Laying the Groundwork for the Moliniere/Beausejour Marine Protected Area Business Plan

Roland Baldeo, Coddinton Jeffrey, Brian Samuel and Zaidy Khan

2012

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Citation:

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Disclaimer

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Introduction

The Moliniere/Beausejour Marine Protected Area (MBMPA) was designated in 2001. It is 60 ha (0.23 sq. miles), 1.4 miles (2.2km) long. Adjacent to the MPA are six communities that have a stake in the MPA. The MBMPA Stakeholder Committee was formed in 2009 to assist with decision-making and implementation of the Management Plan (Robie 2010) but has not been formalized yet as there is no provision for this Committee in the MPA legislation. This Committee has since been acting as an advisory committee to the Fisheries Division in the day-to-day operation of the MPA.

The Moliniere/Beausejour Marine Protected Area Management Board has been established in February 2012. It acts as an advisory body to the National MPA Management Committee and the Fisheries Division, Ministry of Agriculture, Forestry and Fisheries with respect to the protection and management of the Moliniere / Beausejour MPA. This Board will serve as the primary consultative body for the MBMPA as it draws from stakeholder organizations including academic institutions, community interest groups and local community to facilitate the implementation of the *Management Plan* for the MBMPA.

A protected area management plan provides the essential policy framework for the business and financial plans, by clarifying the management objectives of the protected area, the relevant users, financial needs and the resources available. This information feeds into the business plan for the protected area, which examines in more detail the customer base, goods and services, marketing strategy and implementation strategy for the protected area. This information in turn contributes to the financial plan for the protected area, which further details key assumptions and provides a break-even analysis (which identifies when the business is expected to turn in its first profit) and profit and loss projections. As Figure 1 below shows, the information flow should, of course, be two-way. Profit and loss projections and other information in the financial plan feed back into both the business and management plans, while information from the business plan feeds back into the management plan (IUCN, 2000).

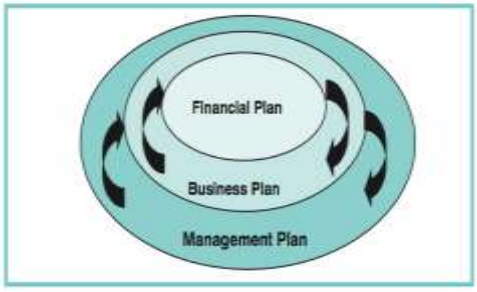


Figure 1 A planning hierarchy for protected areas

As stated in the MBMPA management plan, under management objectives and actions – Objective 5 highlights need for sustainable financial resources for implementing the MPA management plan over the long term.

It was recognized in an earlier governance follow-up activity project, that there existed financial challenges in the institutional and management arrangement. Therefore, a financial plan is integral in the development of a business plan under strategic planning to improve the management of the protected area. Additionally, this will help to prepare the management board for future management of funds by providing a financial and business plan base line. This business plan will need to be financially, ecologically as well as socially sustainable, and promote an adaptive management regime. These are key elements of consideration for Conservation Trust Fund, which is currently being developed for MPAs in Grenada.

Most of the income of the MBMPA is provided through sales of dive and snorkel bands as well as dive tags. All three items can be purchased from the dive operators, however; only the snorkel bands can be obtained from the day charters.

The specific objective of this activity is to lay the groundwork for a business plan and inform the board on this process and requirements.

Method

The groundwork for the business plan guidelines were adopted from the IUCN Financing

Protected Areas manual. The concept was developed based upon three key principles:

- That business plans should be developed within the overall context of the Protected area management plans and legal frameworks, thus ensuring that generating revenue remains a means towards the end of more effective biodiversity conservation and does not become an end in itself;
- That a business approach should be adopted towards financing protected areas, which entails defining relevant consumers and identifying ways of capturing a fair return from them; and
- That both public and private revenue streams are important, with public revenue streams linked to public goods and private revenues to private goods.

A "terms of reference" (TOR) (Appendix: 1) was developed outlining specific duties and responsibilities of the consultant needed to undertake the activity. Listed also were the required competencies, skills and experiences. A consultant was identified and an agreement was signed. (Appendix: 2) The requested data was submitted to the consultant. A number of meetings were held within the contract period with the consultant for updates and review of the process. Additionally, the consultant made presentations to the MPA team for review and input in the findings. Later the consultant will be presenting the report to MBMPA board.

Results

The revenue that was generated for the MBMPA was from the fees collected from the users of the park from August 2011 to current. The revenue data supplied to the consultant were from August 2011 – April 2012. In that period 14,426 paid customers used the park. Of these 10,471 were snorkelers, 2,927 were scuba divers and 1,028 were persons from yachts (sailors).

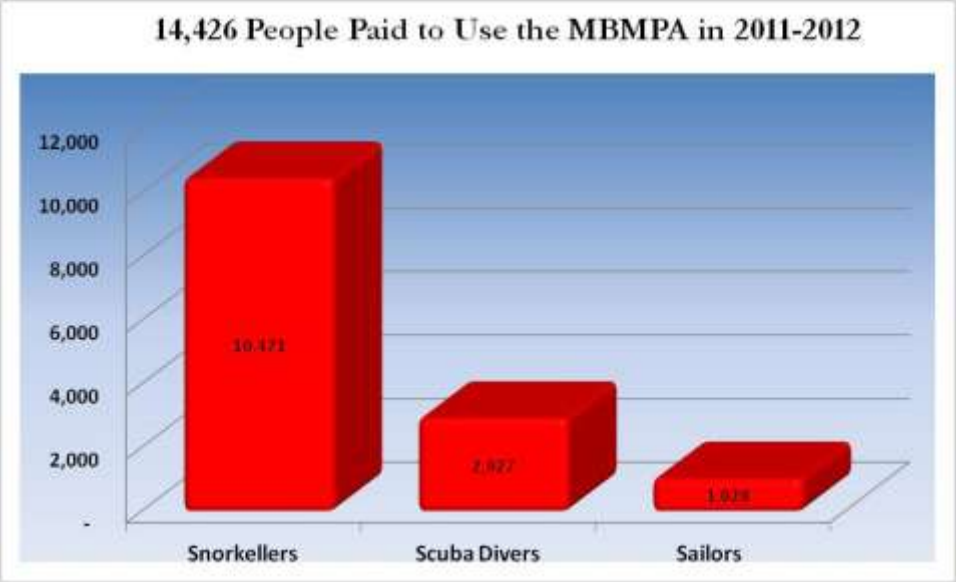


Chart 1: Paid users of the MBMPA (Aug 2011 –April 2012)

As expected, snorkeling brought more revenue to the MPA than all the three other activities combined. Total revenue was $49,970 EC. Snorkeling provided 56% followed by dive bands with 20% and yacht moorings with 13%, trailed by dive tags with 11%. The MBMPA data indicates that more visitors to the Underwater Sculpture Park, which can be attributed from the international attention it has captured.

Table 1: Total revenue collected from Aug 2011 – April 2012. (EC dollars)

	Tags	Bands	Snorkel	Moorings	Total
Mooring Fees	$ -	$ -	$ -	$ 6,381	$ 6,381
Day Charters	$ -	$ -	$ 20,749	$ -	$ 20,749
Dive Operators	$ 5,500	$ 10,130	$ 7,209	$ -	$ 22,839
Total	**$ 5,500**	**$ 10,130**	**$ 27,958**	**$ 6,381**	**$ 49,970**
Percent of Total	*11.0%*	*20.3%*	*56.0%*	*12.8%*	*100.0%*

It can be concluded that the day charters bring the most snorkelers to the MPA and that most snorkelers come from the cruise ships visiting Grenada. Therefore, the principal market for the MBMPA is currently the cruise ships. As demonstrated in Charts 2 and 3, there is a simultaneous increase in snorkel sales during the cruise ship season.

