

# Extractive Industries and the financial sustainability of protected areas in Bolivia

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## Case Studies

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### 1. An overview of Bolivia's biodiversity

Bolivia is one of the most biologically and culturally diverse countries of the world maintaining vast, intact humid and dry forest ecosystems with more than 20,000 species of plants (Ibisch & Beck 2003), 45% of all South American bird species (Herzog 2003), 356 species of mammals (Salazar & Emmons 2003) and more than 200 species of amphibians (Reichle 2003). More than 50% of the country is characterized by ecosystems with good or excellent conservation status.

Conservation efforts have evolved rapidly from the first species-protection-laws in the nineteenth century, to the creation of the first national park in the mid-twentieth century, to the implementation of the UN Convention on Biological Diversity (CBD), the formulation of a national biodiversity strategy and action plan, and a current national protected-area-coverage of 16% (Ibisch 2003).

There are, however, severe conflicts with accelerating economic growth and development. Threats in the most sensitive eco-regions (e.g. population shifts from the Andes to the forest lowlands, increasing agricultural activities, growing activities of the oil and gas sector, deforestation, climate change) represent important conservation challenges (Ibisch, P. L. 2005; Ibisch, P. L. & G. Mérida 2004).

The most booming sector is the hydrocarbon industry based on the country's large gas reservoirs. Sev-

eral pipelines have been built to export the gas, cutting across intact forest ecosystems without road access and therefore opening migration areas.

The management of the Bolivian System of Protected Areas (SNAP) at its different administrative levels is strategically and politically oriented through its Master Plan (SERNAP 2013). It is sustained through the mandate under the Political Constitution of the Plurinational State of Bolivia which recognizes that protected areas are a common good and are part of the country's natural and cultural heritage. Importantly, they accomplish environmental, cultural, social and economic functions for sustainable development (CPE 2009, Art. 385).

The core objective of the Bolivian System of Protected Areas is to maintain representative samples of the bio-geographic provinces. This is done through the implementation of policies, strategies, plans, programs and regulations in order to generate sustainable processes within the protected areas. These processes need to conserve biodiversity and integrate the participation of local populations for the benefit of present and future generations (D.S. 24781, Art. 13). The mission of the Bolivian Service for Protected Areas (SERNAP) is to coordinate the functioning of the Bolivian System of Protected Areas. It guarantees the integral management of the national protected areas in order to conserve biodiversity (D.S. 25158, Art. 3).



Of the 12 ecoregions and 23 sub-ecoregions identified for Bolivia, 11 ecoregions and 19 sub-ecoregions are covered by the 22 national protected areas included in the Bolivian System of Protected Areas. Considering the subnational protected areas as well, 12 ecoregions and 22 sub-ecoregions are covered under the Bolivian System of Protected Areas (Ibisch, P. L. & G. Mérida 2004).

## 2. Overview of the partners

### 2.1 FUNDESNAP

FUNDESNAP (the Foundation for the Development of the National System of Protected Areas of Bolivia) is the Bolivian environmental fund. It was established in 2000 to support the National Protected Area System. This includes national, departmental, municipal, and community protected areas, their buffer zones, and other critical ecosystems including corridors and particular landscapes related with the need of special management (e.g., indigenous territories, and climate change mitigation and adaptation).

The fund was originally set up with funding from the Governments of Switzerland and the UK and from the Global Environment Facility (GEF) funds. Since its establishment, it has diversified this financial basis with new funding sources including debt for nature swap and compensation funds. As well as new financial mechanisms, it has also developed extensive experience in capacity building for integral protected area management. This includes buffer zone management because of the requirement that all of Bolivian society has to be involved in FUNDESNAP's processes.

FUNDESNAP's mission is to contribute to the development and sustainability of the National System of Protected Areas by raising, channelling, and managing financial and non-financial resources for the implementation of programs, projects and activities, integrating the different sectors of Bolivian society.

In order to accomplish this mission, the Fund develop activities linked to all kinds of stakeholders inside and outside protected areas, related with the SNAP. There are four major lines of action:

1. Financial management and engineering;
2. Fundraising and sustainability;
3. Capacity building, knowledge management and setup of cooperation networks; and
4. Setting up and consolidating conservation and sustainable development processes in protected areas and their influence areas.



