

Finance Opportunity Analysis for the Georgian Protected Areas System

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EXECUTIVE SUMMARY

In many countries, including Georgia, funding for the management of protected areas (PAs) is significantly lower than amounts required. The detailed finance needs assessment (FNA) for all the Georgian PAs managed by the Agency for Protected Areas (APA) estimated that the cumulative total gap between finance needed and finance available over the next six years was GEL 95.17 million (a significant shortfall which is 122% more than currently available funds) for the Basic Management Scenario and GEL 139.12 million (equal to 178% more than currently available funds) for the Optimal Management Scenario.¹

In order to reduce the large funding gap for PAs in Georgia, the GEF/UNDP “Enhancing financial sustainability of the Protected Areas system in Georgia” project intends to pilot and introduce priority finance instruments that will generate additional revenue. With this in mind, CNF commissioned this finance opportunity analysis. It is focused somewhat more on non-tourism instruments or income generation opportunities as feasibility studies of mostly tourism income generating activities have been, and continue to be, conducted for selected PAs.

In terms of the finance context, total APA expenditure on the management of the system of PAs over the last five years grew to GEL 22.63 million (or US\$7.07 million) by 2019. In terms of revenue to cover these expenditures, between 2014 and 2019, own revenue has grown very strongly from GEL 1.32 million to GEL 11.22 million (50% of total revenue). State budget allocations have also grown but at a much slower rate from GEL 5.56 million to GEL 6.48 million (29% of total revenue). Grant revenue has decreased from GEL 4.97 million to GEL 4.21 million (19% of total revenue) as is provided primarily by CNF, UNDP/GEF and KfW. Special purpose funding makes up the remaining smallest proportion of revenues and grew from GEL 65,000 to GEL 340,000.

Own revenues are dominated by tourism revenues which reached GEL 9.18 million in 2019 followed by compensation from forest use (GEL 1.19 million), land leases (GEL 0.50 million), other leases, sale of timber tickets, bank interest, penalties and other revenues. Tourist revenue amounts are dominated by entrance fees which generated almost 80% of total tourism revenues between 2015 and 2019. Other key sources include tours which generated 13% of revenue and accommodation which generated almost 2%. Tourism revenues are unevenly distributed across PAs as is the case in most countries. They were highest from Prometheus Cave, Martvili Canyon, Okatse Waterfall and Sataplia which collectively generated 94% of all tourism revenue generated over the last five years.

The finance opportunity analysis was relatively wide-ranging and started by compiling an initial longlist of 34 existing and new finance instrument options. These went through a screening and prioritisation process which identified the following 11 relatively higher potential options for APA and the Tusheti Protected Landscape Administration (TPLA):

1. Friends Associations (FAs) contribution enhancement
2. Filming and photography fees introduced
3. Vehicle entrance fees introduced
4. Corporate Social Responsibility (CSR) contribution and sponsorships increases
5. Sale of advertising opportunities introduced

¹ The terms “basic management” and “optimal management” refer to PA management scenarios in which the amount of available funding for biodiversity conservation management programs is sufficient to ensure the protection of basic ecosystem functions and optimal ecosystem functions, respectively (after Flores M., G. Rivero, F. León, G. Chan, et al. (2008). *Financial Planning for National Systems of Protected Areas: Guidelines and Early Lessons*. The Nature Conservancy, Arlington, Virginia, US).

6. Competitions with sponsored prizes used for fundraising.
7. Pasture fees enhancement
8. Damages to land compensation payments (compensation from forest use)
9. Introduction of a local tourism levy in TPL
10. Concessions for the development and operation of camping and picnicking areas in TPL
11. Concessions for rafting and kayaking in TPL

These options were assessed and prioritised further resulting in the identification of five priority finance instruments summarised below including next steps, options for piloting and other actions recommended for moving towards implementation. Finance instruments that were not prioritised should not be viewed as having no merit – they are simply not priorities for now and may become good opportunities particularly in the medium to longer term.

Friends Associations (FAs) contribution enhancement

Friends Associations (FAs) are known in Georgia and were first established in 2009 for Vashlovani, Lagodekhi and Tusheti. Since then another six associations have been established (i.e. Mtirala/Machakhela, Kolkheti, Algeti, Kazbegi, Kintrishi and Pshav-Khevsureti) with donor assistance. The Protected Areas Friends Network, an umbrella organisation for the individual FAs, was established in 2019 and intends to raise funds for its own activities and for its member FAs. Although there are some challenges and progress may sometimes seem quite slow, the potential for the financial and other contributions of FAs to grow in the future is clear and they should be supported.

Specific income sources will be different for each FA and will need to suit their circumstances, the nature of the PA they support and the interests and motivations of FA members. However, if they are to develop in a similar way to FAs in other countries, membership contributions (in cash or in kind) and fundraising efforts that target donations are likely to be the largest part of the overall FA incomes. This can include CSR contributions from local and regional businesses such as those in tourism, campaigns, events, etc. Other sources will be more variable and case specific and include, for example, tourism services, educational tours/camps, gift shops, kiosks, restaurants, branded merchandise sales, etc. Often these kinds of commercial ventures will be relatively smaller (e.g. opportunities that are too small for APA concessions), operating at lower profit levels but offering a valuable services for visitors thereby playing a role in attracting them.

The ability of FAs to generate revenue through fundraising and other sources is likely to be limited with some exceptions where FAs members have experience in income generation. This indicates the need for capacity building in fundraising and other means of revenue generation. The form and focus of such capacity building should be guided by engagements with the Protected Areas Friends Network and individual FAs and carefully tailored to suit their needs.

Corporate Social Responsibility (CSR) contribution and sponsorships increases

Business surveys indicate that active interest in CSR is still relatively low in Georgia, but continues to grow. With respect to PAs and conservation in Georgia, CSR contributions have tended to flow to NGOs such as CNF who then provided assistance to PAs in keeping with global trends. As interest and willingness to contribute CSR funds grows, opportunities should increase for PA funding from this source. It seems likely that the majority of companies will continue to prefer channeling funds meant for PAs and conservation through NGOs. This should also be administratively easier and overall more beneficial for PA management authorities.

Competition for CSR funds is often intense requiring targeting. For example, there should be an opportunity to target businesses or sectors that are the most obvious beneficiaries of PAs such as tourism, water supply, hydro-electricity and others. This would make their contributions a form of voluntary payment for ecosystem services (PES). CNF is planning to carry out an ecosystem services assessment in the near future which should help to guide the targeting of potential CSR contributors among companies that benefit from PAs.

Sale of advertising opportunities introduced

An opportunity that could be considered would be for APA to sell advertising space or opportunities on APA land and at its facilities. For example, appropriately sized and located billboards along key roads or on buildings could be an option where advertising is sold potentially through advertising or media agencies. The direct sale of advertising opportunities would require further investigation and careful consideration. To start with, the legal feasibility and limits of selling advertising space by state institutions such as APA should be clearly established.

It would be beneficial to also establish clear regulations or guidelines on what can be allowed or, if these already exist in some form, to have them reviewed and revised if needed with stakeholder inputs. Such guidelines could cover not only direct advertising but also the wider process of recognizing any donor or contributors through for example CSR and sponsorships. Once legal issues have been resolved and there is at least greater clarity on what is acceptable or allowable, advertising options could be explored with the help of specialists in advertising, marketing and the sale of advertising spaces and opportunities. While this option may have potential as an income source, it is likely to be controversial among PA visitors and other stakeholders and should be handled with care.

Introduction of a local tourism levy in Tusheti Protected Landscape (TPL)

The steep increases in tourist numbers and associated tourist accommodation in TPL has resulted in significant pressure on services such as the provision of water, garbage collection and landfilling, the costs of which are currently covered by the TPL Administration (TPLA). The TPLA cannot be expected to continue to cover these costs and is therefore considering the introduction of mandatory charges. The process required for the introduction of such charges could also be used to introduce a more comprehensive mandatory local tourism 'levy' which would aim to provide funding for tourism and conservation enhancing actions in Tusheti.

The additional assessments and associated process needed to introduce such a levy could be undertaken as a pilot in two phases. The first would need to focus on establishing the legal feasibility and optimal form of a tourism levy. The second could be the stakeholder engagement process aimed at agreeing on and introducing a levy which would need to be informed by selected assessments. For example, justification and explanation of the levy is likely to be needed for different audiences. It would also be helpful to ensure a better understanding of likely affordable levy amounts and associated total revenues as well as the costs of activities prior to stakeholder engagement.

Concessions for the development and operation of camping and picnicking areas in TPL

Camping fees or concessions are a common source of revenue for PAs in Georgia. The TPLA has recognised this potential for Tusheti in light of increasing visitors numbers and has undertaken preliminary investigations. These include the identification of the most appropriate sites, designs and detailed architect's drawings for the sites which include

ablutions, communal picnicking and barbeque areas. The TPLA believes that these camping areas should be leased out in one package, to increase the chances that the more remote sites would be developed, through a private sector concession for the development and operation of the sites.

In order to move towards implementation, the TPLA is aware of its own limited experience and capacity constraints with respect to concessions and has identified the need for capacity building. It is also clear on the potential value of assistance from APA who have experience with concessions. In addition to the need for training, further viability assessment and piloting is needed. This could consist of the following steps or tasks:

1. Commission a more detailed feasibility/viability study for the camp sites concession to be conducted by a consultant with experience in similar studies in close collaboration with the TPLA.
2. On the basis of the outcomes of the feasibility study, devise a process or roadmap for what would be needed to reach the point where a contract is entered into with a preferred concessionaire.
3. Generate a call for proposals from interested concessionaires that is clear on the nature of proposals that would be considered and exactly how they will be evaluated. Distribute the call for proposals widely.
4. Evaluate proposals received using clear criteria, request further information or clarifications and decide on a preferred bidder.
5. Inform the preferred bidders and enter into negotiations with them
6. Draw up concessionaires contract on basis of negotiations with as much clarity as possible and including dispute resolution mechanisms.
7. Manage concession in accordance with concession contract.

The detailed feasibility study should ideally be commissioned as a separate phase which then informs the nature of further work required and associated ToRs. Aside from APA experience, there is good international guidance on best practice for tourism concessions to draw on for training and practice.

The descriptive designs in this report can serve as the basis for subsequent piloting of priority finance instruments. The overall opportunity analysis and the ideas that it contains should be used and updated as needed in the future as a resource for the ongoing process of thinking about, developing and encouraging sustainable PA finance in Georgia. The analysis itself may also be useful as evidence of the efforts of APA and others with respect to enhancing own revenue generation alongside other projects including the tourism income feasibility studies being conducted for individual PAs. Highlighting these kinds of efforts towards greater self-sufficiency is often helpful when motivating for government budget allocations and grant funding.

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ABBREVIATIONS

<i>Abbreviation</i>	<i>Description</i>
<i>APA</i>	Agency of Protected Areas of Georgia
<i>BIOFIN</i>	The Biodiversity Finance Initiative
<i>CBD</i>	Convention on Biological Diversity
<i>CBO</i>	Community Based Organisation
<i>CNF</i>	Caucasus Nature Fund
<i>CSR</i>	Corporate Social Responsibility
<i>FA</i>	Friends Association
<i>FNA</i>	Finance Needs Assessment
<i>FSSC</i>	Financial Sustainability Scorecard
<i>GEF</i>	Global Environment Facility
<i>GIZ</i>	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Corporation for International Cooperation)
<i>HA</i>	Hectares
<i>IUCN</i>	International Union for the Conservation of Nature
<i>KfW</i>	Kreditanstalt Für Wiederaufbau (German Development Bank)
<i>NGO</i>	Non-governmental Organisation
<i>NPS</i>	National Parks Service (of the United States)
<i>NP</i>	National Park
<i>PA</i>	Protected Area
<i>PL</i>	Protected Landscape
<i>SANParks</i>	South African National Parks Board
<i>TPL</i>	Tusheti Protected Landscape
<i>TPLA</i>	Tusheti Protected Landscape Administration
<i>UNDP</i>	United Nations Development Programme
<i>WWF</i>	Worldwide Fund for Nature

1 INTRODUCTION

Financial sustainability is the ability of a protected area (PA), and the PA system at large, to meet its financial needs today and into the future, without compromising the agreed objectives for PA management. While funding is only one of several needs for creating a functional PA system, inadequate financial support often plays a central role in the loss and degradation of important natural resources, as it limits the management effectiveness of PAs. Insufficient funding often means that many PAs systems have inadequate staff, equipment, and/or other management necessities resulting in an inability to meet the goals and mandate of PAs.

Total financial resources available for management of Georgia's PA network remain low and needs are increasing. With this in mind, the GEF/UNDP project "Enhancing financial sustainability of the Protected Areas system in Georgia" is a 5 year "technical assistance" project financed by the GEF through the United Nations Development Programme (UNDP) in Georgia, with resources allocated from the GEF Operational Program for Biodiversity. The project objective is "To secure long-term financial sustainability and effective management to conserve globally significant biodiversity of target protected areas in Georgia". To achieve this, the project provides technical support to the Government of Georgia (GoG) with the implementation of activities under its three components: (i) Financial sustainability of sub-system of PAs representing Key Biodiversity Areas (KBAs); (ii) Improved management and financial effectiveness demonstrated for targeted large-scale PAs; and (iii) Knowledge Management and monitoring and evaluation.

