

## Section 5: Tourism and funding for the environment

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# The problems of two aspects of intensive tourism (cruise and all-inclusives) in the Caribbean

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I would briefly like to look at two aspects of intensive tourism in the Caribbean – I suppose intensive means (to put it crudely) lots and lots of people pouring off boats and planes waiting to be served in the sort of luxury they never get at home, in an environment they have been told is like “paradise”.

Firstly, cruise ships, and secondly all-inclusives. Both raise rather different but fundamental questions about the possibility for sustainable development in the region.

The Caribbean – with its small, vulnerable societies, including the five UK Overseas Territories - is struggling. It has experienced rapid change as the islands emerge from colonialism to independence. The legacy of a colonial history remains only too apparent as the islands attempt to realise their own sovereignty. Most are still undergoing a shift from agricultural-based economies to modern economies – with tourism, for many, seen as “the engine of economic growth”. Tourism accounts for 43 per cent of GDP of the region (1999).

I want to describe the sort of predicaments that Caribbean governments must address as they become more and more dependent on tourism.

To start with cruise-ship tourism – and a look at the scenario in Dominica, a very late arrival at tourism’s so-called pot of gold.

Nowadays, perhaps four days a week in the key holiday season, a large, white, self-contained floating hotel arrives at the jetty of the small capital of Roseau. If you walk along one of the narrow town streets that run parallel to the sea and cast your eye towards the ocean, all you will see is a large gleaming block of whiteness. From some angles, the cruise ship looks bigger than the town. So there it sits with its perhaps 2000 residents (the cruise ship not Roseau). Some of them may not like the look of this charming but slightly run-down little town, with indifferent duty-free shopping; it may be raining; the mountains loom; there is not a white-sand beach in sight.

Anyhow, some of them disembark. The mini-bus drivers queue up for work – some get it, for they are contracted to the agents who are, in turn, contracted to the cruise ship itself. The freelancers do their own

hustling – often incurring the wrath of the cruise ship officials who say the tourists are being “hassled”.

The main sites are the most accessible: the Trafalgar Falls – magnificent, twin waterfalls about 20 minutes drive from Roseau – and the Emerald Pool, a modest little waterfall in the middle of the rainforest, but close to the road. Cruise ship tourists are not famous for their hiking abilities.

The T-shirt vendors try to make a buck from the cruise shippers; so do the old ladies selling mangoes. The woman who sells ice to the soft-drink vendors says she tries to get a cut too; the young guys who have trained as tour guides get abuse from the taxi-drivers who are protective of “their” tourists. Even the “bad boys” with their spliffs don’t seem to do much business. Hardly anyone stops at the road-side craft stalls. Many villagers just note the cruise tourists passing by in a whirr of cameras.

A daily carrying capacity in terms of environmental impact of 150 people has been recommended for key sites in Dominica: perhaps 1000 people from the cruise ships are now visiting these sites daily. In itself that poses all sorts of problems which overstressed Dominica finds it hard to address.

When the tourists return to the ship, probably in time for an enormous late lunch – to eat American beef, south American bananas, and drink Florida orange juice etc – they will have spent about 30 dollars each, including their tour. Their contribution to tourism earnings is perhaps 10 per cent of the total although they represent nearly 80 per cent of visitors (244,603 as opposed to 65,501 stayover). Oh, and Dominica sells much-needed water to the cruise ships - at a token rate. The rate was even lowered by the previous government as an inducement to the cruise ships to visit. But one of the biggest has just pulled out – kicking Dominica and St Martin off its itinerary and substituting St Kitts and Trinidad. Once again, a policy of short-term gain turned into long-term loss.

Another problem connected to the cruise ships is that stay-over visitors go to Dominica because of its pristine wilderness. They do not want to go to the Emerald Pool and find 300 cruise ship tourists plodding down the fern-lined trail. Similarly the proposed – very ambitious plan – for a long-distance

hiking trail does not sit happily with cruise-ship tourism. The approval of the stay-over tourists is crucial if Dominica's eco-tourism policy is to be meaningful. Dominica's up-market tourism may also perhaps have been affected by the pro-Japan stance of the Dominica government at the International Whaling Commission.

But, whatever the problems, now that the cruise-ship tourists are there, they have created their own dependency: taxi drivers, a powerful lobby, would be up in arms if their trade were limited; the agents would lose income if there were a limit on arrivals and even the t-shirt sellers, some of whom are Rastafarians with generally impeccable environmental records, would be under more "pressure".

Meanwhile, the Florida Caribbean Cruise Association – that immensely powerful organisation which runs the industry – sets the agenda: make sure your people don't hassle the tourists, keep them away from the cruise ship disembarkation area, no we won't pay a higher tax and if you insist, we will just cut you out of next year's scheduling – and go somewhere else.

And so the cruise ships sail off into the sunset leaving behind them – in the case of Dominica – an environmental levy of US\$1.50 per head. Even this was a hard-won concession fought bitterly by the cruise industry, which had threatened a boycott. The levy has been set to pay for a much-needed waste management scheme, funded by the World Bank, for all the countries of the Organisation of Eastern Caribbean States. (Recent developments indicate that the World Bank has frozen funding because of management irregularities.)

Meanwhile, the cruise ships continue to ply their way up and down the Caribbean – leaving their garbage behind. Last year Royal Caribbean, the world's second largest cruise company, for example, was fined US\$18m for dumping oily bilge water and chemicals. It was not the first time.

If the floating "all-inclusive" hotels are problems for the Caribbean, land-based "all-inclusives" raise different opportunities and threats.

South of Dominica lies St Lucia, an island which has fast developed a tourism industry. There, the majority of the hotels are all-inclusives – the hotels where you pay for everything in advance and can eat, drink and play as fast and as much as you can.

Yet St Lucia – now essentially a mass tourism destination with 259,000 stop-over visitors and 423,000 cruise visitors a year – a very different profile to Dominica – sells itself on its environment. "Simply beautiful" is St Lucia's marketing slogan. So how has

the environment fared faced with such a proliferation of large hotels?

