

Creative Financing Mechanisms for Marine Protected Areas

la Fundación Bahía de Loreto and the Loreto Bay National Marine Park



the Sea of Loreto and Loreto Bay

- Until the 1960's, the Sea of Loreto was rich and abundant in species.
- The people of Loreto were able to catch all the fish they needed from the shore, or from very near to the coast
- There were also many popular sport-fishing species: dorado, yellow tail, sea bass, rooster fish, tuna and bill fish were all drawn to the abundant sardines in the area
- Blue, fin, sperm, humpback, and pilot whales also came to the area in significant numbers



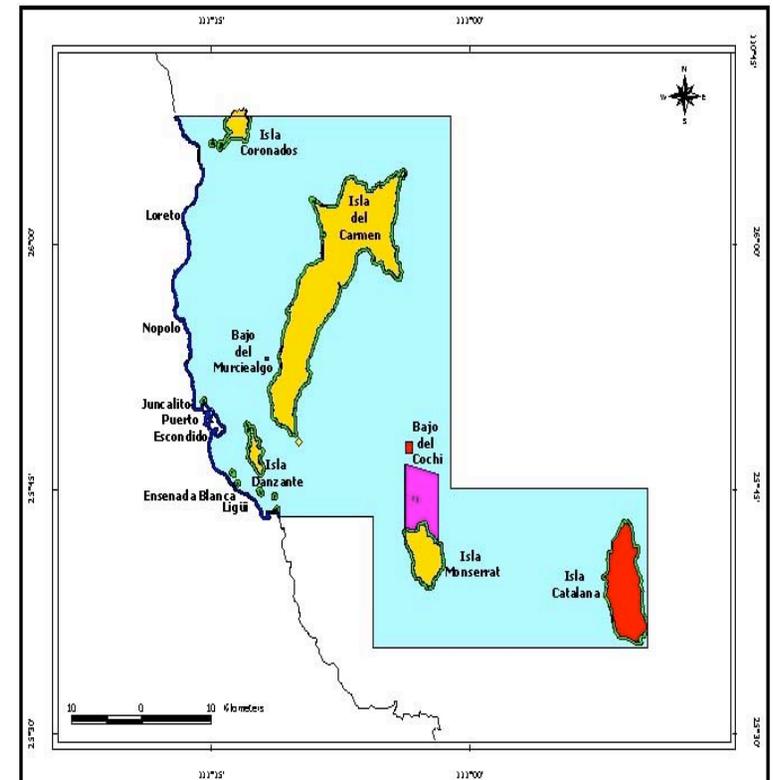
Environmental Issues in Loreto Bay

- For the past fifty years, people have been fishing with no thought about tomorrow, catching too much with equipment that causes a lot of damage (trawling nets, small-meshed nets, harpoons, and purse seines)
- Today, we see that these practices have consequences: damaged habitat, fewer babies, and less food for ocean animals-- even fewer sardines, which is the main food for other species
- Eighty percent of the economy in Loreto is based on the sea; it represents the source of food and income for most of the population.



Loreto Bay National Marine Park

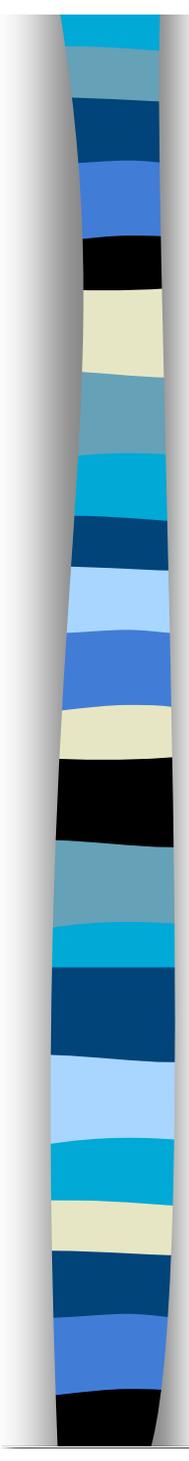
- The park was established in 1996 after four years of support from the Loreto community and the local authorities, and encompasses 510,253 acres of marine habitat
- Inside the park there are six communities (Loreto, Juncalito, Nopolo, Puerto Escondido, Ligui and Ensenada Blanca) with approximately 11,000 people
- The main features of the park are five large islands, Carmen (151 km²), Coronados (8.5 km²), Danzante (4.9 km²), Monserrat (19.4 km²) and Catalana (43 km²)
- The islands host dune vegetation and desert scrub and are home to 51 species of reptiles and 33 mammals, of which, 33 reptiles and 12 mammals are under a protection status by the Mexican Government.



