

Sustainable financing of national and nature parks in Croatia and possibilities for introducing the new finance mechanisms for biodiversity

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Summary

This paper provides an overview of the current finance mechanism of the national parks and nature parks in the Republic of Croatia and outlines different schemes of innovative funding mechanism that can be applied to ensure stable and sufficient long-term financial resource (e.g. payment for ecosystem services, trust funds and green taxes mechanism resources, finding new donors such as large corporations, special fund-raising campaigns, volunteers actions for some specific jobs...).

Keywords

Financing, national park, nature park, financial sustainability

Introduction

IUCN defines PA financial sustainability as the “capacity to secure stable and sufficient long-term financial resources, and to allocate them in a timely manner and appropriate form, to cover the full costs of Pas (both direct and indirect) and to ensure that Pas is managed effectively and efficiently with respect to conservation objectives” (IUCN, 2006). Quite similar definition is also used by UNEP.

Key messages to scale up biodiversity outcomes from the workshop on Finance Mechanism for Biodiversity: Examining Opportunities and Challenges, held on 12 May 2012, in Montreal were: by raising additional revenue that is then used to achieve biodiversity outcome; by mainstreaming biodiversity in the production and consumption landscape (e.g. green markets; offsets) and by reducing the cost of achieving biodiversity conservation and sustainable use (i.e. environmental fiscal instruments).

There are various categories of protected areas in Croatia, but in this paper we will consider two categories: national parks and nature parks. In the Republic of Croatia, there are eight National parks and eleven Nature parks. All parks are run by Public Institutions established by the Croatian Government and managed under the supervision of the Ministry of Environment and Energy.

Finance mechanism

The Total budget for protected areas in 2017 was 81.451.000 EUR (610.886.023 HRK). Sources of income for national and nature parks are:

- *National Government budget (through Ministry of Environment and Energy)*. Five national parks and eleven nature park are financed by the government with a different scope of financing. In 2017 MEE has financed protected areas with 4.013.000 EUR (30.096.540 HRK). Three national parks (Plitvička jezera, Krka, and Brijuni) are 100% self-financed and they do not receive funds from the national government for many years.
- *Self-generated income*. It mainly comes from visitors fee, hotels (in two national parks: Plitvička jezera and Brijuni), restaurants, souvenir shops, concessions, guided tours, etc. In 2017. self-generated income for all national parks and nature parks was 71.760.000 EUR (538.200.189 HRK). The biggest source of self-generated income is visitor entrance fee. Three nature parks (Učka, Medvednica, and Velebit) do not charge visitor entrance fee. In other parks in 2017. total revenue from visitor entrance fee was 44.506.000 EUR (333.797.703 HRK). Self-generated revenue from other sources in 2017. was 27.254.000 EUR (204.402.486 HRK). *Other national and international aid (e.g. EU, other national government institutions, and other international aid)*. In 2017, a total of 5.679.000 EUR (42.589.294 HRK) was raised by other sources.

All revenues, raised from budget or other sources and self-generated, are used for biodiversity monitoring and protection, building infrastructure for visitation and outdoor activities, education and promotion of nature and cultural heritage protected by national/nature parks. Structure of costs is different from park to park and varies over time.

Until 2017, 100% of entrance fee stayed within the park finances. As from last year, 3% of the entrance fee national and nature parks have to pay to the national government. This money will be managed by the “Shared service center” within the Ministry of Environment and energy and will be used to finance projects in Parks with lack of funds. SSC was established in order to provide technical and professional support services to the national and nature parks. In 2017, total expenditures of all national and nature parks were 73.224.000 EUR (549.181.763 HRK). The enormous diversity of income is present among national and nature park e.g. revenue of the National park Plitvička jezera is 1.3627% higher than revenue of Nature park Lonsko polje, revenue from entrance fee of NP Plitvička jezera and NP Krka is 569,02% higher than total revenue from all seventeen national and nature parks.

The main conclusion is that three national parks are fully self-financed while five national parks and all nature parks need additional funds from the national budget. In some parks, improvement of financial administration, effectiveness, and efficiency can minimize the financial gap while the other parks have to find a way to introduce a new finance mechanism that has been developed by IUCN. This is an innovative PA financing mechanism based on the fundraising from a public to private sources and self-generated revenues i.e. private voluntary donations, payment for ecosystem services (this is applicable for those nature parks that are not charging an entrance fee)... As most of those parks are small there is lack of skills, experience regarding managerial competence. In last three years, Ministry of Environment and Energy through PARCS project made some efforts in: improving the accounting and finance system, improvement of the management skills of the PA management, enhancing park co-ordination, business planning, established unique methodology for pricing system, capacity building, established ‘shared service centre’ (SSC), etc.

Conclusion

To further improve current finance mechanism of the national and nature parks Croatian government together with PA management staff has to further develop and improve an integrated approach on sustainable financing of the protected areas in terms of accounting system, improvement of the capacity skills, business planning, legislation, framework that will support new funding mechanism, to ensure better understanding of PA financing, implement an overall strategy for monitoring and managing finances of the protected areas. Due to fact that the main source of funding for national and nature parks is visitor entrance fee, it is important to enhance visitor fee revenues by introducing an integrated approach, spreading visitors across protected areas and extending visitor season.