The greatest impact has been at the construction stage of hotel development. Land is cleared to build hotels at the waters' edge – because that's what tourists want. Inevitably, the effect is erosion of coastal land, sedimentation and pollution of the reef. Beaches have become degraded – and imported sand (from Anguilla? The Virgin Islands?) has created further degradation of the reefs.

The bigger the hotel, the greater the impact. And since all-inclusives tend to be bigger – and also built in ecologically vulnerable and remote areas – they impact more forcefully at construction stage.

However, all-inclusives are usually wealthier than smaller hotels – and have the resources to achieve economies of scale and operate proper management systems. Indeed, according to a British Airways Holidays inquiry into the impact of all-inclusives on St Lucia's environment, it was reported that they could be leading the way in terms of environmental management.

All inclusives also have the advantage of higher occupancy rates and provide more stable employment (in many smaller hotels, jobs come and go according to the season). So far, so good. But the negative aspects are fundamental: these enclaves which the tourists rarely leave are no-go areas for locals (unless they pay a large visitor's fee). So there is a sense of exclusion – as expressed in the St Lucian calypso "Alien in me own land". The all-inclusive tourist spends little money outside the resort – so local vendors, taxi drivers and restaurateurs go without.

It is on these grounds that I have always been reluctant to award brownie points to all-inclusives. I dislike the way that they provide "ghetto" holidays. However, it would appear, at least on the evidence of this one study in St Lucia, that they have the potential to make some environmentally responsible decisions. I suppose the key word here is "potential". What the Caribbean desperately needs now are some examples of good management, not just in theory but also in practice, and some government policies which have long-term rather than short-term gain at their heart – and mean what they say.

Then the needs of the islanders and the possibilities for sustainable tourism might be realised.

# Cruise ship tourism and conservation in the Falkland Islands

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The basis of this presentation was a 7-month research project carried out by Falklands Conservation during the 1999-2000 cruise ship season (November to March) in the Islands.

## WHY THE FALKLANDS?

A common question when linking the Falklands with tourism: why?

### Geographical Location

Because of the geographical position of the Falklands and the current attraction to South America within the cruise industry, many cruise vessels visit the islands as part of a round trip to or from Antarctica and South Georgia.

### Outstanding Wildlife

There is a population of Black browed Albatross, making up 80% of the world's total. Five different species of penguin breed, including one of the world's largest rockhopper populations which are near threatened.

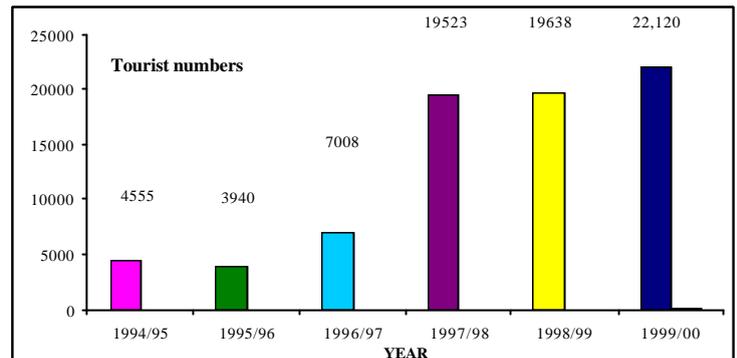
### Unspoilt Natural Environment

With a friendly English-speaking population, the Falkland Islands make a favourable add-on destination. The people aspect is something we have over South Georgia or Antarctica.



## CRUISE SHIP TRENDS

Graph A (below) illustrates the increase in the number of passengers arriving in the Falklands.



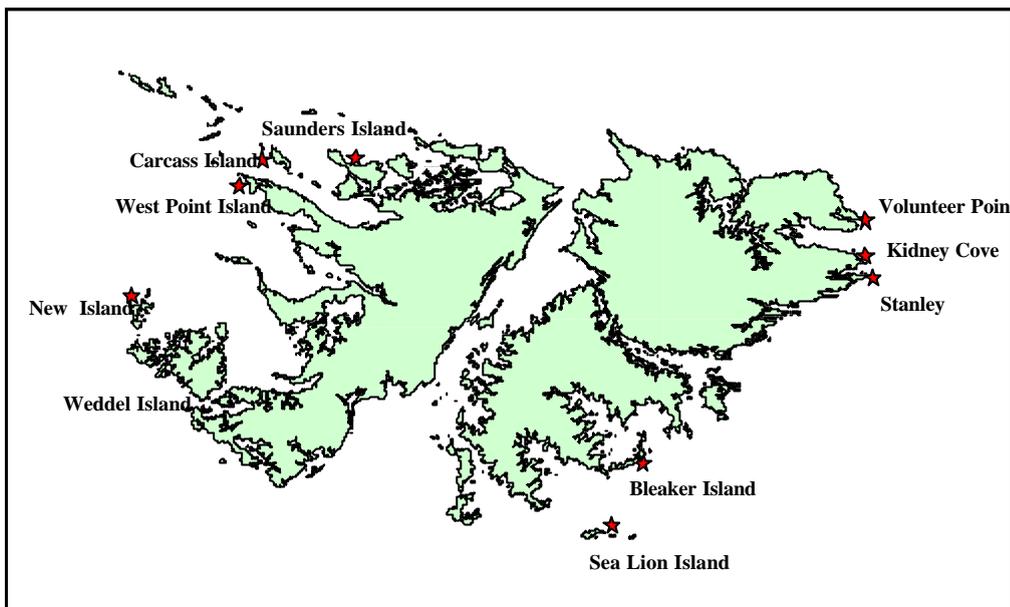
Lars-Eric Lindblad bought the first cruise ship to the Falklands in 1968. Sir Peter Scott, while travelling on one of these ships in the late 1970s, became involved with the founding of Falklands Conservation. The style of expedition cruising pioneered at this time is still in existence today.

Today, cruise ships account for 98% of the tourists visiting the Falklands with over 37,000 people coming to the islands; these figures include staff, crew and passengers.

Visitors arrive on 3 different type of vessels, which we have classified as expedition vessels (50-400), intermediate vessels (400-700) and luxury vessels (700-2000). Focus of these three types of cruising varies from the nature-based, environmentally focused expedition vessels to the entertainment- and shopping-based cruises. The International Association of Antarctic Tour Operators, IAATO, is a self-regulating body which has adopted a strict set of standards with regard to the environment, and helps promote environmentally responsible tourism. Only vessels with under 400 passengers belong to this association and only IAATO vessels can land in Antarctica and South Georgia.