Chart 2 Snorkel sales for 2011 - 2012

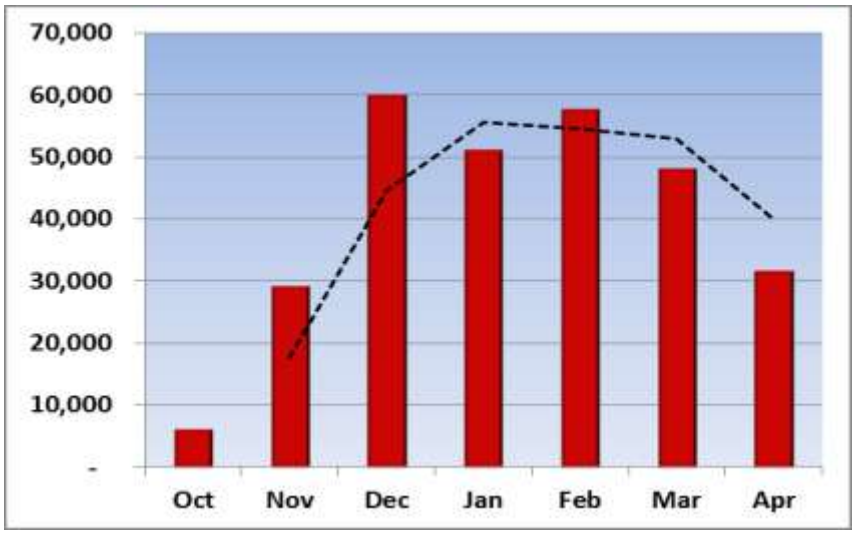


Chart 3 – 2012 cruise ship arrivals

Cruise ships normally operate at about 85 – 90% occupancy, its estimated that 20% of the passengers do not get off and most passengers disembarking would walk around - about 25% would go on pre-paid land or marine excursions. The table below shows that the MBMPA is a significant and important element in Grenada's overall package of attraction as a tourism destination.

Table 2: Cruise as a significant market to the MBMPA

MBMPA'S SHARE OF THE CRUISE SHIP MARKET: 2011-2012	
If 80% of MBMPA's snorkellers are from cruise ships:	8,377
= percent of cruise passengers disembarking	4.4%
= percent of pre-paid excursionists	17.6%
If 60% of MBMPA's Scuba divers are from cruise ships:	1,756
= percent of cruise passengers disembarking	0.9%
= percent of pre-paid excursionists	3.7%
MBMPA Snorkellers plus Scuba divers from cruise ships:	10,133
= percent of cruise passengers disembarking	5.3%
= percent of pre-paid excursionists	21.2%

The cruise ship arrival outnumber the hotel guests 3:1 and as indicated before they make up the bulk of the snorkelling cruises by the day charters. However, recent data collected indicates a decline in the cruise ship market as indicated in Chart 4.

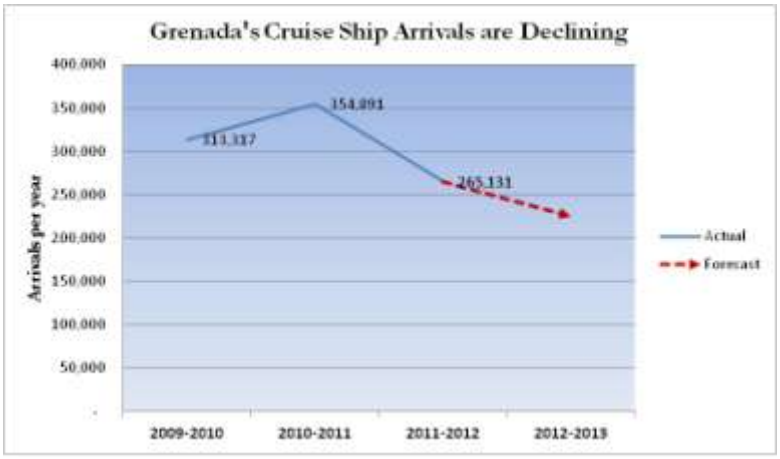


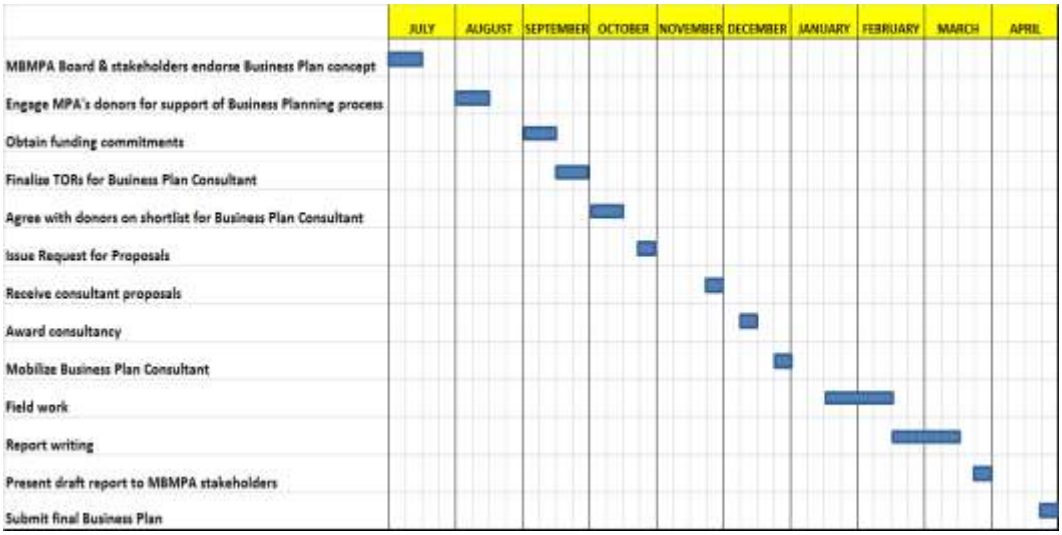
Chart 4 Cruise ship arrival trend

The MBMPA is operating at a loss as indicated in Table: 3. And this is due largely to the fact that all revenue collected are deposited into the Government consolidated funds making it difficult for it to develop and increase its revenue capabilities. Additionally, it makes it difficult to carry important maintenance on equipment. Despite funds coming from donor agencies, these are to just build capacity in other areas.

Table 3: Estimated MBMPA base year profit & loss account

Estimated MBMPA Base Year Profit & Loss Account	
Revenues:	**EC$ per year**
- Snorkel	$ 30,754
- Divers	$ 16,672
- Yachts	$ 7,658
TOTAL REVENUES	**$ 55,084**
Costs:	
Staffing costs and benefits	$ 105,600
Gasoline and oils	$ 10,608
Bands and tags	$ 8,613
Boat & engine manitenance	$ 7,000
Moorings & markers maintenance	$ 7,600
Technical assistance, training & conferences	$ 35,000
Other operating costs & overheads	$ 77,920
TOTAL MBMPA COSTS	**$ 202,741**
NET PROFIT/(LOSS)	**-$ 147,658**

Table 4: MBMPA proposed timeline for the development of the complete business plan



Appendices 4 & 5 outline further the ground work of the MBMPA business plan. Appendix 6 is the PowerPoint presentation to be presented to the MBMPA Board (attached as a separate document).

Discussion

As identified from the financial analysis snorkelers from the cruise ships are the main source of revenue, however, projection indicates a further decline in cruise ship arrivals for the 2013 season. This will drastically affect the MBMPA revenues.

Obtaining an accurate picture of MBMPA's true operating costs is difficult owing to the fragmented nature of MBMPA's administration and accounts. MBMPA employees are seconded from Fisheries and funding comes from the Ministry plus several donors. There are no MBMPA

accounting or administrative staff; all goods, supplies and monies are sourced through the Ministry, and/or donors. There is no core MBMPA organization; autonomy nor financial responsibility for meeting budgets, etc. There is a neglected MPA building at Grand Mal which has never been utilized, due to poor management and administrative governance decisions. Additionally, the MBMPA needs, at the very least, its own accounts/admin officer.

