



**Ministry of State for Environmental Affairs
Egyptian Environmental Affairs Agency
Nature Conservation Sector**

**Project: Strengthening Protected Area Financing and
Management Systems**

TOWARDS PROTECTED AREA FINANCING POLICY AND STRATEGY



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Acronyms:

EEAA	Egyptian Environmental Affairs Agency
GEF	Global Environmental Facility
IUCN	World Conservation Union
MSEA	Ministry of State for Environmental Affairs
NCS	Nature Conservation Sector
PA	Protected Area
UNDP	United Nations Development Program
CBD	Convention on Biological Diversity
FAS	Financial and Administrative Sector
FAD	Financial and Administrative Development
CEO	Committed Executive Officer
PAF	Protected Area Fund
EPF	Environmental Protection Fund
CAOA	Central Agency for Organization and Administration
HQ	Head Quarter
NGO	Non-Governmental Organization
EIA	Environmental Impact Assessment
GNP	Gross National Product
PES	Payment for Ecosystem Services
WHC	World Health Convention
CITES	Convention on International Trade in Endangered Species of Wild Flora and Fauna
WSSD	World Summit for Sustainable Development
MDGs	Millennium Development Goals
P & S	Policy and Strategy

I – Executive Summary:

This report outlines a road map for PA system financial sustainability. It conducts an assessment for PA Status, funding gaps and associated legal provisions; also explores the available revenue generation tools and their retention to secure PA needs. It presents a framework for PA financing policy and strategy with diverse funding resources, effective financial administration, enabling environment, mainstreaming and building capacity. Additionally, it addresses recommendations on institutional reform, defines the required ministerial decree and proposes the factors that motivate PA system development.

PA Status Assessment:

1- Egypt's PA System:

Egyptian PA system of 30 PAs contains 150,000 square Km that represents 15% of Egypt territory and will be expanded to 20% by 2017. PA system is inhabited by more than one million citizen, supports almost 10 million persons and offers direct and indirect returns to the national economy of about \$15 billion/year which is increasable (for tourism, agriculture, fishing, petroleum, minerals, quarries, cattle and small enterprises).

There are serious financing gaps for PA system which does not receive sufficient funding to manage PAs effectively. Under current conditions it is hard to imagine that Government will meet PA financing needs. Increasing fund raising for PAs is inevitable and retaining the generated resources for PA development is a must.

2- Legal Context:

Law 102/1983: Stipulates to establish a PA special fund (PAF) that receives all money, gifts, grants provided to PAs, the visiting fees and penalty returns of applying this law. All these money are to be allocated for the following purposes:

- Support entities that enforce the rules of this law.
- To share in improving PA environment.
- Develop necessary studies and researches for PA field.
- Pay incentives for guides and arrestors to who violate this law.

Law 4/1994 and its amendment by law 9/2009; established an Environmental Protection Fund (EPF), and one of its resources is the revenue of the PAF stipulated by law 102/1983. Legally PAF exists and should operate as stated by law 102/1983, and its presence within EPF does not eliminate its entity or its commitments.

3- PA Financial Sustainability:

It is defined as "the ability to secure sufficient, stable and long-term financial resources and to allocate them in a timely manner and in an appropriate form, to cover the full costs of PAs and to ensure that PAs are managed effectively and efficiently with respect to conservation and development objectives".

Financial sustainability is not possible without strong and effective institutions for PA management. Establishment of NCS General Authority is the most suitable long-term solution to achieve self financing, world standard PAs, maintenance of endangered biodiversity and increased support to national economy and social equity.

Rationalized PA Revenue Generation and Retention:

4- User Fees:

They cover several possibilities that include: visiting fees, admission fees for special attractions, fees for hiking, diving, guiding tours, camping, picnicking and others.

The provided resources from user fees can satisfy PA operations. The existing visiting fees are applied in only 7 PAs and must be re-evaluated and extended to the others.

Many tourists visited PAs have presented their willingness to pay double and triple the entrance fees if they are sure that money will be used for suitable services and for better nature protection of PAs.

5- Concessions:

They are one of a number market-based mechanism known collectively as user fees. They are usually undertaken with the private sector but can also involve community organizations, and NGOs and others.

The Prime Ministerial Decree 264/1994 allows, according to certain terms, permits to activities in PAs which favors its development in return to payment for concession (as user fees) determined by EEAA.

Lease may also be used to generate revenues according to concession terms.

6- Partnership:

In recent time a collaborative management approach between the government and private sector is expanded and encouraged to exploit its experience in economic management, private sector partnership projects (PPP) and Building, Operation, Transfer (BOT) or Developments Operation, Transfer (DOT) agreements.

The Prime Ministerial Decree 240/1990 of PAF regulations gives EEAA-NCS different opportunities to invest these fund resources individually or by joint-venture with private sector for development of PA services and operation facilities as collaborated projects and involving local community.

7- Protected Area Fund (PAF):

PAF represents the superior source of funding EPF (exceeding 80%), while PA system receives a very little fund of this income, which in turn affects the main function of protection for the natural heritage and conservation of biodiversity.

According to law 102/1983 a special account for PAF has to be determined within EPF where all resources generated by PA, will be directed to it and be allocated as stipulated by this law.

PA Financing Policy and Strategy Framework:

8- NCS Vision:

Establish and manage protected area network according to international standards, encompasses the main examples of Egyptian natural capital, essential ecosystems and endangered biodiversity; provided with enabling environment, financial sustainability, autonomous management and partnership with stakeholders and local communities. Integration with the national development sectors, support the social equity and ensure benefit sharing of genetic resources use.

9- NCS Mission:

Egypt has exceptional wild resources, unique ecosystems and valuable natural treasures that underpin the national economy and tourism industry. Recognizing the value of this biodiversity and its critical role in maintaining and enhancing the well-being of the public, the Government of Egypt in cooperation with concerned entities, nationally and worldwide, is committed to maintain innovative management PA system with financially self supporting. It ensures efficient conservation and effective management of biodiversity in relation with economical, social, environmental and cultural worth to successive generations.

10- The Goal:

Establishing an effective PA system operated by an autonomous entity on solid economic basis, financial sustainability and innovative capacities for cost-effective management.

11- Strategic Objectives:

- Building a diverse, stable and secure funding portfolio.
- Improving financial administration and effectiveness.
- Creating an enabling financial and economic framework.
- Mainstreaming and building capacity to use financial tools and mechanisms.

12- Building a Diverse, Funding Portfolio:

A diversified funding base provides greater security and flexibility than reliance on a single source of funding.

Practically, PA system income could be quadruple by raising visitor fees to market levels, applying fees in new PAs, and provided basis services inside them.

User Fees: is including many kinds of fees which can be easily applied according to PA available opportunities.

Concessions and Joint Venture: are important innovative tools of PA revenue generation which will be developed according to rational principals and pre-requirements.

The management of PA requires cooperation among managers and users, and offers an opportunity to explore the potential of collaboration between government and civil society.

13- Financial Administration Effectiveness:

In the context of an essential improvement of the existing NCS hierarchy with detailed structure, jobs and employees; a first priority has to be given to upgrade the financial and administration department to a general department that works as a separate account unit, furthermore the development of the general department of biodiversity economy. Both general departments are working for presenting PA values and benefits to the national development sectors, local communities and employment.

14- Enabling Financial and Economic Framework:

PA goods and services are seriously under-priced or not priced at all by the market. This can have a major impact on the ability of PAs to generate funds.

A system economic valuation of PAs and assessment of goods and services provided will be developed to prove the current and foreseen benefits to the Egyptian society which build a strong case to elevate PA system profile in public and private sectors.

The key condition for securing public funds for PAs will be the ability to justify their funding request in terms of socio-economic objectives.

15- Mainstreaming and Building Capacity:

PA system will be recognized as an engine for the national development. This view aims PAs operate as economic assets and be carefully managed for conservation and use, rather than as conservation assets to be protected from economy.

Mainstream of PA as natural solutions that underpin sustainable development, well-being of public and poverty reduction are supportive elements to secure rational financial mechanisms.

Additional funds will be used most effectively, and more easily raised in the future, if accompanied by capacity building of PA authorities in financial management skills, and by strong partnerships between PAs and other sectors; governmental, private NGOs and communities.

NCS has to complete 70% of its careers within 5 years, to reach 2200 staff (i.e. 15 staff per 1000 km², while the global average of developing countries is 27).

Payments for Ecosystem Services (PES) are increasingly held up as a new solution to PA financing problem. However, it requires a substantial investment in technical capacity.

Recommendations:

16- Institutional Actions:

Reform of NCS existing structure by expressing definitely its organization in details with defined job descriptions, needed employees and schedule of recruitments that

ensuring increased management effectiveness towards level of international standards, alongside, providing PAs with the needed infrastructure, equipment, facilities and services.

Necessary authorities have to be devolved to NCS director by EEAA-CEO to carry out the responsibilities of cost-effective management, the proper exploitation of PA system Government budget, and retained funds and PAF resources investment as agreed by EPF Board and approved by the Minister.

17- Ministerial Decree:

Identify a specific account for PAF in EPF to deposit all revenues and resources generated by PAs. EPF Board will administer PAF within separate sessions as PAF regulations. NCS director and a representative of the Ministry of Tourism will share the Board for PAF.

NCS retains the majority of PAF resources as defined by EPF Board based on a systematic financial needs assessment, financial plan and work plan. Extra financial resources will be allocated to support EEAA and other parties.

NCS will carry out updated revenue generation tools and regulations for conventional and innovative mechanisms that reflect PA values, returns to the national development and participation of private sector and local communities.

18- (P & S) Factors of Success:

A commitment of the high-level decision makers, especially the Minister, supports PA policy and strategy implementation, as the national development priorities and increases their social visibility.

Developing of NCS structure to an autonomous institution "A General Authority" with cost-effective management capacities, to ensure enabling environment and needed human development.

Increasing investment and ensuring re-investment in PA system is critical to elevate PAs standards, reflect their real values and make them more attractive for additional revenues.

الملخص التنفيذي

يوضح هذا التقرير خريطة الطريق لتحقيق الاستدامة المالية لنظام المحميات الطبيعية، حيث يجرى تقييم لحالة المحميات الطبيعية والفجوات التمويلية والنصوص القانونية ذات العلاقة، ويستكشف الأدوات المتاحة لزيادة الموارد المالية واستعادتها لتأمين احتياجات المحميات. كما يعرض إطار سياسة واستراتيجية التمويل للمحميات الطبيعية متضمنة تنويع مصادر التمويل، الإدارة المالية الكفاء، توفير البيئة الداعمة، عوامل الدمج وبناء القدرات. ويوصى بعناصر الإصلاح المؤسسي، ويحدد بنود القرار الوزاري المطلوب، ويؤكد على العوامل الدافعة لتطوير نظام المحميات.

تقييم حالة المحميات الطبيعية:

1- نظام المحميات في مصر:

يتكون من 30 محمية طبيعية علي مساحة 150000 كيلومتر مربع والتي تمثل 15% من مساحة مصر، وسوف يتسع إلي 20 % عام 2017. يقطن في المحمية الطبيعية أكثر من مليون مواطن، وهي تدعم ما يقرب من 10 مليون شخص، وتقدم عوائد مباشرة و غير مباشرة للاقتصاد القومي بما قيمته حوالي 15 مليار دولار سنوياً وهي مباشرة بالتنامي (في مجالات السياحة، الزراعة، الثروة السمكية، البترول، التعدين، المحاجر، الثروة الحيوانية، الاستثمارات الصغيرة).

توجد فجوات مالية كبيرة في نظام المحميات الطبيعية حيث لا يصلها التمويل الكافي لإدارتها بكفاءة. وفي ظل الظروف الراهنة فإنه يصعب تصور قدرة الحكومة على محابهة متطلبات المحميات. لذا أصبح حتماً العمل على استمرار زيادة معدلات موارد المحميات واستعادة هذا التمويل لأجل تنميتها على أفضل وجه.

2- الإطار القانوني:

ينص القانون رقم 102 لسنة 1983 للمحميات الطبيعية على إنشاء صندوق خاص تؤول إليه الأموال والهبات والإعانات التي تقرر للمحميات ورسوم زيارتها، وكذا حصيلة الغرامات الناتجة عن تطبيق أحكام هذا القانون. وتخصص جميع هذه الأموال للأغراض الآتية:

- تدعيم ميزانية الجهات التي تتولى تنفيذ أحكام هذا القانون.
- المساهمة في تحسين بيئة المحميات.
- إجراء الدراسات والبحوث الضرورية في مجال المحميات.
- صرف مكافآت لمرشدي ولضابطي الجرائم المخالفة لهذا القانون.

ينص القانون رقم 4 لسنة 1994 وتعديله بالقانون رقم 9 لسنة 2009 على إنشاء صندوق خاص يسمى صندوق حماية البيئة وتكون إحدى مصادره موارد صندوق المحميات المنصوص عليها في القانون رقم 102 لسنة 1983. وتجدر الإشارة هنا إلى أن صندوق المحميات يظل قائماً قانوناً ويجب أن يعمل كما ينص عليه القانون رقم 102 لسنة 1983، وإن تواجد داخل صندوق حماية البيئة لا يلغى شخصيته الاعتبارية أو التزاماته التي يكفلها هذا القانون.

3- التمويل المستدام للمحميات:

هو القدرة على تأمين الموارد المالية الكافية والمستقرة وطويلة الأمد التي يتم تخصيصها في التوقيت المطلوب وبالشكل المناسب لتغطية تكاليف المحميات، ويضمن إدارتها بخبرة وكفاءة طبقاً لأهداف الصون والتنمية.

وحيث لا يمكن توفير التمويل المستدام إلا في ظل كيان مؤسسي قوى ذو كفاءة لإدارة المحميات الطبيعية. لذا فإن إنشاء هيئة عامة للمحميات الطبيعية يعد الحل الأفضل لتحقيق التمويل المستدام، الوصول بالمحميات للمستوى العالمى، صيانة التنوع البيولوجى المهدد بالإنقراض، وتقديم الدعم المتنامى للاقتصاد القومى والعدالة الإجتماعية.

