

## Conservation Concessions: Our Experience to Date

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Thank you Paul.

Over the next few minutes I'd like to give you an update on our progress in implementing something we're calling "conservation concessions." I would then like to very briefly touch on how this mechanism may be relevant to some of the countries in which Conservation International works. Since I suspect that this is a subject that is *new* to many of you I'd like to begin with a brief description of what a conservation concession is and how we got to where we are today.

To begin, I'd like to emphasize that a conservation concession can take many different forms. In fact, one of its great advantages is that it is a *very* flexible mechanism that can be adapted to a wide variety of different situations. In perhaps its simplest form, a conservation concession would be similar to a standard timber concession with a term of say 20 to 40 years, along with a clause for automatic renewal at the end of each term, and with annual payments greater than or equal to those of logging, but with payments made not for rights to cut the trees, but rather to keep the forest intact.

A conservation concession then, is simply a means to compensate resource owners for conservation. Although it's a new tool, at least applied within the context of public lands, it's actually a variation on a *standard* land protection mechanism – known as a "conservation easement" – that has been widely used on private lands – and who's key lies in providing landowners with a direct financial incentive for conservation.

### *Advantages*

What are the advantages of this kind of approach to conservation? In *my* mind, the primary advantage is that a conservation concession should provide habitat protection that is equal or better than a standard protected area but with fewer of its limitations. In particular, a conservation concession should:

- Provide landowners with a positive and continuing financial incentive for protection, so that rather than being reluctant to commit additional land to parks

(which is unfortunately how many governments feel at present), they should actually favor additional protection.

- A concession would also provide a steady and dependable stream of funding to ensure that protection activities are actually implemented (which would solve another shortcoming of parks – a chronic lack of funding for effective management).
- Another advantage of concessions – and the *key*, actually, to providing governments with a continuing incentive for conservation via this mechanism – is that payments would be made on an annual basis and would be strictly tied to performance, with the *effectiveness* of the investment monitored based on a set of carefully defined performance metrics.
- And finally, it would create a true market mechanism for conservation so that rather than having *each* new park depend on a long and complex political process, park creation could become something more akin to a standard business transaction, which should make parks much more efficient and effective in achieving their goals.

So, that's the basic theory behind the concept. How has it fared in practice? Well, one way to answer that question is to start at the beginning...

About 3 years ago, a colleague of mine and I were working on a study of the economics of logging in Guyana. Our data showed that even though the government was getting very little in return for allowing its forests to be logged, they were still willing to devote huge areas of their country to logging.

So on a lark, we decided to just ask the government if we could buy a one million-acre timber concession, pay them exactly what they would have gotten if the area had been logged and then simply protect it. To our surprise they said yes, with almost no hesitation at all. [This is not to suggest that we were immediately granted a timber concession. This ultimately took a couple of years, but the government was nevertheless interested in the idea from the outset.]

That made a big impression.

And it was at this point that we realized that we might be on to something. As we moved ahead with our proposal in Guyana, we therefore deliberately set about to simultaneously test the waters in a variety of other contexts around the world.

Today, barely 3 years later, we have conservation concessions in various stages of development in three countries (Guyana, Guatemala, and Peru) and what we're calling pre-feasibility assessments underway in a hand full of others (including: Mexico, Bolivia, Ecuador, Indonesia, Cameroon, Madagascar).

Our first target after Guyana was Guatemala. We chose Guatemala as a test case because we have an active program in the region and an attractive opportunity, but also because it's *such* a different setting from Guyana. Guyana is basically an *enormous* wilderness with very few people. Guatemala, in contrast, has a much smaller area of forest, intensive population pressure, and very high rates of deforestation. The areas we're considering in Guatemala are also entirely controlled by the local communities that live there, whereas no one, to our knowledge, lives within 50 km of our concession in Guyana.

In many ways then, these two settings couldn't be more different and our thinking was that if it the model works well in *both* these locations, it ought to work just about anywhere.

Our results to date (with only a few exceptions) have been extremely encouraging.

- *Speed* – Based on what we've seen to date in Guyana and elsewhere, the average start time for new concessions should be something on the order of 6 to 12 months (which is nothing short of *warp* speed in conservation circles). Note: the first concession approved in Peru took three months from start to finish.
- *Cost* – Costs will of course vary from place to place but there is every indication that the costs of implementing conservation concessions are well within the realm of what conservation groups are spending already. The money invested in a conservation concession, however, will be much more directly tied to *specific* conservation results than are most traditional conservation investments, and in the end, this should make a significant difference.
- *Accountability* – In terms of accountability, assessing the success of a concession, while certainly not a trivial exercise, is going to be far more straightforward than most traditional conservation investments. What we're trying to do is achieve a very tangible objective in as direct a manner as possible, and whether or not we succeed or fail in most cases ought to be readily apparent.
- *Transferability* – From all appearances, it is also an extremely adaptable mechanism: we have yet to encounter a country in which the government hasn't been at least a little bit enthusiastic about the concept.
- *Rate of Adoption* – Finally, the rate of adoption appears to be accelerating as proven deals emerge.

The bottom line is that conservation concessions could prove to be an extremely efficient mechanism for achieving conservation (and one that presents some very attractive opportunities both to groups like ours who are interested in promoting

conservation as well as countries like Guyana and a host of others who are able to provide it).

***Why is a conservation concession good for a host country?***

Which brings me to my final point, why is a conservation concession a good thing for a host country? This to me is the real crux of the matter. At present, if countries like Guyana that contain vast tracts of tropical forest wish to benefit financially from the development of their forests, they really have very little choice but to turn to logging. In our view, this is a situation that is both unfortunate and unnecessary in a world in which there is an enormous amount of interest and support for conservation.

And it is our hope and expectation that with mechanisms like conservation concessions this is a situation that can be made to be a thing of the past.

I think that, surprisingly, the problem to date has been neither a lack of funding to support conservation or a lack of forests or other important habitats that merit conservation investments, but rather simply the absence of a mechanism to put the two together.

A conservation concession is simply a way of eliminating this constraint – and in the process opening a new international market in conservation. This is market where countries like Guyana that have large tracts of globally important forests will have a true comparative economic advantage;

- a market that protects a country's natural resources for the future;
- a market that involves and directly benefits local communities,
- and a market that simultaneously preserves environmental and economic options and protects a country's national sovereignty.

So, that's a bit of the vision that we have for conservation concessions and some of our experience to date. I suspect there may be some questions, so with that I think I will end my formal presentation and open the floor to discussion.