MBMPA needs short, medium and long term strategies and plans; with buy-in from all share/stakeholders. Employees should be trained to think strategically about MBMPA operations and finance. MBMPA has to have financial autonomy; with management autonomy, a budget and approved annual subsidy/grants. Corporate governance and legislation need to be also reviewed to include commercialization of the MPA as a business product.

Key learning

The exercise of laying the groundwork for the financial plan has allowed the MPA managers and park wardens to understand the forecast of financial indicators (projected profits and losses (Table 3, projected cash flow, projected balance sheet and business ratios) to determine whether or not the MBMPA business is on track with expectations – and if not, where the problems are.

The process has allowed MPA management to identify how much the MPA is expected to make from the products it sells, a realistic timeline for achieving profits, the risks involved in pursuing a particular product line, and how the cash flow from the sales of goods and services will match the cash needs of the protected area management plan.

The MBMPA and Sculpture Park are important components of Grenada's overall tourism product. They attract about 5% of the total cruise ship market and 20% of cruise ship passengers who go on prepaid tours. MBMPA's competition from comes from island tours, beaches, waterfalls, etc.

The cruise ship market is important to the MBMPA; however, projections show a decrease in arrivals for the next winter season. MPA managers need to find out how to bridge the gap in revenue. It is important to note that MBMPA's markets are made up of primarily of persons who are environmentally conscious and relatively affluent. Therefore, they can be targeted for merchandise sales.

Current MBMPA revenues from user fees are insufficient to cover current costs. A true financial picture will be defined in the business planning process. Potential exists for MBMPA to earn additional revenues from the sale of branded merchandise (Table 5 and Table 6).

Table 5: Potential sales of branded shirts

POTENTIAL POLO-SHIRT SALES:	
Forecast total MBMPA users	16,979
If 3% buy Polo-shirts	509
Revenue @ US$20 each	27,200
Est. cost @ EC$30 each	15,281
Estimated Profit for the Year	**$ 11,919**

Table 6: Potential sales of branded key rings

POTENTIAL SOUVENIR KEYRING SALES (old dive tags):	
Forecast total MBMPA users	16,979
If 5% buy Keyrings	849
Revenue @ US$5 each	11,333
Est cost: @ US1.25 each(?)	2,833
Estimated Profit for the Year	**$ 8,500**

For further development of business plan and Conservation Trust fund for MPAs in Grenada, there is a fundamental need to strengthen human resources in financial administration and institutional arrangement as well as legal framework for MPAs.

References

Financing Protected Areas Task Force of the World Commission on Protected Areas (WCPA) of IUCN, in collaboration with the Economics Unit of IUCN. 2000. Financing Protected Areas. IUCN, Gland, Switzerland and Cambridge, UK. viii + 58pp.

Robie, D. 2010. Moliniere/Beausejour Marine Protected Area Management Plan

Appendix: 1 – Follow-up activity form

***Adaptive capacity for MPA governance in the eastern Caribbean*: Follow-up Activity Form**

Please complete all sections and submit as an email attachment to patrick.mcconney@cavehill.uwi.edu

1. Contact information

Workshop #	2	Theme of activity	Strategic Planning
Title of activity	Laying the ground work for MBMPA business plan development		
Organisation	Moliniere Beausejour Marine Protected Area		
Town/location	St. George's		
Area/parish	St. George		
Country	Grenada		
Activity leader	Christine Finney		
Title of post held	President - Grenada Scuba Diving Association		
Telephone(s)	1473 444 7777 / 473 405 7777		
Facsimile(s)	n/a		
Email address(es)	Christine@ecodiveandtrek.com		
Skype name(s)	n/a		

We will use e-mail for most communication so give addresses that are reliable and are checked regularly. Type responses in the boxes below and they will expand to fit the text. Try to be concise but very clear.

2. What is the purpose/objective of your activity related to adaptive capacity for MPA governance? (<100 words)

- To lay the ground work for a business plan
- To educate the board on this process and requirements
- To prepare the management board for future management of funds by providing a baseline

4. What specific (measurable, verifiable) outputs will you achieve by the end of the activity? (3-5 bullet points)

- Have a board that understands their financial needs and enabling them to seek funding for a full business plan

5. What is your scheduled work plan and budget for the 1-4 week activity? (Insert or delete rows as necessary)

Task description (major tasks to be accomplished for deliverables)	Wk1	Wk2	Wk3	Wk4	Cost (USD)
Identify a consultant and hire them					1000
Provide necessary start up information					0
Consultant develops background and prepares report					0
Stakeholder Board meeting with consultant's presentation					0

Appendix: 2 – Terms of Reference (TOR)

Terms of Reference

Title : *MPA business plan specialist : Brian Samuel*

Start date :

Duration : 11th June 2012

Expected duration of assignment:

Duties and Responsibilities

- Meet with key decision makers on MPA financing to discuss the options, limitations and opportunities for MPA financing
- Identify what are the major challenges in the MBMPA and how would a business plan help to overcome these problems.
- Identify financial needs to conduct proposed activities used in protected area management
- Identify the potential revenue sources to meet those needs under the given MBMPA governance structure.
- Identify and present the strategies for encouraging local communities' livelihoods with in the business plan process: (work with local community representative in the board).
- Develop finance plan: (include a break-even analysis, projected profits and losses, projected cash flow, projected balance sheet and business ratios).
- Develop the business plan for the MBMP that will examine more detail of the customer base, goods and services, marketing strategy and implementation strategy for the protected area.
- Present the business plan to the board and explain the significance and get the feedback.

Competencies:

- Communication skills.
- Sound, practical understanding of market economics and how regulatory and fiscal policies functions in relation to environmental resource financing.
- Good skills for efficient facilitation during meetings between various stakeholders; (Government, NGOs, CBOs, international community and communal levels).

Required skills and experiences:

- Degree in economics, finance, environmental management and development, or a closely related field.
- Technical knowledge of the implications of public finance and of government planning and budgeting processes and other relevant fields is critical.
- Demonstrated experience in financing and guidance on development of business plans for environmental resource management and protection.
- Experience in working and collaborating with governments an asset.

Appendix 3: Consultants Agreement

An Agreement

This Agreement is made _____ of the year 2012

Between the Moliniere/Beausejour MPA Board and

_____
_____

Setting the Stage for Sourcing and Creating a Business Plan for the MBMPA

Term

Consultant will have their report prepared within three weeks of signing date.

Terms of Reference

The consultant's Terms of Reference are listed in Appendix 2

Remuneration

The Contract provides for the payment of a professional fee of EC$1869 on receipt and acceptance by the MPA coordinator of their report. An additional professional fee of EC $801 will be paid immediately after explaning and presenting the report to the MBMPA Board.

The consultant is responsible for submission and payment of personal National Insurance Scheme liabilities and personal Income Tax where applicable.

Availability
The MPA Project Coordinator is required to be contactable by email and/or telephone with-in normal working hours to provide all relevant information requested by the consultant. The report will be present to MBMPA Board by no later than May 2012.

Confidentiality
All documents and matters pertaining to the Project shall be held in the strictest confidence, unless otherwise directed or approved by the MPA coordinator.
IN WITNESS WHEREOF the parties have executed this Agreement the day and year first before written.