النظام الرشيد لزيادة موارد المحميات واستعادتها لأجل تنميتها

4- رسوم الاستخدام:

تشمل العديد من الأنواع مثل رسوم الزيارة، رسوم دخول مناطق ذات طبيعة خاصة، ورسوم تجوال، غوص، إرشاد، تخييم، تنزه وغيرها. ويمكن للموارد المتيسرة من رسوم الاستخدام أن توفر مستوى الكفاية لتشغيل المحميات. ويتم تطبيق رسوم الزيارة حالياً فى 7 محميات فقط، ويلزم إعادة تقييم هذه الرسوم والتوسع فيها بمحميات أخرى. ويبدى العديد من السياح الوافدين للمحميات استعدادهم لدفع ضغفى أو ثلاثة أضعاف رسوم الزيارة فى حالة تأكدهم أن هذه الأموال سوف تستخدم لتوفير خدمات مناسبة وبغرض حماية أفضل للثروات الطبيعية بالمحميات.

5- مقابل الانتفاع:

تعتبر أحد العديد من آليات السوق المسماه إجمالاً برسوم الاستخدام، ويتم تطبيقها عادة مع القطاع الخاص. ومن الممكن أن تشمل أيضاً المنظمات المجتمعية والمنظمات الأهلية وآخرين.

وينص قرار رئيس مجلس الوزراء رقم 264 لسنة 1994 بالتصريح لأنشطة داخل المحميات بقواعد محددة ولصالح تنميتها وذلك نظير مقابل انتفاع يحدده جهاز شئون البيئة. كما أنه يمكن استخدام نظام الإيجار لتنمية موارد للمحميات طبقاً لشروط الانتفاع.

6- الشراكة:

فى السنوات الأخيرة تم توسيع وتشجيع نظام الإدارة المشتركة بين الحكومة والقطاع الخاص للاستفادة من خبراته فى الإدارة الاقتصادية فى مشروعات مشتركة بنظام (PPP) وكذلك اتفاق البناء والتشغيل والنقل (BOT) أو التنمية والتشغيل والنقل (DOT) .

يقضى قرار رئيس مجلس الوزراء رقم 240 لسنة 1990 باللائحة الداخلية لصندوق المحميات إتاحة فرص متعددة لقطاع حماية الطبيعة / جهاز شئون البيئة باستثمار موارد هذا الصندوق منفرداً أو بالاشتراك مع القطاع الخاص بهدف تطوير خدمات المحميات ووسائل التشغيل بها من خلال مشروعات مشتركة معه والمجتمع المحلى.

7- صندوق المحميات الطبيعية:

يمثل هذا الصندوق المصدر السائد في موارد صندوق حماية البيئة (أكثر من 80%) في حين لا يستفيد نظام المحميات من هذه الموارد إلا القليل، وهذا يؤثر بالتالى على فعالية الحماية للتراث الطبيعى وصون التنوع البيولوجى. ونود التنويه أنه بناء على أحكام القانون 102 لسنة 1983 يلزم أن يكون لصندوق المحميات حساب خاص داخل صندوق حماية البيئة والذي تؤول إليه جميع الموارد المالية من المحميات، وأن يتم توزيعها طبقاً لنص هذا القانون.

إطار سياسة واستراتيجية التمويل للمحميات:

8- رؤية قطاع حماية الطبيعة:

إنشاء وإدارة شبكة للمحميات الطبيعية بمستويات عالمية، تضم النماذج الرئيسية من الرأسمال الطبيعى المصرى، والأنظمة البيئية الأساسية والتنوع البيولوجى المهدد بالانقراض، وذلك بتوفير البيئة التمكينية، التمويل المستدام، الإدارة اللامركزية والشراكة مع أصحاب المصلحة والمجتمعات المحلية. التكامل مع قطاعات التنمية الوطنية ودعم العدالة الاجتماعية وضمان إقتسام المنافع لاستخدامات الموارد الجينية.

9- مهمة قطاع حماية الطبيعة:

تتميز مصر بالموارد البرية النادرة، والأنظمة البيئية الفريدة والثروات الطبيعية الثمينة التى تدعم الإقتصاد القومى وصناعة السياحة. وتقديراً لقيمة التنوع البيولوجى ودوره الحاسم فى توفير وتعزيز رفاهية الشعب، فإن الدولة المصرية تلتزم بتحقيق الإدارة الحديثة لنظام المحميات مدعوماً بالتمويل الذاتى. وهى تضمن كفاءة الصون وفعالية الإدارة للتنوع البيولوجى بالترابط مع القيم الاقتصادية والاجتماعية والبيئية والثقافية للأجيال المتعاقبة.

10- الغاية المنشودة:

إنشاء نظام كفاء للمحميات الطبيعية يديره كيان مستقل مؤسس على قواعد إقتصادية وإستدامة مالية وقدرات حديثة للإدارة رشيدة التكاليف.

11- الأهداف الاستراتيجية:

- بناء مصادر تمويلية متنوعة وثابتة وآمنة.
- تحسين آليات إدارة الموارد وكفاءتها.
- إرساء إطار مالى واقتصادى قوى.
- بناء القدرات والدمج مع الأطراف المعنية لاستخدام أدوات وآليات التمويل.

12- بناء مصادر تمويلية متنوعة:

يلزم تنويع قواعد التمويل حيث تحقق استقراراً للتأمين والمرونة الأفضل من الاعتماد على مصدر واحد. ويمكن لنا عملياً تحقيق مضاعفة دخل المحميات الطبيعية بمجرد رفع قيمة

رسوم زيارتها إلى مستويات السوق مع تطبيق رسوم الزيارة لمحميات جديدة. بذلك يمكن توفير الخدمات الأساسية داخل هذه المحميات. وتضم رسوم الاستخدام العديد من الأنواع التي نستطيع تطبيقها بسهولة في إطار الفرص المتاحة لكل محمية. ويعتبر مقابل الانتفاع والاستثمار المشترك من الأدوات الحديثة لتوفير موارد للمحميات والتي يمكن استخدامها وتطويرها طبقاً لقواعد رشيدة وشروط محددة مسبقاً. وتتطلب إدارة المحميات توثيق التعاون بين مديريها ومستخدميها، وهذا يقدم نموذجاً جيداً لتوطيد فعالية الشراكة بين الحكومة والمجتمع المدني.

13- كفاءة إدارة الموارد:

في إطار التطوير اللازم لهيكل قطاع حماية الطبيعة وتفصيلاته المؤسسية والوظائف والكوادر بها، يجب إعطاء الأولوية للإرتقاء بالإدارة المالية والإدارية بالقطاع إلى مستوى إدارة عامة وأن تعمل كوحدة حسابية منفصلة، كذلك تطوير الإدارة العامة للاقتصاديات التنوع البيولوجي. وتعمل هاتين الإدارتين مشتركتين لتوضيح القيمة المميزة للمحميات وعائدها على قطاعات التنمية بالدولة والمجتمعات المحلية وفرص العمل.

14- إطار مالي وإقتصادي قوى:

للأسف يتم التقليل كثيراً للقيمة التسويقية للسلع والخدمات التي تقدمها المحميات، أو لا يتم تقييمها على الإطلاق، ويكون لذلك تأثيراً كبيراً على قدرة المحميات في توفير الموارد اللازمة لتنميتها. وبناء عليه يلزم تقديم نظام للتقييم الاقتصادي للمحميات وتقويم السلع والخدمات التي تقدمها وذلك لتأكيد الفوائد الحالية والمتوقعة منها للمجتمع المصري، وهذا يعضد بقوة الارتقاء بصورة المحميات أمام القطاعات العامة والخاصة. كما أن الشرط المحوري لتأمين التمويل المستدام للمحميات هو قدرتها على تبرير مطالبها في ضوء أهداف إقتصادية إجتماعية.

15- الدمج وبناء القدرات:

يجب إدراك أن نظام المحميات الطبيعية هو محرك للتنمية الوطنية. ويهدف هذا التوصيف إلى أن المحميات تعمل كقاعدة اقتصادية يجرى إدارتها بعناية للصون والاستخدام، وليس كأساس للصون يتم حمايته من الاقتصاد. كما أن دمج المحميات مع القطاعات التنموية كموارد طبيعية تعزز التنمية المستدامة، ورفاهية المجتمع، وتقليل وطأة الفقر، تعد عناصر داعمة لتأمين آليات التمويل الرشيدة.

ويؤخذ في الاعتبار أن استخدام الموارد المتحصلة بكفاءة، وإمكانية زيادتها بسهولة أكثر يعتمد على بناء قدرات قيادات المحميات وزيادة خبراتها في إدارة التمويل، وتوثيق الشراكة مع القطاعات المختلفة سواء حكومية أو خاصة أو أهلية أو المجتمعات المحلية. ومن الضروري أن تستكمل المحميات 70% من كوادرها خلال 5 سنوات لتصل إجمالاً إلى 2200 فرد (أى بمعدل 15 فرد لكل ألف كيلومتر مربع، في حين المعدل العالمي 27 فرد للدول النامية). أيضاً يعتبر الدفع نظير خدمات النظم البيئية من الحلول الجديدة لمشكلة تمويل المحميات، إلا أنها تتطلب استثماراً عالياً في القدرات الفنية اللازمة.

التوصيات:

16- إصلاحات مؤسسية:

من الأهمية إصلاح الكيان التنظيمي الحالي لقطاع حماية الطبيعة بتحديد تقسيماته الفرعية تفصيلاً وتوصيف الوظائف وتحديد كوادرها وجدول لتوظيفها بما يضمن زيادة كفاءة الإدارة لتحقيق المستويات العالمية. وبالتوازي، يجب توفير البنية الأساسية والمعدات والوسائل والخدمات اللازمة للمحميات.

ويكون من المناسب تفويض الرئيس التنفيذي لجهاز شؤون البيئة بعض الاختصاصات اللازمة لرئيس قطاع حماية الطبيعة التي تتيح له مسؤولية الإدارة رشيدة التكاليف للمحميات والاستغلال الأفضل للموازنة الحكومية، وكذلك استعادة التمويل والاستثمار لموارد صندوق المحميات طبقاً لموافقة مجلس إدارة صندوق حماية البيئة وتصديق السيد الوزير.

17- قرار وزير الدولة لشؤون البيئة:

- تخصيص بند حساب خاص لصندوق المحميات الطبيعية داخل صندوق حماية البيئة تودع فيه جميع موارد المحميات وعوائدها. ويتم إدارة صندوق المحميات في جلسات خاصة به يعقدها مجلس إدارة صندوق حماية البيئة طبقاً لللائحة التنفيذية لصندوق المحميات. ويشارك في هذه الجلسات رئيس قطاع حماية الطبيعة وممثل لوزارة السياحة.
- يستعيد قطاع حماية الطبيعة النصيب الأكبر من موارد صندوق المحميات والذي يحدده مجلس إدارة صندوق حماية البيئة مبنياً على تقييم منظومة الاحتياجات المالية للمحميات وخطة التمويل وخطة العمل. ويتم تخصيص الموارد الفائضة من صندوق المحميات لأجل قطاعات جهاز شؤون البيئة وأطراف أخرى.
- يتولى قطاع حماية الطبيعة تحديث أدوات التمويل والتعليمات المنظمة لآلياتها التقليدية والحديثة والتي تعكس قيم المحميات وعائدها على التنمية الوطنية وبالشراكة مع القطاع الخاص والمجتمعات المحلية.

18- عوامل النجاح:

- إلزام المستوى الأعلى لمتخذي القرار، خاصة السيد الوزير، بدعم تنفيذ سياسة واستراتيجية تمويل المحميات الطبيعية كأحد ركائز التنمية الوطنية وتعزيز منظورها الإجتماعي.
- تطوير هيكل قطاع حماية الطبيعة إلى كيان مستقل "هيئة عامة" بقدرات للإدارة رشيدة التكاليف بما يوفر البيئة الداعمة للتطوير والتنمية البشرية المطلوبة.
- أهمية زيادة الاستثمار وتأكيد إعادة الاستثمار لموارد المحميات للارتقاء بمستواها للمقاييس الدولية، وتوضيح القيم الحقيقية لها وجعلها أكثر جذباً لموارد إضافية.

II – Introduction:

1- Background:

- 1.1 IUCN defines the protected area as "an area of land and/or sea especially dedicated to the protection and maintenance of biodiversity, and of natural and associated cultural resources and management through legal or other effective means".

Protected areas form the core of conservation efforts around the world. Almost 12% of the global land surface and 15% of seas are now defined as protected areas as declared at the 2012 World Summit for Sustainable Development (WWSD) at Rio +20. It has been estimated that an expansion of the network of PAs will cover 15% of terrestrial and 30% of marine ecosystems, mainly in tropics by 2020.

- 1.2 An estimate of global expenditure on existing PAs is around US\$ 6.5 billion per year, most of it in the developed world. Government budgets are the single largest source of PA financing in most countries with budgets amount to US\$ 1.3 billion per year.

- 1.3 Recent rapid growth in the number and area of PAs has stretched the capacity of PA management authorities to increase their budgets accordingly. In addition, in most developing countries, as well as many developed countries, progressive economic, liberation, deregulation and decentralization have resulted in tighter public expenditure generally. Protected areas, long seen as a relatively low priority for public spending. PA management authorities in many cases "as in Egypt" are being integrated in environmental ministries and portfolios. As a result, funding previously directed specifically to PAs has in some cases been consolidated into budgets addressing a wider range of objectives, sometimes resulting in diminished resources for PA management.

- 1.4 Although there is a widespread commitment by most countries to allocate funds to PAs, existing financing falls far of the amount required to manage the existing PAs. The PA funding gap is particularly acute in developing countries which need US\$ 2.5 billion a year to cover the very basic range of actions necessary to ensure effective management. There is clearly a need to find new financial resources to supplement existing funding for PAs, as well as great efforts to place PAs firmly onto the development and poverty reduction agendas. In addition, the serious question of how effectively existing funds are being spent and at proper time.