## FALKLANDS SITES

As can be seen from the map on the next page, there are various small island sites outside of the capital Stanley visited. These are under private ownership and mainly visited by expedition and intermediate vessels, as opposed to the larger luxury vessels which visit just Stanley and the surrounding area.



## MANAGEMENT TECHNIQUES

These management observations are based on the expedition cruise vessels. This is due to the fact that these vessels travel around the islands, visiting remote destinations. For these, generally:

- Information sent out before embarking on cruise
- Lectures on board – generally one hour long
- Intercom lectures on deck while cruising
- Daily programmes provided – and a newsletter
- Open bridge policy
- Libraries – containing relevant educational books on the environment
- High staff/passenger ratio – 1:20 although it was found common for 1:10
- Staff are well trained and generally experts in various appropriate fields

### Management techniques ashore

Because there is a high staff to passenger ratio, supervision ashore is intensive and generally carried out to a very high standard.

#### *Landing briefing and groups arranged*

Before landings, briefings are given regarding: the site visited, a map is shown, what they will be doing, warnings given regarding sensitive areas, etc. People are then arranged into groups either before landing or at the landing site.

#### *En-route briefings ensure groups maintained*

This gives the opportunity for questions to be answered.

#### *Guidelines are maintained.*

Staff enforce codes of conduct and the groups largely become self-regulating.

#### *Landowner interaction*

Quite often tea with the landowner is offered. This makes people even more aware that they must respect the environment, as effectively it is someone's backyard.

Here we see a group of visitors on West Point Island viewing the Black-browed albatross and rockhopper colonies on the cliff sides having undertaken the 30-minute trek to get there. You can see that they are in a fairly tight group and are an appropriate distance from the birds.



## CASE STUDY OF GOVERNMENT RESERVE GYPSY COVE

It may appear that all of the cruise ship operations in the Islands are very well run and environmentally aware. In most cases this is so. However, Falklands Conservation first got involved with tourism due to problems created by large numbers of uncontrolled passengers at Gypsy Cove, a site near Stanley. This is a Government-owned Nature Reserve, 4 miles outside the town. It is subjected to very high numbers of people, concentrated in bus-loads, from luxury cruise ships, as well as local and military visitors. This last season, over 6000 tourists were observed at Gypsy Cove in a 16-day period. The Falkland Islands Tourist Board does provide a warden for the site on days when a large cruise vessel is expected into Stanley.

The main issue with Gypsy Cove is a concentration of people at any one time. This year, to put that into context, the highest numbers of people counted in an area approximately 100m x 100m was 421. With this number of people, many inexperienced with wildlife and all excited about their only chance to see penguins in the Falklands, there is a high level of noise. This can be seen to affect birds, many staying in their burrows, or remaining on the beach. This has a particular effect during the moult, when juvenile birds are crêched in the tussac grass areas and are visibly covering away from people amongst the grass. The tussac areas are fenced. However, this does not enclose the entire area, so people follow the beaten track, and then are simply channelled into an area of burrows where there is no guidance and only one warden between hundreds of people.

Litter and cigarette butts, a total lack of rubbish bins and no toilets are common complaints that wardens receive throughout the summer, as well as many expressions of amazement that there is so little control of people or protection for the birds. Most of the people visiting this site are unaware of environmental issues, to the point that they do not know what type of penguins they are going to see, let alone that they might put a foot through a burrow if they do not look



where they walk.

The picture above shows the fence lines at Gypsy Cove where the tussac has been closed off. You can see the effect of thousands of feet on the thin sandy soils and also how people have totally followed the fence line up to a point where they are suddenly left totally to their own devices, to wander across fragile vegetation and a slope with about 50 Magellanic penguin burrows in it (photograph below). One



warden is completely insufficient to cope with this volume of people or to have a positive effect.

The Falkland Islands vegetation is particularly fragile, given the extremely dry summers and high winds. Once a protective layer of vegetation is removed through trampling, it can take years for the cover to re-establish, leading to erosion and ultimately the increased risk of breeding bird burrows collapsing when disturbed.

Much work has been carried out looking at the effects of disturbance on seabird populations. Penguin heart rates have been shown to increase

simply by one human walking too close, and more drastic effects of this have been shown to cause a lowering of the breeding success rates in other parts of the world.

More directly, groups of people standing on a beach or a cliff side can physically prevent birds from returning to their nest sites, in extreme cases leading to chicks not being provisioned with food, or the desertion of a partner through the breeding season.

An increase in chick predation and abandonment can result from adult birds being scared away whilst guarding their young and, in some extreme cases reported in the islands last season, even being handled. Whilst it is an offence to handle birds without a licence in the Falklands, there is a long way to go before all who visit are fully aware of this.

Finally the increased risk of fire from rubbish and cigarettes is an ever-present risk in the islands, especially during the dry summer months. A fire in peat soil can burn for many years and have devastating effects on the wildlife of the area.

#### **“CONSERVATION” LEVY**

One of the major issues being addressed currently in the islands is the Conservation Levy. This was first introduced during October 1999, as part of the new Cruise Ship Ordinance. It was payable only by any passenger on a vessel with more than 100 people on board. During the last few months the Government has raised this to cover everybody entering the islands, irrespective of vessel size. This decision, which was met with a lot of hostility from cruise operators, has since been reversed to discourage ships from using Ushaia in Argentina as an alternative to the Falklands.

The new legislation states that any ship visiting another site within the Falklands (apart from Stanley),

and paying a landing fee there (as is the case with most of the island sites), is exempt from the levy, as are all the ships with less than 100 passengers on board.

The major issue of contention about this levy is that, as with many other so-called “environmental” taxes in territories, these funds are not ring-fenced for use on environmental projects. Rather they are simply added to the general coffers. Despite Falkland Islands Government spending similar amounts on environmental projects, passengers are misled into thinking they are directly contributing towards environmental protection and conservation, when in fact this is not the case.

