

MPA Cost Model & Financial Analysis Tool

Presented at: A Private Sector Approach – Conservation Agreements in support of Marine Protection

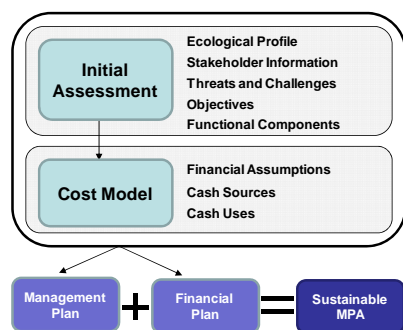


Conservation and Community Investment Forum

Overview

The CCIF approach to protected area financing is rooted in the belief that protected area network design and management is most successful and sustainable when viewed from a business planning standpoint. In order to manage a protected area and its diverse and abundant ecological resources over time, stakeholders and financial and physical resources must be managed in a cost-effective and ecologically sound manner, taking into account conservation, social, and financial considerations. Emphasis is generally on the conservation and social elements when initially designing management plans, but diligent and thoughtful finance planning is also crucial in to maintain a well-functioning PA.

CCIF takes a three step approach involving: a) an initial assessment, b) a cost analysis, and c) the development of integrated management and financial plans.



Initial Assessment

The Initial Assessment aims to identify and define, for each PA and the network:

- PA general, ecological, and stakeholder characteristics,
- Existing and potential threats and challenges,
- Objectives of the current or proposed management plan and specific programs, and
- Program functional components and activities.

- General, Ecological, and Stakeholder Profiles**
The general/ecological profiles and stakeholder information provide the basis for understanding the unique PA characteristics and actions necessary to protect the area.
- Threats and Challenges**
There are often threats and challenges that affect the ecological and biophysical elements as well as the stakeholders ability to effectively conserve the area.
- Objectives**
Objectives are realistic, tangible, and specific outcomes that the PA hopes to achieve over a given time period. They reflect the requirements to ensure the maximum benefit for the ecological resources as well as the communities.
- Functions**
Functions are distinct groups of people and actions within the PA that aim to address certain issues. In order for the PA to meet its objectives, it must possess certain functional components. These functions have specific goals it hopes to achieve that relate to the PA objectives.
- Activities**
Activities are specific one-time or recurring events that each function engages in order to address the functional goals and, ultimately, to meet the PA objectives.

The IA process includes coming to agreement on the following things:

- PA objectives,
- Cost model functions and budget categories, and
- Cost model scenarios.

Cost Model – Overview

The Cost Model allows for the development of different scenarios to give practitioners a number of ways to approach the design, development, and operation of protected areas. It was designed to maximize both simplicity and ease of use while also documenting all PA and network-level activities in a comprehensive manner.

The model has evolved over the years with field work in Indonesia, Cambodia, and the Philippines, and with input from NGOs and PA practitioners. In developing the model, CCIF applied a general framework of PA functions and budget categories as representative of the operational components of a typical PA network (note: these are fully adjustable based on agreement of stakeholders).

The cost model allows users to design and project PA management plan costs and financing needs in an integrated way, defining costs at two levels: functional components and budget categories (see figure below). It also allows users to see where economies of scale are derived and how to think about an optimally designed PA.

Functions

Management & Planning
Science & Research
Zoning & Enforcement
Information, Education & Communication (IEC)
Sustainable Livelihoods
Tourism
Finance & Administration

Budget Categories

Personnel	Occupancy
Contractors	Capital Assets
Travel	Maintenance
Supplies and Materials	Miscellaneous
Fuel	

Cost Model – Inputs

The PA functions, budget categories, and scenarios are defined during the IA process. The rest of the input tabs require a variety of information related to the current and planned PA activities, programs, and costs associated with working towards the realization of the PA objectives. For example, the personnel input tab requires the following elements be entered for each employee title:

- # of employees
- Start year
- End year
- Salary, benefits & bonus
- Scenario
- % roles in each PA function

Input Tabs

Functions	Capital Assets
MPA Characteristics	Miscellaneous
General Objectives	Fuel Cost Assumptions
Personnel	Activity Assumptions
Contractors	Activity Inputs
Occupancy	Cash Sources

Cost Model – Outputs

The projections and outputs are provided in a variety of formats (e.g., charts, graphs, financial statements) and in a variety of ways (e.g., costs broken down by functional components or budget categories, costs in dollar values or percentages of total cost). The outputs are organized in a framework that helps to focus the design and management of PAs. While there is a great deal of flexibility in how the outputs are presented, the majority of them are broken down by area, PA function, and PA budget category.

This provides a clear and transparent overview of the functional efforts and primary cost drivers of a given PA. It also allows for comparison of functional and budget category costs between the different PAs and the network.

Output Tabs

Fuel Info	Graphs
Functional Summary	Financial Statements
MPA Summary	Endowment Calculation
Objectives Summary	Fuel Summary
Master Summary	Scenario Comparison
Activity Summary	

Cost Model – Uses

Uses	Specifics
Creation of a Management Plan	The Cost Model should be utilized during the creation of a Management Plan or with reference to the current Management Plan. The outputs can be directly pasted into the Management Plan to provide specific cost information related to the functional components.
Creation of a Financial Plan	The Cost Model identifies the costs over the projection period and the existing funding/revenue to help cover these costs. It is important to develop a financial plan that identifies potential additional funding and revenue sources.
Creation of an Endowment Fund Business Plan	The Cost Model provides a forecast of the size of the initial endowment necessary to cover the PA costs over the projection period. It can be tailored to cover all areas and functions, or only specific areas and functions. This information, coupled with the detailed, transparent information about the PA objectives, functions, and budget categories allows for the creation of a strong, data-based, realistic business plan to use for raising money to capitalize and focus an endowment fund for the area.
Management effectiveness review	The Cost Model provides an overview of the current resource allocation across functional components and budget categories. Coupled with the PA objectives and Management Plan, the outputs provide insights into how resources are being allocated, how many personnel are dedicated to certain functional components, and how many activities are occurring in each function.
Donor proposals	The Cost Model provides a clear review of the cost requirements of developing and managing a PA given certain levels of conservation effort. The outputs can be directly pasted into donor proposals to provide specific cost information related to the functional components and budget categories. This allows PA practitioners to be clear on their program requirements and funding needs.
Donor reports	The Cost Model outputs can also be utilized in reports to donors to show the current and projected costs associated with the PA.
Program yearly reports	The Cost Model outputs can also be utilized in general organization or PA reports to show interested parties and stakeholders the costs associated with the PA in a clear and transparent format.