### Reporting Agency: UNDP

### Country: Romania

### **STANDARD PROGRESS REPORT**

No. and title: **#72323 UNDP-GEF Improving the Financial Sustainability of the Carpathian System of protected Areas**

### **Reporting period: 1 January - 31 December 2013**

### **I. PURPOSE**

**Project Objectives**

The project objective is to secure the financial sustainability of Romania’s Carpathian Network of Protected Areas (CNPA) as a model for replication to the entire Carpathian Network of Protected Areas. With adequate financial resources the Romanian Carpathian PAs and the CNPAs will be on path to greater financial sustainability. The project sites include the 22 administrations of protected areas. The project is implemented thru the National Forest Administration (Implementing Partner), which support the administrative costs of 18/22 PA administrations included in the project.

**Project Components**

1) Strengthening the supportive legislative framework and Sustainable Protected Areas Financing Strategy;

2) Strengthening the institutional and individual capacities of management authorities and other local stakeholders to develop and implement sustainable financing of protected areas.

The project sites include the 22 administrations of protected areas: *Apuseni, Munţii Maramureşului, Retezat, Piatra Craiului, Vânători Neamţ (Pilot Parks)***,** Bucegi, Buila Vânturariţa, Calimani, Ceahlău, Cheile Bicazului-Hăşmaş, Cozia, Cheile Nerei, Defileul Jiului, Defileul Mureşului Superior, Domogled Valea Cernei, Gradistea Muncelului Cioclovina, Geoparcul Platoul Mehedinţi, Geoparcul Dinozaurilor Ţara Haţegului, Porţile de Fier, Putna Vrancea, Munţii Rodnei, Semenic Cheile Caraşului (pilot parks in italics).

**Expected Results**

The project is expected to generate significant new revenues to the CNPAs. Taken together, this project’s investment (1 million USD) is projected to generate additional revenue of USD 5 million per year and using a 6 percent discount rate, in a 10 year period, the net benefit of this investment is 35 million USD. To this end, the following outputs will be delivered:

1. Assessment and amendment of the legal and regulatory framework, as well as the institutional structure governing the Romanian CNPAs.
2. Formulation of a sustainable finance strategy for 22 large Romanian CNPAs, including the CNPAs’ financial history, investment priorities, revenue mechanisms and proposed cost-saving strategies to address financial needs and reduce gaps.
3. Conducting a powerful communications strategy, the project will encourage the government to gradually increase funding for the targeted PAs (e.g., 20% yearly increases from 2007 values). Political and financial support will be mobilized not only to increase the government’s contributions to cover the costs of protected areas, but also to support the overall implementation of the sustainable financial strategy of the CNPAs.
4. Model business plans will demonstrate specific market-based financial mechanisms, using an approach that will maximize economic returns and minimize costs and environmental impact.
5. Validation of a set of PA diversified income-generation mechanisms (market and non-market options) in at least 3 PAs which are one step ahead of the others due to their increased capacity for conservation management.
6. Development of institutional and individual capacities of management authorities and other local stakeholders to achieve sustainable financing, which will result in a critical number of PA professionals trained, a Carpathian National Association of Protected Area manager established, improved information management linking PA management plans with financial management systems, a public PA management committee monitoring revenue and expenditures of PAs, lessons and knowledge documented and transferred to key actors representing PAs from other Carpathian countries.

### **II. RESOURCES**

According to the project document agreement, the total budget of the project for 2010-2013 is 5,667,041 USD:

|  |  |
| --- | --- |
| **Funds provider** | **Budget (USD)** |
| Global Environmental Facility (GEF) | 950,000 |
| UNDP | **20,000** |
| WWF \*) | **50,300** |
| NFA \*) | **4,646,741** |
| **Total** | **5,667,041** |

\*) In kind and cash co-financing from project partners, not included in the project grant

### **III. RESULTS**

According to the project documents, the GEF-UNDP project is focusing on the possible improvement of the financial sustainability of the Romanian Carpathian System of Protected Areas. Moreover, the Project is also aiming to extend the reach of outcomes for the entire Carpathian Network of Protected Areas.

The Project is divided in two major components:

**Component 1**: Supportive legislative framework and sustainable financing strategy

**Component 2**: Institutional and individual capacities of management authorities and other local stakeholders in order to implement sustainable financing of PAs developed.