As part of the GEF/UNDP project, a detailed finance needs assessment (FNA) was completed for the PA system in 2020. The assessment estimated current financing or funding available, finance needs and the gap between finance needed and available for basic and optimal management scenarios. The finance gap was found to be relatively variable per individual PA. Under the Basic Management Scenario, additional finance needs for PAs managed by APA ranged from 27% of finance available for Vashlovani PA to 111% for Javakheti PA. For Tusheti Protected Landscape, which is not managed by APA, the gap was substantially higher at 442% highlighting extensive needs. The cumulative total finance gap for all of the PAs managed by APA over the next six years was estimated at GEL 95.17 million (a significant shortfall which is 122% more than currently available funds) for the Basic Management Scenario and GEL 139.12 million (equal to 178% more than currently available funds) for the Optimal Management Scenario.

In order to reduce the large funding gap for PAs in Georgia, the GEF/UNDP project intends to pilot and introduce priority finance instruments that will generate additional revenue. With this in mind, CNF commissioned this finance opportunity analysis focused somewhat more on domestic non-tourism instruments or sources of income. Its brief was to review the possibility to strengthen and/or upscale practices that already successfully demonstrated their capacity to generate financial revenues in PAs. In addition, building on global best practices and lessons learned, it explores suitable innovative and alternative new revenue generating mechanisms taking into account the cultural, economic, legal-institutional situation in Georgia. Its key outputs include a longlist of finance instruments broadly considered suitable for application in Georgia's PA system to strengthen PA revenue, as well as elaborated descriptions for a shortlist of priority opportunities. This information will serve as the basis for subsequent GEF/UNDP project investment in piloting priority revenue-generating finance instruments that will increase domestic revenue streams for PAs. In addition, a separate stream of work is focused on feasibility studies of income generating activities with a focus on tourism which have been conducted recently for selected PAs such as Mtirala and Machakhela National Parks with additional such studies in process for Borjomi-Kharagauli National Park and Javakheti Protected Area.

The assessment is focused on finance opportunities only. It goes without saying, however, that generating additional funds for PA management are not necessarily sufficient for the achievement of an improved PA system. A number of factors all play a role alongside the availability of finance including high-level political will and support, a supportive policy and legal framework that addresses threats to PAs and is optimally implemented, staff capacity and motivation, good relationships with generally co-operative neighbouring communities, etc.

2 APPROACH

After project inception, the project was divided into a scoping and screening phase and a detailed assessment phase. Scoping and screening consisted of the following steps and tasks:

1. Confirming the appropriate scope of the assessment to be primarily on non-tourism financial instruments in order to complement existing tourism feasibility studies being conducted for PAs and other work focused on tourism revenues.
2. Background data gathering and review of existing and already piloted revenue-generating finance instruments in Georgia. Background context data focused on existing revenues was collected from APA and analysed in order to ensure an understanding of the overall revenue context and of the individual source of own revenue in particular.
3. Review of global best practices for domestic revenue-generation instruments potentially suitable for PAs in Georgia. Revenue-generating finance instruments applied in PAs across the globe were reviewed paying attention to distinguishing solutions that are likely to fit the cultural, socio-economic and legal-regulatory framework of Georgia.
4. Generation of a 'longlist' of potential domestic revenue-generating finance instruments. This included a broad selection of sustainable finance instruments with some potential for generating additional income and therefore worthy of consideration.
5. Evaluation and screening of the longlist of options in order to generate a shorter list of potential priority instruments for further detailed assessment. This included a considering of the overall revenue potential of instruments and their appropriateness, strengths, weaknesses, opportunities and threats.
6. Final evaluation of the potential priority instruments in order to identify those with the highest potential and interest from PA management authorities allowing them to be identified as priority instruments.

Having identified priority instruments, the detailed assessment phase focused on further assessing the feasibility of the priority instruments and generated descriptive designs for each of them including next steps, options for piloting and other actions recommended for moving towards implementation.

The remainder of the report is structured as follows:

- Section 3 outlines the overall PA financing context with a focus on revenues.
- Section 4 contains the identification and evaluation of the longlist of potential instrument in order to identify priority instruments.
- Section 5 focuses on detailed assessment of each priority instrument.
- Section 6 concludes.

3 THE PROTECTED AREAS REVENUE CONTEXT

It is important to establish APA’s own revenue generation baseline as a starting point for the opportunity analysis. With this in mind, this baseline section describes key revenue sources (focused on own revenue and making the distinction between tourism and other own revenue), amounts charged and total revenues. Given their importance to revenue amounts, tourist visitor numbers to the Georgia and to each PA are also provided.

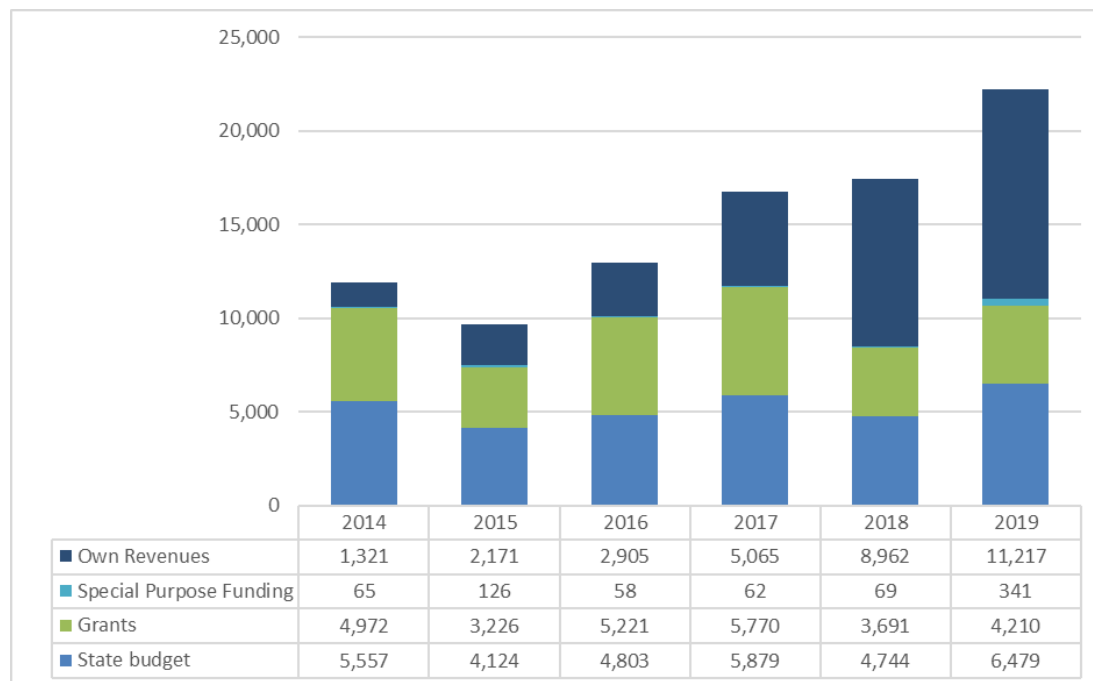
3.1 Total revenue

APA currently generates revenue from the following sources:

- Own revenues
- State budget
- Grants including from donors such as CNF, KfW, UNDP and USAID
- Special purpose funding

Figure 3-1 shows revenue amounts over the last five years. Between 2014 and 2019, own revenue has grown very strongly from GEL 1.32 million to GEL 11.22 million (50% of total revenue). State budget allocations have also grown but at a much slower rate from GEL 5.56 million to GEL 6.48 million (29% of total revenue). Grant revenue has decreased from GEL 4.97 million to GEL 4.21 million (19% of total revenue). Special purpose funding makes up the smallest proportion of revenues and grew from GEL 0.07 million to GEL 0.34 million.

Figure 3-1: APA annual revenues per category in GEL '000



3.2 Own revenue

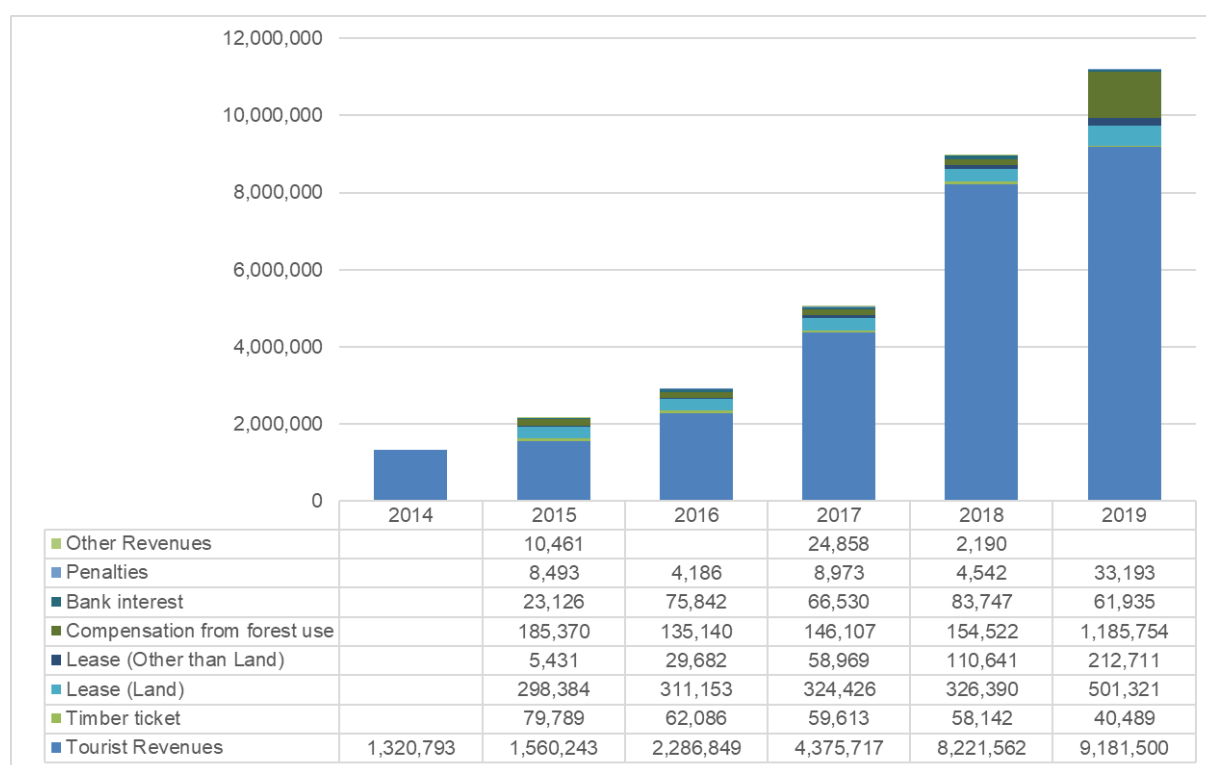
APA’s own revenues are relatively diverse and can be divided into revenue from:

- Tourism services such entrance fees, accommodation and tours

- Timber tickets for selective wood cutting
- Leases (of land), for example, for use as pasture
- Leases (other than land), for example, for mobile phone tower operators
- Compensation from forest use (damages compensation payments)
- Bank interest
- Penalties
- Other Revenues

Own revenues are dominated by tourism revenues which reached GEL 9.18 million in 2019 followed by compensation from forest use (GEL 1.19 million), land leases (GEL 0.50 million), other leases, sale of timber tickets, bank interest, penalties and other revenues (see Figure 3-2).

Figure 3-2: APA own revenues per category in GEL



3.2.1 Non-tourism own revenue

There is relatively limited detail on revenues from non-tourism sources per individual PA. Pasture fees are of particular interest and are set by APA for pasture leasing based on an independent auditor's recommendation but can also charge lower fees to allow stricter management conditions of the pasture taking into account pasture management assessments and plans. In 2019, there were 65 individual lease agreements for pasture covering 19,912 hectares in three PAs. The fees for these leases generated a total of approximately GEL 325,000 with 72% of this coming from Borjomi-Kharagauli National Park (see Table 3-1). The average annual pasture fee per hectare was GEL 16 based on this data.

Table 3-1: Pasture fee leases, areas and amounts per PA in 2019

Protected Area	Nr of lease agreements	Total ha covered by leases	Total annual fees
Borjom-Kharagauli National Park Administration	40	14,935	GEL 233,421
Javakheti Protected Areas Administration	10	3,822	GEL 72,671
Lagodekhi Protected Areas Administration	15	1,156	GEL 19,492
Total	65	19,912	GEL 325,583

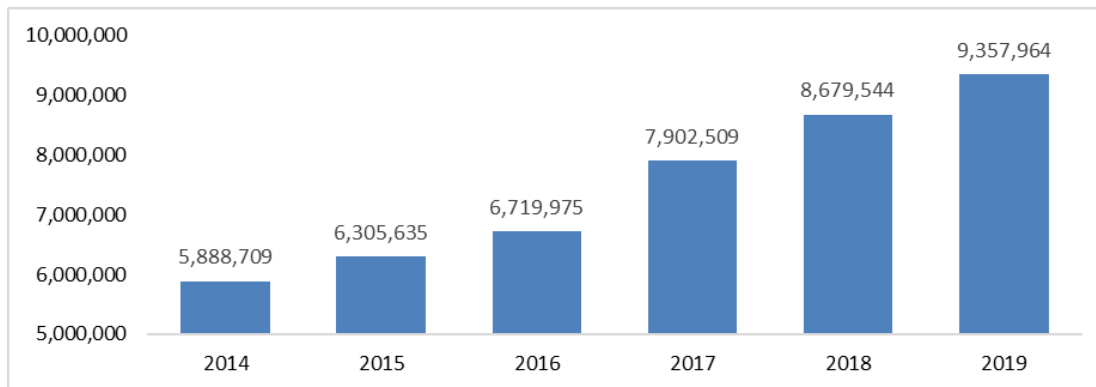
3.2.2 Tourism own revenue

Overall tourism own revenue can be better understood in relation to visitor numbers, individual revenue sources and amounts discussed in the following sections below.

