation	Certainty of revenue stream	Complexity of implementation	Overall Value
<i>Rating (1 is low, 2 is medium, 3 is high)</i>	1, 2, 3	1, 2, 3	-1, -2, -3	
Fines	1	2	-1	2
Government Contribution	3	3	-2	4
Membership Dues	2	2	-1	3
Park User Fees	2	2	-2	2
PA Trust	3	3	-2	4
Payments for Environmental Services	1	1	-3	-1
Environmental Entrance Fee	3	2	-3	2
Concession fees, Permits and Licenses	1	3	-1	3
Private donations	2	2	-1	3
Special Commercial Uses	1	2	-1	2

The total recurrent needs for STEER was estimated to be \$808,000 at a critical level and \$976,000 at an optimal level. Revenue projections for the most feasible financial mechanisms total \$658,000 per year and \$4.6 million per year for future, more complex financial mechanisms. The recurrent critical needs for STXEEMP amount to \$633,000 and increase to \$734,000 at the optimal level. The average funding for the park amounts to \$340,000 per year and comes mainly from Federal funding sources. The resulting financial gap is \$230,000 and \$340,000 respectively (see Table 3.)

Table 3: Funding Mechanisms for STXEEMP

Funding Mechanisms	Fee \$	No.	Total
Membership Dues	20	5,000	100,000
Private Donations	1000, 10,000	50, 5	100,000
Licenses	10	100	1,000
Permits for scientific research, photography, filming and special events	250	10	2,500
Concessions: Tours, Vending at Cramer's Park, Yacht Club	600	5	3,000
Concessions: Hotels, Condo Complexes, Rentals Co's	1,200	10	12,000
Tours	5	5,000	25,000
Mooring Fees (Divers, Sailors)	15	250	3,750
Fishing Festival	25	350	8,750
Total			256,000
Future Potential Funding Mechanisms			
Cruise Ship Environmental Fee	1	1,918,000	1,918,000
Air Tourism Environmental Fee	5	511,000	2,555,000
Protected Area Trust			150,000
Total			4,623,000
Critical Gap of STXEEMP			230,000
Optimal Gap of STXEEMP			341,000

4.2 Potential Sustainable Financing Mechanisms: Case studies from the region

Conservation/Tourism Fees: Case Study I: Protected Area Conservation Trust (PACT) of Belize

PACT provides long-term sustainable financing mechanisms for Belize's national protected areas system. In 1991 World Wildlife Fund (WWF) provided funds for technical and financial assistance for establishment of the Conservation Division in the Ministry of Natural Resources. Two consultants from Colorado State University developed a revenue generation strategy for protected areas in Belize and proposed a US \$20 conservation fee be charged to tourists upon their departure and placed in the PACT Fund and 20% of diving boating, sports fishing, hunting and entry fees to parks also be placed in the fund. The consultants, along with a consultative

committee, proposed an 11 member Board of Directors (9 from the Government of Belize, 2 NGOs). The consultative committee was made up of 20 representatives of ministries, departments, Belize Tourism Industry Association, Belize Audubon Society, the Belize Centre for Environmental Sciences, World Wildlife Foundation and the Belize Zoo. The Board agreed to the fees but lowered the fee to US \$10 and less government representation on the Board of Directors and recommended an Advisory Council.

In 1992 a visitor WTP Conservation Fee survey was conducted with positive results. The PACT bill was drafted and tabled to the House of Representatives. There was a delay in early 1993. The hotel tax was introduced and this upset the tourism industry as well as general elections were held and the ruling party did not pursue the idea of PACT as aggressively. In 1994 the PACT bill was resubmitted to Cabinet. In December 1995 the PACT bill was submitted to House of Representatives. There was then opposition to the US \$10 conservation fee and the amount reduced to US \$3.75 to be a part of but separate from the departure tax.

On January 2, 1996 PACT Act was passed into law. Three consultants were engaged to draft the operational plan for PACT. The constitution of Board of Directors was agreed upon with consultation with stakeholders. USAID, through the project for the development of a national system of protected area, provided funds for vehicle, computers and initial resources totaling US \$36,000. On June 6, 1996 the PACT office opened on Nanche Street, Belmopan.