The steps taken recently by Government are in the right direction. However, we maintain a stance that this funding should be ring-fenced for use specifically on the environment – or else the fee simply called a landing or harbour tax. [Later note: the term “Conservation has since been dropped from the name of the Levy.]

#### **CONCLUSIONS**

In conclusion, the Falklands need tourism and it is likely that they will continue to do so. Sustainable livelihoods are desperately needed to keep people living and working in remote areas. To do this, the Falklands need to recognise the importance of good practice. There is no need to try to invent anything new – lessons have already been learnt that we can use for our situation.

Finally, the Falklands must recognise the environmental concerns of the tourism industry and act on them. The raw material of tourism is intrinsic to the Falklands and is what makes them special. This can – and must – be treated in a sustainable way.



# The St Helena situation

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In this paper we describe the tourism situation on St Helena; the constraints on its development at present; how we see it developing, and more importantly how we hope to ensure that this development is sustainable and inflicts the minimum impact on the environment (natural, cultural and built) in the future.

St Helena has much to offer today's tourist. Primarily our tourism is based around the island's heritage and nature, our most marketable features. The island is still relatively unheard of, and its physical isolation stimulates interest and adds an air of intrigue. The island has an equable climate with good year-round weather; there is political stability and a relatively low crime rate; the people are friendly and life is relaxed. Also an important feature is that visitors are able to become a part of life on the island for the duration of their visit. These factors all contribute to making the island a very attractive long-haul destination.

Tourism operates on a small scale; we receive approximately 5000 - 6000 visitors per year, all arriving by sea, as there is no air access to the island and this contributes some £60,000 to general revenue.

St Helena's economy is heavily tied to the level of budgetary aid from the UK Government, which has declined by about a third in real terms since 1990. This decline reflects an increase in revenue raised locally and reduced government expenditures. However the public sector remains the dominant employer accounting for 64% of those in employment. Tourism is seen as one way of supporting private sector development as it has the potential to become a future key economic generator for the island. Tourism is therefore a development priority for the Island and emphasis has been placed upon developing the tourism product. This includes provision of infrastructures for visitor attractions based loosely in most cases on improving and enhancing the environment.

### Access

In developing tourism and gaining sustainable wealth from it we are constrained by limited access. Being served by only one regular ship that links us to the rest of the world, opportunities for tourists to get to St Helena are severely limited. The *RMS St Helena* has 128 berths but most of these are usually occupied by

St Helenians and government personnel. It takes five days to get to St Helena from Cape Town and longer from the UK or other destinations. An eight-day stay on the Island can mean four weeks away from home and thus it is difficult for working people to fit in visits as part of their allocated holiday time. The number of yachts calling at St Helena is increasing, but this group has the lowest spend.

The number of cruise ships calling has also increased in recent years, but here we are at the mercy of the seas. We have had occasions where cruise liners would not land their passengers because of adverse sea conditions. Luckily over the past two years all cruise ships have been able to land passengers and the number of visits per year are increasing.

### How far are we in developing tourism?

Government intervention into the direction that tourism should take began in 1993, when a tourism feasibility study was commissioned. This was followed in 1997 by the development of the Tourism Master Plan: A Strategy for Heritage and Nature based Tourism. These two documents provided a way forward in developing tourism on the island and some progress has been made in recent years.

The Tourism Master Plan identified priority tourism projects and, following its publication, the UNDP agreed funding for the following projects:

- The development of a leisure park in Jamestown, which has enhanced the urban area and provided a facility for outdoor recreation.
- The upgrading of nature trails and circuits, with associated interpretation panels, which offers an opportunity to enjoy and appreciate the natural environment.
- Island-wide directional signage.
- Vocational training programmes for tourism and related skills areas, which included tour guide training.

And plans are awaiting approval for the development of Sandy Bay Beach, the most easily accessible "beach area" on the island. Some provision has also been made for the development of the Environmental Centre.

A government-run Tourist Office provides the co-ordinating and implementing body for island tourism

activities. Other jobs within tourism are primarily in the private sector, although there is still a reluctance to start up new tourism businesses and in some cases a reluctance to embark on projects that will have benefits solely for visitors. Our arrivals continue to be *ad hoc* and the numbers are such that the economic rate of return will not justify the initial financial input.

Funding for tourism projects comes primarily from overseas project funds.

### **The fragility of our prime tourist product**

St Helena's isolated position in the South Atlantic Ocean has given rise to a rich and diverse natural heritage and high levels of endemism. The many groups of settlers throughout history have left us with a unique and captivating cultural and built heritage and an appealing tourism product.

However much of our natural, cultural and built heritage, the very foundations of our tourism product, has been eroded and in some cases is in danger of disappearing for ever. There is a pressing need to develop projects that will help to preserve and conserve the relics of our past.

Much of our natural heritage was destroyed by man's activities in the seventeenth and eighteenth centuries. Today many of our endemic species are endangered and several others remain on the brink of extinction. Some rehabilitation programmes are in progress but there is an urgent need for resources both financial and human to continue and expand these. Likewise, many of our historical heritage sites are in states of disrepair and ruin. Whilst it is generally recognised that these features need to be preserved and conserved there are no financial resources available. There is the danger that this can have serious implications on the tourism product. However, the development of tourism itself could create the financial opportunities for restoration and conservation work. But here we are in a *Catch-22* situation, we need to preserve and conserve our tourism product before tourism takes off and before we have the financial resources to do it.

While there is very little real economic benefit derived from tourism, there is little scope for arguing that money generated from tourism should be put into environmental conservation.

When funding is available from tourism sources for conservation projects, consideration of the main visitor group must be taken. Most of our visitors are of post-retirement age and therefore all development projects pertaining to tourism must take this into account. Environmentally based projects will not find favour from tourism funding if they promote or aim to

protect an area that is not easily accessible to this visitor group.

That said, in promoting the island's heritage and nature, some of the best sites are off the beaten track, and ideal for a more active user group. Such sites can be made accessible and more user friendly but require finance, again with no short-term return. The limits on access do not enable us fully to capture this market at this time. The worst-case scenario is that, when we can get such a visitor group to the island, there will be nothing for them to see.