3.2.2.1 Visitor numbers

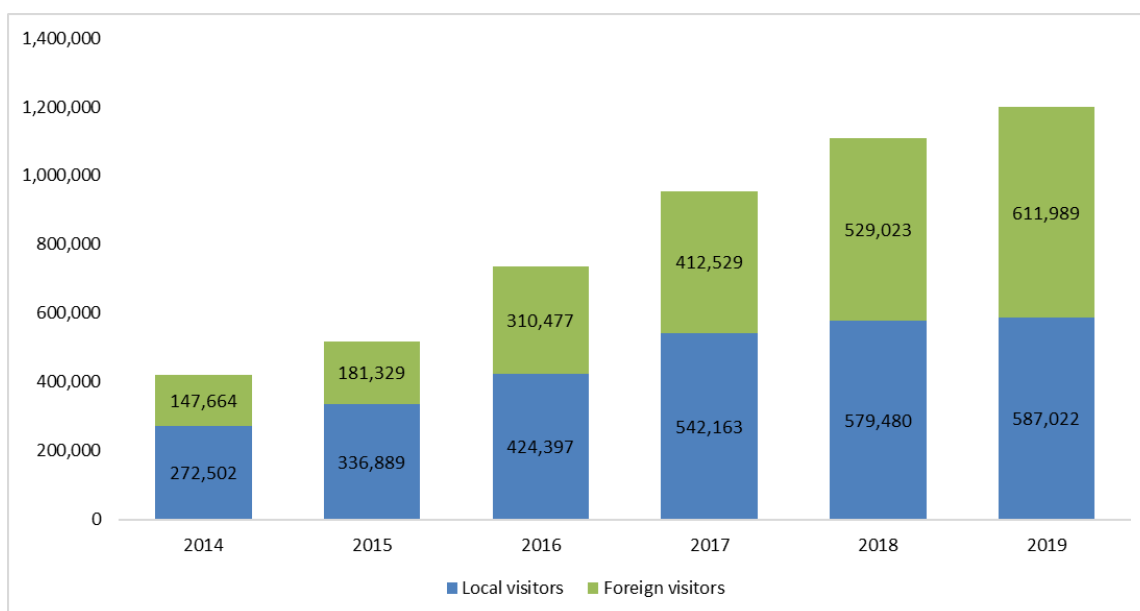
Visitor numbers drive PA tourism revenues. At a national level, Georgia has experienced very strong growth in international arrivals as shown in Figure 3-3. In 2019 they reached 9.36 million which is a 60% increase relative to six years ago when they were 5.89 million (this includes non-leisure tourists). However, due to the global coronavirus pandemic and associated recession, tourist numbers in Georgia and worldwide are expected to be substantially lower in 2020 and hopefully recover rapidly thereafter.

Figure 3-3: International tourist arrivals to Georgia (2014 to 2019)



Growth in visitor numbers to PAs have been remarkable based on data collected by APA. For the PA system, international visitors reached 612,000 in 2019 which is a 315% increase relative to six years ago when they were 147,650 (see Figure 3-4). Growth of international visitors to PAs has thus been more than six times greater than overall national growth. In addition, local visitor numbers grew strongly from 272,500 in 2014 to 587,000 in 2019 - a 115% increase.

Figure 3-4: APA tourism visitor numbers (2014 to 2019)



PA visitation is highly seasonal and concentrated in the six months from May to October when PAs received 85% of their total annual visitors in 2019. In terms of the distribution of visitors per PA, Table 3-2 shows that in 2019, four PAs (Kazbegi PAs, Martvili Canyon, Prometheus Cave, Tbilisi NP) received over 100,000 visitors and a further five PAs received between 50,000 and 100,000 visitors. Relatively higher growth in visitor numbers over the last six years has occurred in Machakhela NP, Tbilisi NP, Algeti NP, Mtirala NP, Kazbegi PAs and Martvili Canyon (Appendix 1 contains a map of PAs in Georgia).

Table 3-2: Tourism visitor numbers per PA (2014 to 2019)

Protected Area	2014	2015	2016	2017	2018	2019
Kazbegi Protected Areas	64,622	98,788	134,111	154,085	174,520	195,228
Martvili Canyon	0	0	62,434	147,644	174,143	189,894
Prometheus Cave	91,711	106,959	138,227	163,923	185,516	184,264
Tbilisi National Park	20,960	15,220	35,439	52,015	97,480	102,104
Okatse Waterfall	3,165	44,527	52,197	73,113	84,189	92,872
Mtirala National Park	22,968	21,981	33,774	47,460	57,770	77,264
Sataplia	67,287	73,601	78,323	85,507	81,556	74,198
Borjomi-Kharagauli Protected Areas	49,549	51,573	55,818	59,458	61,952	64,357
Lagodekhi Protected Areas	39,417	44,065	49,590	55,519	57,472	59,761
Algeti National Park	8,828	8,030	16,076	28,020	33,248	37,758
Kolkheti National Park	17,699	13,747	26,816	29,523	34,000	27,300
Kinchkha Waterfall	0	0	0	0	0	22,130
Tusheti Protected Areas	9,786	9,676	13,793	14,306	14,867	16,427
Kobuleti Protected Areas	8,426	8,737	9,175	11,286	14,325	14,185
Machakhela National Park	0	0	2,062	5,092	10,086	11,303
Vashlovani Protected Areas	8,711	10,976	11,806	12,250	12,404	10,511
Kintrishi Protected Areas	3,696	3,758	5,138	5,384	6,554	7,005
Javakheti Protected Areas	2,305	4,190	6,803	6,872	4,616	6,425
Chachuna Protected Areas	1,036	2,390	3,292	3,235	3,262	3,060
Navenakhevi Cave	0	0	0	0	543	2,943
Mariamjvari Protected Areas	0	0	0	0	0	22
Total	420,166	518,218	734,874	954,692	1,108,503	1,199,011

3.2.2.2 Revenue sources

APA tourist revenue sources are fairly diverse when compared to most other countries. They can be classified as coming from:

- Entrance fees
- Tours (e.g. boat, kayak and safari)
- Accommodation fees (shelter, hotel, bungalow)
- Camp site fees
- Picnic areas fees
- Sport fishing fees
- Horse service
- Zip line
- Adventure park
- VIP tourist service
- Hiring out equipment (e.g. for camping, activities)
- Sale of goods (e.g. brochures, maps)
- Conference hall hire
- Civil marriage signing ceremony
- Revenues not classified

Table 3-3 shows fees per unit for entrance, conference hall, civil marriage signing ceremony and per camp site for selected PAs (note that these provide examples of fees and do not cover all fees per PA). Entrance fees, for example, are applicable at five PAs. They vary between GEL 5 and 10 for Georgians and are generally twice as much for foreigners. Camping fees are GEL 5 per site, conference hall fees vary by size and civil marriage ceremonies are GEL 100.

Table 3-3: Amounts charged for selected fees including entrance, camp site, conference hall and civil marriage signing ceremony fees (GEL)

Protected area	Fees in GEL					
	Entrance			Camp site	Conference hall	Civil marriage ceremony
	Children (6 - 18 years)	Citizens and residents	Foreigners			
Prometheus	5	10	20	-	100	100
Martvili	5	9	15	-	-	100
Okatse	5	8	15	-	-	100
Sataplia	5	7	15	-	-	100
Vashlovani	2	5	5	5	130 (35 persons)	-
Borjomi - Kharagauli	-	-	-	5	122 (50 persons), 65 (25 persons)	-
Lagodekhi	-	-	-	5	150 (50 persons)	-
Mtirala	-	-	-	5	100 (50 persons)	-
Kolkheti	-	-	-	5	-	-
Kobuleti	-	-	-	-	35 (15 persons)	-
Tusheti	-	-	-	5	100	-
Navenakhevi cave	5	7	10	-	-	-
Kazbegi	-	-	-	-	-	-
Javakheti	-	-	-	5	120	-
Kintrishi	-	-	-	5	-	-
Algeti	-	-	-	-	-	-
Chachuna	-	-	-	5	-	-

3.2.2.3 Revenue amounts

Tourist revenue amounts are dominated by entrance fees which generated almost 80% out of the GEL 25.63 million in total revenue generated by tourism services between 2015 and 2019 (Table 3-4). Other key sources include tours which generated 13% of revenue and accommodation which generated almost 2%. Appendix 2 contains more detail on revenue per individual item under each category, for example, per individual items hired out or good sold.

Table 3-4: APA tourism revenues per category

Revenue category	2015	2016	2017	2018	2019	Total	%
Entrance fees	1,086,150	1,861,769	3,124,761	6,034,773	8,117,732	20,225,186	78.9%
Tours (e.g. boat, kayak and safari)	211,548	90,365	869,270	1,418,848	748,187	3,338,218	13.0%
Accommodation fees (shelter, hotel, bungalow)	49,716	89,626	82,990	103,252	132,485	458,070	1.8%
Camp site fees	27,363	34,661	44,615	48,430	54,000	209,069	0.8%
Picnic areas fees	2,115	3,910	3,915	5,098	6,637	21,675	0.1%
Sport fishing fees	12,685	10,041	12,261	10,850	10,530	56,367	0.2%
Horse service	10,785	11,855	7,150	10,930	14,850	55,570	0.2%
Zip line	4,290	7,200	10,350	15,179	10,045	47,064	0.2%
Adventure park	-	-	-	-	20,930	20,930	0.1%
VIP tourist service	3,100	3,200	4,600	6,300	2,100	19,300	0.1%
Renting out equipment (e.g. for camping)	7,674	10,104	14,085	18,730	17,953	68,545	0.3%
Sale of goods (e.g. brochures, maps)	8,783	13,252	17,446	19,562	16,357	75,400	0.3%
Conference hall hire	1,032	7,228	10,111	10,467	4,725	33,562	0.1%
Civil marriage signing ceremony	100	600	600	900	500	2,700	0.0%
Not classified	134,903	143,039	173,564	518,242	24,469	994,217	3.9%
Total	1,560,243	2,286,849	4,375,717	8,221,562	9,181,500	25,625,871	100.0%

Tourism revenues are unevenly distributed across PAs as is the case in most countries. They were highest from Prometheus Cave, Martvili Canyon, Okatse Waterfall and Sataplia which collectively generated 94% of all tourism revenue generated between 2015 and 2019 (Table 3-5). This is largely a reflection of relatively higher visitor numbers paying entrance fees at these PAs.

Table 3-5: Tourism revenue per PA in 2019

Protected Area	2015	2016	2017	2018	2019	Total	%
Prometheus Cave	866,831	1,000,703	1,855,431	3,667,698	3,689,518	11,080,181	43.24%
Martvili Canyon		311,118	1,253,099	2,511,108	2,883,390	6,958,716	27.16%
Sataplia Cave	363,421	416,827	490,654	798,105	781,752	2,850,759	11.12%
Okatse Waterfall	189,165	343,494	529,479	933,319	1,137,555	3,133,012	12.23%
Borjomi-Kharagauli Protected Areas	35,855	47,492	53,403	76,598	85,062	298,410	1.16%
Vashlovani Protected Areas	32,157	50,041	59,502	66,189	94,242	302,131	1.18%
Kolkheti National Park	24,706	43,826	52,972	71,975	112,028	305,506	1.19%
Kinchkha Waterfall					260,918	260,918	1.02%
Lagodekhi Protected Areas	22,193	34,972	37,994	54,253	54,903	204,315	0.80%
Mtiral National Park	7,977	19,414	26,640	24,825	35,336	114,192	0.45%
Javakheti Protected Areas	12,800	8,222	10,240	8,934	6,899	47,095	0.18%
Navenakhevi Cave				670	20,231	20,901	0.08%
Chachuna Protected Areas	285	5,459	2,700	3,785	4,810	17,039	0.07%
Tusheti Protected Areas	1,576	2,013	2,567	2,302	1,107	9,565	0.04%
Algeti National Park					11,945	11,945	0.05%
Kobuleti Protected Areas	2,399	1,705	215	87	170	4,576	0.02%
Kintrishi Protected Areas	878	1,563	821	1,715	1,205	6,182	0.02%
Machakhela National Park					320	320	0.00%
Korugi and Iori Managed Reserve					110	110	0.00%
Total	1,560,243	2,286,849	4,375,717	8,221,562	9,181,500	25,625,871	100.00%

4 IDENTIFICATION AND EVALUATION OF POTENTIAL FINANCE INSTRUMENTS

Revenue generating finance instrument options with a greater relative focus on non-tourism instruments include those that would entail the strengthening and/or upscale of existing instruments as well as new instruments. In order to generate a long list of potential instruments, revenue-generating finance instruments already piloted and practiced in Georgia were first reviewed and evaluated in terms of their potential to be enhanced or expanded in order to generate more income for APA in particular. Much of this review relied on working with reports and data supplied by APA and CNF, consultation with APA including with individual PA managers and consultations with other key stakeholders recognizing the need to ensure gender representativity to the degree possible. The identification and assessment of new finance instruments relied on a review of global best practices and ideas along with our own experiences particularly in assessing biodiversity finance instruments, business planning and sustainable finance strategy formulation for PAs in the Caucasus region and in other countries. Key source documents or materials used in the assessment of existing local instruments and global best practice included:

- Feasibility studies for income generation project conducted for APA. E.g: PMO Business Consulting (PMO). 2018. Feasibility Study of Income Generation Projects in Machakhela and Mtirala National Parks. Report prepared for the UNDP and APA. PMO, Tbilisi.
- Adeishvili, M. 2016. Assessment of the Ajara Protected Areas' ecosystem service values and benefits and options for generation sustainable revenues for the targets PAs and local communities. Report prepared for the GEF and UNDP, Georgia.
- The Biodiversity Finance Plan (BFP) delivered in 2018 as part of the Georgian Biodiversity Finance Initiative (BIOFIN) project.
- The BIOFIN Catalogue of Finance Solutions which can be found online at <https://www.biodiversityfinance.net/finance-solutions>.
- Conservation Finance Alliance (CFA). 2009. The Conservation Finance Alliance - Business Planning for Protected Areas. Available at <https://www.conservationfinancealliance.org/conservation-finance-guide>.
- Ruzzier, M., Žujo, J., Marinšek, M. and Samo Sosič, S. 2010. Guidelines for the preparation of protected areas business plans. Report from the NATREG project financed by the South East Europe Transnational Cooperation Programme.
- Emerton, L., Bishop, J. & Thomas, L. 2006. Sustainable Financing of Protected Areas: A global review of challenges and options. IUCN, Gland, Switzerland and Cambridge, UK.
- United Nations Development Programme (UNDP). 2016. Guide to Improving the Budget and Funding of National Protected Area Systems. Lessons from Chile, Guatemala and Peru, July 2012 – April 2014. Written by Flores, M., and Bovarnick, A. Available at: <https://www.latinamerica.undp.org/content/rblac/en/home/library/poverty/guide-to-improving-the-budget-and-funding-of-national-protected-.html>

The primary focus was on finance instruments that APA could use and on those with potential for one specific PA with significant finance needs not managed by APA, namely Tusheti Protected Landscape.