2- Egypt's PA System:

- 2.1 PA system contains 15% of Egypt territory and will be expanded to include up to 20% of the country by 2017 as planned in the National Strategy of Biodiversity. PA system represents the Egyptian natural assets including prominent examples of ecological systems, important biodiversity, cultural heritage, fascinating natural resources and attractive tourism destinations. It can be considered an investment entity of high productive values as a part of the national economical and social development. It is inhabited by more than one million citizens, supports almost 10 million persons of public and offers direct and indirect returns of about \$ 15 billion/year which is increasable (for tourism, agriculture, fishing, petroleum, minerals, quarries, cattle and small enterprises).
- 2.2 Throughout the last two decades, there was a rapid increase in the number of declared protected areas in Egypt (from 13 to 30). However only a small number of PAs exist in actual fact and many are as paper parks in which no management occurs. The motivation to establish PAs is often based on the perception that areas include important natural assets, endangered biodiversity and enhance country's competitiveness in tourism industry, so the principle was to declare first and manage later. Although the political will to establish PAs may be strong, the will to budget for their management has shown itself to be very weak, in the face of urgent national priorities and frequent fiscal crises.
- 2.3 In recent years there have been increasing calls to transform paper parks into managed PAs, and to establish new PAs to tap the ecotourism market and to provide a measure of protection against development pressures. Given the limited ability of government is to meet the costs of management, alternative sources of revenue are being explored.
- 2.4 Pressure to establish self financing PAs is also coming from international organization and donors, who often bear the capital start-up costs and want to assure that their investment are secure. The implementation of mechanisms for financial sustainability has become a routine conditionality of loans and grants for PAs.
- 2.5 There are serious financing gabs for PA system which does not receive sufficient funding to manage PAs effectively. The current financial flows are nowhere near enough to fund the existing PA network, let alone to finance needed expansion. Under current conditions PAs are likely to remain under funded and it is hard to imagine that Government will meet PA financing needs. Increasing fund raising for PAs is inevitable and retaining the generated resources for PA development is a must.

- 2.6 PA funding needs and financing mechanisms are dynamic, partly as a result of growth in PA network and due to increased expectations from the public as to what PAs should deliver. External pressures and social costs of PAs are also increasing, in the face of population growth and economic expansion. Changes are also occurring in markets and consumer confidents, creating new opportunities for financing PAs. There is growing demands and willingness to pay for nature tourism. Additionally, there is a growing need to justify PA finance in term of its contribution to broader socio-economic development. Retaining, investment and sharing mechanisms of PA generated resources have to take these dynamics into consideration and to respond with more flexibility.

3- International Commitments to PA Financing:

- 3.1 Regardless of PAs different objectives or management regions, all of them share common rational and overarching goal-effective biodiversity conservation, including natural, cultural, historical and socio-economic aspects. Likewise, a key goal and need, in raising funds for PAs is to contribute towards more effective biodiversity conservation as well as contribution to human well-being, poverty reduction and sustainable development. The international Convention on Biological Diversity (CBD) provides the mandate for countries to generate and allocate resources to biodiversity conservation and PAs.
- 3.2 In addition, it established the Global Environment Facility (GEF) as the interim financing mechanism with parties of the convention. The adoption of the Millennium Development Goals (MDGs) as well as the re-framing of conservation in terms of "ecosystem services" in the Millennium Ecosystem Assessment, both has profound implications for PAs in terms of the actual or potential contribution of PAs to poverty reduction as well as the more conventional goals of conservation and sustainable use of nature resources. The World Heritage Convention (WHC) requires Parties to secure sufficient resources to ensure the identification, protection, conservation, presentation and transmission to future generations of sites of cultural and natural heritage.
- 3.3 The Government of Egypt is committed to fund PAs, by subscribing to many international conventions and agreements that call for biodiversity conservation, such as the CBD, WHC, CITES and Ramsar. Through its stated policy goal, and as a component of the sustainable development and poverty reduction targets that were endorsed in the WSSD outcomes and

MDGs. Specific calls for actions on PA financing have been developed in the Program of Work on PAs adopted at CBD-COP7 and the Ad Hoc Open-Ended working Group of PAs (2005). Government should insure that these targets and indicators are met.

Increasing funding of PAs is not a demand, it is an obligation. These official statements provide a rational, and justification, for Government to fund PAs, while the identified funding needs should form the basis of Government responses to its commitments.

III - Present Financial Status of PA System in Egypt:

1- Institutional Context:

- 1.1 The Ministry of State for Environmental Affairs (MSEA) and its executive arm The Egyptian Environmental Affairs Agency (EEAA) form the higher authority in Egypt responsible for promoting and protecting the environment. EEAA structure includes 4 main sectors for Environmental Management, Environmental Quality, Nature Conservation (NCS) and Financial and Administration.
- 1.2 The NCS is entrusted to protect, manage and develop Egypt's wild resources by conserving the natural biological diversity, preserving representative samples of the country natural resources and ensuring that the use of the nation's wild resources is sustainable and economically productive. NCS is also responsible to establish, develop and manage a network of 30 PAs of an area 150,000 square kilometer that represent, the natural capital over 15% of the nation land and sea, and will be expanded to 40 PAs on 17% of the country by 2017.
- 1.3 The NCS is comprised of 2 central departments, Protected Areas and Biodiversity as well as a technical office (general department) and a financial and administrative department (of 2 sections of finance and administration). The later department provides support and services to NCS-HQ, six PA regions, PA network and biodiversity conservation activities which are far over its capacity.

2- Legal Context:

- 2.1 Law 102/1983: is the basic legislation for PAs, which is concise and powerful. It provides the executive rules, conditions and regulations of establishment and management of PAs as well as penalties for violations. It defines PA as "any area of land or coastal or inland water which is characterized by special flora, fauna and nature features having cultural, scientific, touristic or aesthetic value, and to be declared by a Prime Ministerial Decree according to a proposal from EEAA".
Article 6: Stipulates to establish a PA special fund (PAF) that receives all money, gifts, grants provided to PAs and the visiting fees if exist, as well as penalty returns of applying the provisions of this law. All these money are to be allocated for the following purposes:
 - Support budgets of entities responsible to enforce the rules of this law.
 - To share in improving PA environment.

- Develop necessary studies and researches for PA field.
- Pay incentives for crime guides and arrestors to who violate this law.

2.2 The Prime Ministerial Decree 240/1990; for the internal regulations of PAF:

Article 2: The resources of the fund are:

- Money allocated to it by Government within the general budget.
- Gifts, grants, willingly offers and voluntary support that are accepted by the Board of PAF.
- Visiting fees of PAs.
- Fines due to enforcement of law 102/1983.
- Profits of investment of Fund resources.

Article 5: The board of PAF is composed by a Ministerial Decree, and headed by EEAA-CEO.

Article 6: The board convenes at least monthly or as needed by an invitation from The Board Head. The decisions of Board have to be endorsed by the Minister of state of Environmental Affairs within 10 days of the meeting.

Article 7: The board of PAF is the responsible authority to deal with its activities according to these internal regulations, especially for:

- Developing plans and programs for the Fund activities within the framework of the State General Plan and to follow up their implementation.
- Preparation of necessary programs and studies to promote PAs.
- Adoption of the proposed annual budget of The Fund and endorse the final account.
- Administration of The Fund resources and set rules for expenditures and resources development.
- Taking in consideration the subjects delivered from the Minister of State of Environmental Affairs to PA Board.

2.3 The Prime Ministerial Decree 264/1994; issues the terms, conditions and obligations to run activities in PAs. It stated that any activity in PAs is not allowed unless having a permit from EEAA according to these special terms and condition. The request for any activity should be submitted to NCS including designs, drawings and the executive program for all phases, in addition to a comprehensive (strategic) EIA of the activity before issuing the permit. The permit will be in return to a concession payment (user fee) defined by EEAA and to be deposited in PAF account.

- 2.4 Law 4/1994 and its amendment by law 9/2009; for Environmental Affairs:
It defines the environmental protection and preventing or reducing its degradation or pollution. Its components encompass air, seas, internal waters protection, in addition to EIA commitments. Protected areas, biodiversity and other natural resources are also included in some specific articles in this law.

Article 5: stated the mandate of EEAA which encompasses the authority to manage and supervise PAs as one item within 30 responsibilities.

Article 14: An Environmental Protection Fund (EPF) is to be established in EEAA and its resources are as follows:

- Money allocated by the Government budget to support The Fund.
- Grants and gifts provided by the national and international organization for the protection and development of environment which are accepted by EEAA Board of directions.
- Judged fines and judged or compromised compensations about damages to the environment.
- Resources of PAF stipulated by law 102/1983.

Article 15: EPF has a special entity, affiliated to The Minister of Environment, the head of The Fund Board, and EEAA-CEO is his deputy.

- 2.5 The Prime Ministerial Decree 338/1995 Amended by Decree 1741/2005 of the Executive Regulations of law 4/1994 stated:

Article 7: the resources of EPF are as mentioned above in article 14 of the law 4/1994 while the following resources were canceled from the old regulations the law of 1995:

- Allocation of 25% of fees applied to air tickets purchased by national currency.
- Revenues of the experimental projects by EEAA.
- Payments to EEAA about its services for others.
- Fees for permits issued by EEAA.

Article 8: defined 13 purposes for allocation of EPF resources, out of them one item for establishment and management of PAs.

- 2.6 Prime Ministerial Decree 350/2007 about restrictions of ownership and concessions in some regions:

Article 2: it is not allowed for companies and establishments to own or to have concession right for lands or properties within the following regions:

- Strategic areas having military importance defined by the Presidential Decree 102/2001 according to law 7/1991
- The adjacent regions for securing the international borders of Egypt.
- Islands in the Red Sea and Mediterranean Sea.

- Antiquity areas and their securing zones.
- Protected areas.
- Coast setback of the Red Sea, Mediterranean Sea and Suez Cannel as indicated by law 4/1994 of environment.
- All kinds of roads and their buffer zones as road law 84/1968.

2.7 Law 14/2012: issued by the Supreme Council of Armed Forces about Integral Development of Sinai Peninsula.

It stated the same restrictions of ownership and rights of concessions mentioned in The Prime Ministerial 350/2007 in addition to lease, for any entity or individual.

2.8 State Council-Legal Advisory General Assembly's Opinion 210/2010:

PAs are considered a public domain which has been allocated for public benefits. PA territories are not for ownership selling or any other kinds of allocation. Permits can only be given for land or premises use in return of concession payment for public benefit as the Prime Ministerial Decree 264/1994. EEAA has the loyalty and supervision rights on PA territories.

3- Procedural Context:

3.1 Budget Provision:

- (i) A 5 year plan is prepared by the Ministry of Planning according to accumulated proposals from Ministries and other Governmental entities about their planned projects within the next 5 years, expected generated resources, the costs to be incurred and the time span for each project, as well as the available and expected donations to support the plans. The 5 year plan, after justification in The Ministerial Cabinet, has to be discussed and approved by the Parliament and endorsed by the President. Then the National 5 years plan is issued including allocations to each Ministry according to the national priorities, available resources and social, political factors.
- (ii) It is worth here, to note that protected areas have a specific budget line (code number) within The National Plan and The Annual Governmental Budget, along-with another budget line for the activities of EEAA, which gives PAs a special status of a budget within EEAA.
- (iii) The Annual Governmental Budget is prepared for every financial year (from 1st July to 30th June) in the second quarter of the fiscal year (April – June) by The Ministry of Finance on the basis of The National 5 Years Plan, proposed annual planes from Ministries and

other Governmental bodies, the available funding specified by The Ministry of Planning and the actual needs and condition. The Annual Budget is reviewed and approved by The Parliament prior the start of the financial year and each Ministry is informed by its budget.

- (iv) The Ministry of State for Environmental Affairs (MSEA) usually receives its annual budget via The National Investment Bank in installments starting from month August or September as a part of its 5 years budget. The annual budget is allocated internally to the sectors and departments by The Financial and Administrative Sector (FAS) according to an EEAA-CEO agreement and The Minister's endorsement. The budgeting process continues during the year, as the progress of projects may not necessarily corresponding to the proposed expenditures and timing. Hence within The Ministry, there is some flexibility by Sector Directors in cooperation be the Financial and Administrative Sector and approved by the Minister, to maneuver by funds between sectors, departments and projects inside the same budget lines and according to the progress of projects and activities implemented.
- (v) The flexibility becomes higher in the third and fourth quarters of the financial year on the level of the Minister of Finance or The Minister of Environment. Sometimes additional funds may be allocated to the MSEA and subsequently to NCS.

3.2 Expenditures:

- (i) Procurement is the overall process of acquiring goods, civil works and services which includes function of needs, selection and solicitation of sources, preparation and award of contract and all implementation phases of contract administration through the end of services' contract or the useful life of an asset.
- (ii) The Financial and Administrative Department (FAD) of NCS is affiliated technically to The Financial and Administrative Sector (FAS) of EEAA.
Requisition process starts at FAD including detailed description of goods, civil works or services; quantity to be procured, required delivery date and location, estimated price or cost and any additional information. The requisition will be signed by NCS Director, agreed by FAS Director who identifies the budget line, be approved by EEAA-CEO and then endorsed by MSEA Minister. This process starts only after having received the allocated annual budget of EEAA and PAs which is often in

September. Taking in consideration that according to the Ministry of Finance regulation, it is not allowed to proceed new contracts in the last quarter of the financial year. Accordingly the period available to undertake the main phases of procurement must be finished within 6-7 months annually. The rest of the year is spent in preliminary or closing measures.