**Component 1**

*Output (i) A set of by-laws developed and amendments developed and promoted*

Starting with January 2013, the focus of the project for promotion of legal amendments was amplified. Draft Legal proposal amending the Law on Environmental Fund, introducing PES: national tourism, mineral waters and mining activity prepared by the project were submitted to the Ministry on 30 Jan 2013. Following this, the legal proposals/papers discussed lastly in skype conference on 11 March, and then presented officially during the first session of the working group established by the Ministry of Environment with project support on 18 March 2013. The main draft legal amendments were focused on:

1. Legal framework for budgetary direct allocations: Law on state budget 5/2013, OUG 57/2007 and secondary legislation. During the meeting this proposal was considered difficult to implement because i) the current arrangement does not allow to allocate directly the resources for the parks; ii) under the current economic situation the state budget is not likely to consider the PAs financing key priority.
2. Amendment of the OUG 196/2005 on the Environment Fund to allow for: 1) deduction of the PA administration expenditures from the 2% of wood harvested Romsilva’s contribution to the Fund; and 2) implementation of beneficiary-pay national PES/EC mechanism on tourism, bottling water and residual impact of mineral resource exploitation. PES Water-Forest (national) based on the EU policy and legal framework – background documents where submitted at the Ministry. PES Water-Forest (national) based on the EU policy and legal framework (art. 9 Water Framework Directive and the Forestry Code, to compensate the forest owners/administrators for the restrictions in wood harvesting out of the tariffs on water users (this may imply amendments to the Water Law no. 107/1996). The proposal aims to allow the park administrations to use the incomes form the PES implementation to compensate the land owners with restrictive regimes with ecosystem conservation purposes.
3. Law 571/2003 on Fiscal Code, to allow that sponsorship eligible amount (3%) to be deducted from taxation, and hence make it more attractive for companies
4. Technical instruction for customized entry policy fees, derived from the entry fee policy developed through the project. The project has prepared the general guide for entry fee policy in the natural and national parks based on the legislation and the assessment of needs from park administrations. Instructions/guidelines for customized park entry fees, derived from the entry fee policy developed through the project and piloted in Bucegi and Piatra Craiului in 2013.
5. Punctual proposals (some already made before 2013) regarding the EU programmatic framework 2014-2020 for financing biodiversity: SOP Environment, EAFRD, Life+
6. Management contracts between NFA Romsilva and Park Administrations and the opportunity for the Ministry of Environment to become co-manager and directly allocate financial resources to the PAs.

The Project delivered the National Conference ‘Public Policies for the Improving Financial Sustainability of the Protected Areas’ on 26 March 2013 which aimed to increase the visibility of the underfinancing problems of the PA and to offer solutions for discussion. The main stakeholders were present and debated the proposals mentioned above. Main official statements regarding the underfinancing situation of the PA were:

1. Deputy Director from NFA Romsilva stated that this institution contributes to the Environment Fund as a result of the 2% imposed for the wood exploitation in addition to the administration expenses of the PAs. Art. 30 from OUG 57/2007 for financing the PAs the is not enforced and OUG 196/2005 regarding the Environment Fund only focuses on the *polluter pays* principle. Even under those conditions, the administrations of the PAs, sustained by Romsilva access EU funds of approx. 107 million RON.
2. The Director of the Biodiversity Unit within Ministry of Environment and Climate Change recognized the fact that there is a problem with sub financing. Furthermore there are custodians and administrators who denounced unilaterally the management contracts because the provisions were not favorable to their interests. The problem of sub financing is well known and is the result of the establishment of the PA and Nature 2000 Sites without a prior analysis of the economic and environmental consequences. In addition, the problems have perpetuated over time. This is the reason why the Ministry of Environment and Climate Change supported the founding of the informal group meant to analyze the legislative amendments proposals. Unfortunately, the Romanian legislative process is difficult and there are management documents (for example Parks management plans) with a much delayed approval.
3. The President at National Agency for Environment Protection recognized also the need to take action in the field of financing the PAs, starting with interventions from the private sector. With all this, until we can self-finance this area, the effort must be supplemented trough the state intervention.

Although the legislative amendments received good feedback and the agreement of the principles was shared by the stakeholders, the results could not be quantified beyond that point despite the project efforts. Later on, the Ministry of Environment – department for Water and Forests invited the Project team for discussions on the opportunities to implement the new Government Decision draft regarding the compensations for land owners’ with protective roles on watershed basins. The aim was to find suitable ways to find resources for the implementation of the legislation and to quantify the necessary data for each hectare of forest. This proposal is related to the amendment of the Forestry Code- following the public consultation of a new Government Decision to compensate forest owners; the proposals is focusing on implement a PES water scheme which will feed the Agro forestry and Land Use Fund (managed by the forestry department of the Ministry of Environment). The implementation mechanism is based on one of the outcomes of the GEF Project, the calculus developed by one of the key consultants. By the end of the year, after several meetings the legislative proposals – both the Government Decision and the Law on Forestry Code were not yet approved, as the Ministry has insufficient data regarding the exact forest areas for each functional type with role on watersheds.