4.1 Existing finance instruments

Existing mostly non-tourism finance instruments used by APA included in the longlist of options were as follows:

1. Entrance fees

2. Donor funding
3. Donations from companies and individuals
4. Donations into 'donation boxes' at PAs
5. Timber tickets
6. Leases
7. Compensation from forest use (damages to land compensation)
8. Pasture fees
9. Conference hall fees
10. Marriage signing ceremony fees
11. Friends of Associations (FAs) contributions
12. Penalties and fines

4.2 Potential new finance instruments

In addition to the enhancement of existing instruments, and building on global best practices and lessons learned, the following long list of new finance instruments that may have potential were identified:

1. Filming and photography fees
2. Vehicle entrance fees
3. Event fees
4. Expanding resource use fees to include non-timber forest products (NTFPs).
5. Payment for Ecosystem Services (PES) schemes.
6. Corporate Social Responsibility (CSR) contributions and sponsorships.
7. Sale of advertising opportunities.
8. Online donation options.
9. Competitions with sponsored prizes used for fundraising.
10. Local Eco-tourism levy.
11. National eco-tourism levy with some portion going to PAs.
12. PA brand usage fees or voluntary contributions.
13. Certificate of support 'sold' by PAs to nearby hotels or tourism businesses.
14. Biodiversity offsets.
15. International climate change funds (e.g. Green Climate Fund).
16. Carbon offsets funds.
17. Bio-prospecting fees and royalties.
18. Hunting fees (for culling).
19. Gift shops, merchandise, services
20. Green/conservation bonds.
21. Biodiversity enterprise funds.
22. Debt-for-Nature Swaps.

As part of the process of generating initial potential options, a brief list and description of potentially un-exploited tourism activities and revenue sources was also generated for consideration (see Appendix 3).

4.3 Screening and prioritisation

Once the longlist of options was complete, they were broadly assessed in terms of their appropriateness along with their strengths, weaknesses, opportunities and threats (SWOT). This assessment relied on inputs from APA including individual PA managers, other experts, key stakeholders and our own expertise. Based on this assessment, and in order to prioritise instruments

that would be the focus of further assessment, a screening exercise was undertaken in which each option on the longlist was assessed against appropriate criteria from global best practice and with inputs from APA. This resulted in the choice of the following criteria (with relative weightings per criteria indicated given that all criteria were not considered equally important):

- Magnitude and sustainability of potential financial gains (after also considering likely costs of implementation) (weighting of 40%)
- Likelihood of achieving feasibility / successful implementation (considering technical, social acceptability, legal, political and other risk factors) (weighting of 30%)
- Potential for wider socio-economic benefits (e.g. jobs for local community particularly for under-represented groups such as women and youth) (weighting of 15%)
- Compatibility with environmental/conservation objectives of PA (e.g. lower score if there are biodiversity, pollution risks, etc.) (weighting of 15%)

Each finance instruments was evaluated and allocated a score out of 10 per criteria which was then combined into a weighted overall score out of 10 for all of the criteria combined. Appendix 4 contains the full evaluation of the initial longlist of finance instruments which resulted in the following higher potential instruments that seemed better suited to consider further:

1. Friends Associations (FAs) contributions
2. Filming and photography fees
3. Vehicle entrance fees
4. Corporate Social Responsibility (CSR) contributions and sponsorships.
5. Sale of direct advertising opportunities
6. Competitions (lucky draws) with sponsored prizes used for fundraising.
7. Pasture fees
8. Damages to land compensation payments (compensation from forest use)

Key points considered in the evaluation of these instruments are outlined in more detail below.

4.3.1 Friends Associations contributions

Friends Associations (FAs) engage in various activities in support of PAs and often play an important role in fostering relationships between PA management and surrounding communities. FAs are known in Georgia and were first established in 2009 for Vashlovani, Lagodekhi and Tusheti with the assistance of an IUCN grant. Since then another six associations have been established (i.e. Mtirala/Machakhela, Kolkheti, Algeti, Kazbegi, Kintrishi and Pshav-Khevsureti) primarily with assistance from the SPPA programme funded by KfW. In addition, the idea of an umbrella organisation for the individual FAs was first raised in 2016 with supported from APA and the organisation, Protected Areas Friends Network, was eventually established in 2019. Currently it has a board and one director and is just starting out.

Specifically from a finance opportunity perspective the activities of FAs and contributions they make can assist PA managers. This can occur through direct contributions from FA members. However, it generally requires the FAs themselves to raise funds and otherwise generate revenues that can then be used to fund their activities in support of PAs. This has been an area where FAs have had relatively limited success thus far and an area of concern for donors that have devoted significant resources to assist with the setting up of FAs and want to ensure that they become financially sustainable post donor funding.

A recent review of the FAs supported by the SPPA project (i.e. Algeti, Kazbegi, Kintrishi and Pshav-Khevsureti) highlighted the critical importance of the achievement of financial sustainability. It noted that FAs received significant financial support through SPPA Georgia. However, the efforts and successes of FAs in fundraising, and income generation have generally not been sufficient to sustain operation after the imminent completion of the SPPA project. The report highlighted Kazbegi as a potential exception and found that its FA may be able to continue offering its services based on the revenues from a honey production venture and a guest house. Being in this position was assisted by the success of the FA in attracting funds other donor including from the EU and the Polish Embassy for the construction of facilities. It also helped that the director of the FA was knowledgeable and experienced in bee keeping. There are also other instances where donors funded facilities that can allow for income generation. For example, CNF provided funds to Vashlovani FA for tourism and administration supporting infrastructure that could be used for tours.

With a view to assisting FAs, the UNDP commissioned a financial sustainability strategy for the Mtirala and Machakhela FA in 2017. The strategy highlighted a number of potential income sources including camps for students, excursions, an entrance fee, FA member contributions and donor support (see Table 4-1).

Table 4-1: Potential income sources and amounts for the Mtirala and Machakhela Friends Association

Item	Plan for			Total	Notes
	2018	2019	2020		
Strategic Direction 1: Environmental education					
1.1 Summer camps	44,100	88,200	88,200	220,500	The cost of hosting one child is minimum 35 GEL Gross per day (45 persons per camp). A camp lasts about 7 days; 7 Camps can be organized in Summer in 2018 and can be increased to 14 camps in 2019 and 2020. 15 Gel Gross will be spent for accommodation services on local level. MMPAFA will receive 20 GEL Gross from overall 35 GEL.
1.2 Excursions	9,600	9,600	9,600	28,800	1 group is about 200 GEL. There will be 2 groups during 24 days.
<i>Sub total</i>	<i>53,700</i>	<i>97,800</i>	<i>97,800</i>	<i>249,300</i>	
Strategic Direction 2: Eco Tourism					
2.1 Seasonal excursions	18,000	18,000	18,000	54,000	The cost of seasonal excursion for 1 tourist 20 GEL per day (15 persons per group). 60 groups per year.
Strategic Direction 3: Network of Association Supporters					
3.1 Entrance fee for tourists	200,000	200,000	200,000	600,000	5 GEL per tourist. Around 40,000 person per year
3.2 Annual MMPAFA supporters fee	12,500	12,500	12,500	37,500	Hotel fee: 100 GEL annual fee for small hotels (till 25 rooms); 200 GEL annual fee for medium hotels (till 100 rooms); 300 GEL annual fee for large hotels (more then 100 rooms); 20 small hotels, 10 medium hotel and 5 large hotel per year. Business fee: 500 GEL per year (around 10 businesses a year); School fee: 200 GEL annual fee, around 10 schools per year
<i>Sub total</i>	<i>212,500</i>	<i>212,500</i>	<i>212,500</i>	<i>637,500</i>	
Strategic Direction 4: Implementation of local development projects					
4.1 UNDP project (support of Junior ranger program)	14,000	-	-	14,000	Ongoing through May 2018
4.2 Educational project funded by the Presidential fund of Georgia	15,000	15,000		30,000	
4.3 International donor funded cooperative projects with partner SCOs		20,000	40,000	60,000	
<i>Sub total</i>	<i>29,000</i>	<i>35,000-</i>	<i>40,000-</i>	<i>104,000</i>	
Total	313,200	363,300	368,300	1,044,800	

Source: Mtirala and Machakhela Friends Association Financial Sustainability Strategy 2017

During 2018, with UNDP support, the summer camps idea was developed further through training, development of a camp programme and materials, promotions and interactions with school

principals, etc. Despite these efforts, camps are yet to take place illustrating the difficulty associated with getting commercial income generation ventures started particularly for groups such as FAs that are not primarily focused on commercial activity or have limited experience with it among their members.

The need to increase focus on financial sustainability is recognised by the newly formed Protected Areas Friends Network which has the intention of raising funds for its own activities and for its member FAs. Although there are some challenges and progress may sometimes seem quite slow, the potential for the financial and other contributions of FAs to grow in the future is clear and they should be supported.

4.3.2 Filming and photography fees

These fees can be charged to filming and photography crews that wish to make use of PAs as locations and can be a sizable source of revenue. Some of the countries that charge these fees include USA, Canada, Australia, most safari countries in Africa and others. Fees structures vary significantly. Most countries have a separate application fee (which goes to the Film Commission or similar institution in some countries and to the PA management authority in others) and then also a daily filming fee which goes to the PA management authority. Fees vary per crew member or for a specified crew size. Most countries make a few distinctions between higher fees for commercial and lower fees for non-commercial filming categories. Some countries also charge different rates to foreigners versus locals. Fee amounts are highly variable - in addition to application fees, daily commercial filming fees in South Africa and the United States would be \$200 to \$300 for a medium sized crew of 10 to 20 people and would go up closer to \$500 in Canada or Australia. More detailed examples of fee structures and amounts can be accessed if needed for a number of countries to use as a benchmark to guide fee setting.

In terms of potential revenues, by way of example, South African National Parks Board revenue from filming fees was approximately US\$225,000 in 2019 for all of the PAs under its management (SANParks 2019). In the United States, estimates for filming fee revenues for the National Park Services were at US\$2 million as far back as 2003 and have no doubt increased since.

The Georgian Film Commission strongly promotes Georgia as a filming destination. It offers generous incentives (e.g. up to 25% cash back on film projects) and highlights the advantages of Georgia as a destination including that public locations such as PAs are free of charge which is uncommon in most other countries. This is likely to result in resistance from the Film Commission and its parent Ministry of Economy and Sustainable Development to the introducing fees. Keep in mind, however, that other countries have a system whereby they offer equally generous filming incentives whilst also charging location fees for places like PA and other locations – the two are thus not mutually exclusive.

4.3.3 Vehicle entrance fees

These fees, charged per vehicle entering a PA, can be the only form of entrance fee but are more commonly charged in addition to entrance fees per person. Some countries also opt for entrance fees per person only and not an additional fee per vehicle. Vehicle entrance fees can be a source of revenue and can also be used as a tool to help to decrease vehicle congestion where that is a concern. Some of the countries that charge these fees include USA, Canada, Australia, most safari countries in Africa and others. Some countries charge different amounts per vehicle category defined by type (e.g. sedans, 4X4s, mini-buses, large buses), weight or number of seats. Some charge higher fees for foreign registered vehicles particularly if entrance fees per person are also higher for foreigners. Fee amounts vary but are generally between one and two times as much as entrance fees per person (i.e. if entrance

fees are \$5/adult then sedan vehicle fees tend to be between \$5 and \$10). More detailed examples of fee structures and amounts can be accessed if needed for a number of countries to use as a benchmark to guide fee setting. There can be cost implications for PAs that need routes, infrastructure, signage to be put in place and maintained. Covering these higher costs can, however, be used as a justification for the need to charge fees.

Tusheti Protected Area and Landscape, Vashlovani are examples where cars enter. There is only currently a fee for Vashlovani of GEL 5 per vehicle but this fee is mostly to register people in area for border security purposes. Tusheti piloted voluntary vehicle fees to special parts of the PA. They did not, however, result in sustainable implementation beyond piloting.