More specifically, FUNDESNAF's activities include the following:

- Raising and channelling financial and non-financial resources for its investment in operations and projects in national, regional or local protected areas within the framework of public policies for the integrated management of the National System of Protected Areas, and structuring financial systems and mechanisms to support the sustainability of these processes.
- Managing FUNDESNAF and third parties' resources according to the terms and conditions set in the respective agreements, as well as the establishment of trust funds with authorized entities and other legal structures that allow for an efficient and effective achievement of its objectives.
- Strengthening the management capacity of national, departmental and municipal protected areas and special jurisdictions prescribed by law, for the optimum accomplishment of the objectives of the National System of Protected Areas.
- Signing cooperation agreements for sub-grants and co-funding with individuals or organizations, national or international, private or public, whether these entities are centralized or decentralized, for carrying out activities related to the accomplishment of the objectives pursued by the Foundation and maintaining the independence of the Foundation.
- Performing a diversity of technical, economic, financial and legal activities that enable the development of the SNAP and its components, the Foundation's objectives, as well as programs and projects in the main field of its expertise and experience.
- Participate directly or indirectly with or within other public, private, profit or non-profit organizations, providing technical, legal or financial advisory services to third parties.
- Capacity building for key stakeholders in the structuring of groundwork for the sustainability of the diverse processes supported by the Foundation.
- Promotion and support of cooperation networks to foment shared responsibilities among stakeholders for building sustainability of the diverse processes.

## 2.2 Gas Oriente Boliviano (GOB)

Gas Oriente Boliviano (GOB) owns and operates a part of the gas pipeline to Cuiabá that transports natural gas through country to the border with Brazil. The corresponding Río San Miguel–San Matías tube system con-

nects the San José de Chiquitos Station (at approximately 100 km from the San José de Chiquitos Municipality) to San Matías on the border with Brazil, where it connects to the Gas Occidente gas pipeline that transports gas to the EPE energy plant in Cuiabá, Mato Grosso, Brazil.

The construction of the gas pipeline started in 1999 and was completed by the end of the following year. Commercial operations began in May 2002. GOB claims that all project aspects including construction, operations and maintenance have met the regulations and standards in place in Bolivia. It has generated numerous documents and agreements indicating that each phase of the project was under continuous supervision, inspection and evaluations (GOB s/d). GOB also claims their important commitment to corporate responsibility and respect for the regions' people and the environment.

### Efforts for the environment and the people

The company's aim is to ensure that their presence in the area produces sustainable improvements in the neighbouring communities and that the gas pipeline generates the least possible impact on the sensitive ecosystems.

In addition, the company claims to have helped the indigenous people to reach considerable progress in obtaining land titling for the communal lands and to have supported the training of human resources from the local communities.

### Certifications

In early 2006, GOB achieved the Certification for BVQI of its Integrated Management System under the ISO 9001, ISO 14001 and OSHAS 18001 standards, for the transportation of natural gas (GOB 2009). At present, the company is undergoing a re-certification process.

As part of the Integrated Cuiabá Project that includes GOB, Pantanal Energía (EPE) y Gas Occidente Mato Grosso (GOM), since August 2006 implements a Code of Conduct that establishes the rules for interaction with different stakeholders and institutions in the region (GOB s/d).

### Gas pipeline

The gas pipeline is located at 1 meter below the surface in 95% of its 362 km extension and deeper where roads, rails or rivers cross the area. Superficial structures only exist at measuring units and block valves. The tubes have a diameter of 18 inches, made of API 5LX-65 steel with anticorrosive epoxy coating (FBE) and a cathodic protection system, with a capacity of 4 million cubic meters/ day without intermediate compression plants and an

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allowed maximum pressure of 1440 psi. Under compression, the potential capacity could reach 8 million cubic meters/day. The gas pipeline has 16 main valves with a diameter of 18 inches and 3 lateral valves with a diameter of 4 inches. Twelve automatic actuators are installed in the main valves to cut down the gas flow in case of irregular pressure that could indicate a possible gas leak.

#### **Other installations**

The GOB infrastructure also includes:

- The Supervision and Control Centre in Santa Cruz de la Sierra that uses the SCADA Supervisory Control and Data Acquisition System, telemetry and others and allow for permanent real time control; and
- Two measuring units, a gas reception unit at the Chiquitos station and a gas delivery unit at the San Matías station on the Bolivian-Brazilian border. Both units rely on satellite measuring and communication systems through which operational information is sent to Supervision and Control Centre in Santa Cruz de la Sierra.

### **3. FUNDESNAP’s initiative with GOB**

At the end of the 1990’s, Bolivia had entered to a new era with regard to hydrocarbon extractive activities. All prospection and extractive activities were somehow directly related to protected areas. Even if environmental regulations were developed in order to preserve natural heritage, there were no concepts and methodologies in place to link extractive activities in protected areas with compensation or mitigation policies.