The PACT Act is the legal framework, which governs the PACT. It defines Board composition, advisory council and functions. After several revisions the Collection mechanism/process includes a conservation fee of us\$3.75, collected by airlines upon purchase of ticket or at check-in, additionally a cruise tourism head tax of US\$1.40 is collected by three local shipping agents. Both fees are remitted to PACT on a monthly basis. The fees collected are used to fund protected areas management and conservation, protected areas promotion and development, community development around protected areas and environmental education and awareness. Belize is one of the world's most biologically diverse nations and the majority of its natural resources still intact. Thirty six percent of terrestrial and thirteen percent of Belize's marine area is under some form of legal protection status.

The sources of funds for PACT are conservation fees paid by tourists on their departure (46%), cruise ship passenger head tax (42%) and other i.e. investments and individual donations (12%). The fund is accessed through a grants process where the Board identifies the areas of priority for the year's focus for grant funding. A call for proposals is advertised in the local newspapers; the proposals are endorsed by the responsible government authority and screened by PACT staff. Eligible projects are submitted for approval to the PACT Board and once approved grantees are presented with cheques at an award ceremony. Two hundred grants have been awarded to date, totaling over BZ \$17million from January 1996 to January 2009. Types of projects granted include preparation of management plans, staff training, enforcement and surveillance programs developed, research and monitoring programs and policy development,

upgrading parks' infrastructure, national signage project, development of promotional materials for protected areas and alternative livelihood training for community members; jams, jellies, handicrafts and jewelry making, honey processing, among others. Strengths, Challenges and Next Steps of PACT are presented in Table 4.

Table 4: Strengths, Challenges and Next Steps of PACT

Strengths of a Public Trust (PACT experience)	Challenges	Looking Forward
<ul style="list-style-type: none"> • National Mandate and thus drives national Priorities • Home grown-country ownership • Long term-Permanent Country Commitment • Reasonable predictability of income. • PACT Act ensures broad based representation through board composition • Strong Government support • Approved by the World Bank as a Climate Change Adaptation Agency 	<ul style="list-style-type: none"> • Revenue growth • Sense of entitlement by all stakeholders • Flexibility to adapt to environment as legislative change is a long process • Overhead rate of 50%. Issues attracting new funds. • Government has strong influence on Non- Government Board Members 	<ul style="list-style-type: none"> • Amendments to the PACT Act: Improve Governance structure and operational mechanism • New Strategic plan: Restructured and efficient approach to grant management and other services • Aggressive Fund Development • Diversified revenue streams • Establish payment for environmental services program

Discussion on financing mechanisms

There was a request from CZM to develop a list of countries that have instituted a head fee on cruise ships. The goal would be to build the case and present it to local officials. Analysis should include impact to a particular country before and after institution of the tax. Jean-Pierre Oriol is willing to present this case to the local government. The Fire Department and Emergency Management System instituted a \$1 tax from phone service. This has generated substantial revenue.

4.3 Pros and Cons of potential sustainable finance mechanisms

After discussion, the finance mechanisms deemed the most likely to succeed were:

- Cruise head tax
- Air travel fee
- Economic Development Commission companies taxed by Economic Development Authority
- Stamp tax / transfer fee for land sales
- Hotel bed tax

In plenary discussions, participants were asked about the pros and cons for each proposed sustainable financing mechanism. These are presented in Table 5.

Table 5: The Pros and Cons Of Implementing Various Sustainable Financing Mechanisms

MECHANISM	PROS	CONS	Notes
Cruise head tax	<ul style="list-style-type: none"> -Stable and significant source of revenue (2 million passengers per year) -Low administration costs (high efficiency of collection) -Not levied on VI residents -Revenue directly supports/enhances tourism product 	<ul style="list-style-type: none"> -Hesitancy to negotiate with cruise ship industry -Subject to industry volatility -Infringement on Port Authority and WICO ability to change/raise their head tax 	<ul style="list-style-type: none"> -The number of cruise ship passengers is a substantial impact on STT infrastructure and resources -develop argument as to what revenue will support -show early action (visibility) -annual report must show finances and progress/improvements -Communications is critical
Air travel fee	<ul style="list-style-type: none"> -Higher class of tourism (can charge more) -700,000 annual visitors by air - easy to administer 	<ul style="list-style-type: none"> -How do you separate residents from non-residents? (potential to levy on residents) -Infringement on Port Authority ability to change/raise their head tax 	<ul style="list-style-type: none"> -Air passengers will visit more protected area locations
Economic Development Authority fixed contribution for EDC companies	<ul style="list-style-type: none"> -Legislation in place, short timeframe to enact -Stable source of 	<ul style="list-style-type: none"> -Potential pushback from Department of Education -Would have to change the rules -Noncompliance is 	<ul style="list-style-type: none"> -How to wrap additional fee into existing fees -Environment/ conservation should be option on contribution