Potential revenue from vehicle entrance fees are case dependent so a hypothetical example for an 'average' PA in Georgia is perhaps most useful. Such a PA could have 50,000 visitors per year, an average of 3.5 visitors per vehicle and a vehicle entrance fee of GEL 10 per vehicle (equal to the highest per person entrance fee for local residents) which would result in an annual gross revenue of about GEL 140,000. As discussed, the costs of implementing fees including fee collection can be high and must also be considered carefully.

4.3.4 Corporate Social Responsibility contributions and sponsorships.

CSR contributions or donations have steadily grown in prominence globally as sources of funding for NGOs and other organisations that work to benefit society. In Georgia, business surveys indicate that active interest in CSR is still relatively low but continues to grow although national data on CSR amounts contributed is not available.²

With respect to PAs and conservation in Georgia, CSR contributions have tended to flow to NGOs who then provided assistance to PAs in keeping with global trends. For example, CNF has received funds from the Bank of Georgia whose sponsorship and charity funds are managed by their Tree of Life Foundation which allocated around GEL 1.9 million in 2019 to support education, nature conservation, people with disabilities and special needs, social platforms, and the development of social entrepreneurship.³

In other countries NGOs and Foundations are also the most common way to raise and then allocate CSR funds to PAs and conservation. In the United States, the National Parks Service (NPS) works closely with the National Parks Foundation which raised US\$550 million for the parks system over the last five years. Subaru motors is an example of one of the Foundation's prominent partners and has contributed more than US\$20 million since 2013. This contribution is recognised by the NPS and Subaru can use the NPS brand and logo within. Subaru can therefore use this CSR initiative or sponsorship as a form of marketing to connect with its customers and strengthen its position as a sustainability leader.⁴ In the United Kingdom, the National Parks Partnerships is a limited liability partnership set up by the 15 National Parks in order to create successful partnerships between the UK Parks and businesses.⁵ In Singapore, the Garden City Fund (GCF) is used to finance activities, including outreach, education, research and infrastructure programmes, that go beyond the basic core mandate of the National Parks.⁶

² See survey outcomes - <https://www.finchchannel.com/csr/71752-few-georgian-companies-follow-csr-principles-but-interest-is-growing>:

³ See <https://bankofgeorgiagroup.com/csr->

⁴ See <https://chiefexecutive.net/americas-national-parks-an-opportunity-for-csr/>

⁵ See <https://www.nationalparks.co.uk/>

⁶ See <https://www.nparks.gov.sg/contribute>:

As interest and willingness to contribute CSR funds grows, opportunities should increase for PA funding from this source. It seems likely that the majority of companies will continue to prefer channeling funds meant for PAs and conservation through NGOs. This should also be administratively easier and overall more beneficial for PA management authorities.

4.3.5 Sale of direct advertising opportunities

CSR contributions and sponsorships along with other donations or contributions can be recognized by PA management authorities. This recognition can be classified as being a form of advertising or marketing opportunity. There is thus generally significant overlap between what people would classify or consider to be CSR, sponsorships and advertising or marketing opportunities.

Another more direct opportunity that could be considered would be for APA to sell advertising space or opportunities on APA land and at its facilities. For example, appropriately sized and located billboards along key roads or on buildings could be an option where advertising is sold potentially through advertising or media agencies. Other opportunities could also be identified and explored with the help of specialists in advertising, marketing and the sale of advertising spaces and opportunities.

While this option may have potential as an income source, it is likely to be controversial. Visitors and other stakeholders including concessionaires generally accept the need to recognize corporate sponsors and other major contributors. However, they tend to want this recognition to be more discreet and in keeping with the public good nature of PAs. They value the natural experience provided by PAs and can be highly resistant to anything they feel may be taking commercial considerations and interests too far (i.e. they are against what they perceive as 'over-commercialization').

An example of the kind of controversy that can be associated with trying to increase PA income from more advertising and marketing is provided by the experience of the United States National Parks Service (NPS). In 2016 the NPS went through a public participation process to revise its regulations on Donations and Philanthropic Partnership (Director's Order Nr 21) which include provisions for how to deal with sponsorships and associated recognition or advertising opportunities given to those who contribute to the NPS. It also deal with how companies can be allowed to use the NPS brand and logo depending on their contributions. The draft of the revised regulation attracted significant media attention and criticism. Concerns were raised that allowing more advertising would be unethical, that allowing companies and other donors to get too deeply involved in any government service presents conflicts of interest and that it risked ruining the wilderness experience in parks.⁷ The draft was revised to respond to criticisms and explain the need for the NPS to be able generate more income. The final regulations probably do not satisfy people who are clearly against more advertising and commercialisation but have nevertheless tried to find the most appropriate balance in the view of the NPS.⁸ This case shows the need to handle sponsorships and associated recognition or advertising opportunities with care.

4.3.6 Competitions used for fundraising

Periodic fundraising campaigns that are based on entry to competitions have the potential to generate significant revenue. The general idea behind them is that, while people may have some willingness to donate, they need the extra incentive of having the opportunity to also win an attractive prize. The

⁷ See examples of articles in the press at <https://www.washingtonpost.com/news/powerpost/wp/2016/05/09/park-service-and-corporate-advertising-a-dangerous-mix/> and <https://www.outsideonline.com/2413997/camping-alone>.

⁸ The revised Director's Order and associated reference manual can be found at [https://www.nps.gov/subjects/partnerships/do21-rm21.htm#:~:text=Director's%20Order%2021%20\(DO21\)%20is,on%20the%20NPS%20Policy%20page](https://www.nps.gov/subjects/partnerships/do21-rm21.htm#:~:text=Director's%20Order%2021%20(DO21)%20is,on%20the%20NPS%20Policy%20page).

donations they make then essentially come in the form of them buying a ticket to enter a lucky draw for a fully or partially sponsored prize(s). Ticket prices can then vary depending on the value of the prize on offer and number of tickets to be issued.

An example is the National Sea Rescue Institute in South Africa where donations (i.e. tickets to enter a prizes draw) give the chance to win two cars sponsored by Mitsubishi and other high value prizes. For 2020, tickets will be sold for approximately US\$45 each and only 36,000 tickets will be sold which translates into a gross revenue of US\$1.62 million. This competition is run every year and has become a major revenue source for the Institute whilst also giving Mitsubishi a marketing and CSR opportunity. Given their nature and likely higher willingness of people to buy tickets, these competitions are generally best suited for NGOs to undertake in order to generate funds for PA conservation activities as opposed to government institutions such as APA undertaking them. Although at a smaller scale, they can also be an option for Friends Associations to raise funding.

4.3.7 Pasture fees

As outlined in Section 3.2.1, APA sets pasture fees based on an independent auditor's recommendation but can lower the fee to allow for stricter management conditions to reduce pressure on the pasture. While other aspects of pasture management may present challenges, this independent mechanism is generally satisfactory to APA and a number of pasture management assessments and plans have been done to support this process including for Vashlovani, Chachura, Borjomi-Kharagauli and Javaketi. Note that in some other countries, there are no fees for selective grazing of animals inside PAs so they treat grazing rights as a form of benefit sharing with surrounding locals and not a revenue source.

4.3.8 Damages to land compensation payments (compensation from forest use)

Damages compensation payment (compensation payments from forest use) are essentially payments to compensate for certain activities on PA land that result in ecological impacts. For example, if a new pipeline needs to cross PA land and requires tree cutting and digging of trenches then damage compensation payment are made to the PA management authority to restore areas that are disturbed. The payments have been regulated in Georgia since 2016 and apply to all habitats and land, not only PAs. The damage amounts are generally seen as adequate for forest as there is more research done on this habitat which supports good estimates. This is not, however, the case for other habitats. For example, soil compensation is seen as inadequate as it is based on amounts in the tax code for land taxes fixed at 36 tetri/m² with no clear scientific basis or variation.

In terms of sustainable revenue generation, damages compensation payments are ad-hoc in nature and depend on whether there are projects causing damages and how much damage. In addition, money received for damages needs to be spent specifically on restoration so it is not general revenue. Damages payments are linked to overall damages compensation law reform which is clearly needed and in process as outlined in the Georgian BIOFIN Biodiversity Finance Plan. However, APA does not really have the mandate to drive the process of reform but may have the opportunity to make contributions to it.

4.3.9 Evaluation

The above eight potential priorities for APA were evaluated further and discussed with them to gauge their interest in further work on them and potentially piloting activities. It was felt that FAs contributions, CSR contributions and the sale of advertising opportunities were of interest and that the other options were should not be a priority for now or were otherwise constrained. Competitions

for fundraising were also of general interest and more so for NGOs including FAs than for APA itself. Their potential to make a contribution should be kept in mind but that they are not considered in more detail at this time. Finance instruments that were not prioritised should not be viewed as having no merit – they are simply not priorities for now and may become good opportunities particularly in the medium to longer term.

Section 5 outlines key next steps for consideration to further assess, pilot and move towards implementation.

4.4 Tusheti Protected Landscape finance instruments

Tusheti Protected Landscape (TPL) is an example of a PA with significant finance needs that is not managed by APA but rather by the Tusheti Protected Landscape Administration (TPLA) that is under the local municipality of Akhmeta. Currently it has very limited sources of existing own revenues and is somewhat constrained by accessibility (it is at least five hours drive from Tbilisi and a 4X4 is needed) on a road that is closed during winter. Nevertheless, tourist visitors number have increased exponentially from about 2,000 in 2009 to 16,000 in 2019. Potential finance opportunities were therefore also considered specifically for Tusheti Protected Landscape in addition to those discussed above that were considered for primarily APA. This resulted in the identification of the following potential priority instruments with potential elaborated on below:

1. Introduction of a local tourism levy
2. Concessions for the development and operation of camping and picnicking areas
3. Concessions for rafting and kayaking

4.4.1 Introduction of a local tourism levy

The steep increases in tourist numbers and associated tourist accommodation in TPL has resulted in significant pressure on services the costs of which are currently covered by the TPL Administration (TPLA). The provision of water, garbage collection and landfilling (a new landfill was recently built) are among the service provided.

The TPLA cannot be expected to continue to cover the costs of these basic municipal services and is therefore considering the introduction of mandatory charges for these services. The process required for the introduction of such charges could also be used to introduce a more comprehensive local tourism 'levy' which would aim to go beyond simply charging for municipal services and provide funding for tourism and conservation enhancing actions in Tusheti. These could include tourism promotion, provision of tourism facilities, conservation management and others collectively agreed on with inputs from those paying the levy. Revenue amounts would be limited by the affordability of a levy for tourism stakeholder which would have to be determined.

4.4.2 Camping and picnicking areas concession

Camping fees or concessions are a common source of revenue for PAs in Georgia and elsewhere. The TPLA has recognised this potential for Tusheti especially in light of increasing visitors numbers and has undertaken preliminary investigations with some donor assistance. These include the identification of the most appropriate potential camping sites at:

1. Omalo-Que area
2. Mirgvala
3. Diklo-Shenaqos Shua

4. Dartlo camping area
5. Girevi area
6. Verkhovani area
7. Varda Vake
8. Tsovata-Kadovana

Designs and detailed architect's drawing have also be produced for the sites which would include ablutions, communal picnicking and barbeque areas. The sites would allow people to take greater advantage of the network of trails introduced between 2015 and 2017 while hopefully reducing illegal uncontrolled camping and the high concentration of visitors near Tusheti centre where most hotels are located. At this point in time, the TPLA thinks that these camping areas should be leased out in one package, to increase the chances that the more remote sites would be developed, through a private sector concession for the development and operation of the sites.

In terms of potential revenues, total APA gross revenue from all the camp sites in its network of PAs were GEL 54,000 in 2019 (see Table 3-5). If one assumes that this revenue is spread between 10 or 11 PAs then it stands to reason that the minimum baseline of annual revenue from camp sites in Tusheti should be in the order of GEL 5,000. However, current plans indicate that the camp sites planned for Tusheti would have a better design and functionality and it should therefore be possible to charge more than the modest GEL 5 currently charged by APA for its sites. Having the sites operated by concessionaires should also provide the chance for increased value addition and revenues.

4.4.3 Concessions or fees for rafting and kayaking

The TPLA has also shown an interest in the potential for rafting or kayaking in Tusheti to become a source of income. Currently these activities are not known in the area but the TPLA has made contact with current operators in other areas primarily in the form of the Aragvi Adventure Centre who run tours on the Aragvi River.⁹ They have indicated their theoretical interest but also have been clear that a proper technical investigation of the area would be needed to look for suitable runs of river that are not dangerous (e.g. sharp or shallow rocks) and offer good entry and exit points. This will determine whether the idea is at least technically feasible and for what kinds of craft (rafts, kayaks or both) and level of skills which will, in turn, influence financial viability. There will also be a need to better understand how transport challenges could be overcome. For example, at this point, the roads in the area make for difficult access for large trailers carrying rafts.

In terms of potential revenues, kayak tours and rentals are offered at Kolkheti National Park for example. Gross revenues were GEL 7,670 for tours and GEL 3,135 for rentals in 2019 (see Appendix 2). This give some broad indication of revenue potential even if Tusheti is quite different to Kolkheti.

4.4.4 Evaluation

The above three potential priorities for the TPLA were evaluated further and discussed with them to gauge their interest in further work on them and potentially piloting activities. It was confirmed that the introduction of a tourism levy and a camping concession were of higher interest and priority. Concessions or fees for rafting and canoeing also have potential but revenues from these activities, assuming they are technically feasible, are like to be relatively lower when compared with a tourism level and camping concession.