The transportation of natural gas from Bolivia to Brazil was required, but it crossed through important critical ecosystems in the highly biodiverse *Chiquitano* region in the south eastern part of Bolivia. Important places such as Tucabaca (regional) and San Matías (national) had recently been established as protected areas and were among the main critical landscapes related to the design of the San Matías-Cuiabá gas pipeline.

Initially, no management of these protected areas was expected in the short term, although SERNAP had identified the need to begin the management of San Matías protected area soon. Even if other hydrocarbon-related Bolivian public agencies were linked to this extractive project and the approval of its construction, legal environmental authorization from SERNAP was required. At this point, the first and most important negotiation between SERNAP, the Vice Ministry of the Environment, and GOB or Eastern Bolivian Gas Company began.

The Vice Ministry of the Environment and GOB were not receptive to the idea to finance San Matías protected area management, even if SERNAP, as public authority for protected areas who was also part of the government sector, was trying to demonstrate the need and responsibility of the company to contribute to the mitigation of environmental impacts along the pipeline to be constructed in one of the biggest protected areas in Bolivia.

After demonstrating the possible impacts of the gas pipeline, the need to set up the management of the San Matías protected area (which was not planned to be funded by the SERNAP yet) to be able to adequately monitor and control the gas pipeline construction and operations, was clearly sustained. The company, under advice from a Bolivian consultant, did not accept to finance all costs regarding San Matías protected area management, but agreed to cover the costs related to the protection and monitoring of the direct influence area of the gas pipeline.

This included the right-of-way of 100 meters along the whole extension of the gas pipeline within the limits of the San Matías Natural Area of Integrated Management. So SERNAP did a quick but technically and financially sustained plan to set up the management of San Matías protected area and also to support its sustainability in time. A two year initial budget of \$350,000 and a Trust Fund of \$400,000 were proposed to the company as a condition for the approval of the beginning of the gas pipeline construction.<sup>1</sup>

SERNAP based its proposal on SNAP's experience and projections of the establishment of diverse trust funds in the future that would provide the basis of SNAP's financial sustainability. Part of this strategy included the establishment of FUNDESAP and the administration of diverse trust funds.

Building on specific experience with the Integration of the GOB Trust Fund for San Matías protected area as well as with the administration of a portfolio of 8 accounts within the SNAP Trust Fund, FUNDESAP seeks to foment the establishment of new trust funds/ accounts to be integrated into the SNAP Trust Fund in support of the National System of Protected Areas.

Then, in July 1999, both, the biannual budget to start the management of San Matías protected area, and an endowment trust fund were established through the agreement between SERNAP and GOB in response to negotiations about the San Matías–Cuiabá gas pipeline. A Steering Committee (*Consejo de Cuenta*) was established with the participation of academic institutions, environmental NGOs, SERNAP and FUNDESAP. This committee is also part of a sustainability strategy envisioned by SERNAP and the company to guarantee transparency and governance of the protected area.

In 2002, the administration of this trust fund was transferred to FUNDESAP as part of the strategy to give San Matías a basis for its financial sustainability. This endowment fund was initially invested in a Bolivian Bank. By the end of 2005, the Steering Committee for this trust fund (including Noel Kempff National Museum of Natural History, the director of the San Matías protected area, SERNAP, FUNDESAP and GOB) decided, based on a proposal by FUNDESAP, to integrate the San Matías endowment as an individual account into the SNAP Trust Fund at international level, administered by FUNDESAP with its own international financial advisor. Since 2002, the San Matías endowment fund supports 20% of basic financial needs of San Matías, considering that it was supposed to support 5% of the surface of San Matías protected area. Today, FUNDESAP and SERNAP are searching to increase the San Matías endowment.

The initial budget was supposed to finance 8 park guards, initial equipment for protection and control and basic training for these personnel. A guard post was also included, as well as general operational costs. The endowment was supposed to partially support the overall budget of San Matías protected area.