Resources in the Marine Protected Area

- Rocky reefs, sand and mud flats, rodolite beds, and six mangrove estuaries characterize the marine environments
- There are recorded 300 macro invertebrates, six of them under protection
- There are at least 260 fish species, and 90% of them use rocky reefs of the park in some life stages
- The five sea turtle species found in the Gulf of California are present in the park, and all of them are protected.
- The bird fauna is composed of 90 terrestrial and 110 aquatic birds, some of which use the islands and small rockeries for nesting (e.g. gulls).
- The diversity of marine mammals is high with 30 of the 35 species reported in the Gulf of California, nine of which are under protection.





Goal and Objectives of the MPA

Goal:

- Define and establish management strategies and mechanisms that allow the preservation of the renewable and non-renewable natural resources present in the Loreto Bay National Park and the restoration of critical environments, in addition to promoting the social development of the communities living in the zone.

Objectives:

- Define and establish rules to guide the appropriate development of productive activities such as sport fishing, commercial fishing, tourism, and extractive activities directed to the sustainable use of the park's natural resources
 - Promote the development of scientific research that provides a better knowledge of the area and sustainable use alternatives to the region's problems
 - Promote the development of environmental education and diffusion programs that promote community participation in the conservation of the area
 - Ensure the implementation of the natural resources conservation objectives, the users' security and the rules of the park through guard patrols, supported with community participation
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Achievements of the MPA

- A zoning plan created in consensus with fishermen, including temporal fishing zones and zones with restrictions on the use of certain types of fishing gear
- The establishment of two no-take fishing zones
- Mapping of spawning beds
- Diagnostic study of sport-fishing activity
- No presence of shrimp trawlers
- An enforcement plan to control illegal fishing activities

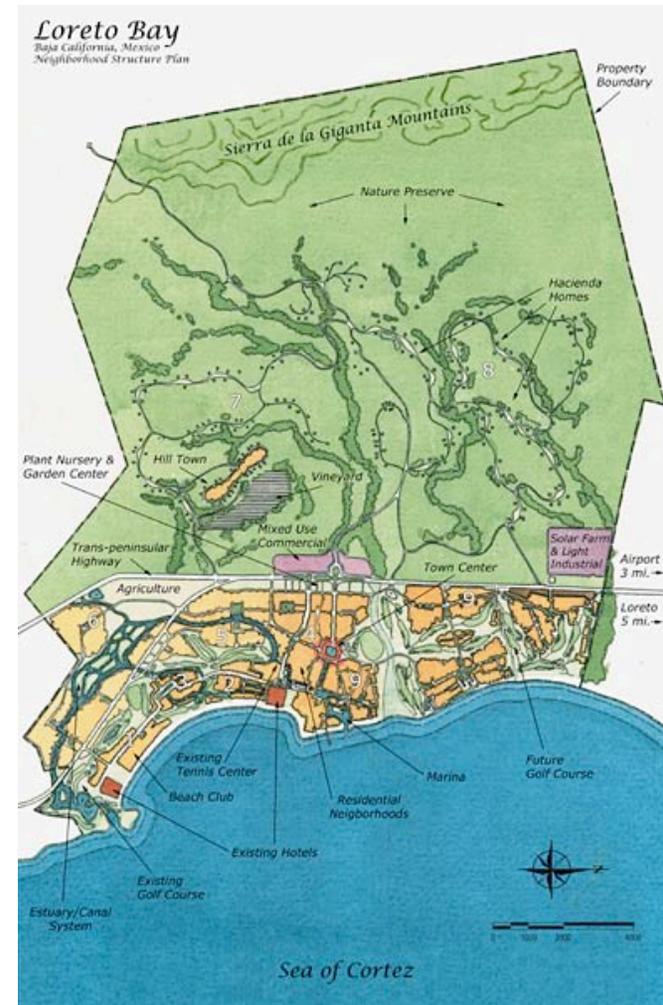


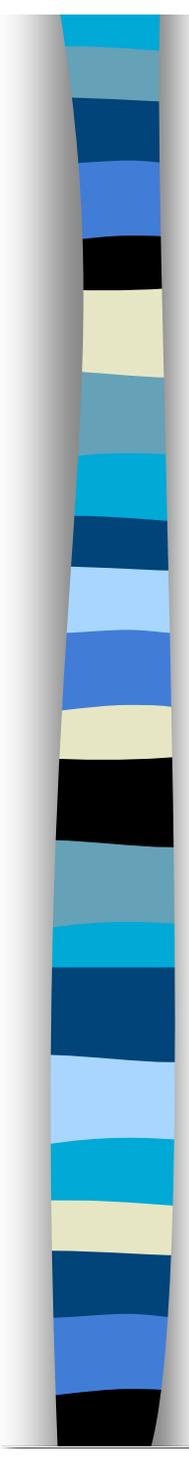
the Loreto Bay Company

- 10 years ago, FONATUR, the Mexican government's tourism development arm, built the infrastructure for a massive tourism complex just south of town, including paved roads, electricity, street lights, and so forth