Several other meetings were focused on the Environment Fund Administration which analyzed the potential implementation of the draft normative act on supplementing the Government Emergency Ordinance no. 196/2005 regarding the Environment Fund with the purpose of supplementing the provisions of art. (9), paragraph (1) of the current Government Emergency Ordinance no. 196/2005 regarding the Environment Fund- providing for implementation of payments of national PES/EC mechanisms in tourism, bottling water and residual impact of mineral resource exploitation. The last option, the residual impact of mineral resource exploitation was considered by the Environment Fund Administration feasible for the implementation.

In the last part of the year, after a long process lead by the implementing partner of the Project, the Romanian Government has approved by government resolutions 4 management plans for Natural and National Parks.

Another important result regarding the project efforts to improve the legal framework towards the sustainable financing of the PA was the punctual proposals regarding the EU programmatic framework 2014-2020 for financing biodiversity: SOP Environment axis 4, management of PAs. Therefore, the next EU programing framework that will be officially announced in the first half of 2014 will focus on the implementation of the management plans of the PAs, including the biodiversity conservation. Moreover, due to the project efforts, the Norwegian Funds (promoted by the Ministry of Environment) will have starting with 2014 a new financing opportunity focused of the PES, beyond biodiversity.

Therefore, the project key strategic intervention will be related to project approval rather than direct allocation of resources from the central budget. This approach has a positive outcome focused on a transparent use of funds for the implementation of Management Plans and PES, approved prior by the Romanian Government and under its direct supervision. Moreover, the access to the Norwegian Funds is made through Ministry of Environment, the Programme Operator for RO02 Biodiversity and Ecosystem Services with a total budget of 17.647.057 Euros. The beneficiaries of the Norwegian Funds starting 2014 will be public institutions/authorities and NGOs (90% co-financing rate). There will be available for financing:

* Studies and trainings focused on the contribution of Protected Areas on the economic sector (project value between 400.000 and 500.000 Euros)
* Identification of PES for small grants – between 25.000 and 100.000 euros.

***Output (ii)*** *Sustainable Financing Strategy (SFS) and action plan for 22 large PAs in the Romanian portion of the Carpathians developed*: assessment of income, expenditure, needs and financial gaps in 12 target sites (5 core and clusters) and after that at the level of the Carpathian Network of PA’s.

The international consultant has delivered the SFS with under the contractual agreements. The research demonstrated the economic value of natural PAs. The private sector represents a key tool in financing the PAs. Therefore, the steps are to: identify opportunities for sustainable businesses in and in the neighboring areas of the PA’s; to identify models and possible opportunities for partnership, donations, sponsorship (the list of possible financial mechanisms for PA’s), the establishment of the business development unit, closing contracts with the private sector and, of most importance is to expand the entry fee policy, introducing of an efficient system for collecting the entry fees in the parks as a payment for ecosystem services in the field of tourism (online payments, payments through sms, ticket machines).

The final version of the SFS will be closely adapted to the institutional needs of the implementing partner – NFA Romsilva, analyzing the international opportunities identified at the global level and adapted to the local situation so that the indicators are reachable and relevant to the purpose.

The final version of the Strategy will represent the NFA Romsilva approach to improve the financial situation of the PA and they will have the institutional responsibility to implement the document according to its agreed work plan.

***Output (iii)*** *Government commits to gradually increase funding (e.g. 20% yearly increases from 2007 level) for the targeted PAs*.

The budgetary allocation of the Ministry of Environment and Climate Change (MECC) directed to the protected areas as a co-financing contribution to the EU Sectorial Operational Programme for Environment (SOP) was aprox 4.5 mil US$ in 2012/2013 (compared to 525,000 US$ during the previous period – 2011/2012). However, the legal amendments proposed by the for the introduction of a dedicated budget line for PAs which will ensure the multi-year funds allocation (hence, sustainability) has not been approved by the Ministry of Environment. The proposal was discussed with the Ministry on 17 March 2013; the head of economic department stated that a direct allocation from the central budget is not possible without an independent structure to monitor the allocation and management of the funds. However, another conclusion of the meeting was that according to the law, the minister of MECC makes use of the funds allocated according to the aims of the institution and the priorities.

Under the current economic context the direct allocations from the state budget were not increased but the co-financing of the EU projects was ensured by the Government. The project key strategic intervention will be related to project based approval rather than direct allocation of resources from the central budget. This approach has a positive outcome focused on a transparent use of funds for the implementation of Management Plans and PES, approved prior by the Romanian Government and under its direct supervision. The new management plans approved by the Romanian Government or in the process of approval have developed the budgetary chapter based the financial analysis developed within the GEF Project, a tool that is easier to manage and more transparent.

Moreover, the access to the Norwegian Funds is made through Ministry of Environment, the Programme Operator for RO02 Biodiversity and Ecosystem Services with a total budget of 17.647.057 Euros. The beneficiaries of the Norwegian Funds starting 2014 will be public institutions/authorities and NGOs (90% co-financing rate). There will be available for financing: Studies and trainings focused on the contribution of Protected Areas on the economic sector (project value between 400.000 and 500.000 Euros); Identification of PES for small grants – between 25.000 and 100.000 euros.