### 3.1 The project location

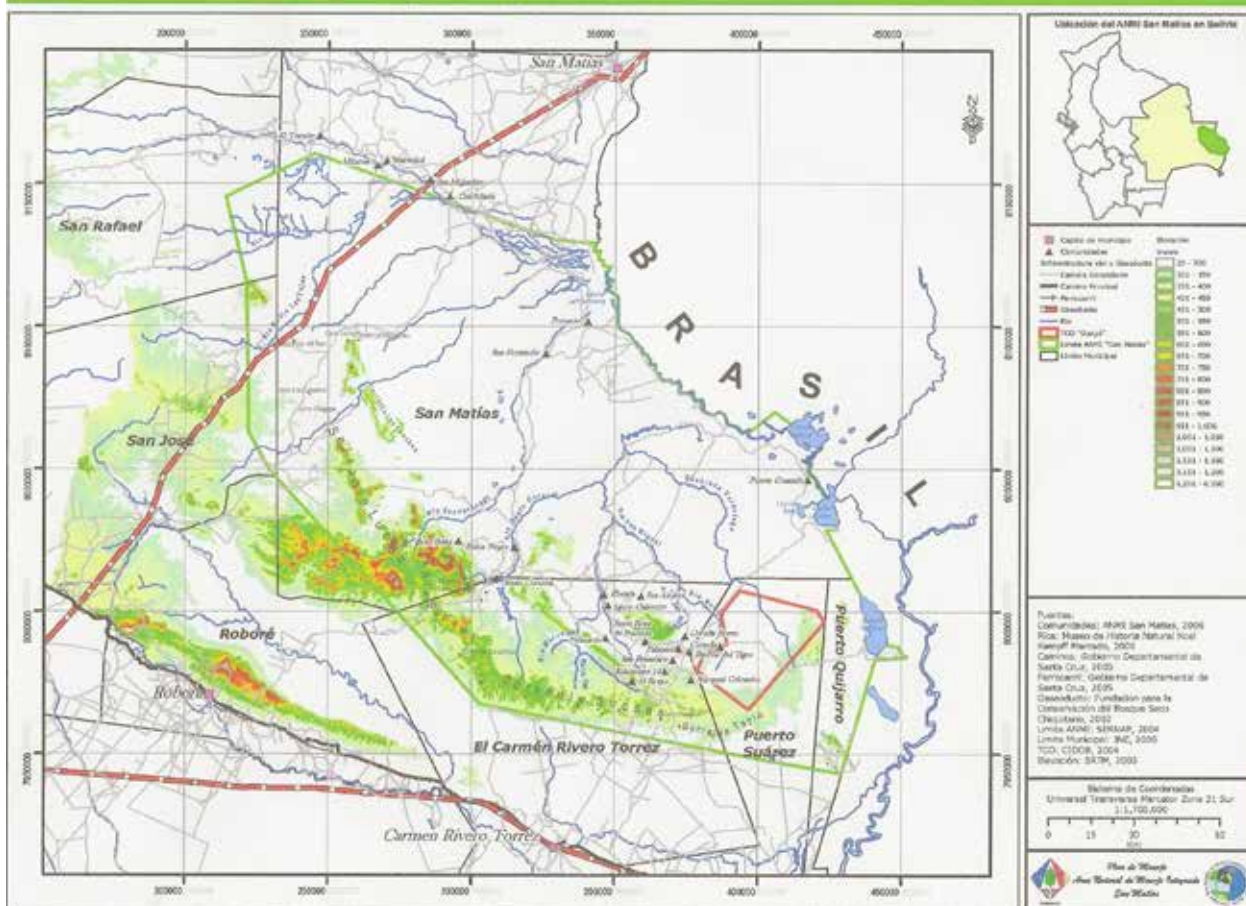
The project is taking place in the San Matías Natural Area of Integrated Management, the second biggest protected area of the Bolivian National System of Protected Areas.

The San Matías protected area was created in 1997 with an extension of 2,918,500 hectares. Its management is ruled by the legal framework for protected areas. Between 2007 and 2008, the first ten years of participatory management experience in the protected area were translated into its first management plan as the technical document to provide guidelines for protection and conservation, natural resources management and social participation that reflects a broad agreement between protected area authorities and local stakeholders, including indigenous organizations, livestock producers, municipal governments, the departmental government of Santa Cruz and academic and other institutions.

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<sup>1</sup> The currency symbol - \$ - refers to US Dollars (USD) throughout the case study.