Signed for and on behalf of

The Moliniere / Beausejour MPA Board

.....
STEVE NIMROD
CHAIRMAN

.....
CONSULTANT

in the presence of:

Witness: _____
Roland A. Baldeo
MPA Coordinator

Appendix 4: Consultants Report A: Commercial Operations of MBMPA Executive Summary

Setting the Stage for Sourcing and Creating a Business Plan for the Molinière-Beauséjour Marine Protected Area (MBMPA):

EXECUTIVE SUMMARY

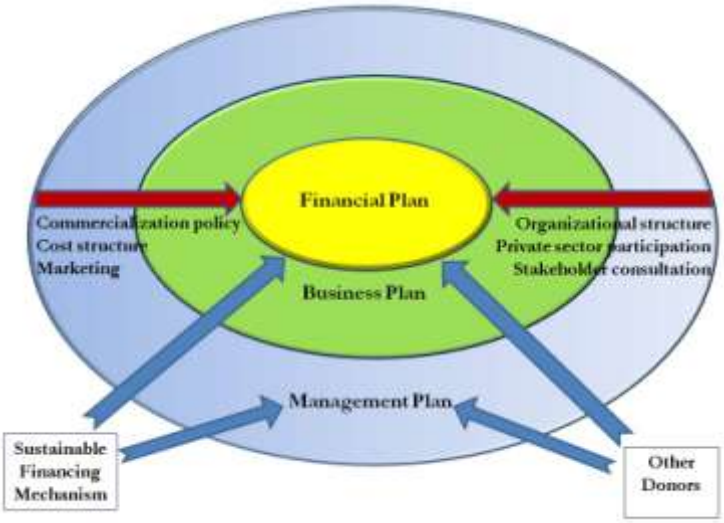
S. Brian Samuel
Business Consultant

Chapter 1: MBMPA's Business Basics

The Business Planning process must answer five strategic questions:

1. What are we selling?
2. Who are our clients/customers?
3. What are the commercial objectives of the MBMPA?
   - To reduce the financial deficit? Or;
   - To eliminate the financial deficit?
   - Over what time horizon?
4. How does MBMPA organize itself to meet these objectives?
   - As a government Ministry?
   - As a government corporation?
   - Or even as a private corporation?
5. Who "owns" MBMPA?
   - What rights do stakeholders have vis-à-vis "shareholders"?

The overall MBMPA planning process can be represented schematically:



Chapter 2: Base Year Revenues 2011 – 2012

In its first Winter Season, MBMPA attracted 14,426 paying visitors (Aug 2011 to April 2012):

MBMPA Users: 2011 - 2012		
Snorkellers	10,471	72.6%
Scuba Divers	2,927	20.3%
Sailors	1,028	7.1%
TOTAL USERS	**14,426**	**100.0%**

Total Revenue for 9 months was EC$49,970. Snorkelling provides 56% of revenues; followed by diving bands with 20%; and yacht moorings with 13%:

Total MBMPA income: August 2011 to April 2012					
	Dive Tags	Dive Bands	Snorkel	Moorings	Total
Mooring Fees	$ -	$ -	$ -	$ 6,381	$ 6,381
Day Charters	$ -	$ -	$ 20,749	$ -	$ 20,749
Dive Operators	$ 5,500	$ 10,130	$ 7,209	$ -	$ 22,839
Total	**$ 5,500**	**$ 10,130**	**$ 27,958**	**$ 6,381**	**$ 49,970**
Percent of Total	*11.0%*	*20.3%*	*56.0%*	*12.8%*	*100.0%*

Recommendations on MBMPA's revenue accounting procedures:

- MBMPA's system of recording and accounting for its revenues is archaic and based on government procedures and systems
- Computerize sales: a simple accounting package can be obtained relatively cheaply, which prints receipts while automatically generating accounts

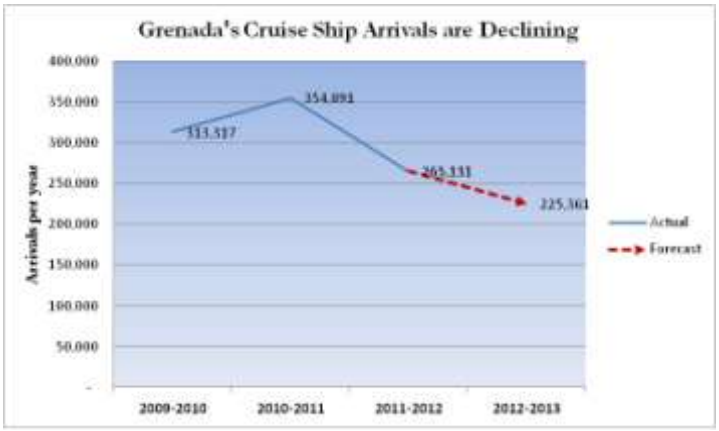
Chapter 3: Estimated Base Year Profit & Loss Account

- Obtaining an accurate picture of MBMPA's true operating costs is difficult owing to the fragmented nature of MBMPA's administration and accounts (such as they are)
- MBMPA has no accounting staff; all their record-keeping is done via the Fisheries Ministry
- However not all MBMPA's funds come from the Ministry; donors make substantial contributions
- Not all costs are incurred that should be; e.g. several moorings and markers are inoperable due to lack of cash for maintenance
- These estimates are based on interviews with staff and need to be verified as part of the Business Plan

Estimated MBMPA Base Year Profit & Loss Account	
Revenues:	**EC$ per year**
- Snorkel	$ 30,754
- Divers	$ 16,672
- Yachts	$ 7,658
TOTAL REVENUES	**$ 55,084**
Costs:	
Staffing costs and benefits	$ 105,600
Gasoline and oils	$ 10,608
Bands and tags	$ 8,613
Boat & engine manitenance	$ 7,000
Moorings & markers maintenance	$ 7,600
Technical assistance, training & conferences	$ 35,000
Other operating costs & overheads	$ 77,920
TOTAL MBMPA COSTS	**$ 202,741**
NET PROFIT/(LOSS)	**-$ 147,658**

Chapter 4: Bridging the Gap: Potential Revenue Increases

- MBMPA's main market comes from cruise ships
- In 2011-2012 there was a **25.3% decline** in cruise ship arrivals over the previous Winter Season
- MBMPA attracts about five percent of all cruise passengers who get off the ship
- MBMPA attracts about **TWENTY PERCENT** of all cruise ship passengers who go on pre-paid excursions



- Next year will see a further decline in Grenadian cruise ship arrivals:
- The recognizable "brand" in MBMPA is the Sculpture Park
- Listed in Top 25 Wonders of the World by National Geographic
- We must learn lessons of best practice in marketing MPAs in other parts of the world
- **Recommendation: Do away with dive tag sales**
- Charge a straight US$2 fee per dive
- Which leaves the question: What to do with almost 4,000 plastic dive tags?
- Sell them! For US$5.00 each as fund-raising souvenir keyrings
- High-quality products can be marketed sensitively to a target audience of potential buyers, who by their very presence in MBMPA are in support of its goals and objectives
- Other commercial possibilities exist: posters; advertisements; sign sponsors, endorsements; etc.
- With declining cruise ship arrivals expected for 2012-2013; MBMPA must develop new sources of income; commercial sales could help bridge the gap.
- **The Sustainable Financing Mechanism is a key element in MBMPA's commercial strategy**
- The Conservation Trust will provide funding for all MPAs in Grenada, forecast to commence in 2013

Chapter 5: MBMPA Management and Stakeholder Involvement

MBMPA has management weaknesses due to its fragmented organizational structure:

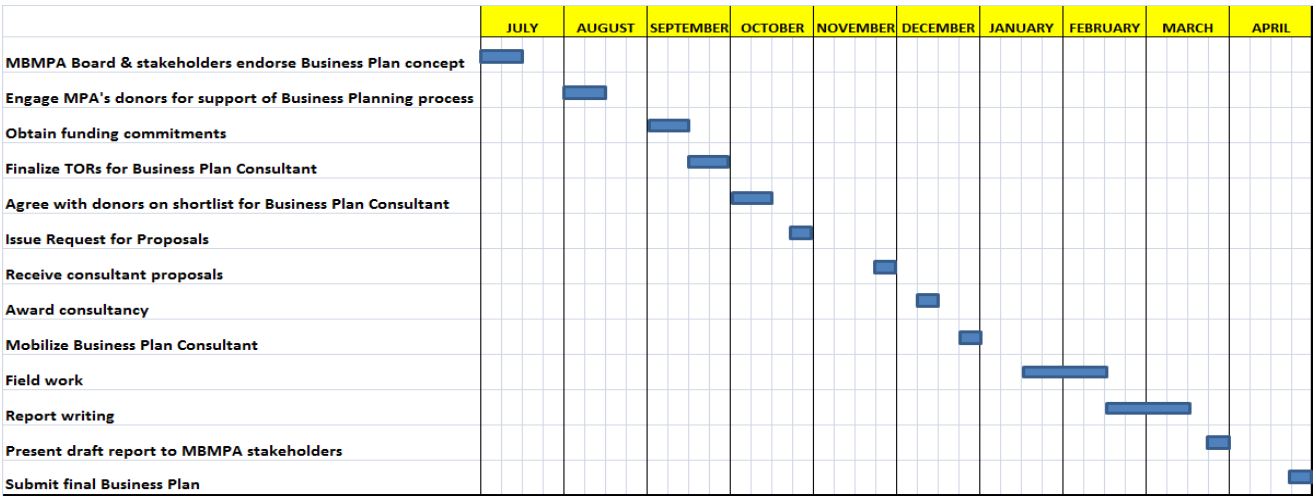
- MBMPA employees are seconded from Fisheries
- Funding comes from the Ministry plus several donors
- There are no MBMPA accounting or administrative staff; all goods, supplies and monies are sourced through the Ministry, and/or donors
- There is no MBMPA autonomy nor financial responsibility for meeting budgets, etc.
- There is a disused MBMPA building which has never been occupied for lack of funding

- In conflicts with stakeholders; who decides? Corporate governance issues will be a key element of the Business Plan
- MBMPA should be financially ring-fenced; with management autonomy, a budget and approved annual subsidy/grants
- The Business Plan must analyse **all** options for the management and financing of MBMPA; including Private Sector Participation (PSP)
- There are many PSP options; ranging from outsourcing of services to wholesale handover of Protected Areas to private and quasi-private sector organizations
- International examples of sustainable PSP in Protected Areas Management:
    - **African Parks** (http://www.african-parks.org) is a non-profit private sector organisation that takes responsibility for rehabilitation and long-term management of national parks in partnership with governments and local communities
    - **South African National Parks** (http://sanparks.org) implemented a series of groundbreaking Public-Private Partnerships (PPP's) in Kruger and other National Parks. Under the terms of the 25-year concessions, operators have full responsibility for environmental management in their Protected Areas

Chapter 6: Next Steps

To commence the Planning process; MBMPA's stakeholders must agree on parameters and Terms of Reference:

- Indicative Business Plan timetable:



13th June, 2012
S. Brian Samuel
Business Consultant

Appendix 5: Consultants Report B: MBMPA Business Plan Outline

Setting the Stage for Sourcing and Creating a Business Plan for the Molinière Beauséjour Marine Protected Area (MBMPA)

S. Brian Samuel
Business Consultant

Annex:

Indicative MBMPA Business Plan Outline

CHAPTER I: EXECUTIVE SUMMARY

(a) Main highlights
(b) Financial projections
(c) Conclusions

CHAPTER II: BACKGROUND

(a) Key data: commercial and scientific
(b) Review the legal and institutional arrangements underpinning the operations of the MBMPA within the broader National MPA Management Framework; and recommend changes in legislation and/or regulations that would enhance the commercial operations of MBMPA
(c) Analyze the cost and revenue performance of the MBMPA to date; creating Base Year pro-forma financial statements
(d) Current business strategy and mission
(e) General organization/operations

CHAPTER III: PRODUCTS AND SERVICES

(a) Description and history of MBMPA
(b) Research and development functions
(c) Monitoring and evaluation
(d) Pricing:
- User's standpoint
- MBMPA's point of view

(e) Sourcing supplies and materials
(f) Intellectual property

CHAPTER IV: MARKETS, CLIENTS AND COMPETITORS

(a) Main products, markets and clients: Identify the goods and services sold by the MBMPA; analyzing different revenue sources, price sensitivity and market perceptions of the MBMPA
(b) Market characteristics
(c) Clients
(d) Competition
(e) Positioning: Engage MBMPA's commercial stakeholders in discussions on the MBMPA's Business Objectives; including day charter operators, scuba dive operators, hotels and cruise ship representatives
(f) Market strategy: Outline of overall strategy to promote the sustainable use of MBMPA; highlighting potential new products; promotional strategy; pricing and preliminary market testing
(g) Projected sales: Identify new potential revenue sources that could be exploited by MBMPA; including but not limited to:

- Increased user fees
- Increased traffic
- Commercial sales
- Advertisements and endorsements
- Grants and donations

CHAPTER V: OPERATIONS AND ORGANIZATION

(a) Location & Premises
(b) Marketing

- General remarks
- Promotion and advertising

(c) Selling methodology
(d) Company structure
(e) Project management
(f) Management information system/reporting

CHAPTER VI: HUMAN RESOURCES

(a) Review of MBMPA's Human Resources policies and practices; looking at recruitment and remuneration issues, staff morale, and staff support for the Business Plan process
(b) Recommendations on legal and organizational structure of MBMPA from an HR standpoint; including but not limited to organizing MBMPA as:

- Part of the Ministry of Fisheries
- A statutory body
- A government corporation
- A mixed public-private partnership (PPP)

(c) MBMPA Stakeholder Committee
(d) Technical assistance

CHAPTER VII: LEGAL FRAMEWORK, ENVIRONMENTAL ISSUES AND STAKEHOLDER CONSULTATION

(a) Social compliance issues
(b) Matching MBMPA's commercial objectives with its social and environmental responsibilities
(c) Strategies for encouraging local communities to support the Business Plan process and objectives
(d) Environmental risk