- (iii) The NCS budget is specified in the Third Section of The General Budget of Government for expenditure items of constructions and buildings, equipment and facilities, vehicles and boats, furniture and operating expenses. NCS holds, every year, a conference for PA managers at June to review their achievements, obstacles, expenditures, needs assessment and recommendations. In that conference their proposals for the new financial year are discussed, define their requirements and priorities. When NCS receives a note from FAS about allocated budget which is probably in September and as usual less than needs of PAs and the financial gap is increasing, FAD starts distribution of the budget between PAs and activities in coordination with them, then adopted by NCS Director and endorsed by the Minister.
- (iv) Once a requisition has been approved, funding and specifications, statement of works prepared, request for quotations and invitation to bid are decided depending on the nature and size of procurement elements. Evaluation of offers conducted, then contract established, awarded and implemented, goods inspected and payment delivered as agreed terms.
- (v) All these processes are applied in close coordination between FAD and FAC which take long time due to bureaucracy and shortage of man power that results in insufficient exploitation of the limited annual budget of NCS which is about LE 20 m (almost US\$ 3 m) and less than 60-75% can be used. In addition, FAC may deduct NCS budget to cover some needs of other sectors and departments of EEAA.
- (vi) Regarding the salaries and wages of NCS and PAs personnel, they are partially of The Ministerial bill and some are included in the operating costs of NCS allocated budget. The whole NCS staff is around 800 individual, 50% of them are mainly permanent payment from The Governmental budget where the rest are temporary employed by EPF. The average annual salaries and wages expended in the last 3 years is around LE 6.5 m (almost US\$ 1.1m), which are increasing to cover inflation and for more

staff, although they are underpaid and the qualified individuals are attracted to other jobs in private sector or abroad. The existing number of staff represents 5 persons for each 1000 km² which is very limited in comparison to international standards of developing countries of 30 persons for 1000 km². Recently, there are directives from the Government, not to employ new staff on its budget.

- (vii) The necessary staff to manage 30 PAs of 150.000 km² should not be less than 2200 persons within the next 5 years. The average annual expenditures of PAs per square kilometer is US\$ 20 while the international norm in developing countries US\$ 150; in Kenya, US\$ 400, South Africa US\$ 1000 and Vietnam US\$ 1200. Even if we need to reach a rate of US\$ 100 per 1000 km² we should multiply the recent budget 5 times. It is obligatory to develop NCS and PA system by applying innovative solutions and smart actions in order to generate more resources, use them properly, reach financial sustainability and perform effective management.

4- Financial Resources:

The financial resources of PAs as stated in law 102/1983 and its complementary Ministerial Decrees 240/1990 and 264/1994 mentioned before are:

- Money allocated within The Governmental budget.
- Gifts, grants and voluntary support accepted by The Board of PAF.
- Visiting fees of PAs.
- Permit's payments for concessions.
- Fines of violations to law 102/1983.
- Investments of PAF resources.

4.1 The Governmental Budget:

It is considered the cornerstone of PA funding and is likely to remain so over the near future for staff salaries and operation expenditures which amount to LE 20 m per anon. However there are indications of shift of such conventional funding to PAs due to new directions in public spending and especially a renewed focus on poverty reduction, having inevitably affected the amount of funding available to PA management and biodiversity conservation, besides the recent suspension of Governmental new employment.

4.2 Gifts, Grants and Voluntary Support:

- (i) There are some opportunities for PA system to receive external funding from international and non-governmental sources which are increasingly important share of foreign assistance, where the

main recourses are still of national bases. At the meantime the multilateral funds are now earmarked for broader sustainable development and poverty alleviation. The focus of international support to PAs, in terms of both goals and target beneficiaries, is diversifying.

- (ii) The major reasons of inconsistency of donor funded projects are that PAs mostly depend on the grants with little national financing. When the program is ended, PA development declines and be failed due to un-sustainability. Sometimes the situation may be worse by extremely centralized and bureaucratic way which bilateral and multilateral development funds are functioning.

4.3 Visiting Fees:

- (i) The visiting fees of PAs are the main revenue generated from visitors of PAs who exceeded 2.5 million during the stable conditions of tourism in Egypt, and represent 80% of PA income. They paid more than LE 25 m from only 7 PAs (Ras Mohamed, Nabq, St. Katheren, Red Sea Islands, Rayan, Zaranic, Degla) where the other 23 PAs don't apply any fees. The visiting fees are under-estimated and range from LE 2-5 for an Egyptian and US\$ 3-5 for a foreigner. These figures were applied since around 10-15 years without any increase. Also, there is a great loss of income due to evade paying fees as at the Red Sea, unequal collection of boat fees at Ras Mohamed National Park and delaying fees application at Wadi Gemal and White Desert PAs. The earning from tourist visits has been subjected to frequent fluctuations and was insecure during the unrest events in Egypt.
- (ii) Revenue of visiting fees could be greatly increased at normal circumstances by the expansion of fees application at more PAs, along-with providing better visitor services and efficient management of PA, as well as restructuring the fees to be more realistic and in line with the value of PA and cost of protection.

4.4 Permits for Concessions:

- (i) Concussions are one of a number of market based mechanism known as user fees or charges to get revenues of commercial based activities or services within PAs (as tourism, mining, oil extraction, fish farms, cell-phone stations, hunting, diving centers, restaurants, ecolodge facilities, souvenir shops, films, ...etc). Government body tends to lack the economic experience and business "know-how" necessary to be successful in running a for-

profit operation and be restricted in their ability to innovate and respond to changes in consumer demands.

Therefore, Governments are increasing favoring private sector concessions within PAs and also involving community organizations and NGOs. This process of concessions development involves 3 basis (1) legal and policy framework for contracting (2) how concession opportunities are defined, structured, priced and brought to market and selection of suitable operators (3) contract management and oversight outlines best practice once an operator is in place.

- (ii) In EEAA-NCS, there is no constructive basis for evaluating, contract, manage and monitoring concessions. A committee for concessions had been established by a Ministerial Decree in 2003. However it lacks the experience to run such business and it assesses revenues with fair principles about feasibility studies, economic values of PAs and community responsibilities. The committee studies the project or activity as requested from an individual or a company and awards a direct contract with him/it without any bid process or business study of PA.
- (iii) Concessions in PAs represent a limited income of about 3% of the total revenue generated. In addition, there are some projects and activities exist in PAs without any payment for concessions like petroleum extraction, agriculture, mining, quarrying, fish farms and tourism; due to some conflict of interest between the representative ministries or authorities and EEAA, which should be resolved. The revenues generated from PA concessions could be greatly increased by development the methods by containing social and environmental commitments, considering legal and financial responsibilities and improving concessionaire qualifications.

4.5 Fines of Law Violations:

- (i) This income is a return of enforcement of law 102/1983 and law 4/1994 within PAs; however it is a windfall income and would not be reliable as it is applied for the rehabilitation of that damage happened to the biodiversity and natural resources of PAs. As an example, in 2002, a penalty was paid for a ship crashed into the coral reefs of Ras Mohamed National Park which was amounted to LE 35 m. However, penalties cannot be considered as, a source of financing, but a tool of compensations.

- (ii) The violations are discovered and investigated by PA rangers who develop a technical report describing the damages happened and their financial assessment, which will be issued to NCS Director where be reviewed and justified, then send to The Legal Department and The Minister of Environment for decision. Most of violations entered into settlement processes sometimes without share of NCS, and rarely the case was sent to the court. Unfortunately, these settlements under estimate the damages and become not deterrent and used just as a source of income to EPF. In addition, unfair incentives were awarded to rangers who arrested the violations, and were subjected to danger, which discourage them to get into these disputes or injuries that may accompany these actions.

4.6 Investment of PA Fund Resources:

Although this item was indicated as one of sources of PAF issued by the Prime Ministerial Decree 240/1990, it has not been functioned or exploited though the last two decades. This term open a wide spectrum of activities and partnerships which could lead to self financing, support efficient management, adequate biodiversity conservation, social support, subside new PAs, co-sharing with private sectors, NGOs and local communities. A set of regulations are needed to activate this item according to the existing investment laws.

IV- Conditions and Constrains:

1- Financial Sustainability:

- 1.1 PA financial sustainability can be defined as "the ability to secure sufficient, stable and long-term financial resources, and to allocate them in a timely manner and in an appropriate form, to cover the full costs of PAs and to ensure that PAs are managed effectively and efficiently with respect to conservation and other objectives".

In short, financial sustainability is not possible without strong and effective institutions for PA management. Institutional weakness may prevent NCS from spending the funds allocated by government, much less any additional funds from external sources, primarily because NCS is not well organized and seriously understaffed, besides long delays for budget allocation and expenditure.

- 1.2 Financing mechanisms can provide an important tool for facing broader obstacles to effective PA management. In addition to raising more funds, there is a need to address the quality, form, timing and duration, targeting and sourcing of financial resources. Therefore we must consider the following elements for PA financial sustainability:

- (i) Building diverse, stable and secure funding portfolios to minimize funding risks and fluctuations.
- (ii) Improving financial administration and effectiveness to ensure that funding is allocated and spent in a way that supports PA finance needs and conservation goals.
- (iii) Taking a comprehensive view of costs and benefits that covering the full range of PA costs, ensuring those who bear PA costs are recognized and who benefit from PAs make a fair contribution to their maintenance.
- (iv) Creating an enabling financial and economic framework that overcome market, price and policy fluctuations or act as obstacles to PA financing.
- (v) Main streaming and building capacity to use financial tools and mechanisms which are factoring financial analysis and mechanisms into PA planning process.

2- Business Planning:

- 2.1 A business plan is recognized as a tool used, as part of an integrated efforts to ensure long-term and stable funding to meet PA management objectives. This tool pursues to resolve the complexity of a management

plan into a comprehensive sequence of programs and activities, identifying necessary resources and potential alternatives to achieve them.

- 2.2 NCS business plan intends to guide an integrated process to ensure financial sustainability of PA system. It should be conceived as a master plan for NCS sustainability considering different social, economic and political issues affecting PA system and biodiversity conservation in the country. Besides, it would go beyond ensuring resources to bridge its financial gap, to allow and facilitate effective participation of different stakeholder directly or indirectly to native conservation policy.
- 2.3 NCS business plan should demonstrate a comprehensive approach towards two elements; an enabling environment to facilitate financial sustainability and appropriately addressing both supply and demand aspects of financing. An enable environment considers appropriate policies and systems that allow a favorable legal and institutional framework, as well as the necessary incentives for PA staff to generate additional resources and take full advantages of opportunities available for improving PA financial sustainability.
- 2.4 It should be taken in consideration that the financial plan is a component of an overall business plan, which in turn is one element of a management plan for PA. The management plan provides the essential policy framework for the business and financial plans, by clarifying the management objectives of PA, the relevant users, the financial needs of PA and the resources available. This information feeds into the business plan for PA which examines in more details the customer base, goods and services, marketing and implementation strategy for PA. This information in turn contributes to the financial plan for PA, which further details key assumptions and provides a break-even analysis and profit and loss projections. All plans feed back into each other as a flow of information.
- 2.5 Also, technically, the financial and economic assessments mean very different things to economists. A financial assessment looks at an intervention from the perceptive of a single business unit like PA, and uses prevailing accounting prices. An economic assessment, by contrast, looks at the impact of the intervention from the perspective of society; and it considers the shadow price or opportunity costs that reflect the real values. Both economic and financial assessments are important in business planning and convincing decision makers and stakeholders. The business planning has been experienced in PA system in Egypt through the project of Capacity Building and Institutional Support to NCS 2005 – 2008 and produced 3 business plans for Wadi El Rayan, Wadi El Gemal and Ras Mohamed PAs. It should be acknowledged that business

planning process is in its preliminary stages and have not practiced and should be further improved, update and applied. Business planning is a continuous process rather than isolated document which needs establishment of enabling environment for its preparation and implementation.

3- Institutional Development:

3.1 Institutional Reform of NCS:

By 2005-2006, through two Egyptian-Italian projects cooperation (capacity building and legal framework), a comprehensive studies and documents were produced to develop NCS towards an autonomous economic institution as a Nature Conservation General Authority with defined justifications, clear mandate, detail organizational structure and proposed presidential Decree for its declaration. This authority is considered the efficient body to carry out the functions of PA network over 15% of the nation and conservation of wild biodiversity over all Egypt. Unfortunately the process stalled in the office of The Prime Minister. Many tries along the previous years to re-survive the process up to the recent year 2013, however have been postponed. In reality the establishment of NCS General Authority is the most suitable long-term solution to achieve self financing, world standard PAs, maintenance of endangered biodiversity and increased support to national economy and social equity.

3.2 Reform of the Existing NCS Structure:

Not only, the recent structure of NCS is not appropriate for the scope of authorized works, international commitments, expanded geographical areas of PAs and national responsibilities of biodiversity convention, but also it suffers from un-detailed structure, shortage of staff and insufficient financial resources to tackle its responsibilities.

On the other hand, NCS subsidizes the other EEAA sector through its resources in EPF and by deducting from its governmental budget, as well as the tourism sector by applying low visitor fees of PAs or no fees at all.

3.3 Updating of NCS organization can resolve partially the problems and challenges met, and can provide a short term or immediate solutions that construct a preparatory base for the prospected NCS General Authority. The detailed sub-organization of NCS structure must be established in cooperation between EEAA and the Central Agency for Organization and Administration (CAOA) in order to build subunits of the central department of PAs and biodiversity, the general departments and departments on the levels of NCS-HQ and PA regions, as well as individual PAs.

- 3.4 To foster the financial sustainability, two departments at NCS need careful and immediate consideration. The first one is the financial and administrative department which has to be upgraded to a central department including three main departments of finance, administration and technical services, and to get the status of an account unit that has the direct responsibility to NCS budget in parallel with Finance and Administration Sector of EEAA. The second one is the general department of biodiversity economy which should be functioned with three main departments of natural economy, PA investments and marketing.
- 3.5 The important constraint to establish the detailed structure of NCS is the governmental policy for suspension of new permanent employment for the time being. This issue can be overcome by an agreement on a schedule of temporary contracting staff on the expense of PA revenues at PAF considering a priority for the two mentioned central departments, in addition to pilot PAs. This agreement shall be supported by CAO and be endorsed by the Minister of State for Environmental Affairs.