LBC's 10-year plans include:

- Vacation home neighborhoods (3 villages with a total of 5-6000 houses), hotels, and two golf courses (one new; one refurbished) called "The Villages at Loreto Bay"
- Auxiliary businesses and job/skill training that link this development to the community (for example, sustainable tourism)
- A foundation that will make grants for community projects.



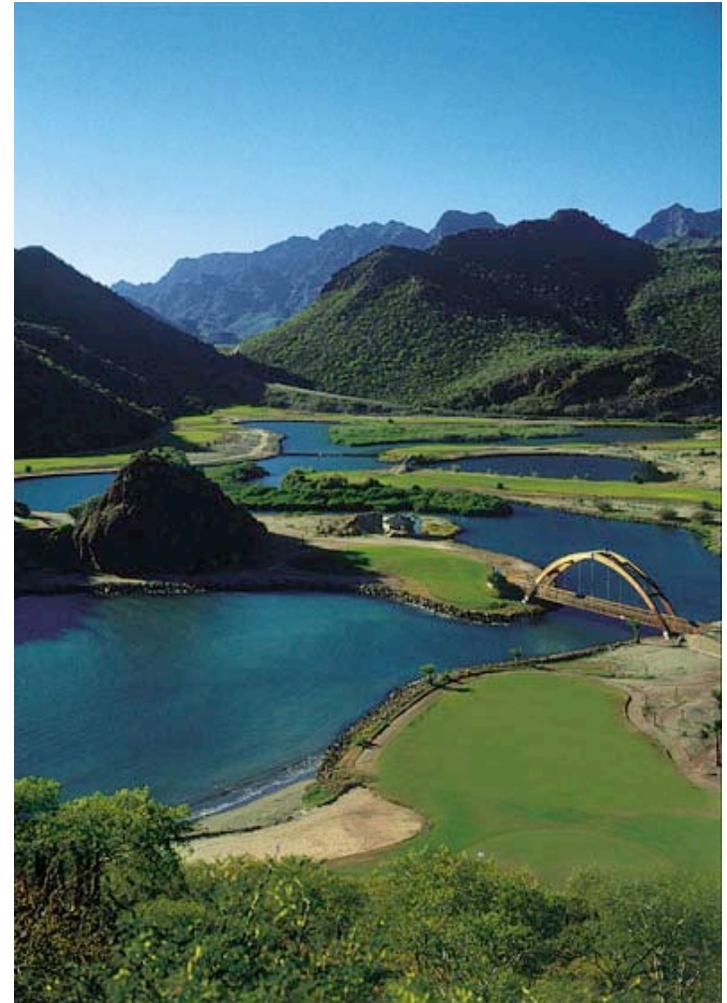


Environmental and Social Promises of the Villages of Loreto Bay

- Establishment of 5,000 acres of untouched desert, including the mouth of the Primer Agua River and a significant portion of its watershed as protected areas.
 - Pedestrian-oriented, bike-friendly and car-free neighborhoods with the use of photovoltaic powered electric carts as primary transportation.
 - Fifty percent reduction of potential energy consumption through passive solar design and ground source heat.
 - Twenty percent of energy to be generated from renewable sources.
 - One hundred percent utilization of reclaimed water from effluent for irrigation.
 - A solid waste reduction program for recycling wherever possible and facilities for composting one hundred percent of organic waste.
 - Organic farming and organic orchards to be established as an integral part of the development.
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More Pledges about the Project