### **What Happens Next**

It is generally recognised that, in order to improve the economic prosperity of the island, access will have to be upgraded. Our government has commissioned a comparative study of air and sea access. In addition to this two private companies have recently expressed an interest in providing an airport and air service to St Helena. Whichever form is chosen, it is perhaps safe to say that now we are looking at when – and not what if – access is improved.

For the present, the development of tourism continues to be *ad hoc* and is reactive rather than proactive. With improved access we expect an increase in visitor numbers, and a more cohesive approach to planning is needed. Currently visitor numbers are not seen as large enough to cause any significant impact to the environment. As such, no carrying capacity studies have been done, but this has been planned for in the Island's three-year Country Policy Plan. In light of pending developments, it is realised that such a study has become more of a priority. Change is coming and we on St Helena must be ready to ensure that minimal negative damage is done to the environment. We are coming into tourism later than other countries around the world and, as such, can learn from the mistakes made and hopefully be able to plan appropriately to put safeguards in place before we receive an influx of visitors.

### **Educating Islanders on this**

However despite all good intentions it is recognised that economic pressures still have potential to outweigh environmental concerns. The overall education of islanders on environmental issues is improving, but we still have a long way to go. Through building upon this and promoting to islanders the idea that St Helena will not be negatively changed or spoilt by tourism development if it is managed correctly and sustainably, we can establish the appropriate policy and practices now before access is improved.

As an isolated island all of our resources are finite, our environment fragile. We need to establish limits on how many people we can accept per time period, and how far we can go in providing developments without depleting our natural resources. Such findings must be made clear to all potential developers from the onset.

As environmentalists we recognise that tourism can give optimal benefits to our conservation work. Our priority therefore is to ensure that the development of tourism is sustainable and that money generated can go some way to helping conservation work.

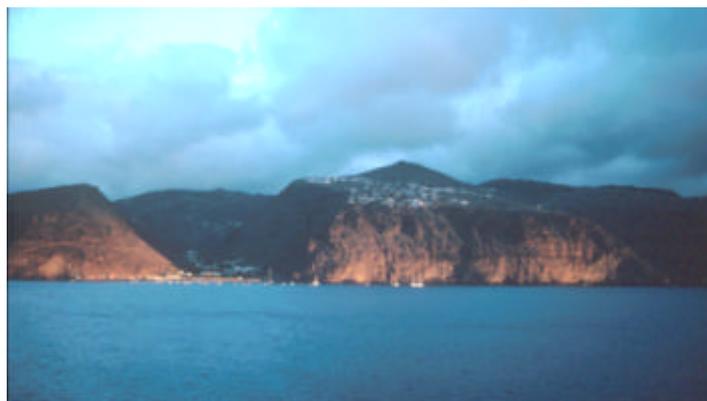
For the short-term there are ways that we can get money directly from tourists for use in conservation – by ensuring that we receive optimal benefits from tourism visits, through encouraging visitors to visit key conservation sites and promoting the work done there. One way of doing this is by encouraging them to participate in projects, through which we receive their direct support. For example many of our recent visitors gave donations and or bought trees for the Millennium Gumwood Forest Project. Increasingly today, we have found that visitors are very

environmentally conscious and have appreciated our local efforts in conservation issues and given their support.

At the local level, environmental projects are expensive, but the use of local expertise can be harnessed to help conserve some aspects of our environmental and cultural heritage. Through local volunteer action by NGOs and others, direct practical conservation work can be done. Again education and promotion are necessary to gear up people to do such work. A lack of pride in our environmental heritage has led to a general apathy, but through visitors taking an interest, islanders are beginning to feel the importance of preserving and conserving the environment.

### **To conclude**

On St Helena, tourism is just beginning to develop. We have the opportunity now to ensure that the future development of this sector is sustainable. In using the rest of the world as an example, we can actively promote among islanders the necessity of this.



# Sustainable Tourism - A potential role for UNEP-WCMC

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### A brief introduction to UNEP-WCMC and my role

UNEP-WCMC has mainly been a scientific organisation, focusing on collecting, managing and disseminating biodiversity information. In July of this year (2000), we officially became a part of the United Nations Environment Programme (UNEP). In doing so, we have broadened our horizons by adopting the Global Environment Outlook (GEO) 2000 recommendations for future action. These include the following:

1. Filling the knowledge gap
2. Tackling root causes
3. Taking an integrated approach
4. Mobilizing action

With a background in the pure and social sciences, my role has been to look at the links between our biodiversity data-sets and economic and social issues. My reasoning? I believe that biodiversity statistics do not show anything on their own. In order to paint a more realistic picture of the human impact on biodiversity loss and to even begin addressing the above future actions, we must link our data-sets with human development.

### So, why take on tourism?

In the first instance, tourism has an impact on the social, economic and environment arenas. More importantly, tourism could provide a model for understanding these links and also for starting to comprehend what is meant by sustainable development. More specifically for UNEP-WCMC, it would allow us to begin to look at biodiversity in a new way – not as a luxury item, but as something we all need to survive no matter where it is. In fact, it could show us how humans are a part of biodiversity.

### How UNEP-WCMC got started

Just over a year ago, the Head of Consumer Affairs, Keith Richards, at the Association of British Travel Agents (ABTA) came to see us, because he had looked at the following statistics:  
Visits by UK residents abroad:

- 52.8 million UK resident visits abroad to all destinations
- of which around 33 million are leisure/holidays (predictions for 2000 suggest an increase in leisure/holiday travel to 34 million)
- of these leisure/holiday visits, 50% are on pre-arranged packaged tours and 50% are independent journeys
- Over the five-year period 1994-1999 spending on leisure/holidays abroad increased by 30% to £13 billion. And it is expected to grow by another 24% in the next five years

Combined with these facts:

- Over 80% of holidaymakers would be prepared to pay extra for their holidays if they could be guaranteed that the resort and hotel were environmentally sound. (ABTA Mori survey – 1992)
- An increasing number of tourists put issues such as scenery, culture and environment among the prime criteria for choosing their destination. (European Commission study – 1998)
- While the UK tourist is still keen to relax and switch off on holiday, this is not at the expense of local people or their environment. Many holidaymakers would opt for a travel company which offered positive guarantees, with over half willing to pay more for their holiday. The same report showed that over 60% of tourists want more information about how they can support the local economy and environment through responsible and positive behaviour. (Tearfund: Tourism - an ethical issue - January 2000)

After reflecting on this information, Keith decided it was time to develop awareness of sustainable tourism within their tourism industry membership. In order to do so, he felt a three year programme of research, communication and action would be best to convince this industry of the benefits of promoting sustainable tourism. However, within his section, it was agreed that the research must come from a respectable neutral and objective source. As UNEP-WCMC had already produced reports and interactive mapping systems, which highlight the importance of protecting biodiversity for different industry sectors, ABTA chose to work with us.