4- Activation of PAF within EPF:

- 4.1 As mentioned before, the recourses of PAF are established by law 102/1983 and are considered one of the sources of EPF as indicated by law 4/1994 and law 9/2009. Legally PAF exists and should operate as stated by law 102/1983, and its presence within EPF does not eliminate its entity or its commitments. All resources provided to PAF by law 102/1983 must be delivered to its special account and to be expended in the directions determined to it by law. At the mean-time, we would remind that PA system has its special budget line (code number) in the governmental budget which is identified from other EEAA activities budget line.
- 4.2 In all cases, it is obligatory, legally, that PAF account will satisfy all its purposes stated by law, and which exceeds their needs can be allocated to other activities of EPF. We should note that the establishment and management of PAs is an activity out of 13 activities stated to EPF by law 4/1994 where it receives a very little fund that not exceeds 5% of PAF deposits that forms more than 80% EPF resources. This situation has to be reconsidered by the decision-maker to satisfy the needs of PAs. On the other hand, if APF develops its resources efficiently, exploits the available legal opportunities of revenues generation and support PA efficient management, its income will be multiplied which covers in short-term the basic needs of PA system and biodiversity conservation and the extra resources can support EEAA activities. Additionally, in the long term,

NCS will reach self financing without burden on the governmental budget along with many benefits to national economy and local communities.

- 4.3 To that end, PAF exist by law, and should have its special account within EPF, where all its resources by law 102/1983 will be delivered to that account in coordination with NCS. The expenditures from PAF account will be according to its regulations issued by the Prime Ministerial Decree 240/1990. The Board of EPF can operate for PAF by holding special sessions to implement PAF objectives. NCS director and a representative of the Ministry of Tourism will be permanent members of EPF and the two directors of PAs and biodiversity and a representative of National Federation of Tourism Chambers are invited to attend the sessions of PAF. In the case of adopting the establishment of NCS General Authority under the umbrella of the Ministry of State for Environmental Affairs, which is the best option, PAF will be separated from EPF and be affiliated to the Authority. It will have an independent entity and operates to achieve NCS Authority policy and objectives and can support EEAA activities.

V- Available PA Revenue Generation Tools:

1- User Fees:

- 1.1 The user fees cover several possibilities that include: visiting fees, admission fees for special attractions, fees for hiking, diving, guiding tours, camping, picnicking facilities, publicity, events, exhibitions, films, researches, etc. For each PA there are a lot of opportunities which can be carefully selected, well organized and properly performed.

User fees are considered the main resources of fund generation at PAs and can be collected by their own staff if they are evaluated according to site value, service quality, willing to pay survey and constructed stakeholder coordination. The provided resources from user fees can satisfy PA operations and subsidies other less visited PAs.

- 1.2 We have to consider that collecting user fees involves costs and special expertise to provide many services for which fees are paid. These are often more efficiently and effectively run by a business which is driven by profit motives. The existing visiting fees are applied in 7 PAs only and must be re-evaluated as they were structured since 10-15 years, while many PAs can apply these fees in the nearest time, in addition to other user fees can be put into action.
- 1.3 The user fees are issued by a Ministerial Decree according to a proposal by NCS director after consultations with main stakeholders. This process should be accompanied with provision of proper services and good facilities in PAs, as well as sufficient qualified staff for effective management. As an experience, many tourists visited PAs in Egypt presented their willingness to pay double and triple the entrance fees if they are sure that money will be transferred for establishment of suitable services and for better nature protection of PAs.

2- Concessions and Lease:

- 2.1 Concessions are one of a number market-based mechanism known collectively as user fees from commercial activities which can be directed toward supporting PAs and other conservation efforts. Although government plays the important role in maintenance and management of PAs, when it comes to commercial activities (like tourism) and running a for-profit operation, it tends to lack the economic funds and business "know how" necessary to be successful. Furthermore the state-run concessions that exist tend to be restricted in their ability to innovate and respond to changes.

Concessions are usually undertaken with the private sector but can also involve community organizations, NGOs and other non-for-profit enterprises.

- 2.2 The Prime Ministerial Decree 264/1994 allows payment for permits given to activities in PAs which favors its development in return to payment for concession (as user fees). These fees are charged to concessionaire who profit from operating tourism activities, lodging, food and beverage, guiding, boats for diving, fishing, hunting, yachting, cruise-ship, and others. Other concessions can include mineral exploitation, oil extraction, quarries, agriculture, fish farms and phone cell stations; but an extreme care must be taken to ensure that income generated from these activities is compatible with PA conservation objectives.
- 2.3 Lease may also be used to generate revenues. It allows an individual or organization to use a piece of land or sea or a construction for an agreed-upon fee and for a time limited period.
- 2.4 It should be noted that activities permitted within PAs are matching with law 102/1983 and Decree 264/1994, while it is forbidden to provide rights of ownership or concessions on PA land or sea, as it is part of the public domain in the favor of public benefits. These conditions are stated by the Prime Ministerial Decree 350/2007 and law 14/2012 for Sinai Development (this law prevents lease as well). The existing concessions within PAs shall be reviewed and justified according to these conditions.

3- Partnership and Benefit Sharing:

- 3.1 In recent time a collaborative management approach between the government and private sector is expanded and encouraged to exploit its experience in economic management, flexibility in investments decision and better response to market changes. The government issued law 67/2010 to organize the private sector partnership projects (PPP) in infrastructure, services and public facilities. This law liberates the government from fasten regulations of investments and bids. It stated that the contract period will not be less than 5 years and not exceeds 30 years from the time of complete establishment. The administrative authority will organize and supervise the contracted enterprise and ensure their quality. It has the right to amend the conditions, development, work bases, services values and product prices to achieve the project objectives.
- 3.2 The Prime Ministerial Decree 240/1990 of PAF regulations indicates that PAF resources include the profits of investment of its resources. This gives EEAA-NCS different opportunities to invest these fund resources

individually or by joint-venture with private sector under the umbrella of law 67/2010. In this case development of PA services and operation facilities can be established as collaborated projects according to an agreed master plan to reach specific standard that attracts high quality visitors, generate good income and involve local community in constructions and operations. It is recommended to engage in projects of period 5-10 years which can be extended after assessment; PAF will contribute with not less than 51% of the project budget, has the right of all constructions will be owned by PA by the end of the project and breaching the contract.

- 3.3 Along with private sector co-sharing, PAF investment may include contracts with local communities and NGOs to operate services, fee collections, visitor centers, camping, beach facilities, ecolodges, cafeterias, etc. There are increasing emphasis in involving local communities in PA management and ensuring that they benefit from them and biodiversity conservation. In some cases to enable communities to invest in alternative livelihood options that can replace activities causing harm to biodiversity.
- 3.4 NCS has to build its capacity and initiate efforts to develop partnership with relevant stakeholders and guarantee their functions, rights and responsibilities. In general, the partnership should identify the following:
 - (i) The range of sustainable uses of PAs can provided.
 - (ii) The functions and responsibilities assumed by each stakeholder.
 - (iii) The specific benefits and rights granted to the partners.
 - (iv) An agreed set of management priorities within management plan.
 - (v) Procedures of collective decision making and overcome conflicts.
 - (vi) Mechanisms for enforcing agreed decisions.
 - (vii) Rules for monitoring, evaluating and reviewing the agreement plans.

VI- Rationalized Procedures of PA New Revenue Generation Mechanisms:

1- Concessions:

1.1 Concessions are contracts to individuals and business to conduct commercial activities which are considered as user fees which can support PAs management and conservation efforts. They include eco-tourism, agriculture, telecommunications, commercials filming, fish farms, oil extraction, mineral exploitation, quarries and others. Referring to laws 102/1983 and 14/2012; and Prime Ministerial Decrees 240/1990, 264/1994 and 350/2007; they stipulate:

- (i) Payments for permits are given to activities within PAs in return to concession agreements (as user fees).
- (ii) Sources of PAF include the investments of fund resources.
- (iii) It is forbidden to provide rights of ownership or concessions on land or sea inside PAs; while in Sinai, lease of land is also forbidden in PAs.

So concessions contracts in PAs are permitted for activities only under specific conditions of decree 264/1994. Also lease for activities can be viewed as a form of concessions or user fee contract.

1.2 The Following Principals and Their Identified Indicators Are To Be Taken in Consideration For Concession Contracts:

- (i) Concessionaire qualification: in order to make sure that PA makes a profit to help fund management operations and to present his ability for that.

Indicators are:

- Financial Capital of the concessionaires.
- Practical experience and level of staff education/training in the field of work.

- (ii) Legalized responsibility: EEAA-NCS as granted to PAs is the authority to terminate a concession contract for the breach or non-fulfillment of the contract terms.

Indicators are:

- Contract length between 5-10 years and can be extended with privilege to that involve local community and increase capital investments.

- Facility ownership after concession may revert to PA or compensated according to the based value and consumer price index.
 - Fines and fees applied in the event of a breach, non-fulfillment of the contract and in case of environmental damage.
- (iii) Financial responsibilities: the concessionaire pays a user fee that can involve various forms from a set annual fee, a flat fee in conjunction with percentage of the gross revenue, to a percentage of all revenue earned.
- Indicators are:
- Performance bonds are used to cover any costs incurred by PA system that concessionaire has failed to carry out. It will value at 10% of the annual payment and be mentioned 6 months after the concession expires.
 - A fixed or flat rate for renting a concession service is commonly used to charge a concessionaire, sometimes a portion of the net revenues can be applied.
 - Concessions must demonstrate their financial success. They are also responsible for all maintenance and repairs of facilities and lands they lease.
- (iv) Environmental responsibilities: the contract involves measure to minimize environmental impacts and may require management plans for waste disposal, infrastructure development, water use and recycling efforts.
- Indicators are:
- To ensure harmony between business, development and environmental protection by applying sensitive design of infrastructure, master site planning, ecologically and socially conscious site design and landscaping. Monitoring is needed to assess the fragility of ecosystems and socio-cultural components.
 - Use of innovative alternative energy sources such as solar power, wind power, natural gas and biomass; ecological waste treatment and water rational use are essential factors.
 - Concessionaires shall develop an EIA, management plan of the business and risk assessment for environment, works and socio-cultural features before contract.
- (v) Empowerment responsibilities: communities in and around PAs may depend upon natural resources within PAs for their livelihoods. A focus in the contract will be development and small business opportunities for them, which reflect positive attitude towards PAs.

Indicators are:

- Capacity building and technical training of local communities can create employment and assist in community-based management of PAs.
- Concessionaires are required to employ/hire local communities to run some activities and to be included in their efforts.
- Concession management plan specifies any revenue sharing for local communities.
- Small enterprises could be developed or supported by PA system to encourage local investors/communities.

2- Joint Venture Partnership:

PA financing mechanisms that have emerged in recent years including partnerships of PAs with private sector, NGOs and local communities as well as joint venture contracts with investors offer a great chance of substantially revenue increasing for PAs in the future, and can also help to stimulate broader improvements of PA management and sustainability. The partnership with private sector can be addressed under law 67/2010 through (PPP) sharing and may be under Building Operating Transfer (BOT) or Development Operating Transfer (DOT) agreements.

2.1 Any Company Intends to Invest in PA Partnership Has to Consider the Following Factors in The Start Process:

- (i) Define the opportunities that exist in PA which justify investing money and how their operations are secured with PA.
- (ii) The current land/tenure system in PA and how long does it take. Remember that lease rights are applied only for the use of natural resources for the agreed business, however no rights in terms of land ownership; PA remains a state land.
- (iii) Explore the benefits expected from this joint venture partnership to the community and the private operator, how is managing the relationship with PA, and what are the potential challenges may be met.
- (iv) Inspection, identification and selection to be conducted to the sites and the criteria of partnership are suggested. Determine the objectives and expected pattern that coverage the core business interest and management.

- (v) The financial structure that ensures some cash flow to the community and the non-financial benefits can both parties gain.
- (vi) How is the agreement reached and formalized to satisfy both partners and who are responsible for its signing.

2.2 Main Procedures that NCS Can Follow for Building Partnership in PAs:

- (i) Identify the key PA interests of various groups; potential range of products and services that can be used by some groups without diminishing these of others.
- (ii) Recognized priority of concerns for local communities; how PA management can help meet local needs.
- (iii) Stimulate informed advocacy; take account interests of various groups in the political and financial decisions, reinforce the support of interested groups, structure education and information programs.

The proposed model for partnership will contribute to better coordination and collaboration between NCS and sustainable development. It will be more effective in resolving management problems, and avoid duplication of efforts in and around PAs. The efforts of various stakeholders in those areas for conservation, development, education, marketing, awareness, research, etc. will be integrated and oriented towards common goals.

- 2.3 There is increasing recognition that PAs need to involve and benefit local communities and a range of mechanisms have been developed to share PA benefits locally, having a variety of aims and take various forms. In some cases they aim to enable communities to invest in alternative livelihood options that can replace activities harmful to biodiversity. In other cases, community financing may involve in PA management or to run specific services.
- 2.4 Small enterprises represent essential investments to local communities, providing them with job opportunities and employment which support their long-term economy, social equity and poverty reduction. It needs an integrated economic plan based on productive foundation and feasibility studies. Concentration on small business is a main objective, while cannot replace big investments because each of them consolidate the other.

More deep studies are required for developing proper partnership templates and guidelines to increase cost-effectiveness PA management and applying benefit-sharing mechanism.

VII- Rationalized Procedures for PA Revenue Retaining and Sharing:

1- Justification of PAF Functioning in EPF:

1.1 Legal Reasons:

- (i) PAF was established by law 102/1983 and operates according to the Prime Ministerial Decree 240/1990. The PAF resources represent one component of EPF by law 4/1994 where PAF exists and is functioning by law 102/1983 including its income resources and expenditure purposes. PAF is present and operates as law 102/1983 rules.
- (ii) Law 102/1983 stipulates the kinds of PAF resources and the directions of disbursements of all these resources, while the expenditure purpose of EPF are indicated by the Prime Ministerial Decree 1741/2005 for the Executive Regulations of law 4/1994 and law 9/2009, which cannot cancel or change any provision of law 102/1983. In addition, the Internal Regulations of PAF were issued by a Prime Ministerial Decree 240/1990, while that of EPF were formulated by EEAA in agreement with the Ministry of Finance which cannot amend the Ministerial Decree of PAF. i.e. PAF cannot be dissolved or vanished within EPF and legally provides its functions by law 102/1983.

