Sustainable Financial Strategies:

Engaging the Tourism Business Communities

Participants

Approximately 20 to 25 representatives from the private tourism and travel business sectors, local and national government officials, academics, and representatives from non-government organizations (NGOs).

Statement of Task

Using a facilitated discussion format, develop a set of recommendations on:

1. sustainable funding sources that could be generated from the marine travel and tourism industries operating in the Coral Triangle; and
2. financial architectures/mechanisms to provide these funds for the implementation of priority components of the Coral Triangle Initiative on Coral Reefs, Fisheries and Food Security (CTI CFF or CTI) Regional and/or National Plans of Action (RPOA/NPOA).

Time Commitment

Four (4) hours on the morning of August 27, 2015.

Location

Bali Nusa Dua Convention Center, Bali, Indonesia

Background Information

The Coral Triangle (CT) region is located along the equator at the confluence of the Western Pacific and Indian Oceans and uses coral and reef fish diversity as the two major criteria. The boundaries of this region are defined by scientists as covering all or part of the exclusive economic zones of six countries: Indonesia, Malaysia, Papua New Guinea, the Philippines, the Solomon Islands and Timor-Leste.

While the region only covers 1.6% of the planet’s oceanic area, there is broad scientific consensus that the CT represents the global epicenter of marine life abundance and diversity, the greatest extent of mangrove forests in the world, and includes spawning and juvenile growth areas for the world’s largest tuna fishery.

The current status and the future projections of the health of marine and coastal resources in the CT region is of great concern. For example:

* Over 80% of the coral reefs across the Southeast Asia portion of the CT are *at risk* (under medium and high potential threat), and over half are *at high risk* -- primarily from coastal development and fishing- related pressures.
* Many important coastal fisheries across the region are depleted, with some fisheries already *collapsed or heading toward collapse*.
* Many of the commercial pelagic fish stocks – particularly species of tuna and mackerel -- are also *depleted*, *with some potentially heading toward collapse*.
* Hazards associated with climate change (such as mass coral bleaching, ocean acidification, sea level rise, etc. will pose increasing threats in the coming decades to marine and coastal resources. (1)

The CTI-6 countries have gone through an extensive process of defining “Actions” and “Activities” that shaped their respective NPOA and address the threats to the resources within the CT. Each NPOA identified and connected to one of the 5 over-arching goals and 30 macro-level targets within CTI’s RPOA. This process has created a large pipeline, or inventory, of almost 800 approved CTI Actions. The Actions’ component activities, or sub-projects, are estimated to be in the range of 1,500 to 3,000 by a recent ADB sponsored study. Thus, the implementation of the CTI’s RPOA and the NPOAs is complex, extensive, encompassing, expensive, and largely unfunded. (2)

The second meeting of the CTI Financial Resources Working Group (FRWG) was held in Kuala Lumpur, Malaysia, on 19-23 November 2012, to discuss the establishment of a coherent “financial architecture” of funding mechanisms and processes to ensure sustained long-term financing of the CTI and national programs. (2)

Afinancial architecture of some complexity has already evolved around CTI work. It has generated almost USD 1.4 billion for CTI related projects since the inception of CTI-CFF in only 2009. (2) CTI has a good record of donor and partner coordination, but could accomplish the Goals and Targets of its RPOA and the various NPOAs far more effectively with a more rationalized and structured financial architecture that would include great private sector involvement. To that end, the Asian Development Bank (ADB) hired a consultant to: examine the elements of CTI’s existingfinancial architecture: identify the gaps and missing capacity and then provide a report identifying a workable plan to implement the needed structure using a Business Development Unit (BDU) as the key instrument.

According to the draft report from the ADB consultant, CTI is committed to using a strong collaborative and systematic approach to addressing its financial resource issues. The report suggest, that at the broadest level, addressing the financial resource issues should entail collaboration around two activities: (i) mobilization of funding; and (ii) creation of the “financial architecture” needed to structure and coordinate funding flows to effectively support priority activities and programs. (2)

The CTI-CFF Regional Business Forums (RBF), of which there have been 3 previous ones, have been one of the efforts to development private and public sector collaboration and support for addressing the resource issues and funding needs within the CTI countries’ NPOAs. It was determined after the 3rd RBF that the focus of the RBF needed to be *more focused*. The decision was made to engage the travel and tourism industries in the 4th RBF. A set of mini-forums (roundtable discussion sessions) was proposed as a means of deliberating and making recommendations on the topics of: Sustainable Tourism Practices; Branding and Marketing the CT as a Global Sustainable Tourism Destination; and Developing Sustainable Finance Strategies in partnership with the travel and tourism industries to help accomplish the actions and activities need to protect and improve the marine resources within the Coral Triangle.