**What does this mean for you?**

Now that we are a part of the UNEP family, I have been liaising with the UNEP office in Paris that is handling the sustainable tourism programme leading up to the next Earth Summit and the International Year of Ecotourism, both in 2002. The main co-ordinator is currently developing their strategy and therefore, we would like to invite you to input into this agenda. The UK Overseas Territories have seen the good, the bad and the ugly impacts of tourism. We believe that your insight and experience would be of utmost value towards contributing to a realistic and productive strategy.

# The use of Environment Protection Funds in the Overseas Territories: the Cayman Environment Fund: Original objectives

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Everywhere land is an emotive subject. People go to court with disputes over perhaps a metre or two of land. And in the Overseas Territories, most of whom until very recently knew little but poverty, land was the people's wealth. It is not surprising therefore that landowners become very agitated and critical of Government if they gain the impression that their land may be taken away from them or compulsorily purchased at less than the going rate, or that Government is going to restrict the use to which they may put their land.

It is therefore of the utmost importance that when privately owned land is needed for conservation purposes - so that an area can be created as a nature reserve or to preserve a particularly endangered species - Governments have funds available to purchase the property at the going commercial rate.

In the Overseas Territories where tourism is the main, or a major, source of revenue, a good way of raising funds for purchasing land for conservation is to impose a special tax on tourists specifically for this purpose. Tourists are not going to complain if they are charged two or three dollars knowing that the money is to be used to purchase land for conservation. After all, most tourists visit the Overseas Territories to enjoy the environment – using the word in its widest sense: the beauties of the underwater world, to walk in wilderness areas, go fishing or bird watching or simply to laze on a pristine beach.

What is important is that the money raised by such a tax is used, and seen to be used, for the purpose stated. The funds must be ring-fenced and managed by independent trustees who are responsible for ensuring that it is indeed spent correctly – to purchase land from private landowners which needs to be preserved and undeveloped for the long term benefit of the environment and for inhabitants, both present and future.

Unfortunately not all Overseas Territories manage this Environment Tax or Environmental Protection Tax – whatever it is called – correctly.

When I was Governor of the Cayman Islands there was much talk of creating national parks and nature reserves. We managed to acquire sufficient land around the largest Red-footed Booby colony in the western hemisphere, on Little Cayman, to create the Islands' first Ramsar site. And other small but important sites were donated or purchased using funds from a variety of sources. But the area we felt it was critically important to preserve was the Central Mangrove Wetland on Grand Cayman. This wetland is the Island's ecological heart. It is of vital importance as a spawning ground for lobsters, conch and many species of fish which are of economic importance; and as a source of moisture to attract rainfall which has decreased noticeably elsewhere on the Island where mangrove has been filled and marshland drained. With building land at a premium, developers have for some time had their eye on this area, and there is concern among Caymanian environmentalists that it will be drained and separated into lots.

With all the talk about the need to acquire this land for conservation purposes, landowners became nervous that Government intended to acquire the land at a price below the going rate. So we conceived the idea of levying an environmental tax on tourists which would be used specifically to purchase land for conservation, in particular the Central Mangrove Wetland on Grand Cayman which would be designated a Ramsar site. I hasten to say that these were informal discussions and not in Executive Council as, had they been in Executive Council it would be wrong of me to refer to them here. In conversations with landowners, I made it clear that any land purchased would be at the going commercial rate. They were content with this.

Rather surprisingly it took more than two years for the Environmental Protection Fund to become law which it did in 1997, two years after I left. Since then, of the approximately US\$8 million which has been collected, not a cent has been spent to purchase land. The money raised by this tax on tourists, who believe it is used to protect the environment, has gone into general revenue to help balance the budget.

Unfortunately there is no representative from the Cayman Island Government here to explain to us how they intend to manage this Fund in future and tell us when it will be used for the purpose it was levied; and when it is intended to designate the Central Mangrove Wetland a Ramsar site to ensure its proper protection for the benefit of the people of the Cayman Islands

both today and for generations to come. I hope, however, that as a result of this conference the Cayman Islands Government will take the necessary action to ensure that in future the Environmental Protection Fund is removed from direct Government control and used for the purpose intended as announced when the Fund was established.



# Statement from Cayman Islands Department of Environment on the current status of the Cayman Environment Fund

In 1997 it was proposed that an environmental protection fee be collected from all departing air and cruise ship passengers. During the 1997 Budget Session of the Legislative Assembly an Environmental Protection Fund was established by Government Motion 14/97 which states:

"AND WHEREAS it is necessary to establish an environment protection fund to ensure that the fees collected are kept separate from general revenue of the Islands and are expended to protect and preserve the environment of the Islands

#### BE IT NOW RESOLVED:

1. that an environmental protection fund be established in accordance with the powers contained in Section 30 of the Public Finance and Audit Law (1997 Revision);
2. that all environmental protection fees collected under section 7 of the Miscellaneous Provisions (Fees and Duties) (Temporary) Law, 1997 shall be credited to the fund;
3. that the Legislative Assembly or the Finance Committee may make additional appropriations to the fund from the general revenues, borrowings or other funds of Government;
4. that the disbursements from the fund may only be made in accordance with resolutions made by Finance Committee, and under the Authority of the Financial Secretary, for the purpose of defraying expenditure incurred in the protection and preserving the environment of the Islands;
5. that if at the close of account for any financial year it is found that expenditure charged to the fund is less than the sum appropriated to the fund, the surplus shall be held in the fund for disbursement in future years; and
6. that the Accountant General shall prepare a statement of accounts for this fund as part of the Government's annual financial statements."