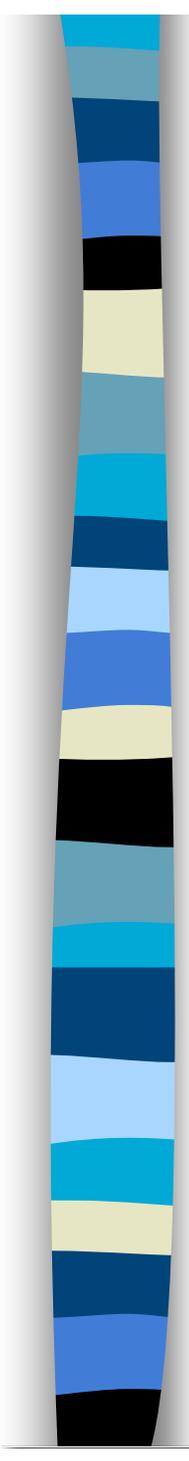
- Existing golf course to be renovated using eco-focused management systems.
- Facilities for ongoing education, health and the vitality of the community, including gathering places for life-long learning, conferences and the arts.
- Job creation programs within the community to provide 2,000 jobs during construction and 5,000 permanent jobs in hospitality, local businesses, eco-tourism, agriculture, local manufacturing, the arts and artisan fields.
- Cooperation with FONATUR, federal and local governments to develop a program that integrates appropriate affordable housing into all of Loreto for workers moving to the area for employment.



1% for the Community!



- Idea is part of the developer's stated core values - to be part of a sustainable community
- Foundation given independence from the developer to increase its focus on the community and allow the developer to do its job
- Captures current and future revenue streams
- Protecting the marine park and the community protects buyers' property values



Financing Mechanism for la Fundación Bahía de Loreto and the MPA

- LBC and FONATUR have contractually agreed to take 1% of the gross proceeds of all sales, and re-sales in perpetuity, and put it into a Foundation that will make grants to support local community projects
 - This is subject to the terms of the Loreto Bay Company's Master Development Agreement with FONATUR, and the formation of the Foundation was a condition precedent to the closing on the purchase of the land in Phase 1 of the Villages of Loreto Bay Project
 - The 1% in perpetuity is part of a Trust Agreement with the Mexican government and governs all re-sales within the development
 - The independence of the Foundation from direction by Loreto Bay Company is being made most clear
 - All Foundation activities are being designed to be consistent with general understandings of sustainable development and social equity and employ the best available practices in those fields
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Bylaws of la Fundación Bahía de Loreto

- To establish a fund for the sustainable development of the community of Loreto, South Baja California, destined to support centers of labor and business enterprise capacity building.
- To contribute to the education of the inhabitants of Loreto, South Baja California, in order to increase its average educational level.
- To drive the sustainable development of the area of Loreto, South Baja California.





Bylaws of la Fundación Bahía de Loreto

- To collaborate in the care and protection of the environment; preserve and avoid extinction of indigenous flora and fauna; including but not limited to the support and conservation of the Loreto Bay National Marine Park.
 - To help in the promotion of sports activities for the inhabitants of the zone of Loreto in order to foment a sports culture.
 - To support the improvement of the medical services for the inhabitants of Loreto.
 - To provide economic resources to third persons (grants) with the purpose of giving fulfillment to the objectives of the Foundation.
 - To acquire, to construct, to rent and to operate all class of necessary personal or real property necessary for the attainment of the Foundation's objectives.
 - To obtain loans, as well as to subscribe, to guarantee, to endorse and in general, to negotiate with all class of credit necessary for the attainment of the Foundation's objectives.
 - To improve the labor capacity of the inhabitants of Loreto, South Baja California, by implementing measures that augment their qualification and training.
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Bylaws of la Fundación Bahía de Loreto

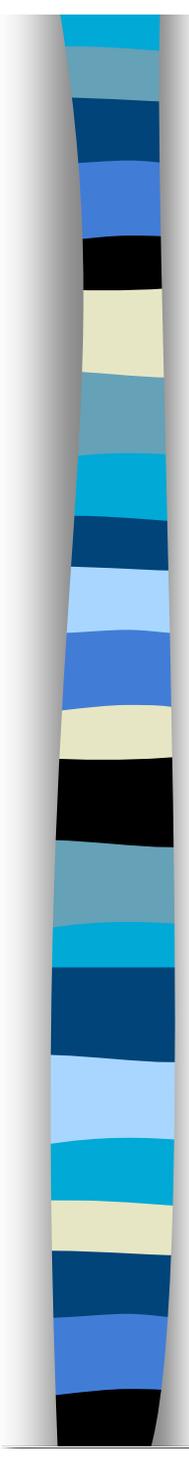
- To give, with or without return benefit, all type of real or personal guarantees to guarantee the fulfillment of obligations in charge of the Foundation.
- To undertake all type of acts, agreements or contracts of any nature, that are consistent with the previously enunciated objectives of the Foundation.
- The Foundation will not pursue economic profit, or commercial speculation as a primary purpose, but it will have to provide for its own subsistence and financial management.