	funding	high and enforcement is uncertain	form
Transfer fee (stamp tax) for land sales	-Generous source of revenue -Structure is in place for collection -Natural fit between Trust Fund and land transactions	-Would require legislative amendment, longer to enact -Levied on residents, could be a burden to locals -Potential pushback from Waste Management	-Land/market value tied to state of the environment
Hotel bed tax	-Common tax in other locations -Current tax (10%) is relatively low -Not a burden on locals (residents) - High financial return -Efficiency of collection -Marketing tool to show environmental stewardship	-Would require legislative amendment -Potential pushback from Dept of Tourism and Hotel and Tourism lobby	-2 options: Create new legislation or amend existing legislation -benefit to consolidated Parks System -emphasizing use of funds for enhancement of tourism product
Establish Friends group	Can accept large donations, contributions from private individuals Has been successfully applied Gives donor increased confidence that funds will be used for right purpose	Has been challenged in some instances	

Discussion Points on Feasibility of sustainable financing mechanisms options

- All sources of revenue mentioned in Table 5 would be unrestricted funds
- Arrivals for 2013 for cruise lines were 2 million passengers between St. Thomas and St. Croix, and can potentially generate a significant contribution to the Fund. The Division of Coastal Zone Management (CZM) is willing to champion discussions with the Department of Tourism. Mr. Karl Knight and the Commissioner of DPNR will initiate discussions on air and cruise fees

- It was recommended that the Bureau of Statistical Affairs needs to get in the VER survey, willingness to pay for protected areas (include numbers)
- It was suggested that the DSPR have access to funds they raise from sports areas, beaches, pools etc. directly as they used to. Reiterate the need for having an independent vehicle for parks
- It was suggested that some corporations are willing to support but require matching funds as commitment. Funds from the Trust would be able to provide the match required
- At present fines go to a specific fund that could be used by the entity. No user fees are charged, so one of the only sources of funds is through donations to Friends groups.
- The DFW does not charge for use of trail or for use of moorings (if they did they would not longer be eligible for infrastructure maintenance)
- The Marine Economic Advisory Council represents charter companies and businesses in the waters. They would need to discuss what the impacts of concessions would be. It was anticipated that some people would resist efforts if they don't see what they would be getting in return for their fees. Need to communicate environmental efforts well, so people would know their money is well spent
- Archeological preserve fund- SHPO receives grants from federal government
- Reclamation fund- can accept grants, appropriation by Legislature, donations, fees, over a maximum of \$275000 goes into the General Fund
- EDA could provide a contribution/donation to TPTF per year, but this would have to be specifically named

4.3.1 *Next steps to determine feasibility of potential mechanisms*

A plan to conduct feasibility analysis on the five mechanisms presented in the previous section is presented in Table 6 below.

Table 6: Plan to determine Feasibility and Implement Financial Mechanisms

Activity	Responsible agent	Other stakeholders to be involved
1. Conduct feasibility analysis of the five potential finance mechanisms	Office of the Governor (Graduate/MBA student)	CZM
2. Hold Department head level meeting(s) to discuss feasibility analysis	Office of the Governor	Departments of Tourism, Waste Management, Port Authority, DPNR
3. Negotiate with cruise lines and air lines	Office of the Governor	Representatives from DPNR and Tourism and Port Authority
4. Establish EDC contribution		Representatives from EDA and DPNR

5. Next Steps and Closing

Dr. Hayman stated that the proceedings and all presentations of the workshop would be made available to all participants by the end of the month. She thanked the participants for their engagement and input through the workshop.