The collection of \$2.00 per air passenger began on April 22<sup>nd</sup> 1997 but the collection of cruise ship fees was deferred until January 1<sup>st</sup> 1998. After discussion with the cruise lines the fee was reduced to \$1.60 for seasonal ships and \$0.80 for year-round ships effective 1<sup>st</sup> October 1997 under the condition that the fee would be increased to \$3.20 and \$1.60 respectively on 1<sup>st</sup> October 1998. The amending law was passed in March 1998.

Currently all fees collected are placed in a separate Treasury bank account and Finance Committee – a committee of all elected representatives with the Financial Secretary as Chairman, approves disbursement of the funds.

The Department of Environment continues to support the concept of a Conservation Trust Fund established by law that would be managed by a Board of Trustees composed of public and private sector representatives. Such a Fund would function as a complement to, and not a replacement for, government's funding of its own conservation agencies.

# The Turks and Caicos Conservation Fund: original objectives

## Ethlyn Gibbs-Williams

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It was initially envisaged that the Turks and Caicos National Trust, the environmental non-governmental organisation, would be the agency responsible for the management of the protected areas system. Thus what we now refer to as the Conservation Fund was first proposed to be the Conservation Trust Fund.

This mechanism to establish a special environmental fund started, as our records show, in 1995. The first draft for the Conservation Trust Fund Bill, Section (7) made reference to the Conservation levy of \$5.00 to be paid in by passengers arriving by aircraft.

In the process of establishing this special fund, there have been many drafts and changes. Some of these we (the Trust that is) have resolved to live with, while others we feel are ludicrous and could not be endorsed by the organisation. However I will hasten to add that the Trust remains committed to improving and maintaining an open and professional relation with the local government. We are of the opinion that there should be more dialogue between Government Ministries, Departments and the Trust as the organisation plays a vital role in enhancing the tourism product and managing the natural resources.

The National Trust Ordinance of 1992, Section 17 confers upon it the responsibility to advise the Governor in Council regarding the declaration of a national park, nature reserve, sanctuary or area of historical interest, the making of regulations under Section (8) of the National Parks Ordinance, the granting of applications for development permission referred to the Governor under Section 42 (2)(b) of the Physical Planning Ordinance.

Although there were changes made as aforementioned to the Conservation Fund legislation which affect the management thereof, and subsequently the in-depth involvement of the Trust, the role of the organisation remains as is in safeguarding the natural, historical and cultural heritage of the Turks and Caicos Islands.

The Coastal Resources Management Project, of which the Conservation Fund is a component, was launched in 1998.

By way of the Appropriation Ordinance of 1998, the Government made provision to establish a special

fund known as the Conservation Fund to be managed by the Department of Environment and Coastal Resources.

To create the revenue for this environmental fund, the Government proposed the increase of the accommodation tax payable under the Hotel Accommodation Ordinance 1985 from eight percent to nine percent.

The Legislative Council resolved that an amount equal to one-ninth of the revenue raise by the imposition of the Hotel Accommodation Tax be hypothecated for the Conservation Fund. This came into effect in November 1998.

Management of the Conservation Fund lies with the Coastal Resources Management Project within the Ministry of Natural Resources. As of now, monies from the Fund are to sustain the operations of the CRMP and later the National Parks Service which is budgeted as approximately 70%, Micro Projects 20% and 10% set aside as reserve.

The National Trust is not involved in the management of the Fund. The organisation currently receives \$30,000 per annum as core support from the Conservation Fund; this constitutes 16% of operating costs. The Trust is also eligible to apply for project funds through the Micro Projects Scheme when this becomes operational.

In concluding I will admit that the entire process, implementation of the CRMP, the Conservation Fund has not been easy. However, although there are matters yet unresolved, at present the situation is much better and the outlook seems positive.

# Performance of the Turks and Caicos Islands Conservation Fund

**Delton Jones**

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## Introduction

I am very pleased to be with you today to address this conference on the performance of the Turks and Caicos Islands Conservation Fund. In my presentation, I would speak from the perspective of the Ministry of Finance; provide some insight into the decision making process that led to the establishment of the Conservation Fund; and talk about the policies and procedures that have been put in place to ensure that application and administration of the Fund would lead to realizing the purpose of the Fund. This approach is necessary since the TCI Conservation Fund is only a little over 1 year old, and expenditure has been permissible from it since October 1999.

## Background

The TCI Conservation Fund is set up as part of the policy conditionalities of the Coastal Resources Management Project, which is being funded by the UK Government for the Islands as part of the tri-annual bilateral Aid Program between the TCIG and HMG. This conditionality was necessary as the UK was concerned that the Coastal Resource Management Project would not be sustainable without a guaranteed source of income for the future. HMG is committing in excess of \$1.8 million to this project. The main interventions of the project that need to be sustainable include, *inter alia*:

- Implementation of management plans of key national parks in the TCI by a newly created National Parks Service;
- operation and management of national parks programme;
- support for the Turks and Caicos National Trust
- a microprojects scheme, that would provide funding for conservation and other environmental projects to be planned and implemented by NGOs, CBOs and individuals; and
- An environmental awareness program, to be implemented under a MOU between TCIG and the National Trust.

The UK officials were probably justifiably sceptical about assurances from local officials that Government would allocate funds to ensure the future of the project. After all, the history of project financing between TCIG and HMG was filled with projects whose continuity beyond the grant period was

questionable. The same is true for the environmental sector projects in the TCI, where research suggests that effort to promote revenue generation schemes for the management of protected areas in the TCI dates back to the mid 1980s, with other notable attempts being made in 1991 (when the local dive industry was successful in convincing the Minister responsible for the environment not to implement a revenue generation tariff proposal); and in 1995 when a Business Plan for the National Protected Areas System in the TCI was formulated and remained unimplemented.

Governments tend to feel that it is their prerogative to raise revenue and plan expenditure for the national good. Therefore, the ideal of guaranteeing future income for environmental conservation did not come easy in the TCI, where resources are scarce. This was in spite of the fact that Government officials are generally aware of the fragility of the TCI environment, and the importance of its protection and preservation for tourism development in the country. We had a dilemma on hand – we wanted UK funding for the Coastal Resources Management Project, but we were concerned that the idea of essentially ‘ring-fencing’ income in the Islands’ consolidated fund, as was being proposed, would set bad precedent – which we feared would be requested by other sectors.