⁹ See <http://www.adventure-center.ge/?lang=eng>

Section 5 outlines key next steps for consideration to further assess, pilot and move towards implementation.

5 NEXT STEPS AND PILOTING

Having identified priority finance instruments, the detailed assessment phase focused on further assessing the feasibility of the priority instruments and generated the following descriptive designs for each of them including next steps, options for piloting and other actions recommended for moving towards implementation.

5.1 Friends Associations

Looking to the future for FAs, although there are already a number of FAs in Georgia, many of them are relatively new and need time and support to develop as organisations and in terms of their activities. Part of this development should of course include a long term financial sustainability aspect to increase income generation to be able to support PAs. Specific income sources will be different for each FA and will need to suit their circumstances, the nature of the PA they support and the interests and motivations of FA members. However, if they are to develop in a similar way to FAs in other countries, membership contributions (in cash or in kind) and fundraising efforts that target donations are likely to be the largest part of the overall FA incomes. This can include CSR contributions from local and regional businesses such as those in tourism, campaigns, events, etc.

Other sources will be more variable and case specific and include, for example, tourism services, educational tours/camps, gift shops, kiosks, restaurants, branded merchandise sales, etc. Often these kinds of commercial ventures will be relatively smaller (e.g. opportunities that are too small for APA to put out a concession), operating at lower profit levels but offering a valuable services for visitors thereby playing a role in attracting them. For example, the availability of a small community-run kiosk that serves refreshments can make a difference in the willingness of people to visit a PA.

The ability of FAs to generate revenue through fundraising and other sources is likely to be limited with some exceptions where FAs members have experience in income generation. This indicates the need for capacity building in fundraising and other means of revenue generation. The form and focus of such capacity building should be guided by engagements with the Protected Areas Friends Network and individual FAs and carefully tailored to suit their needs.

5.2 Corporate Social Responsibility and sponsorships

Competition for CSR funds is often intense requiring targeting. For example, there should be an opportunity to target businesses or sectors that are the most obvious beneficiaries of PAs such as tourism, water supply, hydro-electricity and others. This would make their contributions a form of voluntary payment for ecosystem services (PES) without the need to monitor outcomes as strictly (i.e. companies that contribute CSR funds should need less conclusive scientific proof of the benefits of their contributions when compared to the average PES scheme). CNF is planning to carry out an ecosystem services assessment in the near future which should help to guide the targeting of potential CSR contributors among companies that benefit more directly from PAs.

It is also worth considering the difference between accessing CSR funds at a national and regional or local level. It makes most sense for CNF and other national NGOs tends to focus on national level CSR contributions while Friends Associations could have a more local and regional focus (with the

exception of the newly formed Protected Areas Friends Network which will probably have a national focus).

How to fundraise from CSR sources is not an exact science. Much depends on the personalities, interests, social and professional networks of both those who allocate CSR funds and those that apply for them. Nevertheless, a typical approach to sourcing CSR funds would include at least the following steps:

1. Identify and target companies that seem more likely to be willing to contribute to PA management and conservation.
2. Prepare materials (brochure, presentation) needed to make the case for the CSR funding being requested. This should include an outline of past and current activities focusing on successes and achievements along with future potential activities where CSR funding could help. It should emphasize the societal benefits of the CSR funds along with the benefits for the company being approached (e.g. what kind of marketing advantage would it give them).
3. Approach companies and request an opportunity to meet and make the case for funding. This should include NGO as well as PA management authority representatives if the funds are to be used in PAs.
4. Follow-up and request referrals to other companies that may be worth approaching.

Note that some companies may have a set procedure for receiving applications for funding. For example, these may require a brief submission through their website providing them with key information which they specify. These submissions are then used as a basis for requesting further information from applicants.

5.3 Sale of direct advertising opportunities

The direct sale of advertising opportunities is an option that would require further investigation and careful consideration. To start with, the legal feasibility and limits of selling advertising space by state institutions such as APA should be clearly established. This should be possible with inputs from lawyers in APA and its Ministry and would make it clear what is possible and what it not.

It would be beneficial to also establish clear regulations or guidelines on what can be allowed or, if these already exist in some form, to have them reviewed and revised if needed with stakeholder inputs. Such guidelines could cover not only direct advertising but also the wider process of recognizing any donor or contributors through for example CSR and sponsorships. They could be less detailed, but have a similar purpose to the NPS regulations described in Section 4.3.5 on Donations and Philanthropic Partnership (Director's Order Nr 21) which include provisions for how to deal with sponsorships and associated recognition or advertising opportunities given to those who contribute to the NPS and wish to use the NPS brand and logo.

Once legal issues have been resolved and there is at least greater clarity on what is acceptable or allowable, advertising options could be explored with the help of specialists in advertising, marketing and the sale of advertising spaces and opportunities. It may be possible to start this process with help from marketing specialists within government. However, private sector specialist inputs would also be needed from those who understand the market for advertising and can give advice on engaging with it.

5.4 Tusheti tourism levy

The TPLA is considering the introduction of mandatory charges for municipal services. The process required for the introduction of such charges could also be used to introduce a more comprehensive mandatory local tourism 'levy' which would aim to provide funding for tourism and conservation enhancing actions in Tusheti. The additional assessments and associated process needed to introduce such a levy could be undertaken as a pilot in two phases. The first would need to focus on establishing the legal feasibility and optimal form of a tourism levy. Depending on the outcomes of the first phase, the second could be the stakeholder engagement process aimed at agreeing on and introducing a levy which would need to be informed by selected assessments.

Legal feasibility and optimal form of a tourism levy

Initial additional assessment could focus on establishing the legalities and optimal way for the TPLA to be able to introduce a tourism levy. In this regard, the primary recognised tax for municipalities in Georgia are local property taxes which essentially have two components, namely a property tax and a land tax component. Companies are subject to property tax at a flat 1 % rate of the average annual net book value of their property. The land tax depends on the quality and location of land. The base maximum annual rate for the non-agricultural land amounts to GEL 0.24 per one square meter. The tax must be calculated by multiplying the annual base tax rate by the territorial coefficient and the land area. The differentiation of the land tax by territorial coefficient is made in accordance with location and zones of the land plot.

In addition, municipalities are entitled to establish local taxes and charges in their territory within the maximum limit stipulated by the Tax Code of 2013. As per Article 7 of the Code 'A representative body of a local self-government within its purview shall be authorized to introduce only a local tax prescribed under this Code as a flat rate throughout the entire territory of a local self-government unit and/or according to the specific fields and/or types of activity within the territory of the unit, within the thresholds established under this Code or determined under the decree of the Government of Georgia.' In addition, with respect to notifying the Revenue Service, "A representative body of a local self-government shall be obliged to send to the Revenue Service and relevant tax agencies information about the introduction, change of terms of payment thereof, or the cancellation of the introduced local tax and a copy of a relevant sub-statutory act upon publication." These provisions and others will need to be evaluated and discussed with the relevant authorities in order to establish the legal feasibility and optimal form of a tourism levy.

Stakeholder engagement aimed at introducing levy informed by selected assessment

Once basic legal feasibility is confirmed, the focus can shift to the process of introducing a levy. This will have to be carefully planned with the TPLA in order to maximise the chances of success particularly in term of stakeholder participation and acceptance. Communication will be very important with locals on this subject and is likely to benefit significantly from the involvement of the Tusheti Friends Association and other local NGOs.

Stakeholder engagement will most probably require further assessment to inform it. For example, justification and explanation of the levy is likely to be needed for different audiences. At the start of the process, this can stay relatively general with significant opportunity for stakeholders to contribute to the overall 'vision' of what the levy should achieve. Refinements can then be made as the process progresses.

It would be helpful to ensure a better understanding of likely affordable levy amounts and associated total revenues as well as the costs of activities prior to engagement. In this regard it should be possible

to do a high-level assessment of what levy amounts are likely to be affordable to hotels and other potential contributors. This can be informed by an estimation of hotel and other tourism operator revenues (turnover) and guest numbers. A selection of activities that the levy could be used for (e.g. promotion, provision of tourism facilities, conservation management) could also be costed to better understand cost implications. This can lay the basis for further discussions and refinement which should include collective agreement on collaborative management and how the use of levy revenues is to be collectively determined on an ongoing basis.

5.5 Tusheti Protected Landscape camping sites concession

The TPLA has progressed with their camping sites concessions project to the point where the most appropriate potential camping sites have been identified and designs and detailed architect's drawing have been produced for the sites. The TPLA is aware of its own limited experience and capacity constraints with respect to concessions and has identified the need for capacity building. It is also clear on the potential value of assistance from APA who have experience with concessions. The provision of training for the TPLA focused on viability assessment and concessions best practice would therefore be beneficial.

In addition to the need for training, further viability assessment and piloting is needed. This could consist of the following steps or tasks:

1. Commission a more detailed feasibility/viability study for the camp sites concession to be conducted by a consultant with experience in similar studies in close collaboration with the TPLA. The primary goal of such a study would be to provide an independent assessment of viability and to refine the concession. It should consider the sites being proposed, the level and costs of infrastructure needed, reasonable expected revenues and business model options.
2. On the basis of the outcomes of the feasibility study, devise a process or roadmap for what would be needed to reach the point where a contract is entered into with a preferred concessionaire.
3. Generate a call for proposals from interested concessionaires that is clear on the nature of proposals that would be considered and exactly how they will be evaluated. Distribute the call for proposals widely.
4. Evaluate proposals received using clear criteria, request further information or clarifications and decide on a preferred bidder.
5. Inform the preferred bidders and enter into negotiations with them
6. Draw up concessionaire contract on basis of negotiations with as much clarity as possible and including dispute resolution mechanisms.
7. Manage concession in accordance with concession contract.

The detailed feasibility study should ideally be commissioned as a separate phase which then informs the nature of further work required and associated ToRs.

Aside from APA experience, there is good international guidance on best practice for tourism concessions to draw on for training and practice. This includes the following:

- UNDP. 2014. *Tourism Concessions in Protected Natural Areas: Guidelines for Managers*. Written by Thompson, A., Massyn, P.J., Pendry, J., Pastorelli, J. United Nations Development Programme. Available at: www.undp.org/content/undp/en/home/librarypage/environment-energy/ecosystems_and_biodiversity/tourism-concessions-in-protected-natural-areas.
- Spenceley, A., Snyman, S. & Eagles, P. 2017. *Guidelines for tourism partnerships and concessions for protected areas: Generating sustainable revenues for conservation and*

development. Report to the Secretariat of the Convention on Biological Diversity and IUCN. Available at: <https://www.cbd.int/tourism/doc/tourism-partnerships-protected-areas-web.pdf>.

- World Bank. 2016. An Introduction to Tourism Concessioning: 14 Characteristics of Successful Programmes. Available at: <http://documents.worldbank.org/curated/en/459431467995814879/pdf/105316-WP-PUBLIC-Tourism-Toolkit-19-4-16.pdf>

6 CONCLUSION AND RECOMMENDATIONS

This finance opportunity analysis reflects the outcomes of an investigation into the potential for existing and new finance instruments to generate sustainable income for PAs with a particular focus on domestic mostly non-tourism sources. The relatively wide-ranging nature of the analysis has allowed for a comprehensive consideration of ideas and for prioritisation of future actions. An initial longlist of 34 existing and new finance instrument options went through a screening and prioritisation process which identified the following 11 relatively higher potential options for APA and the TPLA:

1. Friends Associations (FAs) contribution enhancement
2. Filming and photography fees introduced
3. Vehicle entrance fees introduced
4. Corporate Social Responsibility (CSR) contribution and sponsorships increases
5. Sale of advertising opportunities introduced
6. Competitions with sponsored prizes used for fundraising.
7. Pasture fees enhancement
8. Damages to land compensation payments (compensation from forest use)
9. Introduction of a local tourism levy in TPL
10. Concessions for the development and operation of camping and picnicking areas in TPL
11. Concessions for rafting and kayaking in TPL

These options were assessed and prioritised further resulting in the following priority options at this time:

1. Friends Associations (FAs) contribution enhancement
2. Corporate Social Responsibility (CSR) contribution and sponsorships increases
3. Sale of advertising opportunities introduced
4. Introduction of a local tourism levy in TPL
5. Concessions for the development and operation of camping and picnicking areas in TPL

Descriptive designs have been provided for each of these priorities including next steps, options for piloting and other actions recommended for moving towards implementation. This information can serve as the basis for subsequent investment in piloting priority revenue-generating finance instruments.

The overall opportunity analysis and the ideas that it contains should be used and updated as needed in the future as a resource for the ongoing process of thinking about, developing and encouraging sustainable PA finance in Georgia. The analysis may also be useful as evidence of the efforts of APA and others with respect to enhancing own revenue generation alongside other projects including the tourism income feasibility studies being conducted for individual PAs. Highlighting these kinds of efforts towards greater self-sufficiency is often helpful when motivating for government budget allocations and grant funding.