Potential Benefits for the CTI Region

The marine and coastal resources within the Coral Triangle provide profound benefits to the 363 million people who reside within the six countries that compose the Coral Triangle. They also provide benefits to many millions more outside the region. One-third of the inhabitants within the CT itself (more than 120 million people), particularly those living in coastal communities, depend directly on local marine and coastal resources for their income, livelihoods, and food security. The estimated annual value of the coral reefs, mangroves, and associated natural habitats in the CT total USD $2.3 billion.

Healthy reef systems and mangrove belts protect coastal communities from storms and tsunamis, reducing casualties, injuries, future reconstruction costs, and the need for international aid. Tuna spawning and nursery grounds support a multi-billion dollar (US) tuna industry, providing an important food source for tens of millions of consumers worldwide, and providing thousands of jobs for inhabitants within the region in the fisheries and fish processing sectors.

Productive coral reef systems provide for most of the USD $800+ million annual trade in live reef food fish (primarily supplying markets in China) and provide for a major share of the US $100 million+ annual trade in live reef aquarium fish and other ornamentals (supplying markets worldwide).

Healthy marine resources contribute to a growing nature-based and marine based tourism and recreation industries in the region; and, are the bases for coastal lodging and food business development, generating tens of millions of dollars (USD) annually and thousands of jobs. (1)

Important Questions/Ideas to Discuss and Possible Recommendations

1. *What would a well-diversified set of funding sources from marine and coastal tourism indus tries look like?*

Possible Recommendation - An array of tourism based funding sources should include: trust funds, tourism-based entrance and specific use fees; permit/leasing/concession contracts for business operations related to marine protected area resources; investment and sponsoring specific sustainable facilities and programs; development impact fees; tourist volunteer donations programs including optional add on amounts to bills; corporate commitment to designating percent of their sales/bills (sports equipment, clothing, restaurant, hotel, flights, cruses, etc.); grants and loans by international funding institutions; expanding in-kind time donations of staff; travel and tour work-vacation business development; corporate/operator policies on purchasing local goods and services; etc.

1. *What should be the priority uses of funding generated from marine and coastal tourism?”*

Possible Recommendation - Individual and collaborative efforts within the marine tourism industry’s various components should be organized around and linked directly to the Regional and National Plans of Action, with specific funding programs created to achieve the priority goals and targets within the Plans.

Possible Recommendation - Fund local, then system and regionally. Ensure donor funding is driven by CT country needs as identified in the NPOAs and develop a system for evaluating dedicating funds to MPA systems and the RPOA projects.

3. What type of regional and/or national funding distribution mechanisms could be recommended for management of the revenues received from fees, assessments and/or donations from the marine and coastal tourism participating businesses? What accountability measures would you recommend?

Possible Recommendation - Tourism businesses be engaged in regular dialogues at the CTI regional, national and local government levels on key issues related to funding mobilization, funding coordination, and the financial architecture for collecting, monitor and distributing their contributed funds.

Possible Recommendation - Establish and institutionalize a CTI tourism Business Development Unit (BDU) composed of tourism and related business representatives as a means of promoting involvement in the program and for helping advise on collection and distribution of dedicated funds received throughout the region.

Possible Recommendation - Collection and distribution mechanisms/organizations should be structured in ways that effectively attract and pool funds, efficiently distribute such funding to address the CTI Plans of Action using world class standards of financial management, transparency, performance standards, monitoring and evaluation, etc.

Possible Recommendation - The geographic scope of fund distribution should be an important consideration; determined by funding needs, efficiencies, practicalities, and other factors.

Possible Recommendation - The collection and distribution mechanism(s)/organization(s) should be able to distribute funding to a range of relevant stakeholders who are operating at all major scales of action (e.g., MPA system, seascape, national, sub-regional, region-wide).

Possible Recommendation - Implement innovative financing mechanisms such as: pooled regional funds, trust funds (endowments, sinking and revolving funds, and combinations), micro-finance facilities, and alternative investment funds.

4. *What means could be recommended on how to assess and manage information on the funding that is generated through marine travel and tourism related contributed funds?*

Possible Recommendation - Establish and maintain a region wide information management systems using the CTI-CFF website that collects and provides to the public and private sectors information on the contributed funds received from the marine tourism industries and where the funding is allocated.