Our approach was therefore to seek to examine examples of guaranteed funding for programs in the Caribbean. We looked at models from Belize, financing of the BVI National Parks Trust, and models from the Dutch Caribbean, for answers. The Government was also justifiably concerned about the implications of increasing taxation for environmental conservation purposes. There was the legitimate fear that it would undermine the competitiveness of the Islands’ tourism industry by increasing costs relative to neighbouring countries. There was also the concern to shift the tax incidence away from the local population. There was the scepticism in the community – especially the Hoteliers – that government could not be trusted.

Because of the above factors, the decision making process leading to the funding decision for the TCI conservation was protracted, lasting several years (after the Coastal Resources Management Project was proposed in 1995). I was personally involved in the

process for about three years before the decision to guarantee income for the TCI Conservation Fund – by hypothecating within the Budget income from a 1% increase in Accommodation Tax – was agreed by the Legislature in 1998, as a special Fund under the Appropriation Ordinance. That is: Accommodations Tax (which is service tax paid at hotels and larger restaurants) was increased from 8% to 9%, with income from the 1% increase being hypothecated in the budget for transfer from the Consolidated Fund to the Conservation Fund. The Conservation Fund was created specifically (by law) to receive this income and to pay out monies for specific purposes set out in the Project Memorandum for the Coastal Resources Management Project. Accommodation Tax accounts for approximately 10% of central Government recurrent revenue. As such annual contributions to the Conservation Fund would be just under 1% of national recurrent revenue, which is major commitment to conservation by a Government.

The decision to hypothecate income from a 1% increase in Accommodations Tax was facilitated by the following favourable factors: policy makers became convinced that tourists would feel good coming to a destination where they knew they were contributing towards the protection of the environment (in fact this was something that is to be promoted); and Accommodations Tax unlike the next major revenue earner from the tourism sector (Airport Departure Tax) is only paid at hotels and larger restaurants (which are not generally frequented by the local population), which satisfied the criteria of shifting the tax incidence away from the local population.

There were consultations with Hoteliers and others that would be affected by the increase in Accommodations Tax.

If one looks at the TCI annual appropriation, one would see several items called funds. However, under local legislation (which is now being revised under a financial reform project) the Conservation Fund is the only fund that is not voluntary in nature. For example: for years the TCI have had Disaster and Contingency Funds, but contributions are made to funds only when there is surplus income

### **Application of the Conservation Fund**

The Project Memorandum (PM) from the CRMP specified policies that were required for the Fund: including:

- Stated Objectives as follows “*to encourage and promote for the benefit and enjoyment of present and future generation of the peoples of the TCI the provision, protection, conservation,*

*enhancement and sustainable use of the natural and historic resources of the TCI.”*

- Specific applications to sustain the project interventions that were initially funded by DFID, as stated above
- Specific Management arrangements for budget preparation (including a requirement for project stakeholders to be consulted through a NPEAC that was specially created) and disbursements were stated.
- Importantly, the Government was required to commit to continue to fund its Department that was responsible for general environment and fisheries management from general revenue; and to ensure that any surplus annual income to Conservation Fund remained available in the Fund for future applications.

These requirements were necessary to ensure accountability and transparency in the management of the Fund. Copies of these requirements are available.

Based on these the recommendations in the PM, the Ministry of Finance developed specific Management Procedures for the Fund, which were also consistent with local Financial Ordinance and Regulations and administrative arrangements in the TCI Public sector. These procedures have been approved by the Executive Council of the TCI, and meet all the requirements of the PM and local Financial Instructions. We believe that would ensure accountability and transparency for the Fund. Copies of the Procedures are available.

### **Effectiveness of the Conservation Fund**

As stated previously, the Turks and Caicos Islands Conservation Fund is little under two years old. Income to the Fund is estimated at about \$1.1 million dollars, while expenditure from the Fund (which was allowed only after 1 year of the Fund being established) is about \$300,000. The TCI has a three-year rolling budget system. Income projections for the Fund over the 2000 to 2003 period are currently estimated at about \$2.5 million. It is far too early to judge the effectiveness of the Fund. However, management policies and procedures could be used to make inferences for the future.

Some relevant observation to note include:

- The government has ensured that income from the 1% increase in the Accommodation Tax is reflected in the Budget, as is the hypothecated expenditure (the national budget is a public document). This

commitment removes public scepticism, and holds the government accountable.

➤ Government has not sought to influence activities of the Fund, which has been left to the committee recommended in the project memorandum;

➤ The Project Steering Committee is aware that tourism is potentially a fickle industry. This could threaten income to Fund, which is directly dependent on visitor arrivals to the country. Therefore it has recommended that a portion of annual income to the Fund should be set aside as 'rainy day' reserves;

➤ Expenditure from the Fund might be biased towards the National Parks Service early-on as it is established and then it might become stable. The Project Steering Committee is keen that all projected expenditure for the National Parks Service is justified in terms of technical and administrative feasibility and cost-effectiveness, to ensure that funding is available for microprojects and other community based activities related to conservation and sustainable use of the natural environment.

➤ The procedures put in place by the Ministry of Finance for the administration of the Fund ensures timely payments from the Fund for approved activities and projects. (Clear procedures to approve activities and projects have been put in place, which assures transparency and builds public confidence in the

administration of the Fund and amongst key stakeholders).

If the above features hold true, I would be confident in the future effectiveness of the Conservation Fund.

### **Advice**

In closing, I would note that establishment of the TCI Conservation Fund was not an easy task. In fact, it was a very difficult undertaking, and there are some issues that still need to be resolved.

Finally, I would suggest the following to other countries that may wish to set up Conservation Funds:

- Consult widely (both domestically and internationally) for models to follow.
- Adapt best international practices to local circumstances.
- Consult with all stakeholders, document their concerns and try to address reasonable ones.
- Try to understand the role of Ministries of Finance, especially where resources are scarce.
- Establish clear policies and administrative procedures early on in the process (write them down).