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Appendix 2: APA detailed tourism revenue per individual item

Revenue category	2015	2016	2017	2018	2019	Total	%
Entrance fees	1,086,150.0	1,861,769.5	3,124,760.5	6,034,773.2	8,117,732.4	20,225,185.6	
Single Ticket	1,086,150.0	1,855,129.5	2,898,929.5	4,990,470.2	6,996,249.4	17,826,929	69.57%
Combo Ticket	-	-	7,900.0	258,750.0	-	266,650	1.04%
Entrance fee	-	6,640.0	217,931.0	785,553.0	1,121,483.0	2,131,607	8.32%
Accommodation fees	49,716.0	89,626.2	82,990.0	103,252.3	132,485.0	458,069.5	
Tourist shelter	14,484.0	26,150.0	25,475.0	48,512.0	60,485.0	175,106	0.68%
Hotel	19,362.0	46,366.2	37,955.0	30,136.3	42,570.0	176,390	0.69%
Bungalow	15,870.0	17,110.0	19,560.0	24,604.0	29,430.0	106,574	0.42%
Camp site	27,363.0	34,661.0	44,615.0	48,430.0	54,000.0	209,069	0.82%
Picnic area	2,115.0	3,910.0	3,915.0	5,097.7	6,637.1	21,675	0.08%
Tours	211,548.0	90,364.8	869,269.9	1,418,848.4	748,187.1	3,338,218.2	
Boat tour	191,954.0	62,720.0	833,519.0	1,364,788.8	662,277.1	3,115,259	12.16%
Safari tour	-	335.0	-	-	615.0	950	0.00%
Tour by motorboat	4,130.0	9,630.0	12,654.9	19,015.1	43,180.0	88,610	0.35%
Tour by kayak	340.0	885.0	2,140.0	2,697.0	10,805.0	16,867	0.07%
Tour by pontoon	15,124.0	16,794.8	20,956.0	31,847.5	31,160.0	115,882	0.45%
Diving	-	-	-	500.0	150.0	650	0.00%
Sport fishing	12,685.0	10,041.0	12,261.0	10,850.0	10,530.0	56,367	0.22%
Horse service	10,785.0	11,855.0	7,150.0	10,930.0	14,850.0	55,570	0.22%
Zip Line	4,290.0	7,200.0	10,350.0	15,179.0	10,045.0	47,064	0.18%
Adventure Park	-	-	-	-	20,930.0	20,930	0.08%
Conference hall	1,031.6	7,227.6	10,111.0	10,467.0	4,724.8	33,562	0.13%
Civil marriage signing ceremony	100.0	600.0	600.0	900.0	500.0	2,700	0.01%
VIP Service	3,100.0	3,200.0	4,600.0	6,300.0	2,100.0	19,300	0.08%
Renting out equipment	7,673.5	10,103.5	14,085.0	18,730.0	17,953.0	68,545.0	
Sleeping bag	2,333.0	3,110.0	3,150.0	5,580.0	6,320.0	20,493	0.08%
Camping mat	448.0	1,179.0	1,503.0	2,997.0	2,973.0	9,100	0.04%
Tent	1,377.0	1,645.0	1,950.0	3,160.0	2,000.0	10,132	0.04%
Backpack	50.0	40.0	45.0	95.0	30.0	260	0.00%
Picnic table	-	-	3,330.0	3,405.0	3,600.0	10,335	0.04%
Bicycle	2,275.0	350.0	1,960.0	2,065.0	1,525.0	8,175	0.03%
Hook	5.0	-	-	-	-	5	0.00%
Locker	371.0	745.0	823.0	1,046.0	325.0	3,310	0.01%
Snow shoes	345.0	445.0	595.0	160.0	550.0	2,095	0.01%
Swamp walking skis	42.0	54.0	94.0	52.0	140.0	382	0.00%
Binocular	61.0	68.0	360.0	170.0	410.0	1,069	0.00%
Rowing boat	-	160.0	-	-	80.0	240	0.00%
Take a photo	191.5	2,106.5	275.0	-	-	2,573	0.01%
Parking for cars	-	-	-	-	-	0	0.00%
Audio Guide	175.0	201.0	-	-	-	376	0.00%
Sale of goods	8,783.0	13,252.0	17,445.7	19,562.0	16,357.0	75,399.7	
Map	7,476.0	10,940.0	14,196.0	16,773.0	14,427.0	63,812	0.25%
Brochure	146.0	1,721.0	1,496.0	1,487.0	1,312.0	6,162	0.02%
T-shirt	840.0	516.0	315.0	276.0	12.0	1,959	0.01%
Souvenirs	189.0	18.0	1,330.7	60.0	-	1,598	0.01%
Album	-	-	60.0	810.0	600.0	1,470	0.01%
Pen	132.0	57.0	48.0	156.0	6.0	399	0.00%
Unclassified payments	134,903.0	143,038.5	173,564.0	518,242.2	24,469.0	994,217	3.88%
Total	1,560,243	2,286,849	4,375,717	8,221,562	9,181,500	25,625,871	100.00%

Appendix 3: Additional tourism activity and revenue options

Aside from existing opportunities, the following mostly additional potential opportunities can be found in other PAs around the world and are worth bearing in mind:

Opportunity	Description / notes, environmental risks
Eco-lodges	Globally it is relatively common to sell private sector concessions for carefully selected sites in PAs generally for low-impact exclusive lodges. There are some lodges already in PAs in Georgia but may be potential for more. Generally should be low financial risk if a private sector concession with a reputable concessionaire. Site choice is important along with access and operational rules (e.g. for handling waste)
Canopy tours / Tree top trail	Using small zip lines, rope bridges, cables etc to move through the canopy where there are large trees. Can be popular and educational especially for children. One of these is being planned for Lagodekhi
Mountain biking trails and tours	Generally this involves allowing and encouraging mountain bikers to ride in PAs and charging them a normal entrance fee. If special trails are built and facilities offered then a higher fee can be charged. Can be potential for conflict with walkers on same trails.
Rock climbing and abseiling	Need a site with a good sheer rockface and maybe a waterfall for abseiling to be something special. Some environmental risks but can generally be avoided with careful site selection.
Paragliding and gliding	Sites and weather conditions play a significant role so not something that is possible every day. Season generally April – October. FlyCaucasus offers tours in Tbilisi, Batumi, Gudauri, Vardzia and Kakheti.
Hot Air Ballooning	FlyCaucasus offers tours in Tbilisi and Kakheti. Also sensitive to weather conditions in general.
Heli skiing	Heliksir is an example of an operator that offers heli skiing in Gudauri and Svaneti. May be option to also allow this on APA land for a fee or as part of a concession. Needs to be carefully assessed and considered in terms of environmental impacts mostly on animal disturbance.
Segway tours	These can be popular as a fun way to see an area provided the terrain is not too challenging although you do get '4X4' style segways. Electrical mountain bikes may in some cases be a better option for tours.
Quadbike or motorbike tours	Can be popular with some visitors while others are totally against it so higher risk. Relatively higher chance of accidents which can be reduced somewhat if bikes are modified to keep to safer speed. Greater chance of environmental damage and disturbance for other visitors. Needs very careful management.
Bungy jumping	Need a bridge or something similar. Can also have a 'bridge swing'
Cable cars or funiculars	Already proposed for Machakhela. High cost and financial risk so generally better if it's a private sector concession. Engineering works and visual impacts can be a concern.
Specialised viewing platforms	For example, 'Spider Web' web-style already proposed for Machakhela to form part of a tour that includes part trail, part waterfall stairs, part rock climbing and then end on the spider web. Aside from spider web, one can come up with other creative types of viewing platforms at a cost (e.g. glass 'skywalks' or viewing boxes such as "Step into the Void" glass room with a glass floor in Chamonix, France). Tend to be located in spectacular, sensitive sites so need to be sympathetic to these sites.
Ethno and eco villages	Can be an interesting attraction with cultural aspect. Relatively high risk of financial failure where the state has tried to establish these. So better if market-driven and a private sector concessionaire shows an interest and takes the majority of the risk. Or can be a really a small community-driven initiative.
Tubing (on rivers)	I assume this already takes place in PAs but is included under the kayak tour category.
Niche tours	Example could be specialist birding or amphibian tours. Not necessary a significant additional revenue stream as those people on the tour pay entrance fees only unless

	they are given special access to restricted areas that are not generally open to the public.
Special wildlife viewing opportunities	For example 'vulture restaurants' where vultures are fed and tourists can get close to view them while they feed. Vashlovani could be a potential place for this. Needs to be managed carefully so that not creating an artificial dependency of animals expecting to be fed.

Appendix 4: Long list of finance instruments and scores leading to identification of potential priorities

#	Finance Instrument	Description, considerations and notes to guide evaluation and screening of instrument	Total weighted score out of 10	Potential priority for detailed assessment (score above 6)
Existing instruments focusing more on non-tourism instruments				
1	Entrance fees	Currently entrance fees are charged at Prometheus, Sataplia, Martvili, Okatse, Navenakhevi, Vashlovani. Entrance fees at other PAs could be considered provided collection costs are reasonable relative to likely revenue which depends on visitor numbers. Fee amounts are currently not particularly high or low - possibly lowish for foreigners at \$4-6 relative to locals (\$2-3).	5.4	Not a Priority
2	Donor funding	Large multi-year funding from donors such as CNF, KfW already in place. Potential for increased revenue will have to come from existing donors or potentially new ones would need to be sought	5.5	Not a Priority
3	Direct donations from companies and individuals	Example of agreement where a fuel company has donated advertising space at their stations to APA. This revenue source may have potential to increase particularly if done as part of CSR programmes (see separate instrument) often in-directly through NGOs or other funds like CNF.	5.5	Not a Priority
4	Donations into 'donation boxes' at PAs	Low revenue (<GEL 500) from donation boxes in Borjomi, Lagodekhi, Mtirala, Vashlovani. Donations mostly small and by individual tourists. See separate instrument to try for more online donations below	4.1	Not a Priority
5	Timber tickets	Revenue stream from service fees flow to APA but is not particularly stable (GEL 58,000 max). Timber value fee goes to local municipality. Can be planned ahead using forest inventory over longer periods. Potential for complexity as any changes will require collaboration and agreement from NFA which is undergoing significant reforms along with the forestry sector (see World Bank 2020). Need to be careful that pursuing increased revenue from timber harvesting does not encourage in over-harvesting.	4.7	Not a Priority

6	Damage compensation payment (compensation from forest use)	<p>Damages compensation payment (compensation payments from forest use) are essentially payments to compensate for certain activities on PA land that result in ecological impacts. For example, if a new pipeline needs to cross PA land and requires tree cutting and digging of trenches then damage compensation payment are made to APA to restore areas that are disturbed not just in forest areas.</p> <p>The payments have be regulated since 2016 and apply to all land and not only PAs. The damage amounts are generally seen as adequate for forest as there is more research done on this habitat which supports good estimates. However, for other habitats and instances they are not seen as adequate. For example, soil compensation is seen as inadequate as it is based on amounts in the tax code for land taxes fixed at 36 tetri/m2 with no clear scientific basis. In terms of sustainable revenue generation, payments are ad-hoc in nature and depend on whether there are projects causing damages and how much damage. In addition, money received for damages needs to be spent specifically on restoration so it is not general revenue. Damages payments are linked to overall damages compensation law reform which is clearly needed and in process as outlined in the Georgian BIOFIN Biodiversity Finance Plan. However, APA does not really have the mandate to drive the process of reform but may have the opporunity to make contributions to it.</p>	6.0	Potential Priority
7	Leases (non-tourism)	Key example are leases that mobile phone networks operator pay for towers on APA land.	4.9	Not a Priority
8	Pasture fees	APA sets the fee for pasture leasing based on an independent auditor's recommendation but can lower price to allow stricter management conditions of the pasture (MoEP/UNDP 2016). Pasture management assessments and plans have been done for Vashlovani, Chachura, Borjomi-Kharagauli , Javaketi. APA generally satisfied with scope of fees and setting of fee levels which tend to be between GEL 15 and GEL 20 /ha/yr. Note that in some other countries, there are no fees for selective grazing of animals inside PAs (so its a form of benefit sharing with surrounding locals and not a revenue source).	6.0	Potential Priority
9	Conference hall fees	Revenue is from Borjomi, Lagodekhi, Mtirala, Tusheti, Vashlovani, Kolkheti, Kobuleti. Fee to hire conference hall is GEL 100 to 160/day depending on site and hall size. Fees seem seem modest. May be option for involvement of companies that focus on sourcing and hiring out venues for larger conference halls with good facilities.	4.2	Not a Priority
10	Marriage signing ceremony fees	Low revenue (~GEL 1,000/yr) from Okatse, Sataplia, Kinchka, Prometheus where charge is GEL100 / signing. Seems to be more	3.8	Not a Priority

		potential for increased revenue from events in general such as weddings, music concerts etc (see separate instrument focused on this below)		
11	Friends Associations (FAs)	<p>Friends Associations (FAs) engage in various activities in support of PAs and often play an important role in fostering relationships between PA management and surrounding communities. FAs are known in Georgia and were first established in 2009 for Vashlovani, Lagodekhi and Tusheti with the assistance of an IUCN grant. Since then another six associations have been established (i.e. Mtirala/Machakhela, Kolkheti, Algeti, Kazbegi, Kintrishi and Pshav-Khevsureti) primarily with assistance from the KfW funded SPPA programme. Financial sustainability has been an area where FAs have had relatively limited success thus far and an area of concern for donors that want to ensure that they become financially sustainable post donor funding. The need to increase focus on financial sustainability is also recognised by the newly formed umbrella organisation for FAs which has the intention of raising funds for its own activities and for its member FAs.</p> <p>Part of future development of FAs should include a long term financial sustainability aspect where there is potential for increased income generation. Specific income sources will vary for each FA and will need to suit their circumstances, the nature of the PA they support and the interests and motivations of FA members. However, if they are to develop in a similar way to FAs in other countries, membership contributions (in cash or in kind) and fundraising efforts that target donations are likely to be the largest part of their overall incomes.</p>	7.3	Potential Priority
12	Penalties and fines	GEL 4,542/yr revenue is from penalties for concessionaires and leasers and goes to central budget. Generally fines and penalties are a necessary management measure and revenue from them covers the cost of imposing them. Not so clear they have much potential as a revenue generating instrument.	4.8	Not a Priority