In 2013 the project has implemented the online media campaign. The campaign had the following targets that were delivered according to contractual agreement:

1. Creative :

* Communication Campaign creative concept, name and slogan;
* Direct message for Cabinet members, Members of the Parliament, Private Sector Representatives
* Online banner – concept, copy and art: 1 item;
* Micro-site (1,2 pages) – concept, layout.

1. Production

* Direct message for Cabinet members, Members of the Parliament, Private Sector Representatives: 200 pieces. Messages to be embedded in a symbolic/functional object;
* Online banner: 1 item;
* Micro-site (1,2 pages), landing page for online banner.

1. Media

* Online / Internet: 4 weeks, homepage permanent branding, leader board 728 x 90 (or equivalent). News and current affairs websites with highest affinity of Primary Target (see par 3.2.3 – Annex 3).

Campaign communication objectives aimed for visibility and increasing the awareness of this project as far as the general public is concerned and for lobby for legislative, administrative and financial support from the 3 categories of important stakeholders: parliament members, government officials and private companies that are willing to invest.

The campaign had two components: 1) the containing online campaign containing the official launching event, a website with the message “put a value on nature”, online banners, online, radio and written media materials regarding the Project activities; 2) almost 200 personalized direct message for politicians and main private sector representatives containing an ecosystem elements origami box and personalized letter.

Campaign target was focused on:

1. Primary target: Politicians (Parliament and Government members), representatives of the private sector (managers of commercial companies, marketing experts, communication experts, CSR experts, public affairs managers).

2. Secondary target: general public (reached through the media), NGOs, the academic.

The PR and advocacy activities were focused on:

* Promoting the report within the project: "An Assessment of the Contribution of Ecosystems in Protected Areas to Sector Growth and Human Well Being in Romania"
* Promoting legislative proposals and sustainable financial strategies for protected areas in the Carpathians
* Awareness regarding the protected areas concept

The launch of the online campaign took place on 5th November in Bucharest and had 2 activities. The first part of the event was represented by a press conference that took place in the National Museum of the Romanian Peasant Club. Here, the project was presented and the results of the study were discussed in the presence of mass media representants and participants. The second part of the event was represented by an outdoor activity with a symbolic and demonstrative role, in which the organizers and their guests attached "price tags" to the branches of the trees in the museum’s courtyard (the “price tags” symbolize the current value of nature due to the actual management system versus the real value of nature due to a sustainable management system of the biodiversity of the protected areas for which the study was made.

***Output (iv)*** *Model business plans developed to demonstrate specific market-based revenue mechanisms for 3 of the 5 clusters of PAs in the Romanian Carpathians,*

After an extended process to agree the market and non-market based mechanisms presented in the Sustainable Financing Strategy (please see the table below), the 5 pilot parks have submitted the consolidated versions of the business plans in August 2013.



To support the validation and the implementation of the BP, the GEF project team has organized targeted meetings with local stakeholders for all 5 pilot parks.

Therefore, between 1-4 October the project has supported the Piatra Craiului Park Administration efforts to validate the BP and to enforce local partnerships, including to support the local authorities in the process of transforming Zarnesti into ecoturistic destination. This opportunity will impact the future implementation of BP in Piatra Craiului, togheter with the new opportunities for tourism, including the sustainable implementation of PES.

Targeted Meetings with local stakeholders for validation of Business Plans in NP Retezat and NP Apuseni took place between 21-25 October.In Retezat National park the project management team had a strategic meeting with regional stakeholders – Hidroelectrica, Hidroconstructia, Transilvania Bank, other local entrepreneurs and Meyers. The Project Team has presented the UNDP- GEF Project and the results obtained so far, introducing the regional elements, such as business plans. The park director has presented the priorities, the partnerships and the importance of the business plan for the local community. The discussions that followed reflected the importance of a National Park, the non-interventionist policy and the fact that it is a challenge to implement common projects in such an area. Another topic was related to the legislative framework and the importance of adapting the legislation so that the sustainable development can be implemented. In Retezat Park the entry fee policy has already been introduced and the tickets are sold through local partners. For next year, the income from the entry fee tickets is expected to increase, mainly during summer when the park is mostly visited.