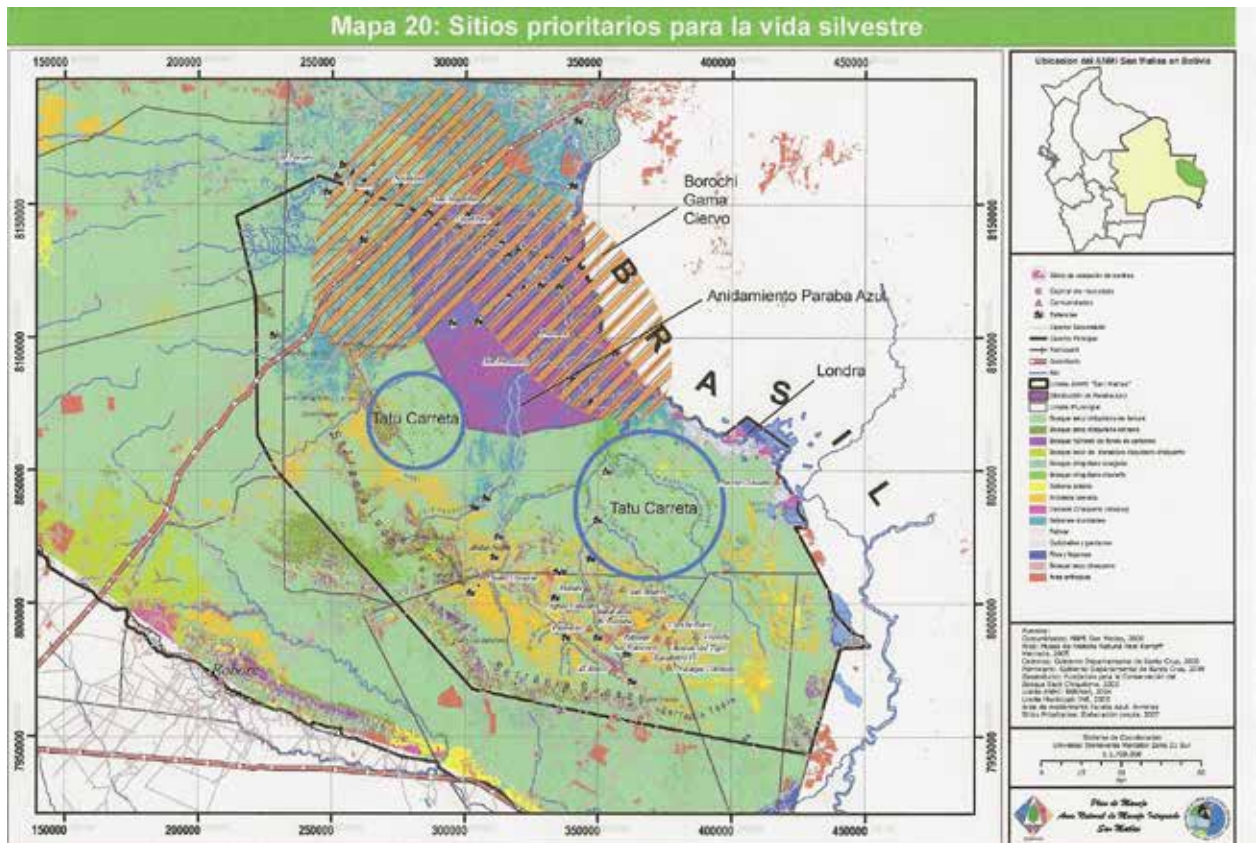
Mapa 1: Mapa Base del ANMI San Matías



Location of the San Matías Natural Area of Integrated Management (Source: SERNAP & CG ANMI San Matías 2009)

The objectives for the creation of the San Matías protected area are as follows (Supreme Decree No. 24734, 1997, Art. 3):

1. Conservation of tropical dry forest that cover 50% of the protected area.
2. Conservation of forest ecosystems and deciduous savannah woodlands of the Sunsás and neighbouring mountain stretches not covered by other management categories of the National System of Protected Areas (SNAP). These areas are biogeographically singular; possess important endemism and great landscape beauty.
3. San Matías is a tourist attraction of great value, functioning as a centre of attraction and food source for aquatic birds, the scenic beauty of the great lakes and mountain stretches, as well as an important representation of great mammals, including giant armadillo (*Priodontes maximus*), marsh deer (*Odocoileus dichotomus*) and giant otter (*Pteronura brasiliensis*).
4. Through the neighbouring Pantanal Matogrossense National Park in Brasil, it will offer a fauna and flora connectivity, enhancing the conservation potential of both protected areas for the survival of fauna and biological processes that require large territories, like some greater mammals.
5. Promote the productive activities that follow the policy of sustainable development and help example initiatives that mean no harm to ecosystems and their processes.



San Matías Protected Area Priority Sites for Wildlife Conservation  
(Source: SERNAP & CG ANMI San Matías 2009)

San Matías protected area has not been in conflict with hydrocarbon exploration or exploitation directly, but in 2002, the gas pipeline between San Matías and Cuiabá was inaugurated, crossing the north-western part of the protected area, and in 2003, an additional connection was built to provide energy to the neighbouring mining site Don Mario, affecting mainly savannah and to a lesser degree forest ecosystems.