New instruments with potential focusing on non-tourism instruments

13	Filming and photography fees.	<p>These fees are charged to filming and photography crews that wish to make use of PAs as locations and can be a sizable source of revenue. Some of the countries that charge these fees include USA, Canada, Australia, most safari countries in Africa and others. Fees structures vary significantly. Most countries have a separate application fee (which goes to the Film Commission or similar institution in some countries and to the PA management authority in others) and then also a daily filming fee which goes to the PA management authority. Fees vary per crew member or for a specified crew size. Most countries make a few distinctions between higher fees for commercial and lower fees for non-commercial filming categories. Some countries also charge different rates to foreigners versus locals.</p> <p>Fee amounts are highly variable - in addition to application fees, daily commercial filming fees in South Africa and the United States would be \$200-\$300 for a medium sized crew of 10 to 20 people and would go up closer to \$500 in Canada or Australia. More detailed examples of fee structures and amounts can be accessed if needed for a number of countries to use as a benchmark to guide fee setting.</p> <p>The Georgian Film Commission strongly promotes Georgia as a filming destination. It offers generous incentives (eg up to 25% cash back on shoots) and highlights advantages of Georgia as a destination including that public locations such as PAs are free of charge which is uncommon in most other countries. It may result in resistance from the Film Commission and its parent Ministry to APA introducing fees. Keep in mind, however, that other countries have a system whereby they offer equally generous filming incentives whilst also charging location fees for places like PA and other locations – the two are thus not mutually exclusive.</p>	6.7	Potential Priority
14	Vehicle entrance fees	<p>These fees can be charged per vehicle entering a PA in addition to entrance fees per person. They can be a source of revenue and can help to decrease vehicle congestion where that is a concern. Some of the countries that charge these fees include USA, Canada, Australia, most safari countries in Africa and others. Some countries charge different amounts per vehicle category defined by type (e.g. sedans, 4X4s, mini-buses, buses), weight or number of seats. Some charge higher fees for foreign registered vehicles particularly if entrance fees per person are also higher for foreigners.</p> <p>Fee amounts vary but are generally between one and two times as much as entrance fees per person (i.e. if entrance fees are \$5/adult then sedan vehicle fees tend to be between \$5 and \$10). More detailed examples of fee structures and amounts can be accessed if needed for a number of</p>	6.7	Potential Priority

		countries to use as a benchmark to guide fee setting. There can be cost implications for PAs that need routes, infrastructure, signage to be put in place and maintained. Tusheti Protected Area and Landscape, Vashlovani are examples where cars enter. There is only currently a fee for Vashlovani of GEL 5 per vehicle but this fee is mostly to register people in area for border security purposes. Tusheti piloted voluntary vehicle fees to special parts of the PA. They were not, however, sustainably implemented.		
15	Event fees	Currently event fees seem mostly limited (e.g. low revenues from 'marriage signing ceremonies'). Some PAs could be marketed as a venue for weddings, concerts provided they have facilities and probably more scope in PAs that also have conference halls. Risks of disturbance is an issue so needs careful planning and management. What is appropriate where, even within a PA, will differ - e.g. area near administration buildings can be used for relatively more 'noisy' events. Key facilitator of such events is better relationships with event organisers so that they may bring ideas and understand what kinds of events are appropriate.	5.9	Not a Priority
16	Expanding resource use fees to include non-timber forest products (NTFPs).	One of the solutions in the Georgia BIOFIN Biodiversity Finance Plan (BFP) is "Reviewing and updating existing fees and quota system for the use of natural resources". In the Adjara PAs values and revenue options study, increased timber extraction or NTFP fees were not recommended as they would increase conflict with surrounding local communities (Adeishvili 2016). Not clear that revenues would be high enough relative to cost of implementing such fees. Need to be careful that pursuing increased revenue from harvesting does not encourage over-harvesting. Bee keepers put hives in PAs which could have a charge. But bees are providing pollination services to PA. NTFP harvesting in forests will now be subject to new regulations so will be formalised and licenced but stay free for now with potential for fees in future.	5.1	Not a Priority

17	Payment for Ecosystem Services (PES) schemes.	<p>The Adjara PAs values and revenue options study identified voluntary PES schemes as something worth considering. For example, Batumi Water Utility (BWU) uses water sources that originate in Mtirala NP. Hydropower plants including Kintrishki (6 MW) and Khelvacaure (36 MW) that should be constructed by now also rely on water flows from Kintrishki and Machakhela (Adeishvili 2016). Such a scheme would require some form of feasibility assessment and engagement with potential buyers of services in particular. They would essentially need to be willing and able to pay for watershed protection mostly in the form of land management in the watersheds where they get their water from. Note that water PES was considered but not included as a priority solution in the Georgia BIOFIN Biodiversity Finance Plan (BFP).</p> <p>National development policy focuses on promoting development which can be a constraint. Example of Borjomi Water which has already paid a large fee via auction and then annual fee for natural resource usage to local municipality and annual regulation payment to licensing agency and not likely to be receptive to pay more. Not a priority and rather focus on CSR as a form of voluntary PES (see instrument and details below). Bear in mind that CNF has plans for an ecosystem services assessment that could investigate this further.</p>	5.3	Not a Priority
18	Corporate Social Responsibility (CSR) contributions	<p>Most private sector companies may prefer to keep channelling funds through NGOs and other organisations like CNF etc and this may be easier for APA as well. These can especially target businesses or sectors that benefit from PAs (e.g. tourism, water supply, HPP, etc) making it a form of voluntary PES without need to monitor outcomes as strictly (ie companies that contribute CSR funds should need less scientific proof of the benefits of their contributions when compared to the average PES scheme). CNF ecosystem services assessment could guide in future with respect to targeting CSR contributions from companies that benefit more directly from PAs. So there is an opportunity to expand efforts and assess potential further. CNF and other national NGOs tends to focus on national level and Friends Associations could have a more local and regional focus in attracting CSR funds.</p>	8.1	Potential Priority
19	Online donation options.	<p>Physical donation boxes have very low revenue. So this instrument could focus on online 'donation boxes' using for example GivenGain as a platform or crowd funding campaigns. Online donation options tend to work best when the PA authority has a good website with significant traffic (according to APA their site gets 5,000 to 1,0000 visitors per year) as this where the main link to the donation opportunity is. They need to be accompanied by some form of an awareness campaign generally in order to attract interest. Not a priority for APA but could consider further as an option for 'Friends of the Park' organisations to consider. CNF and</p>	5.1	Not a Priority

		SABUCO are examples of organisations that already have "Donate Now" links on their homepages.		
20	Competitions (lucky draw) with sponsored prizes used for fundraising	An example is the National Sea Rescue Institute in South Africa where a donation (through buying a ticket to enter a prizes draw) gives you a chance to win a car sponsored by Mitsubishi and other high value prizes. This competition is run every year and has become a major revenue source for them over time and gives Mitsubishi good marketing. CNF has done something similar as once-offs as it takes a lot of resources and organisation.	6.1	Potential Priority
21	Local Eco-tourism levy (bed levy).	Best in areas where tourism accommodation establishments are nearby and benefit significantly from PAs. Difficult to make such a local levy compulsory so may work better for Friends of Associations to try to get voluntary contributions from hotels and other tourism companies. Note that voluntary local levies in places such as Tusheti were considered but not included as a priority solution in the Georgia BIOFIN Biodiversity Finance Plan (BFP). Could consider further as an option for Friends of Associations.	5.1	Not a Priority
22	National eco-tourism levy with some portion going to PAs.	Potential for sustainable revenue is high but more complex than a local levy, would need high level political backing and negotiations around how much goes to APA as opposed to, say, tourism marketing, training, etc. Note that a national levy was considered but not included as a priority solution in the Georgia BIOFIN Biodiversity Finance Plan (BFP).	4.8	Not a Priority
23	PA brand usage fees or voluntary contributions.	This may be for locally produced products or services that benefit from the PAs brand – e.g. Mtirala honey producers are using Mtirala name. To some degree the limited and appropriate use of a PA brand can be seen as an acceptable benefit sharing mechanism which should not have a fee attached to it. So not clear a fee would be worthwhile unless the PA's brand is being used extensively and by larger businesses for profit.	4.2	Not a Priority
24	Certificate of support 'sold' by PAs to nearby hotels or tourism businesses.	These would be sold to recognise their contribution to PAs. These would be similar to brand usage contributions and may have appeal as hotels could use them for marketing purposes and potentially as a way to gain points in their green/eco certification processes. They could also be thought of as a form of CSR, sponsorship. Not a priority for APA but could consider further as an option for Friends of Associations.	5.3	Not a Priority
25	Direct sale of advertising opportunities	Currently CSR and other donations can be recognised by APA which allows for some marketing benefit for contributors and should make them more willing to contribute. There may be an option to take this further by offering advertising space more directly on APA lands and at its facilities - e.g. billboards. This would have to be handled very carefully in order to not alienate visitors who may perceive it as being too commercial. Not clear whether it would be legal for a government entity to do this.	6.1	Potential Priority

26	Biodiversity offsets.	<p>Biodiversity offsets can be implemented in EIA as the last option in the mitigation hierarchy (i.e. when damage to, or loss of, important biodiversity cannot be avoided or mitigated then as a last option, offsets can be considered as a form of compensation). When strictly applied they result in additional hectares of land under conservation often to be managed by the PA management authority. So their benefit is additional land conserved and not necessarily more revenue (aside from the funds that are specifically set aside for the management of the additional land under conservation). When less strictly applied, and not in keeping with best practice, offsets could be in the form of payments to PA management authorities for management of existing conserved land.</p> <p>Note that offsets were considered but not included as a priority solution in the Georgia BIOFIN Biodiversity Finance Plan (BFP). APA could benefit from offsets on an ad-hoc basis and should be ready to do so should the opportunity arise. Need to link to damages compensation law reform.</p>	5.3	Not a Priority
27	International climate change funds (e.g. Green Climate Fund).	<p>Georgia has had 4 projects approved by the GCF with a value of US\$767 million with most of the funding focused on green energy, early warning systems and city greening. There may be an opportunity for APA to benefit from national projects with a focus on forest restoration projects or project to combat land degradation. So the funds are for that purpose only and won't add to APA's overall revenues as such. Can be difficult to access such funds for PAs as PAs are already 'supposed' to be protected by government. Better potential when there is a substantial need for reforestation / restoration in a particularly low income country where the PA authority has extremely limited resources.</p> <p>The Georgian Nationally Determined Contribution (NDC) to climate change mitigation prioritizes three options for climate change mitigation activities in forestry sector: (a) establish Sustainable Forest Management (SFM) practices; (b) conduct afforestation/reforestation and assist natural regeneration; and (c) expand protected areas. Its main relevant unconditional commitment is to afforestation/reforestation in the Borjomi-Bakuriani Forest district. This will expand substantially to 35,000 ha of afforestation/reforestation through Georgia provided there is external financial support for example through GCF and other forms of financial support. With enough support from international sources to set up an adequate infrastructure and assure effective planning for management of the additional protected areas during 2020-2030, country commits itself to expand the protected area from 0.52 million ha to 1.3 million ha (about 20% of Georgia's territory) comprising at least 1 million ha of forests. (World Bank 2020).</p>	5.3	Not a Priority

28	Carbon offsets funds.	Voluntary local and international contributions that are specifically targeted at reforestation / restoration. Accessing such funds can be challenging and those who contribute will want to be sure that their funds are used specifically for reforestation. So the funds are a conditional form of revenue meaning APA cannot use the revenue as they wish.	5.3	Not a Priority
29	Bio-prospecting fees and royalties.	Fees to prospect don't tend to generate high revenues at first but if a profitable discovery is made and developed then, provided the PA authority is in a strong negotiating position, royalties may be a good source of revenue in the longer term.	5.3	Not a Priority
30	Hunting fees (for culling)	If culling is needed or nuisance species need to be controlled then achieving this through controlled hunting for a fee could have the added benefit of increasing revenues. Culling is, however, not carried out at the moment so this would be an instrument to consider in the future if and when needed.	5.6	Not a Priority
31	Gift shops, merchandise, services	APA currently sells souvenirs and other items like maps mostly to tourists and also provides services. Not a priority as is focused on tourism revenue but could consider further as options for Friends of Associations to also get involved in at selected PAs - ie they would sell goods and services potentially in partnership with APA. Mtirala Friends of Association financial sustainability study assessed potential to provide school excursions and other services with income sharing with APA.	5.9	Not a Priority
32	Green/conservation bonds.	These instruments are essentially loans to raise capital, which the government would probably have to provide surety for, so probably of less interest for revenue generation.	3.9	Not a Priority
33	Biodiversity enterprise funds.	These are not for revenue generation. They are aimed at providing funds for small businesses so that local communities can benefit. For example they may provide capital for bee keeping projects that enhance livelihoods and should then result in lower resource use such as un-sustainable harvesting within PAs	4.4	Not a Priority
34	Debt-for-Nature Swaps.	Entails government creditors writing off national debts in exchange for conservation commitments and projects. OECD conducted detailed investigations of this instrument in 2006. It can be investigated further but seems likely that it does not seem to have significant potential for Georgia as this instrument is more common for highly indebted very low-income countries.	3.9	Not a Priority