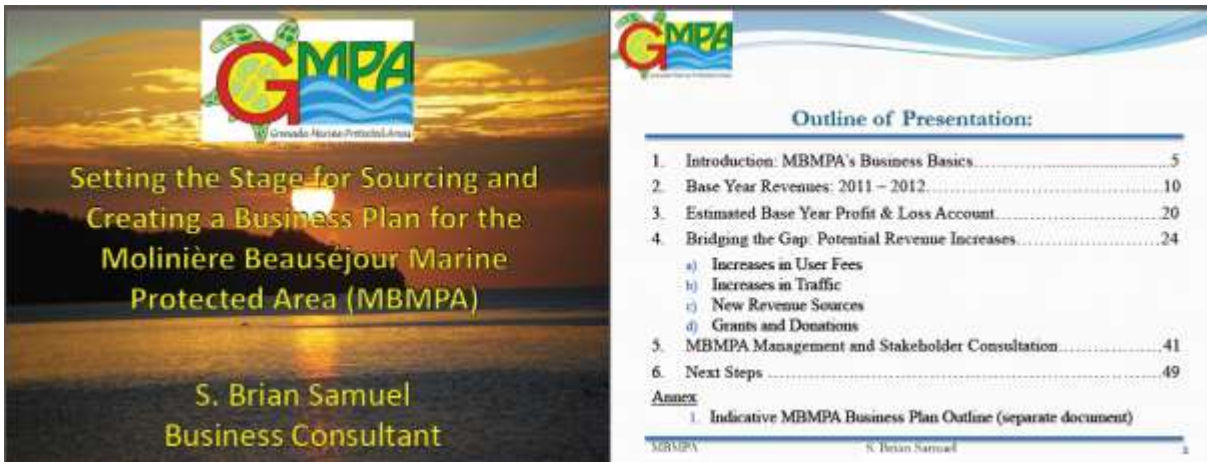
CHAPTER VIII: A SUSTAINABLE FINANCING PLAN FOR MBMPA

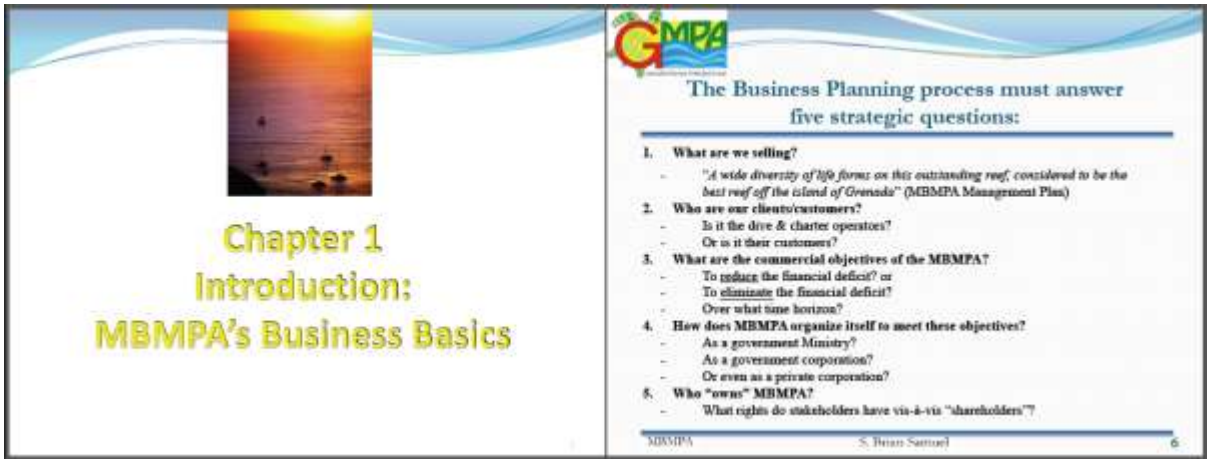
(a) Financial history: Base Year pro-forma cost estimates
(b) Recommendations on creating a sustainable financial structure for MBMP; with revenues including but not limited to:
    - User fees
    - Merchandise sales
    - Advertisements and endorsements
    - Grants and donations
    - Sustainable Financing Mechanism
    - Government budget
(c) Income statement projections
(d) Cash flow projections
(e) Balance sheet projections

CHAPTER IX: RISK AND SENSITIVITY ANALYSIS

(a) Types of risks:
    - General economic environment
    - Political/regulatory
    - Changes in public opinion.
    - Market risk
    - Pollution
    - Legal
    - Staffing
(b) Managing risks and ameliorating measures
(c) SWOT analysis

Appendix 6: Consultants PowerPoint report to be presented to the Board





Marine resources are like any other natural resource: They have value; that comes at a price

- In commercial terms: the Government of Grenada invested in creating MBMPA; and needs a return on its investment
- Grenada's marine resources have a value; it costs to maintain that value; so the principle of "user pays" is valid
- Up to now, there has been widespread acceptance of user fees
- BUT: "Beware of killing the goose that lays the golden egg"
- From a business point of view, after only 1 year it is too soon to raise fees, optically if nothing else
- We can predict the costs simply enough; predicting revenues is more problematic

MBMPA is comprised of different interests (which don't always see eye to eye!)

- Fisher-folk versus yacht-folk
- The need to conserve fish stocks; versus the need for fishing communities to earn a living
- The desire to keep user fees to a minimum; versus the need to be financially self-sufficient
- MBMPA's community stakeholder consultation: in corporate governance terms; does this mean giving stakeholders decision-making and/or veto powers?
- Underwater Sculpture Park is the biggest single tourist attraction in the MBMPA (the elephant in the room)
- Given their "shared water"; should be cooperation between MBMPA and the Sculpture Park

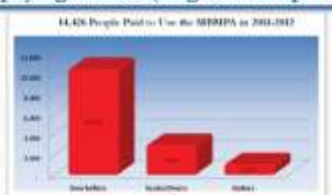
Putting MBMPA's funding gap into perspective:

NET PROFIT/(LOSS)	-$ 147,658

See Chapter 3 for explanatory notes

Chapter 2
Base Year Revenues: 2011 – 2012

In its first Winter Season, MBMPA attracted 14,426 paying visitors (Aug 2011 to April 2012):



MBMPA Users: 2011 - 2012		
Snorkellers	10,471	72.6%
Scuba Divers	2,927	20.3%
Sailors	1,028	7.1%
TOTAL USERS	14,426	100.0%

Source: MBMPA

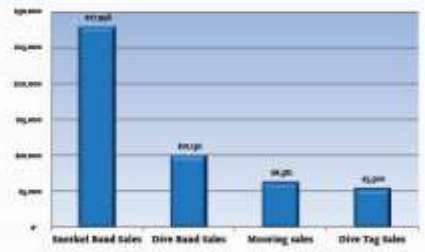
Snorkelling provides 56% of revenues; followed by diving bands with 20%; and yacht moorings with 13%

Total MBMPA Income: August 2011 to April 2012					
	Dive Tags	Dive Bands	Snorkel	Moorings	Total
Mooring Fees	$ -	$ -	$ -	$ 6,381	$ 6,381
Day Charters	$ -	$ -	$ 20,749	$ -	$ 20,749
Dive Operators	$ 5,500	$ 10,130	$ 7,209	$ -	$ 22,839
Total	$ 5,500	$ 10,130	$ 27,958	$ 6,381	$ 49,970
Percent of Total	11.0%	20.3%	56.0%	12.8%	100.0%

Source: MBMPA

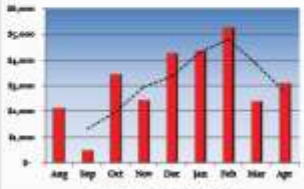
- Dive tag sales are small, erratic and could be misused by unscrupulous Scuba operators
- We have no way of knowing how many times dive tags are used (assume 5 dives per tag)

MBMPA Earned Total Income of EC$49,970 in the 2011-2012 Winter Season

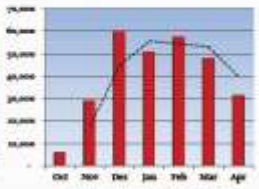


Source: MBMPA

Snorkel sales tend to follow the Cruise Ship Season



2011-2012 Snorkel Sales



2011-2012 Cruise ship arrivals

Source: MBMPA

Mooring Fees Have Been Increasing (reflecting a better collection ratio)

Source: MBMPA

But many yachts are still "sneaking in under the radar"

As expected, MBMPA's summer revenues are significantly down on the Winter Season:

MBMPA Income:	Avg Winter Season per Month	May 2012 Revenues	Percent of Winter Season
Snorkel Band Sales	$ 1,108.45	$ 312.43	28.4%
Dive Tag Sales	$ 811.13		0.0%
Dive Band Sales	$ 1,125.55	$ 134.00	47.4%
Mooring Fees	$ 709.03	$ 400.50	56.5%
	$ 5,550.57	$ 1,846.93	33.3%

Source: MBMPA

- May 2012 snorkel and scuba diving revenues were 30% of average Winter Season revenue per month
- Mooring fees held up better: 56% of Winter Season

Recommendations on MBMPA's revenue accounting procedures:

- MBMPA's system of recording and accounting for its revenues is archaic and based on government procedures and systems
- There are 2 sets of accounting books:
  - Sales ledger: Excludes mooring fees, captures band/tag inventory data
  - Receipts ledger: Includes mooring fees, signed off by Fisheries cashier
- Plus receipt books held by Warders for cash sales "on the water"
- 90% of sales occur at MBMPA office to charter & dive operators
- **Recommendations:**
  - Do away with "two-book system" – capture all accounting data at point of sale
  - Computerize sales: a simple accounting package can be obtained relatively cheaply, which prints receipts while automatically generating accounts

Chapter 3
Estimated Base Year Profit & Loss Account

Revenues are only half of the picture; we must also look at MBMPA's cost structure:

Capital Costs	Operating Costs	Extraordinary Costs
• Construction and placement of moorings • Construction and placement of marine markers • Onshore signage • Boat and engine • Office facilities & computers • Mooring equipment • Training • Technical assistance	• Staffing costs and benefits • Gasoline and oils • Vehicle maintenance costs • Telephones • Office utilities • Office rent • Boat maintenance • Engine maintenance • Insurance • Buoys and moorings maintenance • Maintenance of Scuba equipment • MPA monitoring: tank filling & equipment refill • Cost of dive tags • Cost of market heads	• Hosting conferences, workshops, etc • Technical assistance • Training • Replacement of moorings and markers • Major boat/engine overhauls • Replacement of boat/engine