Implementation Steps

- Visits to Loreto
- Loreto Community Needs Assessment
- Communication with potential grantees
- Communication with benefactor
- Communication with the community of grant-maker networks



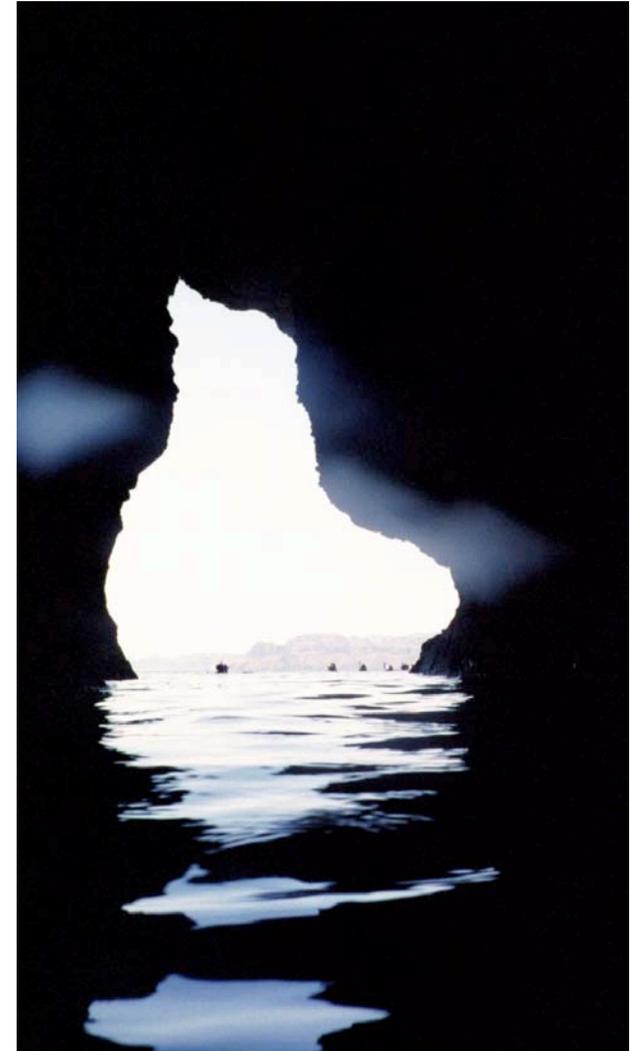


Grants Made to Date

- \$2,900 – to The International Ecotourism Society for a collaboration with the Universidad Autónoma de Baja California Sur to develop a series of in-classroom and possibly distance learning courses aimed at capacity building for local government officials, parks employees, guides, local entrepreneurs, artisans, students, local non-governmental organizations, and other stakeholders in various aspects of sustainable and eco-tourism.
 - \$5,000 – to Pro Peninsula to sponsor the 7th Annual Grupo Tortuguero (Turtle Group) conservation meeting (which always take place in Loreto). Our funds will be used to bring participants from all over the Baja California peninsula and mainland Mexico to participate in the conference, strengthening our conservation network and, ultimately, leading to a recovery of endangered sea turtle populations.
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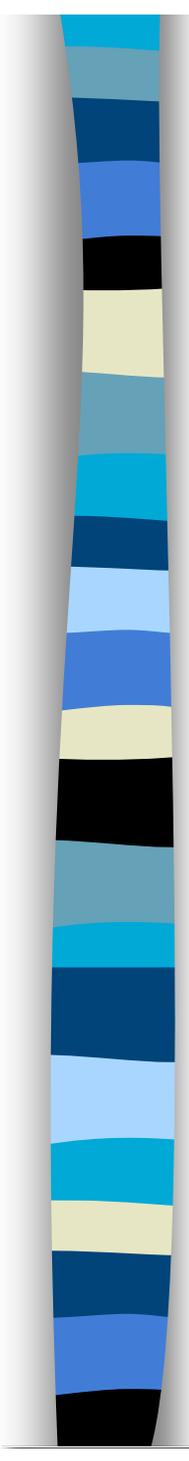
The Future

- Continued development of grant making priorities
- Development of grant guidelines for applicants
- Establish an investment program for the corpus of the Foundation fund base



Questions? la Fundación Bahía de Loreto





Mark J. Spalding



THE OCEAN FOUNDATION
TURNING THE TIDE FOR CONSERVATION

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