Annex I: List of Participants

NAME	ORGANIZATION		
Brad Nugent	Department of Tourism		
Jonathan Rotter	The Nature Conservancy		
Paul Chakroff	Independent Environmental Consultant		
Pedro M. Encarna	Department of Sports, Parks and Recreation		
Luther Renee	Department of Agriculture		
Karl Knight	V.I. Energy Office		
Marlon Hibbert	NOAA-CRCP		
Sean L. Krigger	VISHPO/DPNR		
Jean-Pierre Oriol	DPNR-CZM		
Aaron Hutchins	The Nature Conservancy		
Anne Marie Hoffman	The Nature Conservancy		
William Coles	DPNR DFW		
Lia A. Ortiz	NOAA NMFS/CRCP		
Alicia Hayman	Facilitator		

Annex 2: Workshop Agenda

Sustainable Financing of a VI Park and Protected Area System Workshop The Nature Conservancy Great House, 52 Estate Little Princess, Christiansted March 12-13, 2014

Purpose of workshop:

This workshop is designed to provide practical tools, information, and training to:

- 1) Develop a VI Territorial Area Trust Fund;
- 2) Select and plan for implementing new conservation finance mechanisms for the sustainable financing of protected areas.

These will be achieved by:

- 1a) Assembling stakeholders to review the existing legislation for a trust fund and amend as needed.
- 1b) Developing specific action plans for passing/amending the necessary legislation to create the fund.
- 2a) Showcasing best practices for sustainable financing
- 2b) Developing, USVI-specific action plans for the creation and implementation of new conservation finance mechanisms.

	Agenda DAY 1 – March 12, 2014
<i>8:30am—9:00am</i>	Arrival, Registration and Coffee
<i>9:00am—9:10am</i>	Welcome, Opening of Workshop, and Introductions <i>Aaron Hutchins, TNC</i>
<i>9:10am—9:40am</i>	VI Park System Formation, Vision and Structure (20 min. presentation & 10 min. Q&A) <i>Commissioner Alicia Barnes, DPNR</i>
<i>9:40-10:20</i>	Territorial Park System Report (20 min. presentation & 20 min. Q&A) <i>Karl Knight</i>
<i>10:20am—10:30am</i>	Outline of Sustainable Finance Workshop Agenda <i>Alicia Hayman</i>
<i>10:30am—10:45am</i>	BREAK
<i>10:45am—11:30am</i>	Background and Discussion on Conservation Trust Funds (20 min. presentation & 20 min. Q&A) <i>Jonathan Rotter, TNC</i>
<i>11:30am—12:30pm</i>	Review National Protected Areas Trust Fund (NPATF) Model Legislation & Bylaws (20 min. presentation & 40 min. Q&A) <i>Jonathan Rotter, TNC</i>
<i>12:30pm —1:15pm</i>	LUNCH (provided)
<i>1:15pm—2:15pm</i>	

	Existing Enabling legislation and policy development for a USVI Trust Fund (20 min. presentation & 25 min. Q&A) <i>Jonathan Rotter, TNC with additional comments by Karl Knight</i>
	BREAK-OUT GROUPS
2:15pm –3:30pm	Break-out Groups & Plenary: Revise elements of VI legislation for Trust Fund (Purpose, Board composition, Process for selecting Board members, Board skills etc.) <i>Alicia Hayman</i>
3:30-5:00pm	Break-out Groups: Develop action plan, timeline, budget/resource requirements, roles & responsibilities for passing TPAT legislation and making TPAT operational <i>Alicia Hayman</i>

TIME ALLOTMENTS	Agenda DAY 2 – March 13, 2014
8:30am—9:00am	Arrival and Coffee
9:00am—9:10am	Welcome and Recap of Day 1 <i>Aaron Hutchins, TNC</i>
9:10am—9:20am	Wrap-up of first part of workshop and Introduction to Part 2 of the Workshop: Funding Mechanisms <i>Alicia Hayman</i>
9:20am—10:20am	Review existing sustainable finance plans and willingness to pay results- known operating costs, revenues, gaps, feasible finance mechanisms <i>Anne Marie Hoffman, TNC</i>
10:20am—10:35am	BREAK
10:35am—12:00pm	POTENTIAL SUSTAINABLE FINANCING MECHANISMS Case studies from the region
12:00pm—1:00pm	LUNCH (provided)
1:00pm-2:00pm	<i>Pros and Cons of top 3-4 potential mechanisms (plenary)</i> <i>Feasibility ranking of top 3-4 potential mechanisms (Breakout groups)</i>
2:00pm—2:15pm	BREAK
2:15pm—3:00pm	Define next steps in developing top sustainable finance mechanisms
3:00pm—3:15pm	Workshop Recap/Wrap-up <i>Alicia Hayman</i>