In Apuseni Natural Park the project team had field visits at the local partners, mainly concerning the natural plants (Arnica Montana and forest fruits extracted from the Park) and the international partners from Germany. The conclusion of the discussion is that the partner will pay the Park the amount of 1 euro per dry kilo of Arnica Montana starting 2014. This amount might increase in the next years. The project team had another similar meeting with another business representative focused on natural plans who promotes the park on each final product that originated from the park area. Therefore, in the Plafar network in the entire country we can find natural products who have originated from the Apuseni Natural Park, the quality being guaranteed by its provenience. This partner has also presented the business opportunities for the National and Natural Parks in the international workshop between 13-15 November 2013. Another meeting in the park was with “Pestera Ursilor” and “Ghetar” - cave representatives, the income generating mechanisms that need investments in order to maximize the profit. The Project team had an important input in the implementation of the business plans and the development of the local partnerships

Between 28 October and 1st of November targeted meetings with local stakeholders for validation of Business Plans took place in NP Muntii Maramuresului and NP Vanatori Neamt.The project results and aims were presented together with the business plan within the scientific council of the Muntii Maramuresului Natural Park. During this meeting the business plan was validated with the members of scientific council. The main income generating tool in the park is the seam train from the Vaser Valey. Starting from this income generating tool, under the business plan the Park Administration is working already on another project which aims at long term financial sustainability. It is a cross border partnership project which promotes touristic packages, including a large number of touristic routes for all types of potential visitors. The project team had a firsthand experience with one thematic route in the Vaser Valey. The packages will be promoted locally and in Europe. The project will be part of the park’ business plan in the next years. The park administration has also the same type of partnership as Apuseni Natural Park with Arnica Montana which was also later promoted in the regional workshop in Sinaia.

In Vanatori Neamt, the project team and the park director had several meetings with local stakeholders: Mayers of Vanatori Neamt and Targu Neamt, Forestry Directorate in Piatra Neamt, all promoting new partnerships opportunities. The meetings where important to present the project results and opportunities for local communities, possible future joint activities with the Park Administration. Another key meeting was with a new tourism association meant to promote the local touristic activities in the area. The association has key members – from the park administration and 4 Mayer offices, to small hotels and villas, restaurants and small business owners. Another important aspect of the future implementation business plan is a project funded by EU whish also aims to deliver branding tools for the Vanatori Neamt National Park. The UNDP-GEF project could help the further sustainable financing of Vanatori Neamt by funding a comprehensive strategy to incorporate all projects and programs of the park administration.

***Output (v).*** *Validation of a set of PA diversified income-generation mechanisms (market and non-market options) in at least 3 PAs which are one step ahead of the others due to their increased capacity for conservation management.*

The BDU efforts were focused on developing implementing the income-generation mechanism for the NFA Romsilva park administrations. The major result of BDU took the form of two voluntary partnerships with local tourism operators that are now implemented, representing a model to be replicate. The model was implemented in Piatra Craiului National Park and the documentation was circulated among all the parks.

Moreover as stated before, under the GEF Project the entry fee policy has been implemented in Piatra Craiului. For Bucegi Natural Park, the project has participated in a meeting organized by the Park Administration togheter with an important bussiness man and city council member. The aim of the meeting was to present the entry fee options to the local entities, in order to find the best option for its implementation - first locally and with national replication. The main conclusions of the meeting were: the local tourist actors are open to collaborate with the BNP with benefits on both sides, the entry fee should be optional in the first implementation period, BNP could promote the entry fee partners on the website and other advertising methods, the usage of funds raised must be transparent. Moreover, it is of most importance that the BNP administration will communicate all de necessary details to the tourism actors. The project will further sustain the BNP efforts to implement the entry fee policy at the local level. In November, during the international knowledge fair on financial sustainability held in Sinaia, the Park Administration together with the NFA Romsilva has announced the entry fee launch for the beginning of 2014.

So far three Vanatori Neamt, Piatra Craiului, Bucegi, Maramures Mountains parks have market based instruments for PAs funding (and three others are in the course of getting the approval for the implementation: (i) In Vanatori Neamt Pilot Park 2 local partnerships have been implemented. The 2 diversified market-based instruments for Park funding are:

* The local zoo has been transferred under the management of the Park Administration re-directing an important pool of tourists to the Park with the possibility for the development of integrated tourist packages
* A local agreement developed between the Park and a Hypermarket will largely sustain the zoo food supply (Kaufland agreed to donate a large quantity of fruits and vegetables for the animals).

**Component 2: Institutional and individual capacities of management authorities and other local stakeholders implement sustainable financing of PAs developed.**

**Output (i)** *A critical number of PA finance professionals (Minimum 36 staff, 3 from each PA including leading and cluster PAs) trained*

This objective was beyond reached since 2012. In 2013 the project has organized in Calimanesti in February and in September 2 training sessions.

The first one with the participation of 22 Park directors and 22 park accountants was focused on the business plans development and the use of the FIMS application. The first objective of the workshop was to test the programme (software) supporting the Financial Information Management System developed by Romsilva-contracted company Arhimedes, by PA accountants, to identify possible problems in the implementation and to guide the responsible persons in this process. The second objective of the workshop was to present the methodology in the development of the Business plans, with a study case in the Maramures Mountains Nature Park, to facilitate the identification of the key aspects in the development of the Business Plans and to further integrate them in the updated version of the Sustainable Financial Strategy developed for the entire Carpathians Area. The meeting also represented a good opportunity for NFA-led internal discussions on further cost-saving strategies and improved financial management at each PA.