In addition to the direct environmental impacts of the construction and operation of this gas pipeline, including the deforestation along the pipeline and effects on water courses, this pipeline implied the opening of a road of right of way to facilitate maintenance of the tubes but also opens access for other third party users. Other possible impacts are as follows:

- Environmental impacts
  - Deforestation
  - Contamination (water and soil)
  - Reduction of plant populations
  - Increase in hunting pressure on threatened species
  - Degradation of natural resources
  - Extension of the agricultural frontier and timber extraction
- Socio-economic impacts
  - Invasion and growth of communities
  - Invasion of lands

- Migration of people from other regions, increasing the demand on natural resources and introducing new productive schemes and practices
- Mobilization of economic interests that stress pre-existing land tenure conflicts
- Opening of new access roads

A specific project for socio-environmental impact mitigation is being implemented by GOB, the company in charge of the construction and operation of the gas pipeline, issuing six-month reports on the implementation of mitigation measures to the San Matías protected area administration, nevertheless as a result of the gas pipeline construction and operation, illegal timber extraction was detected in the area of the Don Mario mining site, although the access to the pipeline and the right of way has been restricted and controlled by GOB.

### 3.2 Details of the initiative

The GOB Trust Fund started under the agreement between the SERNAP and GOB on 26 July 1999, on the basis of negotiations over the impacts of the San Matías–Cuiabá gas pipeline to be constructed in the San Matías protected area: the amount of \$400,000 was invested in a Trust Fund to benefit the San Matías protected area.

#### Conservation objectives to be achieved with the GOB Trust Fund

- Contribute to the basic protection of the San Matías protected area, especially in the influence area of the gas pipeline.
- Establish conditions for the implementation of the San Matías protected area’s protection plan, especially in the influence area of the gas pipeline.
- Conduct permanent control activities in the influence area of the gas pipeline, especially controlling the direct and indirect impacts of its construction and operations, including the control of incursions, human settlements, and illegal colonization.

#### Funding Scheme for the GOB Trust Fund

- The GOB Trust Fund was established with a capital of \$ 400,000.

#### Parts involved in the administration and management of the GOB Trust Fund

- Agreement between GOB, SERNAP and FUNDESNAPE to assign the administration of the GOB Trust Fund to FUNDESNAPE.
- Steering Committee of the GOB Trust Fund: GOB, SERNAP, FUNDESNAPE, Noel Kempff Mercado National Museum of Natural History.

#### Duration

- The GOB Trust Fund has been established with an indefinite duration.

In August 2002, the administration of the resources of the GOB Trust Fund was transferred to the FUNDESNAPE after the qualification of proposals presented by different entities specialized in the management of trust funds. In 2005, the corresponding resources were deposited in BISA S.A. Bank and invested in bonds of the Nation’s General Treasury and a Fixed Term Deposit.

In December 2005 and in accomplishment of the definition by the board of the Trust Fund that integrates the Noel Kempff Museum of Natural History, the San Matías protected area administration, SERNAP, FUNDESNAPE and GOB, the resources were transferred in order to be integrated as a separate account under the Trust Fund for the Bolivian System of Protected Areas, under the administration of FUNDESNAPE.

### 3.3 Linkages to the company’s biodiversity impacts

The San Matías-Cuiabá gas pipeline has an overall extension of 645 km, 362 of which are located in Bolivian territory. The gas transported to the EFE energy plant on Cuiabá generates 480 megawatts of energy for the region.

To implement this project, GOB underwent the environmental impact study and environmental licensing process established by Bolivian regulations under Environmental Law (Law No. 1333, 1992). In the Declaration of Environmental Impact (MSDP-VMARNDP-DGICGA-UCIA-DIA No. 966(a)/98, 17.12.1998), the environmental control activities to be developed by GOB during construction and operation of the gas pipeline are established. Operations take place in the framework of the Bolivian

**“The investment of the company can be considered both responding to environmental mitigation regulations on the one hand and additional measures under the concept of social responsibility on the other hand”**

regulations for the Design, Construction, Operation and Abandonment of Pipelines and the ASME B31.8 regulation under the Bolivian Hydrocarbon Authority.

Bolivia receives 17% of the revenues generated through the gas transportation services which are distributed as follows: 13% VAT (value added tax), 3% transaction tax, 1% SIRESE regulations.

The environmental work of GOB has focused on the conservation and restoration of the right of way along the gas pipeline. A specific project for socio-environmental impact mitigation is being implemented by GOB, the company in charge of the construction and operation of the gas pipeline, issuing six-month reports on the implementation of mitigation measures to the San Matías protected area administration.

In acknowledgement of their obligations with people in the region, the company has supported and funded numerous communitarian works, cultural and environmental activities. In this understanding GOB claims to have generated work opportunities in the influence area of the gas pipeline, including more than 1.700 temporary and permanent local jobs, 94% implemented with Bolivian personnel. The operations of the gas pipeline since 2001 generated another 150 jobs. These activities generated an increasing demand of products and services (transportation) in the region.