1.2 Institutional Reasons:

- (i) EPF has its special entity and its resources will be allocated to achieve its purpose, which are specified by 13 items in article 8 of the Executive Regulations of law 4/1994, out of them only one item concerns the establishment and management of PAs. In the same time, PAF represents the superior source of funding EPF (exceeding 80%), while PA system receives a very little fund of this income (around 5%). Although PAF is the richest element of EPF, the PA system is suffering from under-budgeting which in turn affects the main function of protection for the natural heritage and conservation of biodiversity, also, PA generated revenues are decreasing.
- (ii) As the EPF Board of Director is responsible to follow up its resources and disbursements and undertakes decisions to achieve its objectives, it will follow up the detailed income that has been charged in each component of EPF resources and disbursements of the adopted annual budget of the fund. I.e. EPF has to be transparent

for how much moneys have been delivered to PAF according to law 102/1983 and where they are spent.

1.3 Accounting Reasons:

- (i) Since the EPF resources are determined by law 4/1994, each of these components has to have its specific account and be clear for the Board and audit, as well as the details of what has been paid in and out these accounts. Accordingly EPF can present proposals to motivate increasing these revenues to generate more income.
- (ii) All money which are supplied to PAF within the context of law 102/1983 and its complementary decrees will be detailed recorded, monitored and expended in contribution with NCS. PA system has code number within the National General Budget, logically; its PAF will have specific account number within EPF by law 102/1983.

2- Proposed Procedure to Retain PA Revenues:

2.1 Law 102/1983, Article 6 Stipulates:

To establish a PAF that receive all money, gifts, grants provide to PAs and the visiting fees when exist, as well as fines of law enforcement.

All these money are allocated for the following purpose:

- (i) Support budget of entities responsible to enforce the rules of this law.
- (ii) Contribute in improving PA environment.
- (iii) Develop necessary studies and research for PAs.
- (iv) Pay incentives to who guide to crimes and arrest violators of this law.

2.2 PAF Account:

According to article 6 mentioned above, a special account for PAF has to be determined within EPF (or sub-account) where all resources generated by PAs, as stated in law 102/1983 and PM Decrees 240/1990 and 264/1994, will be directed to this PAF account. Also, all these resources will be allocated as stipulated by law 102/1983 and its complementary PM Decrees.

2.3 Principles of PAF Allocations:

- (i) NCS, through the PA system, entails the full responsibility to execute all the purposes identified to PAF disbursements for enforcement of law 102/1983, enhancement of PA status,

monitoring and researches, and catchment of violations and defining their damages and costs, in addition to other tasks concerning PA management.

NCS carries out these actions in cooperation with many other sides, like some EEAA departments, police, coast guard, navy, prosecutors, universities, NGOs and communities.

- (ii) In that concern, NCS will hence-forth have the right to retain the majority of revenues generated by PA system (not less than 70%) that have been delivered to PAF account. This amount of fund will be directed mainly to develop PAs to reach the basic international standard according to a 5 years plan with specific priorities, looking forward that some individual PAs will reach the optimal level. The rest of revenues generated (almost 30%) will be distributed according to a certain criteria to support EEAA and other parties which cooperate with PA system to achieve its objectives.

2.4 PAF Board:

- (i) EPF Board can be responsible to administer PAF Board through special sessions as stated in PAF regulations, issued by the Prime Ministerial Decree 240/1990, while NCS-Director must be a board member and the two directors of Central Departments of PAs and Biodiversity, affiliated to NCS, will attend PAF sessions. Also, a representative of the Ministry of Tourism will be trusted as PAF board member, and a representative of the Egyptian Federation of Tourism Chambers, will be an observer; taking in consideration the important linkage between tourism and PAs.
- (ii) NCS Director will present to EPF Board a national-level financial needs assessment to enhance PA system based on the defined funding gaps and priorities for PAs; and how to achieve cost-effective management and PA development to basic and optional scenarios of business plans. Accordingly EPF Board will adopt NCS 5 years and annual financial plans that determine the allocated funds to PAs.
- (iii) Generating and retaining more funds for PAs are necessary, but not sufficient. PA financial sustainability also require general reinforcement of PA management capacity in particular to:
 - Become more responsive to the changing opportunities and external demands.
 - Strengthen institutional capacity to use financial and business planning tools.

- Establish more supportive economic policy and market conditions.
- Involve a wider range of stakeholders in PA management.
- PA financial planning seeks to improve financial administration, reduce costs and spend money more effectively on achieving PA objectives.

2.5 NCS Authorization:

- (i) Some authorities of EEAA-CEO are needed to be delegated to NCS director to be responsible to develop, operate and promote revenue generation tools, as well as, to participate in revenue reallocation mechanism to retain necessary funds to PAs according to approved financial plans. In this regards, NCS director will coordinate and cooperate with EEAA relative sectors, EPF and concerned stakeholders to ensure cost-effective fund disbursement and use. These authorizations will be in the contexts of NCS reform, decentralize functioning and having a specific account unit.
- (ii) NCS will develop an integrated series of plans that ensure financial security of PA system, efficient management of individual PAs, business planning of NCS and PAs, 5 years and annual work plans, and financial plans, monitoring and auditing. Besides, NCS will present accurate reporting to EPF Board in the sessions of PAF on PA financial and management performance and biodiversity conservation according to specific indicators, and the future actions to be undertaken.
- (iii) NCS will consider the indirect and opportunity costs, alongside the local development benefits as key elements of PA funding needs, targeting cash and in-kind support to groups who incur PA costs, while also securing fair contribution from PA beneficiaries is critical to PA financial and economic sustainability.
PA system requires that funds are managed in a way that promote cost efficiency, long term security and provides incentives and opportunities for PAs to generate and retain funds.
- (iv) A more fundamental constraint is the low awareness among both conservation and development decision makers, about the role of PAs in supporting sustainable development and poverty reduction. A key tool for NCS to raise awareness is the economic valuation of PA costs and benefits to business and communities.
PA system will be integrated into broader development plans and strategies including those oriented to poverty alleviation and

national economy developing on participatory and scientifically base process for planning.

3- Revenue Sharing Guidelines within PA System:

3.1 Criteria of Allocation:

- (i) Revenue allocation formula will reflect PA success in generating revenues and be incentivized in this regard, along with their priorities and importance for national development.
- (ii) Funds will be available across PAs according to solidarity bases rather being retained at PAs that generated resources.
- (iii) Management performance and biodiversity conservation will also be among the selection factors for budgetary allocation, with efficient management PA be rewarded for good achievements.
- (iv) Special consideration to promote PAs that enhances the national socio-economic development and support poverty reduction of public.
- (v) A portion of revenues may be achievable to support biodiversity-friendly development efforts of local communities, as well as incentivizing stakeholders who may be paying into the PA system.

3.2 Process of Funding:

- (i) Based on the arrangements arising from the above criteria, annual and 5 years work plans of budgetary allocations will be prepared for each PA and PA system. This will be based on a proper PA systematic financial needs assessment and integrated financial plans that are presented to EPF Board and adopted for PAF sources.
- (ii) PA management and business planning are important tools for cost-effective management and are essential in determining budgetary allocation among and within individual PAs. Cost effectiveness will be enhanced through efficient human development, capacity building and institutional reform of NCS.
- (iii) As revenues increased and retained for PA system, NCS capacities will need to be increased in order to ensure cost-effective use of funds. This will include development of proper methods for

allocating available funds across PAs and activities and for monitoring of both conservation effectiveness and associated costs.

- (iv) NCS will be in charge in preparing the integrated financial planes including exploitation of all available resources from the national budget, PAF retained revenues and donations. These planes will be agreed by EEAA-CEO and endorsed by the Minister of State for Environmental Affairs. Accordingly NCS, through its financial and administration general department, will disburse fund to individual PAs, regions and the central level. NCS will be responsible to develop an accurate accounting system, efficient monitoring of fund use and secured auditing.
- (v) Government will continue funding the PA system through the National Budget, nevertheless the increasing generated and retained resources to PAs. This attitude is important as a Governmental commitment nationally and internationally to protect the national natural capital and conservation of biodiversity in Egypt. The national budget can be decreased to some extent, as PA revenues increased, but not eliminated.

VIII- PA Financing Policy Framework:

1- NCS Vision:

Establish and manage protected area network according to international standards, encompasses the main examples of Egyptian natural capital, essential ecosystems and endangered biodiversity; provided with enabling environment, financial sustainability, autonomous management and partnership with stakeholders and local communities. Integration with the national development sectors, support the social equity and ensure benefit sharing of genetic resources use.

2- NCS Mission:

Egypt has exceptional wild resources, unique desert ecosystems and valuable natural treasures that underpin the national economy and tourism industry. Recognizing the value of this biodiversity and its critical role in maintaining and enhancing the well-being of the public, the Government of Egypt in cooperation with concerned entities, nationally and worldwide, is committed to maintain innovative management PA system with financially self supporting. It ensures efficient conservation and effective management of biodiversity in relation with economical, social, environmental and cultural worth to successive generations.

3- Policy Structure:

- 3.1 Mobilizing and securing adequate funds to address a range of challenges associated with biodiversity conservation and natural capital protection.
- 3.2 Diversify fund resources, using innovative mechanisms and including multiple funding to achieve financial stability and sustainability, considering the quality, form, timing, targeting, uses and source of funding.
- 3.3 Management and administration of funds in a way that promotes cost efficiency and management effectiveness, allowing for long term planning and security and providing incentives and opportunities for generation and retention of funds for PAs.
- 3.4 Considering indirect and opportunity costs as well as local development benefits as key elements of PA funding needs, targeting cash and in-kind support to groups who incur PA costs, while also securing fair contributions from PA beneficiaries.

- 3.5 Undertake the suitable measures to identify and overcome the broader market, price, policy and institutional distortions that act as obstacles to PA funding and financial sustainability.
- 3.6 Factoring finance into PA planning and management process, creating enabling financial and economic framework, and ensuring that there is sufficient human capacity to use financial tools are essential factors for improving financial sustainability.
- 3.7 Continuation of the government budget direct support for PA system is reduced as the levels of revenue generation and retention are increased, but not to be eliminated as it represents an important element for financial security.
- 3.8 Business planning and cost-effective management and other tools of systematic and integrated use of financial planning, expenditure of funds, accounting, procurement, contracting and auditing of revenues provide the proper foundation for financial sustainability.
- 3.9 Applying the principal of equity in allocating costs and distributing benefits of revenue generation, who benefit most directly from PA goods and services, should bear most cost of their management. Benefits can come in the form of new business or employment opportunities or improvement of community services and infrastructure.
- 3.10 Partnership and co-management agreements can improve management efficiency, increase revenue generated and reduce costs. Stakeholders of PA are encouraged to contribute by time, services and funds to support PA objectives according to regulations. They are also consulted for fund raising process.

IX- PA Financing Strategy Framework:

1- The Goal:

Establishing an effective PA system operated by an autonomous entity on solid economic basis, financial sustainability and innovative capacities for cost-effective management.

2- Strategic Objectives:

- Building a diverse, stable and secure funding portfolio.
- Improving financial administration and effectiveness.
- Creating an enabling financial and economic framework.
- Mainstreaming and building capacity to use financial tools and mechanisms.

3- Building a Diverse, Stable and Secure Funding Portfolio:

3.1 Principals of Fund Raising:

- (i) Fundraising begins with the development of budget for managing PA and PA system at a desired level with the aim to completely cover costs based on the budget.
- (ii) Fundraising should be a consultative process that involves all interest parties particularly representatives of major user groups. Consensus among all involved should be reached before implementation.
- (iii) A diversified funding base provides greater security and flexibility than reliance on a single source of funding. Effective revenue generation aims to bring in a surplus in years of high seasons that cover shortfalls of low ones.
- (iv) Strategy aims to reduce, but not to eliminate, the level of direct government support. While, it is not realistic that government will be able to bear the full costs of PA management any time in the foreseeable future.
- (v) Partnerships and co-management agreements can increase management efficiency and reduce costs. Beneficiaries of PAs are often willing to contribute time and service or able to carry out management functions at a lower cost than PA administration.
- (vi) The principle of equity should apply in allocating costs and distributing the benefits from revenue generation. If PA is well management, visitor fees and user-fees of infrastructure and service

are generally perceived by users as reasonable and fair. As well as, benefit sharing can provides a way to compensate those who have been negatively affected by PA management activities.

3.2 Diverse Funding Portfolio:

We must recognize that PA system can only contribute to national development if PAs are managed in a way that respects their conservation objectives, encourage their active use, and create linkages to other economic sectors. The Ministry of State for Environmental Affairs whether or not able to meet the costs of this type of management, it needs to provide legal and institutional arrangement that support PAs financing and revenue generation and refunding for cost effective management.

For the smooth and efficient operation of revenue generation process, partnership with private sector, NGOs, community groups and commercial users should be fully exploited.

Financing mechanisms can provide an important tool for addressing broader obstacles to effective PA management. In addition to raising more funds, there is a need to address the quality, form and duration, targeting and sourcing of financial resources:

(i) Government Funding:

PA system relies heavily on the governmental budget to cover the bulk of their operating costs and salaries. PAs competes against many other public demands for government funding and they are rarely considered a high priority. Besides, the budget is delayed in allocation and has bureaucratic regulations that affect its rational use. Efforts have been exerted to maintain the current levels of budget allocated, while enhancing the efficiency of its request, allocation and disbursement. The government budget can be decreased to some extent as PAs revenues increases, but not to be diminished.

(ii) Visitor Fees:

Earning from tourist visits may be considered as a stable and increasing element of PA funding. However it can also be insecure and subject to fluctuations and declines markedly due to the international financial crises or as a result of some national unrest.