Creating Base Year profitability estimates for MBMPA:

- Obtaining an accurate picture of MBMPA's true operating costs is next to impossible due to the fragmented nature of MBMPA's administration and accounts (such as they are)
- MBMPA has no accounting staff; all their record-keeping is done via the Fisheries Ministry
- However not all MBMPA's funds come from the Ministry; donors make substantial contributions
- Not all costs are incurred that should be; e.g. several moorings and markers are inoperable due to lack of cash for maintenance
- The estimates that follow are based on interviews with staff and need to be verified as part of the Business Plan

Estimated Base Year MBMPA Profit & Loss account:

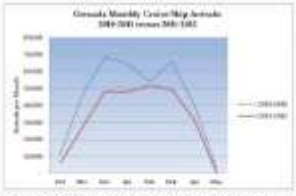
Description	EC$ per year	Notes
TOTAL REVENUES	$ 51,864	From MBMPA records (estimated turnover)
Less:		
operating costs		
Staffing costs and benefits	$ 103,500	no contracts earned
Staff benefits	$ 7,500	Estimate - 15% of staff costs
Gasoline and oils	$ 10,800	From MBMPA records (3 months est.)
Vehicle maintenance costs	$ 2,000	MBMPA should have a vehicle
Scuba and snorkel boats (12,000 each)	$ 600	@ $50 - 3 moors a year, not mapping permitted
Scuba and snorkel boats (12,000 each)	$ 7,500	@ $25 (3 moors a year), not mapping permitted
Boat maintenance	$ 3,000	Estimate - needs verification with Fisheries
Engine maintenance	$ 4,000	Estimate - needs verification with Fisheries
Buoys and moorings maintenance	$ 7,500	Estimate - $250 per buoy/year
Maintenance of tanks & billboards	$ 2,000	Estimate - needs verification with Fisheries
Maintenance of Scuba equipment	$ 1,000	Estimate - $500 per scuba set/year
TOTAL OPERATING COSTS	$ 163,900	
OPERATING PROFIT/(LOSS)	$ 51,864	
Overheads		
Monitoring: tank filling & equipment refill	$ 2,400	Estimate - needs verification
Office telephones & internet	$ 3,600	Estimate - $300 per month
Cable/Flow	$ 4,800	Estimate - $400 per month for 2 phones
Utilities	$ 3,600	Estimate - $300 per month
Office rent	$ -	No charge from GNF
Insurance - boat	$ 1,200	Estimate - Per boat
Conferences, workshops, etc	$ 10,000	Estimate - needs verification with Fisheries
Technical assistance	$ 30,000	Estimate - needs verification with Fisheries
Training	$ 5,000	Estimate - needs verification with Fisheries
TOTAL OVERHEADS	$ 61,000	
BASE YEAR NET PROFIT/(LOSS)	**-$ 147,036**	

Source: MBMPA

Chapter 4
Bridging the Gap: Potential Revenue Increases

MBMPA's main market comes from cruise ships:

- Cruise ship arrivals outnumber hotel guests 3:1; and cruise passengers make up the bulk of snorkelling cruises on day charter operators
- However, cruise ship arrivals are declining:



Source: Grenada Tourist Board

- 2011-2012 was a **25.3% decline** over the previous Winter Season

A word on interpretation of cruise ship data:

- Tourism data on "cruise ship arrivals" does NOT measure the number of cruise passengers who actually visit the island
- The data measures the total capacity of the ship; not the passengers actually on board; nor those getting off the ship
- No record is kept of passengers actually disembarking
- Cruise ships normally operate at about 85-90% occupancy
- Cruise ship agents estimate that 20% of passengers do not get off the ship (and claim to have "seen Grenada"!)
- Most disembarking passengers just walk around the town – about 25% go on pre-paid land or marine excursions

The Grenadian cruise ship market: 2009 - 2012

Grenada Cruise Ship Market: 2009 - 2012			
	2009-2010	2010-2011	2011-2012
Cruise Ship Capacity	319,327	334,891	265,191
Increase/Decrease over previous year		15.5%	-25.3%
Ship Calls	203	212	180
Average Ship Capacity	1,573	1,579	1,473
Average Ship Calls per Week	7.3	6.8	6.8
Actual cruise ship occupancy (90%)	283,985	319,400	238,618
Passengers Disembarking (80%)	225,588	255,522	190,894
Passengers on pre-paid excursions (20%)	56,397	63,880	47,724
Passengers walking around town	169,191	191,640	143,171
Excursionists per cruise ship day	278	301	251
Walk arounds per cruise ship day	833	904	754

Source: Grenada Tourist Board, plus cruise ship agents

- These estimates "feel" about right; the numbers would be doubled for days when 2 ships were in port

What percent of the cruise ship market does MBMPA represent?

MBMPA'S SHARE OF THE CRUISE SHIP MARKET: 2011-2012	
If 80% of MBMPA's snorkellers are from cruise ships:	8,377
= percent of cruise passengers disembarking	4.4%
= percent of pre-paid excursionists	17.6%
If 60% of MBMPA's Scuba divers are from cruise ships:	1,756
= percent of cruise passengers disembarking	0.9%
= percent of pre-paid excursionists	3.7%
MBMPA Snorkellers plus Scuba divers from cruise ships:	10,133
= percent of cruise passengers disembarking	5.3%
= percent of pre-paid excursionists	21.2%

MBMPA is a significant element in Grenada's tourism market:

- MBMPA attracts about five percent of all cruise passengers who get off the ship
- MBMPA attracts about **TWENTY PERCENT** of all cruise ship passengers who go on pre-paid excursions
- Becoming increasingly popular with schools, community groups and SGU students
- Protected bays in MBMPA are well positioned as a short-term yacht anchorage
- **These usage figures demonstrate that MBMPA is a significant component in Grenada's overall package of attractions as a tourism destination**

Questions for consideration:

- What are Summer Season revenues likely to be?
  - Very low, except for mooring fees
- What can be done to close down "leakages"?
  - More patrols, more wardens
- What about local users?
  - Charge them, the same as everyone else
- Can we increase user fees?
  - Not advisable; after only one year it is too early to raise prices
- MBMPA branded merchandise?
  - Offers potential for significant net revenues to MBMPA

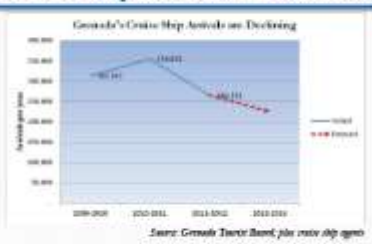
Marketing the MBMPA:

- What is MBMPA's market; what are its main characteristics?
  - MBMPA's market is a subset of the overall Grenada tourism market
  - MBMPA's market performance will rise and fall with the broader Grenada tourism market
- Who are MBMPA's clients?
  - MBMPA's ultimate clients are the divers/snorkelers who go there
  - The scuba and charter operators are market intermediaries
- What is MBMPA's competition?
  - St George's, island tours, Grand Anse Beach, Concorde Falls, etc. ....
- Branding: "MBMPA" - about the unsexiest name imaginable!
- Can we use a trading name; e.g. "Molinière Marine Park"?
- Can we do a marketing link with the Sculpture Park?