The workshop focused on the need to follow-up on the financial analysis commenced in February 2011 at the level of 22 parks, for 2010, with two main tools for the programmatic and financial planning work at the PA level: business plans and FIMS. The important fact that these documents/processes are instrumental in discussions on leveraging funding from both public and private sources seemed now better understood and commitment to finalize them in due course (i.e., within the next months) was recognized.

The workshop also highlighted the ownership of the project and the outputs/activities thereof by the implementing partner (Romsilva), which showed preoccupation, besides the BPs and FIMS, on cost-saving strategies and diversification of income sources. The same position was clearly shown by the Ministry representative, which is also showing openness to promote amendments to the general framework of administration of natural protected areas and support PA administration to further access EU funds for the implementation of management plans.

The second training session from Calimanesti had the following objectives: to guide the Park Directors in order to improve the management plans, including the usage of financial analysis software application, to present and test the eLearning platform and to present the Sustainable Financing Strategy. The workshop begun with the presentation of the financial opportunities of introducing the caves in the touristic circuit of the parks. As most of the parks have at least some caves on their territories, it is feasible to take advantage of the financing opportunities and invest in their infrastructure either directly, or in partnership with local entities. On the 24th, most of the day was dedicated to management plans (MP). The park directors are responsible for its implementation and monitoring after its approval by the Ministry of Environment. The project leader presented the management plans general information and used an analysis the Management Plan from Piatra Craiului. The conclusion was that there is a need for further coaching in the development MP. Further, it was presented the FMS software and the ways to use it, the reports that are generated and its importance in the management of the park. A special discussion point was represented by the financial analysis, its importance for the park activity on one hand and for the long term tools – business plans, management plans and sustainable strategy.

The eLearning platform is the most important result on this component. The year 2013 was partly dedicated to build the online course platform. The work plan delivered at the end of 2012 could not be implemented and a number of delays took place. The team of international consultant has delivered training needs assessment (TNA).

As part of the design and development of a Financial Sustainability Training Program for protected areas’ staff working in the Carpathian region, TNA report presents key findings on capacity building needs, attitudes towards online training, and relevant delivery mechanisms. Report findings are based on an online survey that had two rounds and was responded by 50 people. The first survey round covered Romanian protected areas’ staff; 41 participants replied to the survey. The second interaction centered on protected areas’ staff from “Other Carpathian Countries” (OCC) received 9 responses. For the purposes of this study, OCC include Czech Republic, Hungary, Poland, Serbia, Slovakia, and Ukraine. The training needs assessment process was led by the consulting team based in Washington, D.C., and involved close collaboration from UNDP’s staff, Romanian Protected Areas’ personnel, Romsilva, and project consultants. Specific objectives of the training needs assessment process included:

* Assess the level of financial sustainability knowledge existing among representatives of the target audience
* Determine priority training topics to be addressed through an effective financial sustainability curriculum
* Identify participants’ preferences regarding the instructional delivery format.

Overall results from Romania and Other Carpathian Countries show remarkable similarities around financial sustainability capacity building needs, trainees’ profile, attitudes towards online training, and delivery mechanisms. The highlights of the report:

* Financial Sustainability training has a strong demand. Almost all participants have indicated that financial sustainability is an important topic and that practical training is needed.
* Participants’ profile shows important educational levels and learning abilities that may contribute to the acquisition of practical financial sustainability skills.
* Priority training topics include: Screening & selection of revenue mechanisms, business plans, economic valuation of protected areas, and assessment of financial management systems.
* Participants have important environmental experience but a moderate conceptual understanding of financial sustainability. Knowledge of specific financial sustainability’s tools is intermediate too.
* Key barriers that prevent the development of financial sustainability skills include: limited budgets and lack of access to training.
* The offering of training using on online mechanisms has been well received by potential trainees. Further, participants consider that the participation of tutors may enhance the effectiveness of the online training.
* Interactive and hands-on methods have been highlighted as the best options to facilitate knowledge acquisition of financial sustainability topics.
* Participants understand the purpose and benefits of business plans; however, feel that they require specific training to consolidate their knowledge. In particular, the topic of opportunity recognition and analysis requires more attention.
* In terms of time available for training activities, participants consider that they can allocate 1 ½ or 2 hours per week of their personal time. Providing adequate working arrangements will benefit the number of hours that trainees allocate to training activities.