Visitor fees had been applied for a limited number of PAs since almost two decades and they are now under-estimated in comparison with similar PAs around the world. These fees shall be reviewed and increased regarding the economic value and services of PA. Along-with that, some other PAs have been prepared to apply visitor fees, however stalled due political situations. Visitor fees can create substantial income to PA system if they are created

on scientific basis, supported by the proper facilities to visitation of tourists and profound on willing to pay discussions and analysis, while on the other hand, these fees are affected to fluctuation of tourism nationally and internationally.

Practically, PA system income could be quadruple in the nearest future by raising visitor fees to market levels, expanding applying fees in new PAs, and provides basis services inside them (signage, toilets, parking, tracks, trails, information and monitoring).

(iii) User Fees:

This category of funding is including many kinds of fees which can be easily applied according to PA status, like admissions to special sites of attractions, visitor centers, beach facilities, diving centers, camping, picnicking, guide tours, sea cruises, etc.

The potential earning from user fees vary with the level of visitation and use, but the right combination with visitor fees can provide sufficient revenues for PA operations.

(iv) Concessions and Partnership:

These are important innovative tools of PA revenue generation which will be developed according to rational principals and pre-requirements as explained before.

3.3 The Fundamental Actions to be Undertaken and Prioritized Under This Objective Are as Follows:

- (i) Fundraising should begin with the development of a budget for management of PA or PA system at the desired level. The aim of the strategy should be to completely cover the management costs based on the budget regarding the actual financial needs.

Therefore the institutional arrangements of PA management include systems for revenue generation and financial retention where fees are charged, they must be clearly linked to cost of management so that users of PAs, both visitors and commercial entrepreneurs, can see the benefits they are deriving from their payment.

- (ii) The preparation of funding strategy should be a consultative process that involves all interested parties, particularly representatives of major user groups. Consensus among all involved should be reached before any elements of the strategy are implemented. The lack of consultation creates numerous difficulties in implementing funding-raising strategies.

- (iii) A diversified funding base provides greater security and flexibility than reliance on a single source of funding. In particular, strategies that rely heavily on entry fees and other revenues from visitors can be severely threatened by often unpredictable down turns in tourism industry. The most effective revenue generation strategies aim to bring in a surplus in years of high visitation that can cover shortfalls in time of difficulty.
- (iv) Strategies should aim to reduce but not eliminate the level of direct government support. It is only through decreasing dependence on this inadequate source of support that PAs can succeed in meeting costs of proper management. The legal essence of establishment of PA Fund by law 102/1983 when defined its resources and expenditure channels, along-with the accompanied Prime Ministerial decrees 240/1990 and 264/1994, is to generate additional resources that maintain proper management to PA system. However, complete financial independence from government can result in reduced donation policy and technical support as well.
- (v) Partnership and co-management agreements can increase management efficiency and reduce costs. Since the aim of revenue generation is finance management, other approaches that reduce management costs can be as valuable as money. Beneficiary of protected area management are often willing to contribute time and services or able to carry out management functions at a lower cost than designated management agency. Arrangement with commercial users to collect fees and maintain records of using PA facilities are good examples of how partnerships can minimize the financial cost of management without reducing its quality.
The management of PA requires cooperation among managers and users, and offers the region an excellent opportunity to explore the potential of collaboration between government and civil society.
- (vi) The principle of equity should be applied in allocating the costs and distributing the benefits from revenue generation strategies. It is generally agreed that those who benefit most directly from PAs and the services they provide should bear most of the cost of their management. The fees for the use of infrastructure and services may generally perceived by users as reasonable as fair.
By the same way, benefits sharing can provide a way to compensate those who have been negatively affected by PA management activities. These often include local community's users such as fishers or dislocated small-scale entrepreneurs. Benefits can come in

the form of new business or employment opportunities or improvements to community services or infrastructure.

4- Improving Financial Administration and Effectiveness:

4.1 A potential Overview:

- (i) Financial flows are not always managed effectively, either in relation to PA financing needs or conservation priorities. PA system funding is directed mostly to recurrent costs and salaries, while critical investment needs remain under-funded (40% of the budget are for salary costs although PAs are limited staffing). At the same time few funds are available for core conservation investments, such as building and infrastructure, the purchase of vehicles and other equipment, wildlife inventories, etc.
- (ii) Sever governmental restrictions were placed on the recruitment of new employees, although PAs are under-staffing with low salaries, and as a result many qualified and trained staff have been left to other jobs. Usually the release of governmental budget is too late in the first quarters of financial year and redistributed in the fourth quarter, therefore it does not coincide with the timing of PA costs and financial needs. PA generated revenues are transferred directly to EPF at EEAA and are not retained except in some limited cases. Where income is not retained, and budget allocation are not linked to earning; there are few incentives for PA staff to generate more revenue and little responsibility or accountability to do so. Besides, complex financial and procurement system prevents basic work being done and money is not allocated to priority PAs.
- (iii) Under-funding of PAs and administrative system bureaucracy are not only affected PA effective management, but also put at risk the other investments depending on PAs like eco-tourism that represent 70% of tourism industry (\$ 14 billion-year 2010) as well as shortage in fulfillment of international commitments especially biodiversity conservation.

4.2 The Fundamental Actions to be Undertaken and Prioritized Under This Objective Are as Follows:

- (i) In the context of an essential improvement of the existing NCS hierarchy with detailed structure, jobs and employees; a first priority has to be given to upgrade the financial and administration department to the level of a general department that constituted of 3

department of finance, administration and technical services; furthermore the development of the general department of biodiversity economy to include 3 departments of economy, investment and marketing. Both general departments of economy and finance are working in close coordination regarding PA values and benefits to the national development sectors, local communities and employment, which build strong profile to PAs in public, decision makers and stakeholders to increase revenue generation, support PAs objectives and provide adequate investments.

- (ii) The reformed financial and administration general department must have its specific status as a separate account unit which can operate directly with PA budget line resources allocated by the government in the national budget. The monitoring of the ministry of finance on disbursements of PA budget will be practiced by its representative in EEAA. Procurement process will be directly linked between NCS and EEAA-CEO as well as the Minister in some cases; which will lead to efficient decision making and satisfaction of needs in the proper time.
- (iii) Identify a separate account for PAF in EPF to receive all PA allocated and generated resources according to law 102/1983 and the Prime Ministerial Decrees 240/1990 and 264/1990. To retain sufficient revenue at PA System to cover operational cost, infrastructure, service, equipment, biodiversity conservation, incentivize staff and develop revenue opportunities. Extra financial resources after basic PA needs and investment costs covered can support other EEAA sectors of environmental management. EPF Board, including NCS director will be responsible to assign special sessions to administer PAF as defined by The Prime Ministerial Decree 240/1990. PAF exist in EPF by law 4/1994 while having its special entity, legal status and operation mechanism by law 102/1983 and its combined decrees. No argument can consider PAF was dissolved in EPF and lost its presence.
- (iv) EEAA-CEO can devolve some authority to NCS director to develop and promote revenue generations' opportunities to PAF with approved decentralization mechanisms and provided annual work plans to retain necessary funds to PAs in addition to the governmental budget. NCS director will cooperate with the relative sectors of EEAA, relevant stakeholders, private sector, NGOs and local communities to ensure functional revenue allocation, financial security and conservation of biodiversity. NCS director shall report

to EPF Board in its special secessions of PAF on the cost-effective management achieved so far.

- (v) Business planning, financial planning and accounting are important tools for cost-effective management and must be improved on a systematic basis. Business planning will be essential in determining budgetary allocations both among and within individual PAs. It is pre-founded on a system-level financial needs assessment which defines and updates the existing, basic and optimum funding scenarios, according to opportunities available for generating funds, priorities of actions and programs of PA management plans. Business plan ensures cost-effective use of resources and mechanisms to overcome the funding gaps, along-with providing good communication document with stakeholders to support PA objectives.

Financial planning is the final component of the business plan, which determines PA funding requirements (quantity and time) and match income sources with needs.

It differs from financial budgeting in that it is not only identifies how much money is needed for different types of activities but also locates the most appropriate sources for the short, median and long term needs which offer the possibility of steady and reliable financing to meet recurrent costs.

Options for balancing the costs/revenue equation should include equal consideration of revenue increase and cost control according to key indicators. Good financial planning enable PA system to make rational allocating spending to match priorities, and identifying appropriate cost reduction and potential cash-flow problems. Improved planning can also help to raise more funds as donors and stakeholders feel more assured that their funds, will be effectively invested in PA system. An active account ability system is essential to ensure rational allocation and expenditures of funds that consolidate the PA management performance and effectiveness.

- (vi) Integrated systematic group of plans should be developed for individual PA and PA system management, management effectiveness assessment and operations on the median term of 5 years and annually. They define and adjust objectives, needed activities costs, priorities and implementation mechanisms in order to achieve cost-effective management of PA. Along-with, it is essential to perform satisfactory control; auditing, monitoring and corrective action to those plans according to specific indicators that link between financing and effectiveness and to overcome obstacles

in proper time, ensuring that funding is allocated and spent in a way that supports PA system finance needs and conservation goals.

5- Creating an Enabling Financial and Economic Framework:

5.1 A Potential Overview:

- (i) A wide range of external factors influence PA funding opportunities and financial status include market, price and institutional conditions in economic sectors that have direct and indirect significant impacts which make environmentally damaging activities more profitable than those which are compatible with PA conservation. Improvement can be achieved by rational resources use, introducing comprehensive environmental mitigation requirements and presenting the economic levels of PAs which will be a strong argument for private companies.
- (ii) A more fundamental challenge is that many PA goods and services are seriously under-priced or not priced at all by the market. At the same time there are often weak incentives provided for investment in PAs. This can have a major impact on the ability of PAs to generate funds. Even where PAs are able to charge for the services they provide, such as visitor fees, the prices are often far lower than the market would bear, and may less than one third that visitors be willing to pay on condition that be used for improving PA facilities and services.
- (iii) Overcoming market, price and policy distortions, raising sufficient funds for PAs to ensure costs are adequately cover and to foster an economic environment that encourages investments in PAs, are essential elements of PA financial sustainability.

5.2 The Fundamental Actions to be Undertaken and Prioritized Under This Objective Are as Follows:

- (i) A system economic valuation of PAs and assessment of goods and services provided will be developed to prove the current and foreseen benefits to the Egyptian society which build a strong case to elevate PA system profile in public and private sectors. The benefits to society from PAs are often grossly underestimated and the immediate costs of protection appear large in comparison. As a result of this market failure, government investment in protection is usually required. Economics can play a key role in understanding why benefits are underpriced and how benefit can be improved. This information can in turn, be used to justify increasing the extent of publicity support to PAs and providing larger budgets

for their management while the major benefits and costs are defined; and quantitative and qualitative analysis are examined.

Even though PAs produce valuable services, the absence of effective markets combined with public goods characteristics of PAs, frequently result in the under provisions of such areas. This public oriented analysis will consider all social benefits of PAs while the private analysis only considers the market value of this benefits that can be captured by an individual firm. As a result the public analysis will favor protection much more the private analysis. The key condition for securing public funds for PAs will be the ability of NCS and PA system to justify their funding request in terms of socio-economic objectives due to the over-riding urgency of poverty reduction as well as to convene government and donors to honor their prior commitments to funding PAs.

- (ii) It is equally clear that existing sources of funding, by themselves will not be sufficient to maintain and expand PA network in the future, or to meet the growing demands placed upon them. In order to meet this challenge, there is an urgent need to improve and expand PA recent sources of income and develop innovative mechanisms that offer actual opportunities to increasing chance of PA towards financial sustainability and can also help stimulate broader PA management cost-effectiveness. Financing mechanisms which privet sector and community to participate in PA investment are especially encouraged. Payments for ecosystem services also have high potential mechanisms to generate funding for PAs and biodiversity conservation generally.

Efforts to enhance funding should capitalize on the growing of funding sources, particularly to mobilize increased resources from and to privet and non-governmental sources, through commercial and extra-budgetary channels; this diversification of funding may be seen as ensuring the long-term financial sustainability of PAs.

- (iii) PA system is supporting the national development if they are managed in a way that respects their conservation objectives, encourages their active use and creates linkage to other economic sectors. PA revenue generation and financial management must be clearly linked to the costs of management so that users of PAs both visitors and commercial entrepreneurs can see the benefits they are deriving from their payment.

Each PA will have its master investment zoning plan for economic development foot print, so PAs are expressed as productive assets in local and national development planning. Appropriate economic valuation of PAs can demonstrate their importance as a productive

capital and economic resources contributed to the Gross National Product (GNP) and the economic-social development for people welfare.

- (iv) Defining a clear role for the PAF, within EPF, according to provisions of law 102/1983 and Prime Ministerial Decrees 240/1990 and 264/1994. Clear directions and regulations are issued to retain PA revenues as PA system financial planning for cost-effective management to reach basic and optimum scenarios. The extra resources of PAF are to be used for other environmental activities of EEAA. Along-with, the relations and responsibilities between NCS and EPF will be determined which facilitate fund allocation to PAs, exploiting increasing revenue generation opportunities, and applying effective accounting system to PAF. Operational procedures of PAF are organized through special sessions be convened by EPF Board, participated by NCS Director and a representative of Ministry of Tourism.
- (v) Reform of NCS to be a semi-autonomous sector within EEAA by devolution some authorities of EEAA-CEO to its director that give flexibilities to use PA governmental budget adequately in time and allocation, to set legalized fees and other revenue generate mechanisms and disbursement of planned retained resources of PAF to support PAs requirements, as well as encouragement of proper investment of PAF resources. Improving NCS organization must achieve a complete detailed structure, enough human capital and specialized staff with background in economic, business, marketing and financial planning.
At the same time, NCS will have a separate account unit inside its financial and administration general department. It should be foreseen that the most favorite solution for effective and sustainable PA system is to establish a full autonomous institution of Nature Conservation General Authority affiliated to MSEA.
- (vi) More concerns will be given to mobilization of PA supporting groups of relevant stakeholders, voluntary teams of civil society and NGOs, promoter groups, PA local friends, PA think tanks, etc. all these parties will help PA system and individual PA in achieving long term objectives, implementing its policy and strategy and fund-raising mechanisms taking in consideration that investment in PAs is a dynamic tool whose components would be regularly updated according to new trends and opportunities, and the feedback. These external groups are appreciated to share the costs, providing services and take responsibilities in managing PAs. Besides, they can assist

to overcome market and price distortions that act as obstacles to PA financing.