Possible Recommendation - Develop better efforts to actively engage the marine and coastal tourism business owners in key CTI events, coordination mechanisms, local MPA planning efforts, and assisting in outreach and communications efforts.

5. *How can sustainable marine and coastal tourism partners help mobilize other domestic and international funding from the travel and tourism industry?*

6. *What would be the most effective ways to mobilize the travel and tourism industry leaders/business owners in the CT region to join efforts to help find external funding (outside the industry) for completing priority elements within the RPOA and NPOAs? Could they also help campaign or encourage national government funding?*

Program Examples / Case Studies

*El Nido Resorts* - Committed to providing leisurely, engaging, and educational experiences and services in a manner that has the least impact on the environment and promotes respect for El Nido’s local people and culture. http://www.elnidoresorts.com/sustainability/

*Asian Conservation Company* - Is a successful holding company bridging private sector investment and biodiversity conservation. Companies within ACC’s portfolio are measured on a Quadruple Bottom Line: Financial Profitability; Environmental Conservation; Community Responsibility Employee Satisfaction. http://www.asianconserve.com/ACC/html/partners.html

*World Wildlife Fund* - Working to secure long-term, sustainable financing for marine protected areas (MPAs) and to help local communities, WWF is now promoting tourism both as a financing mechanism for MPAs and as a source of income for local people. http://wwf.panda.org/what\_we\_do/how\_we\_work/conservation/marine/sustainable\_use/sustainable\_tourism/tourism\_benefits/

*Reef Check* - Offers a variety of programs including opportunities to schedule working vacations doing reef monitoring programs that generate support for marine conservation. http://www.reefcheck.org

*Coastal Conservation and Education Foundation’s (CCEF)* “Saving Philippine Reefs (SPR)” - Uses volunteer divers to help monitor and document reef conditions. Divers give approximately a week of their time in the form of a working vacation. http://www.coast.ph/our-work/projects/saving-philippine-reefs

*Philippines Integrated Protected Area Fund (IPTAF)* - Fee systems in the Philippines are wide spread from national MPAs to local-community MPAs and generate a substantial amount of revenue at all levels. While inherently government, the fund present a model for managing and distributing donations and revenues. http://www.cbd.int/doc/meetings/fin/rmws-2014-03/other/rmws-2014-03-day2-09-en.pdf

*Belize Protected Area Conservation Trust (PACT)* - PACT is a bold and innovative strategy for non-traditional revenue generation. PACT is primarily financed from the collection of a conservation fee of BZ $7.50 (US $3.75) paid in by visitors to Belize upon their departure and a 20% commission from cruise ship passenger fees. No less than 5% of all revenues are deposited into an endowment fund. http://www.pactbelize.org/AboutPACT.aspx

*Adaptation Fund (AF)* - The Adaptation Fund finances projects and programs to help developing countries adapt to the negative effects of climate change. The Adaptation Fund is supervised and managed by the [Adaptation Fund Board](http://www.adaptation-fund.org/about/the-board) (AFB).  The World Bank serves as trustee of the Adaptation Fund on an interim basis.  <https://adaptation-fund.org/about>

*Starwoods - UNICEF Partnership* - “Check out for Children’ initiative provides donation opportunities at hotel and resort check out. An inflight donation program also exist with certain airlines. http://www.unicef.org/corporate\_partners/index\_25074.html

*Letty Coppel Foundation* - The Pueblo Bonito Group (multiple resorts and timeshare properties in Cabo San Lucas Mexico), through the Letty Coppel Foundation developes internal and external programs to raise funds for the protection of sea turtles and their nesting areas. A donation of approximately $1 USD per night is added to the bills of all guests staying in the hotel and timeshare properties owned by the Mrs. Coppel’s family. Guests have the opportunity to remove the donation from their bill upon check out but rarely do. http://www.lettycoppelfoundation.com

Supporting Documents

(1) *Coral Triangle Regional Plan of Action,* Released on 15 May 2009, http://www.coraltriangleinitiative.org/sites/default/files/resources/CTI%20Regional%20Plan%20of%20Action\_June%2023%202009.pdf

(2) *Implementing a Comprehensive Financial Architecture for the Coral Triangle Initiative*, Draft Final Report. 7 February 2015, prepared by AECOM Asia Company Ltd (AACL) Hong Kong in association with Indokoei International, Pt Ltd.