The proposed curriculum below provides a comprehensive list of eighteen lessons grouped under four modules:

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| --- | --- | --- | --- |
| **Module 1: Introduction to Financial Sustainability** | | | |
| * 1. Conservation & Financial Sustainability | 1. Introduces the concept of financial sustainability, its dimensions and importance, and its relationships with the conservation field | | |
| * 1. The Financial Planning Roadmap | 1. Provides a sound conceptual framework to guide financial sustainability strategies both at system-level and site-level | | |
| * 1. Financial Sustainability Challenges | 1. Describes typical threats and risks that prevent securing relevant and sustainable funding to advance conservation priorities | | |
| **Module 2: Financial Sustainability for Site-Protected Areas** | | | |
| * 1. Business Modeling for Protected Areas | | 1. Provides a sound framework to create environmental value and to identify the key pieces of the Protected Area’s business model. | |
| * 1. Site-Level Financial Analysis | | 1. Connects PA’s strategic goals with financial aspects. In particular introduces the technique of Activity-Based Cost Accounting. | |
| * 1. Financial Alternatives Screening | | 1. Assess preliminary revenue generating and cost savings alternatives vis-à-vis cost-benefit analysis. It provides guidelines to develop preliminary implementation plans. | |
| * 1. Site-Level Financial Plans | | 1. Describes the rationale and components of a site-level financial plan. Speci-fic guidelines facilitate market, functional, financial, and economic analysis. | |
| * 1. Implementing the Financial Plan | | 1. Covers key execution considerations and critical success factors. In addition to financial tool, the plan is analyzed as a management, communication, and funding tool. | |
| **Module 3: Financial Sustainability for Protected Area Systems** | | | |
| * 1. The System-Level Financial Plan | | | 1. Highlights the unique financial rationale and characteristics of a system-level plan. It also presents sound business principles to guide the planning process. |
| * 1. System-Level Financial Analysis | | | 1. Covers different aspects of financial analysis including system revenue sources, use of resources (current & potential), and system administration costs. |
| * 1. Financial Mechanisms Screening | | | 1. Offers a comprehensive perspective of financial mechanisms available. It also examines conceptual and practical aspects of financial diversification. |
| * 1. Formulation of National Financial Plans | | | 1. Provides guidance to integrate both system-level and site-level elements into a single plan. It also emphasizes the plan’s managerial and communication dimensions. |
| * 1. Financial Scorecard for National Systems of Protected Areas | | | 1. Offers a comprehensive approach to measure progress of financial sustainability strategies. A set of indicators allows timely monitoring and corrective actions. |
| **Module 4: Policy & Financial Mechanisms** | | | |
| * 1. Environmental Public Policy | | | 1. Describes the role of public policy in promoting the common good through environmental stewardship. It also connects economics and environmental priorities. |
| * 1. Enabling Conditions & Environmental Fiscal Reform | | | 1. Presents key system-level enabling factors for financial sustainability (laws, culture, etc.) It also covers the nature and process of environmental fiscal reform. |
| * 1. Global Environmental Facility | | | 1. Offers a practical view on GEF’s objectives, mechanisms, and funding priorities. Further, it presents how the GEF influences sustainable finance of PAs. |
| * 1. Economic Valuation of Ecosystems Services | | | 1. Describes how economic value is assigned to ecosystem services. It also presents the process to calculate net benefits derived from interventions on ecosystems. |
| * 1. Improving the Design of Tourism-Base Financial Strategies | | | 1. Presents a comprehensive perspective of tourism related strategies that boost financial sustainability. Best practices provide meaningful experiences and lessons. |

The eLearning platform was first presented in Calimanesti in September for the Park Directors and in November in Sinaia at the CNPA international knowledge fair where the international team of consultants led the discussions and aimed for receiving feedback from the participants.

The eLearning platform will be hosted by the CNPA server and is foreseen to be translated in all 7 languages of the Carpathian Convention Member states.

***Output (ii)*** *“A National Association of the legal entities administrating protected areas is established”*

As reported last year, the National Association of the legal entities administrating protected areas was established in 2012, and in 2013 has gathered an extended number of members from all NFA Romsilva Parks and others. The association has been active in promoting the interests of the park administrations, including in national workshops to improve the legislation - such as the forestry code, the law on waters. Moreover, the association had international exposure also aiming to facilitate the cooperation at the level of CNPA. Therefore the Association will host the CNAP server and website starting with the second quarter of 2014. Also, the association has developed 3 projects that are now under evaluation for financing.

***Output (iii***) *Improved information management linking PA management plans (programs and activities) with financial management/accounting system).*

FIMS is functional. Additional training was offered to the park directors and accountants and its importance was understood by the relevant actors. At the end of 2013, most of the parks uploaded the relevant information in the system and have generated the reports – timesheets, resource allocation, priorities and budgets.