6- Mainstreaming and Building Capacity to Use Rational Financial Tools and Mechanisms:

6.1 A Potential Overview:

- (i) PA system will be recognized as an engine for the national development. This view aims PAs operate as economic assets and be carefully managed for conservation and use, rather than as conservation assets to be protected from economy. In addition, maintenance of biodiversity has become a popular argument used to promote protection and justifications are given in terms of preservation of species, habitats and genetic resources, as well as their synergy with climatic changes and desertification.
- (ii) General economic conditions and policies of development entities and authorities have critical effects on PA financial sustainability. Adverse policy, price and market conditions can seriously undermine PA funding while supportive policies and coordination underpin the success of PA financing mechanisms. PA financial sustainability does not depend only on PA managers and decision makers; local communities, the private sector and other governmental agencies are all key players in ensuring the success of PA funding mechanisms. The willingness of external stakeholders to invest in PAs, as well as the importance of multi-partners dialogue and local participation in decision making are crucial for successful of funding tools.
Mainstream of PA as natural solutions that underpin sustainable development, well-being of public and poverty reduction are supportive elements to secure rational financial mechanisms.
- (iii) Fund raising is a means to an end, not an end in itself. Ultimately it is the effectiveness of PA management which determines how biodiversity is conserved and whether PAs are financially sustainable. This emphasizes that the quantity or nature of funding is often less important than how funds are used and administrated. A critical determinate of successful fund raising is the recruitment of experienced business and investment potential PAs and NCS managers and staff who can work effectively with a range of stakeholders, identify new funding opportunities and securing appropriate external partners to help develop them.

- (iv) Increasing the amount of funding is a necessary but not sufficient condition for PA financial sustainability. Additional funds will be used most effectively, and more easily raised in the future, if accompanied by capacity building of PA authorities in financial management skills, and by strong partnerships between PAs and other sectors, governmental, private NGOs and communities.

6.2 The Fundamental Actions to be Undertaken and Prioritized Under This Objective Are as Follows:

- (i) Improvement of government budgeting is the backbone of PA system funding that securing it from market fluctuations and financial crises locally and internationally. The current level of government budget will be maintained while enhancing the efficiency and its timely allocation and disbursement. This budget has to be continued irrespective of PA revenue generation and retention are increased until 50% of PAs achieve their basic level of cost-effective management, then the government budget can be decreased gradually according to the financial plan up to a certain level without complete vanish.
- (ii) Procurement, bidding and contracting procedures will be developed and be charged to NCS-financial and administration general department according to a devotion from EEAA-CEO to NCS director as prescribed before. In the mean-time, all preparatory actions of procurement and requisition will begin with the start of the financial year until receiving PA budget from the Ministry of Finance to start bids. All PA available funds from government, retained from PAF/EPF or other resources will be allocated and used rationally for PA system to satisfy PAs business and management plans.
- (iii) NCS and PAs should construct good relations and cooperation with the relevant stakeholders, private sector, NGOs, civil community and local public, scientific institutes and others who can promote PA objectives and investments. Successful PA financial management entails linking public interest goals with PA sound business approaches especially to poverty reduction and sustainable development. Financing mechanisms which stimulate private sector and community participation in PA management, services and biodiversity-friendly enterprises are encouraged.
High importance will be given to constructive communication, awareness and branding of PAs to public, visitors, supporting groups, decision makers and experts in order to reinforce PA system skill in fund raising, marketing, media, investments,

sustainable level of use, determining appropriate fees and charges, willing to pay survey and others.

- (iv) EEAA and NCS as well as decision makers must invest in creating the necessary PA infrastructure, services, facilities, equipment and information base to ensure effective use of the allocated funds for PAs (governmental, PAF, donors,...), proper exploitation of opportunities to increase revenue generation from conventional and innovative resources and that policies governing use in other sectors of the economy do not inadvertently undermine the prospects for PAs.

NCS and PA system will pay more attention to community funding as part of PA financing plans. This includes increasing the amount of funding spent at local level, as well as making revenue and benefit mechanisms part of PA budget allocations. New mechanisms are required to ensure that sufficient funds are allocated, in appropriate form and on a timely basis, to local stakeholders.

- (v) Development of the human resources is the most important factor that influences PA cost-effective management. It should be considered that PAs have multiple kinds of activities which need a wide range of specialization in order to achieve their objectives, however the existing NCS and PA system do not have enough human capital to manage effectively the declared PAs on 15% of the nation territory and they are surfing of skills in economic, business, financial planning, management of revenues, marketing and others.

NCS at the central level has to complete 70% of its detailed careers within 5 years, and in the mean-time, PA system's man power has to reach 2200 staff (i.e. 15 staff per 1000 km², while the global average of PA staffing in developing countries is 27 and for Africa it reaches 70 staff per 1000 km²). In parallel, a new system of wages and incentives will be developed which can attract and retain quality profiles that complete the existing capacity and competencies. To ensure recruiting based on merit, a system of remuneration, performance evaluation and reward structure and promotion of corporate identification with NCS mandate.

- (vi) Training is a primary means of developing the capacity of PA managers, rangers and other staff. Many of them have received training internally and abroad, and several have obtained PhD and MS degrees. However many of qualified staff left their position to other outside jobs of higher salaries, which represent a big loss of investment of trained staff. Efforts and incentives will be developed

to retain and attract experienced staff, as well as to create a flow of new trained staff. A specific curriculum has been designed and should be implemented to address learning needs at NCS and PAs.

Training modules are to be developed at the PA Training Center in Sharm El Sheikh for programs serving various staff levels and budgeting for more training activities is a priority in current planning. The Training Center will be improved and be fully functioning by having adequate administrative and educational structure, high experienced trainers and instructors, and to reach high performance and self financing, so it could be considered a center of excellence nationally and internationally.

Special attention can be given to training programs about cost-effective management, business planning, investment, marketing partnership, financial projection, financial mechanisms and feasibility studies; to build good relationship with private sector and universities to borrow some business capacities to provide support in this area.

- (vii) A prerequisite of financial planning is cost and revenue data at both PAs and NCS, in addition an adequate accounting system to show how much funding PAs are obtained and how effectively they are spending in case of governmental budget or investments from PAF or donors. This design will feed decision making process and promote sound management at NCS and PAs.

It is important to implement a system for collecting fees which is professional, cost-effective and ensures all fees levied are channeled into the appropriate accounts and records. Monitoring management performance and effectiveness is essential to provide account-ability of funds expended and analyses of investments returns are reported.

- (viii) Payments for Ecosystem Services (PES) are increasingly held up as a new solution to PA financing problem. However, implementation of PES is not a simple task, often requiring substantial investment in technical capacity as well as length process of baseline research, negotiation with stakeholders, legislative and regulatory measures. In addition, elaborate monitoring, evaluation and enforcement. PES may accentuate conflicts between conservation objectives (e.g. carbon versus water supply versus biodiversity). PES schemes need more deep study and to explore their best practices in developed and developing countries before their application.

X- Recommended Actions for PA Revenue Generation and Retention:

1- Institutional Actions:

- 1.1 Establishment of two essential general departments in NCS; the first for financial and administration including an account unit that operates directly with PA budget and PAF allocated resources. The second for biodiversity economy which will conduct a system-level economic valuations of PA system to the national development and socio-economic as well as investment of PAF resources and marketing and branding of PAs nationally and internationally. The two general departments will be provided by the necessary human resources and careers to carry out their functions effectively.
- 1.2 Reform of NCS existing structure by expressing definitely its organization in details up to the small units and sections in parallel with defined job descriptions, needed employees and schedule of recruitments that ensuring increased management effectiveness towards level of international standards. This process will be alongside providing PAs with the needed infrastructure, equipment, facilities and services to attain the basic standard in the median time and the optimal standard within 10 years with proper enabling environment. The proposed NCS reform will be discussed and agreed by the Central Agency for Organization and Administration with the support of the Minister of state for the Environmental Affairs.
- 1.3 The policy and strategy of PA financial sustainability framework will be discussed and developed in a participatory way with all relevant sides within EEAA and concerned ministries and EPF, as well as main stakeholders, NGOs, and NCS staff. The final form will be endorsed by the Minister of state for Environmental Affairs to become effective in practice. It will be the guide for NCS function in the present and the future, and will be spelled out in a series of plans and actions.
- 1.4 Necessary authorities have to be devolved to NCS director by EEAA-CEO to carry out the responsibilities of cost-effective management, the proper exploitation of PA system Government budget, and retained funds and PAF resources investment as agreed by EPF Board and approved by the Minister. In addition, NCS Director will take the initiative to apply and contract the new approaches of partnerships and concession mechanisms. NCS financial activities can be monitored by the

representative of the Ministry of Finance in EEAA and be audited by the Central Agency for Accountancy.

2- Outlines of a Ministerial Decree:

- 2.1 Identify a specific account for PAF in EPF to deposit all revenues and resources generated by PAs according to law 102/1983 and the accompanied Prime Ministerial Decrees.
- 2.2 EPF Board will administer PAF within separate sessions as defined by the Prime Ministerial Decree 240/1990 of PAF regulations. Two additional members will share the Board for PAF sessions, NCS director and a representative of the Ministry of Tourism. Along-side three observers, the directors of PA general department and biodiversity general department, and a representative of the Egyptian Federation of Tourism Chambers. NCS director will act as the secretariat of Board for PAF sessions and will report to the Board about financial plan achievements and effective management assessments in respect to defined indicators.
- 2.3 NCS has the right to retain the majority of PAF as defined by EPF Board based on a systematic financial needs assessment, financial plan and work plan prepared by NCS, presented to the Board and approved. NCS will be responsible to disburse this fund between PAs and biodiversity activities considering staff requirements, infrastructure, equipment and services as well as investments of revenues.
- 2.4 Extra financial resources after satisfying the basic needs of NCS and PAs for efficient management, will be allocated by EPF Board to support EEAA sectors and other parties that assist for better environment and sustainable development in the context of law 4/1994 and its executive regulations and their amendments.
- 2.5 PA revenue sharing among PAs will depend on criteria of allocation presented by NCS director to EPF Board which shows priorities of best performance, gives advantage to PAs of increased resources, provide solidarity between PAs and incentives PAs that generated resources and the relevant bodies that consolidate law enforcement, biodiversity friendly efforts and local community support.
- 2.6 NCS will carry out updated revenue generation tools and regulations for conventional and innovative mechanisms that reflect PA values returns to the national development, willingness to pay of visitors, participation of

private sector and local communities. These approaches will be approved by the Minister of State for Environmental Affairs and managed by NCS to make substantial improvement in cost-management effectiveness of PA system.

3- Policy and Strategy (P & S) Factors of Success:

3.1 Political Factors:

- (i) Commitments of the high-level decision makers, especially the Minister and EEAA-CEO to support P & S implementation, push all actions forward and encourage the exploitation of feasible opportunities to achieve PA financial sustainability.
- (ii) P & S should be aligned with the national development priorities such as economic growth, employment and poverty reduction.
- (iii) P & S show powerful tools to elevate the economic profile of PAs nationally and internationally, and increase their social visibility among stakeholders, decision makers and public.

3.2 Institutional Factors:

- (i) Development of NCS structure to an autonomous institution "A General Authority" with cost-effective management capacities should be the final target of NCS reform. All steps are to be undertaken in that direction.
- (ii) Laws, regulations and procedures must be put in place to ensure enabling environment for comprehensive planning and efficient performance.
- (iii) Human development requires necessary resources, continuous training and incentives to attract and retain professional profiles.

3.3 Proceeding Factors:

- (i) P & S should be considered as an integral part of a capacity building process for accomplishment of the aimed goal, not as an isolated document or actions.
- (ii) P & S must be developed in a participatory way with all concerned bodies, stakeholders, civil society and related experts, and in close collaboration with NCS staff.

- (iii) Increasing investment and ensuring re-investment in PA system is critical to elevate PA standards, reflect their real values and make them more attractive for additional revenues.

4- Key Conclusions:

- 4.1 Increasing fund of PAs is not just a demand; it is an obligation. Government assumes responsibility for ensuring and facilitating that adequate funds are provided for their up keep.
- 4.2 There are important funding gaps for PAs. They do not receive sufficient funding to manage effectively. PAs meet a lot of constraints to use its budget efficiently and cannot retain their income. This situation should be corrected.
- 4.3 PA financing needs and opportunities will continue growing and changing. Their process and mechanisms are dynamic. Institutional development of PA system is essential to match with new ways of generating funds, creating investment of resources and contribution to socio-economic development.
- 4.4 Building PA capacity for financial and business planning is essential. There are needs to build more secure financial portfolios for PAs, diversification of resources and cost-effective management. Qualified and sufficient manpower is the corner stone of PA system.
- 4.5 Sustainable PA finance requires supportive policy and economic conditions, enabling environment, strategies permitting to set fees, legal activation and functioning of PAF, mechanism of partnership and local community co-sharing and supportive decision-maker directives are critical factors to reach cost-self satisfaction.
- 4.6 Sustainable PA finance requires support from a wide range of actors. Local communities, the private sector, NGOs and other governmental agencies are key players in ensuring the success of PA funding mechanisms. The willingness of external stakeholders to invest in PAs, multi-stakeholder dialogue and local participation in decision-making will promote PA fund-raising.
- 4.7 Funding is only as sustainable and effective as PA management system it supports. Fund-raising is a means to an end, not an end in itself. Ultimately it is the effectiveness of PA management which determines how biodiversity is conserved, and whether PAs are financially sustainable. PA financial management effectiveness emphasizes that the

quantity of funding is often less important than how these funds are administered.

Change is a must ...

Future does not wait

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