Also, GOB claims to contribute to community development in the influence area of the gas pipeline, including infrastructure improvement to mitigate negative impacts of the gas pipeline and investment in communities in the form of Community Relations Plans and Indigenous Development Plans:

- San José de Chiquitos Community Relations Plan: \$ 1,152,000. More than 90% have been spent; the remnant will be invested to restore the only Jesuit church in the region.
- San Matías Community Relations Plan: \$ 1,497,800. 42% have been spent on infrastructure improvement, the remnant has been invested in a fixed term deposit waiting to fund future projects.
- Indigenous Development Plan: \$ 2,162,000 including support to infrastructure, agriculture and cultural projects and land titling processes.
- Part of this contribution was channelled through the Foundation for the Conservation of the Chiquitano Dry Forest (FCBC).

Thus the investment of GOB can be considered both, responding to environmental mitigation regulations established under Bolivian Law on the one hand, part of which has been invested in long-term funding in support of the San Matías protected area management through the GOB Trust Fund, and additional measures under the concept of the Company's social responsibility on the other hand.

### 3.4 The role of FUNDESNAPE

FUNDESNAPE, as the environmental fund for protected areas in Bolivia, manages many kinds of funds for protected areas: trust funds, endowments, and program and project funds. This management integrates not only the administration but also capacity building in national government agencies, in regional and local entities, academia, NGOs, indigenous organizations and productive commercial and non-commercial community initiatives.

FUNDESNAPE also provides advice to the Bolivian Service of Protected Areas (SERNAP) in financial aspects related to financial mechanisms, fundraising opportunities, fund mobilization processes at international, national and local levels (e.g. technical and financial local platforms) and mainly how to conceive and build financial sustainability for protected areas in Bolivia.

FUNDESNAPE is continuously participating in diverse negotiations related to fund mobilization for protected areas and related aspects, together with government agencies or nongovernmental organizations facing diverse kinds of funders and private sector companies and stakeholders.

Our main principles in negotiation are aimed at reaching basis of sustainability, independence, social participation, institutional respect and accountability.

Even if funds or non-financial support are not being channelled through FUNDESNAPE, institutional support is offered by the foundation considering its purpose to contribute to the sustainability of protected areas and the Bolivian System of Protected Areas.

Administration is realized through FUNDESNAPE's administrative and financial systems. These systems have been reviewed and certified by international donors such as World Bank, Inter-American Development Bank, Swit-

zerland and others. At the same time, they have been approved by national authorities and financial institutions according to Bolivian Law.

Trust Funds are managed by FUNDESNAP at an international level through the Salomon Smith and Barney Bank, with international financial advice from Master Capital S.A., a prestigious Mexican financial institution that advises many other environmental funds in Latin America and the Caribbean.

The main accounts related to trust funds for the Bolivian System of Protected Areas are managed at this level. 10% of the endowments are donations from private companies, 90% come from bilateral and multilateral donors for the SNAP through FUNDESNAP.

FUNDESNAP in its model to manage trust funds is part of diverse Steering Committees for endowments. This is the case of GOB. These Committees are the main mechanism to ensure accountability and transparency, and they are crucial to integrate Bolivian society into the financial management of SNAP's funds.

In the case of GOB, funds are annually transferred to San Matías protected area on the basis of the Annual Operative Planning and Budget, approved by the Steering Committee, as established in the Agreement signed between SERNAP, FUNDESNAP and GOB.

FUNDESNAP has to ensure the transfer of a minimum amount of resources reached by revenues of the endowment, and then monitor the use of these resources through financial, administrative and technical monitoring and evaluation systems.

Although FUNDESNAP channels 20% of San Matías protected area overall budget through funds coming from GOB, and an additional 20% coming from another endowment managed by FUNDESNAP (SNAP's Trust Fund) the overall funding for San Matías continue being deficient to cover the most important requirements of the protected area. This is why FUNDESNAP also contributes to Strategic Financial Planning. Even if there is a Financial Plan 2005 – 2015 of the SNAP that includes San Matías, it was necessary to update this financial plan in the process of the participatory design of the protected area's management plan.

FUNDESNAP has identified the need of an endowment of up to \$ 3 million for San Matías. This constitutes the basis for a complementary fundraising process to be developed by FUNDESNAP under the leadership of SERNAP and GOB.