**Output (v)** *Lessons and knowledge documented and transferred to key actors representing PAs from other Carpathian countries*:

At the end of January, the Project Team and the Pilot Parks have participated in Vilm, Germany at the training course The Economics of Ecosystem Services and Biodiversity: Valuation of protected areas in Eastern Europe. Here the Project was presented together with the results of the economic evaluation of the PAs study.

Later on, in April, the Project team together with most park directors from Romsilva have participated in in the second CNPA meeting in Tatra Mountains Slovakia, called “Challenges and Opportunities in Carpathian Protected Areas." This conference has explored the challenges and opportunities for protected areas in terms of sustainable financing, sustainable development, connectivity and continuity, and management planning with a focus on cross-border cooperation. The main events of the conference were the international keynote speeches, workshops including best practices, and various excursions for the last day. Presentations and discussions have incorporated best practice examples with innovative approaches from across Europe focusing on the Carpathians. A plenary session on the CNPA Work Plan for the 2013-2017 period was also be part of the programme; discussions were based on the Medium-term Strategy adopted at the Conference of the Parties in May 2011.

The CNPA President (also Director at one of the GEF Project Pilot Park) has presented the CNPA mid-term Strategy whose objective are built around the promotion of cooperation on protection, restoration of nature and sustainable use of natural resources, preservation and promotion of the related cultural heritage of the Carpathians; the promotion of sustainable livelihoods and sustainable development of the Carpathians; the implementation of the relevant provisions of the Protocol on Conservation and Sustainable Use of Biological and Landscape Diversity; and the implementation of decisions and recommendations undertaken by the bodies established under the Carpathian Convention as well as of other applicable relevant international legal instruments.

Day 2 of the Conference was dedicated to the side events: “Carpathian Integrated Biodiversity Information System (CIBIS) – an interactive online platform for protected area people”, “Forest management in protected areas and virgin forests in the Carpathians”(chaired by the UNDP-GEF Project Manager from Romsilva) and “Integrated wetland management in protected areas in the Carpathians”.

In the last day the project team has participated in the workshop on Governance and Sustainable financing of protected areas management. The workshop started with the identification of best management options for PAs and continued with the recent developments to address the PA finance challenges under the UNDP-GEF Project: “Financial Sustainability of the CNPA”, followed by presentation on the challenges to PA finance, the current financial situation, and financial and policy options to improve PA financing. Also, the project manager has presented the UNDP-GEF project, objectives, results and the challenges, the business plan for Vanatori Neamt National Park – objectives, realities, challenges and expectations.

In November 2013 in Sinaia the project has organized the CNPA international knowledge fair. The event was attended by more than 50 representatives of protected areas sector in Carpathian countries (Czech Republic, Hungary, Poland, Romania, Serbia, Ukraine), national experts and international consultants. The discussions revolved around Payment for Ecosystem Services mechanisms and case studies which aimed at providing evidence of how a sustainable management of the Carpathian protected areas supports productivity in key economic sectors such as tourism, forestry and agriculture.

The meeting has presented and tested the regional eLearning platform on sustainable financing of protected areas, developed within the UNDP-GEF Project, which will serve the entire Carpathian Network of Protected Areas. The feedback provided by the participants, after testing the four training modules, will be encompassed in the online platform, in order to support building the sustainable financial future for the protected areas at the regional level.

The three-day regional workshop was designed to create a forum for debate on potential solutions for improving the financial sustainability of the Carpathian protected areas, by presenting business plans, business opportunities and financial mechanisms. Additionally, the workshop aimed at establishing a Carpathian learning community for sharing experiences and knowledge among the protected areas custodians in the region.

### **IV. FUTURE WORK PLAN**

For the last monts on ptoject impleemntation, the project team has agreed on the folowing activities, and the work plan:

1. Continuation of the efforts to promote the legislative proposals- follow up with small working groups and bilateral meetings with Ministry of Environment (i.e. National Agengy for Water and Environmental Fund Administration);
2. Dissemination of the project results, further coaching on PAs management and financial planning;
3. Successful transfer (and hosting) of the online training modules on to the CNPA server;
4. Support to Bucegy park Administration in entry fee operationalization;
5. Several potential key interventions inthe pilot parks (i.e. punctual activities that will support their business plans an dalternative income generation);
6. Review the management plans for 15 PAs plans and introduce the budget/expenditures categories according to the financial analysis developed by the project.

### **V. FINANCIAL IMPLEMENTATION**

According to the annual working plan, the expenditures for the project in the 2013 financial year, and the programmed budget for 2014, is as follows:

|  |  |  |
| --- | --- | --- |
| **Period – all amounts in USD** | **2013** | **2014** |
| **Activity/Donor** | **GEF** | **GEF** |
| 1. Review of Legal Framework | 99,560.22 | 43,505.59 |
| 1. Capacity Development | 175,690.03 | 67,942.14 |
| 1. Project Management | 26,934.40 | 1500 |
| **Total** | **303,272.92** | **112,947.73** |