Active versus passive marketing of MBMPA:

- The recognizable "brand" in MBMPA is the Sculpture Park
- Listed in Top 25 Wonders of the World by National Geographic
- MBMPA must be known as more than "home of the Sculpture Park"
- We must learn lessons of best practice in marketing MPAs in other parts of the world
- Tobago Cays has brand recognition – and fees to match
- Internet marketing: let satisfied customers spread the word: Facebook; TripAdvisor; Youtube; Twitter – people love to share their experiences, photographs and videos online
- The marketing objective is for clients to **ask** to go to MBMPA; not just be taken there by the day charter and dive operators

Grenada's cruise ship market is on a downward trend:



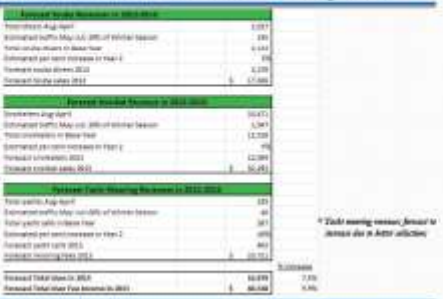
Source: Grenada Tourist Board; plus cruise ship agents

Informed sources report that next year will see a further decline in Grenadian cruise ship arrivals

Revenues could grow from two sources:

- Revenues could grow "organically":
  - Increase in cruise ship arrivals (unlikely)
  - Increase in hotel arrivals (maybe)
  - Better collection ratio (through less leakage)
  - More visitors through MBMPA becoming "branded"
- Or Revenues could grow from new sources:
  - Merchandise sales
  - Advertisements and endorsements (e.g. signage sponsors)
  - Grants and donations

With cruise ship arrivals in 2012-2013 scheduled to decline, only modest increases in user fees can be expected:



Recommendation: Do away with dive tag sales

- Dive tag sales are an anomaly:
  - They are for unlimited dives over a 12-month period; but in reality not many tourists would dive more than a few times in the MBMPA;
  - They are subject to abuse by operators; and
  - They introduce uncertainty into data gathering
- Charge a straight US$2 fee per dive
- Which leaves the question:
  - What to do with almost 4,000 plastic dive tags?
- Sell them! As fund-raising souvenir key-rings, in partnership with dive and snorkel operators
- **Also:** After a year's grace period; it is time to start cracking down on operators caught in the wrong

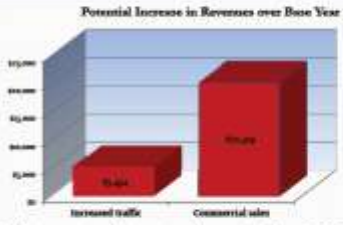
MBMPA's users are a potential source of collateral revenue:

POTENTIAL POLO-SHIRT SALES:	
Forecast total MBMPA users	16,979
If 3% buy Polo-shirts	509
Revenue @ US$30 each	27,280
Est. cost @ EC$30 each	(5,281)
Estimated Profit for the Year	**$ 11,919**

POTENTIAL SOUVENIR KEYRING SALES (old dive tags):	
Forecast total MBMPA users	16,979
If 5% buy Keyrings	849
Revenue @ US$5 each	11,333
Est cost: @ US1.25 each(?)	2,833
Estimated Profit for the Year	**$ 8,500**

- MBMPA's clients are, generally speaking: (a) relatively affluent; and (b) environmentally aware – i.e. a captive market
- High-quality products can be marketed sensitively to a target audience of potential buyers, who by their very presence in MBMPA are in support of its goals and objectives
- Other commercial possibilities exist: posters; advertisements; sign sponsors, endorsements; etc.

Commercial sales offer more potential than increased user fees:



- With declining cruise ship arrivals expected for 2012-2013; MBMPA must develop new sources of income: commercial sales could help bridge the gap

The Sustainable Financing Mechanism is a key element in MBMPA's commercial strategy:

- The Conservation Trust will provide funding for all MPAs in Grenada, forecast to commence in 2013
- After 2 years, matching funds provided by Govt of Grenada
- Individual MPAs apply for funding from the Trust
- From 2013 user fees deposited into Trust, not Ministry
- MPA Boards will be recognised as NGOs
- Trust will be managed by a Board: 60% NGOs and 40% Government
- Enabling legislation currently being drafted by local law firm

MPA's current and potential donors will be canvassed for technical assistance & financial support of the Business Plan:

Chapter 5
MBMPA Management and Stakeholder Involvement

The Stakeholder Committee supervises MBMPA's core business functions:

- Planning and oversight of daily MPA operations
- Management of staff (Wardens) appointed by the Ministry
- Raising funds, investing and spending powers within the MPA budget allocated by the MPA Management Committee – after the formalization of the Committee
- Permit issuance and fee collection
- Coordination of the implementation, monitoring and assessment of the results and revision of the Molinière-Beauséjour Management Plan.

MBMPA has management weaknesses due to its fragmented organizational structure (1):

- MBMPA revenues disappear into "the black hole"
- Getting money for a sparkplug is like pulling teeth
- Little financial benefit (individually or for MBMPA) for going above and beyond the call of duty
- Staff must feel sense of ownership in MBMPA; not just a cog in a wheel
- Staff could be incentivized with … money!
- Need to look at legal & HR implications, to see if better to create a government corporation rather than continue to run MBMPA as a department of Fisheries

MBMPA has management weaknesses due to its fragmented organizational structure (2):

- MBMPA employees are seconded from Fisheries
- Funding comes from the Ministry plus several donors
- There are no MBMPA accounting or administrative staff; all goods, supplies and monies are sourced through the Ministry, and/or donors
- There is no core MBMPA organization; autonomy nor financial responsibility for meeting budgets, etc (there is no budget)
- There is a disused MBMPA building which has never been occupied for lack of funding
- MBMPA needs, at the very least, its own accounts/admin officer

Major changes needed in legislation & organizational culture:

- Legislative drafting by Environmental Law Institute in DC: does it include commercialization issues? Changing legislation is a long, cumbersome process: do it once; do it all
- In conflicts with stakeholders; who decides? Corporate governance issues will be a key element of the Business Plan
- MBMPA should be financially ring-fenced; with management autonomy, a budget and approved annual subsidy/grants
- MBMPA needs short, medium and long term strategies and plans; with buy-in from all share/stakeholders
- Employees should be trained to think strategically about MBMPA operations and finances

Private Sector Participation (PSP) options:

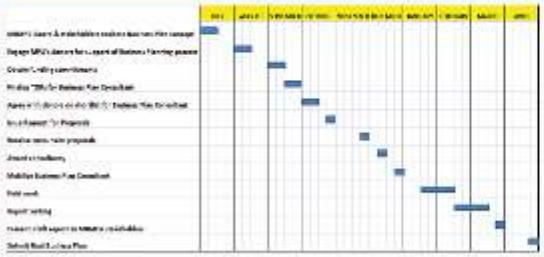
- The Business Plan must analyse all options for the management and financing of MBMPA; including Private Sector Participation (PSP)
- There are many PSP; ranging from outsourcing of services to wholesale handover of Protected Areas to private and quasi-private sector organizations
- 2003 World Parks Congress in Durban: *"REMOVE the obstacles and enhance the opportunities for public-private-community partnerships … to ensure sustained conservation of biodiversity, natural values and cultural heritage"*
- International examples of sustainable PSP in Protected Areas Management:
  - **African Parks** (http://www.african-parks.org) is a non-profit private sector organization that takes total responsibility for the rehabilitation and long-term management of national parks in partnership with governments and local communities
  - **South African National Parks** (http://sanparks.org) is a government agency that implemented a series of groundbreaking Public-Private Partnerships (PPP's) in Kruger and other National Parks. Under the terms of the 25-year concessions, operators have full responsibility for environmental management in their Protected Areas

Chapter 6
Next Steps

To commence the Planning process; MBMPA's stakeholders must agree on parameters and Terms of Reference:

- Identify the main products, markets and clients of MBMPA
- Identify the major commercial and financial challenges facing the MBMPA; and how a Business Plan would help to overcome these challenges
- Staff must take ownership of the plan; as a way of providing input to MBMPA policy
- Good financial data is critical; MBMPA's finances intermingled with Ministry; needs to be ring-fenced
- Requires significant time & resources. In Belize the Business Plan process involved:
  - *Two Business Plan consultants worked for 13 weeks in 2 national parks*
  - *Managers spent approximately 5-10 hours per week with consultants for first 5 weeks, then time tapered down*

Indicative Business Plan timetable:



THANK YOU!

S. Brian Samuel
Business Consultant