#### 4. History of the partnership and future scenarios

GOB has approached SERNAP in order to accomplish legal requirements for the gas pipeline construction and due to the need to establish a financial mechanism; FUNDESNAP has been contacted by SERNAP and integrated into the design and administration of the GOB trust fund. Also, FUNDESNAP has contributed with important considerations for the negotiation and establishment not only of the endowment, but also through the Steering Committee and the treatment of financial and technical considerations in the San Matías protected area management, seeking to mainstream the purpose to gradually reach financial sustainability.

##### 4.1 Main factors that made the partnership possible

The model SERNAP-GOB-FUNDESNAP is a sound combination of institutions and roles. The need of an efficient and accountable institution that guarantees transparency in the administration, but also pro-activity to help public-private-partnerships was the main factors to make this partnership possible.

FUNDESNAP is considered not only as an administrator but mainly as a facilitator in the relationship between the government, private companies and civil society. Due to its experience not only in financial matters but also in protected areas topics, FUNDESNAP at times had the chance to contribute the notion that the public authorities have the role to maintain the "institutional memory" and the continuity of public policy and interests. This is very important for both institutions, GOB and SERNAP. FUNDESNAP's position is not competitive but respectful towards the role and responsibility of NGOs and other stakeholders.

According to its specific role and capacity, FUNDESNAP also contributes to other kinds of negotiations that help SERNAP and GOB, as well as searching for financial complementariness with other donors and stakeholders.

##### 4.2 Detailed results

The overall financing system of San Matías protected area is composed as follows:

- Yields of the SNAP Trust Fund (administered by FUNDESNAPE);
- Yields of the GOB Trust Fund;
- Program and Project funds not directly channelled through SERNAP, including the Araucaria Program/ Spanish International Cooperation (AECID), WWF, Noel Kempff Museum of Natural History and others; and
- Own resources generated through fines for infringements.

According to the San Matías protected area management plan (SERNAP & CG ANMI San Matías 2009), the general budget for the protected area reached between 110.000,00 and \$190,000 annually, covering the minimum stable protected area personnel since 2000, including a director, an administrator, a head of park guards and 8 park guards. It eventually covered legal consultants and, since 2004, an environmental education and social participation consultant. Due to the great distance and difficult access to the protected area, great chunks of the budget cover operating costs.

As a technical and financial add up to this basic budget, the San Matías protected area mainly relied on two important funding sources, WWF and the Araucaria Program with support from the Spanish International Cooperation (AECID).

The evolution of the GOB Trust Fund under the administration of FUNDESNAPE has allowed responding to SERNAP's financial requirements by generating timely disbursements on the basis of the GOB Trust Fund's yields to – partially – cover the annual protected area budget scheduled by the Bolivian Service for Protected Areas, including the San Matías protected area.

For San Matías protected area, based on the yields of the GOB Trust Fund, FUNDESNAPE has realized the following disbursements:

Fiscal Year	Amount transferred via SERNAP to San Matías protected area (\$)
2002	30,000 (deduced from the initial capital of 400,000)
2003 – 2010	Possible annual deduction from capital: 5,000
2010	23,400
2011	23,400
2012	23,400
2013	23,400

These disbursements are assigned to the implementation of scheduled activities under the annual operational planning conducted by the Bolivian Service for Protected Areas (SERNAP).

#### 4.3 Main challenges and future expectations

The challenges identified for San Matías are representative challenges for almost every protected area of national interest of the Bolivian SNAP – financial sustainability. Even if we can say that there has been important progress regarding sustainability in national protected areas, almost 50% of the funding still depends on international cooperation. Public financing has increased substantially, but is not yet enough (covering only 12% of the overall SNAP budget).

San Matías can rely on the support of a specific endowment (GOB) and the endowment for the SNAP that additionally supports its annual budget. Six of the 22 protected areas of international interest have their specific endowment (San Matías, Otuquis, Pilón Lajas, Madidi, Noel Kempff Mercado and Kaa Iya), and 14 are supported by SNAP's endowment (also administered by FUNDESNAPE).

The major challenge for San Matías is to increase its endowment fund at least to a range of \$3 million for a basic management scenario or to a range of \$7 million for an integral management scenario.

FUNDESNAPE together with SERNAP is trying to establish a technical and financial platform that integrates possible local, national and international donors in order to reach not only endowment needs but mainly to support what is established in its management plan. GOB has been invited to contribute to financial sustainability of San Matías protected area by increasing the endowment or by sharing its experience to other entities in the sector and thus motivate the investment of possible other donors.

Also, the GOB is coordinating closely with SERNAP and FUNDESAP and is planning to increase their support to San Matías protected area through its Social Company Responsibility program as a way to strengthen public-private-partnerships. FUNDESAP is encouraging SERNAP to conduct strong fundraising campaigns at a local, national and international level, considering the global and local importance of this highly biodiverse protected area.

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