

# Monito Lucachi Trust Fund: online auctions for conservation

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## Case Studies

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### 1. Introduction

In the scientific world, the tradition is that the person who discovers a new animal species must name it under the guidelines of the International Code of Zoological Nomenclature (ICZN). In some cases, a new species is named after the people who supported the research or financed the expedition for its discovery; in this case, an innovative fundraising proposal that leverages on the assignment of the right to name a new animal species will be examined. Specifically, we will analyze the case of the Madidi titi monkey and how the scientists who discovered this species decided to assign their right to name it in a public auction, the funds of which will be used for the establishment of a trust and the returns thereof to protect the habitat of this species. This is an innovative and unique alternative when it became known, therefore, it faced the risk of failing or affecting the prestige of their promoters; including the discoverer team: Mr. Robert Wallace, Humberto Gomez, Annika Felton and Adam Felton. However, 650 thousand dollars (USD) were raised through this initiative and used to establish a trust that, since 2006, has been efficiently managed by FUNDESNAF and the returns of which have been of great importance for the protection of the habitat of this monkey.

## 2. Conservation in Bolivia

Bolivia is recognized worldwide for its mountains and high plains.<sup>1</sup> Nevertheless, the forests and the Amazon jungle are the ecosystems with greater prevalence in this country. About half of its surface is covered by forests (48% of its surface), therefore it can be said that Bolivia is a country of forests<sup>2</sup> as well as of Amazon environments, qualities that make it a megadiverse country; this means that it is a nation characterized by hosting an extraordinary diversity of plant and animal species. As a result of this, Bolivia is among the ten most diverse countries on the planet<sup>3</sup> in terms of plant, animal species and genetic wealth or germplasm, on par with Brazil, Colombia, Peru, Mexico, Ecuador and Costa Rica, among others.<sup>4</sup>

Approximately 70% of Bolivia's natural richness is contained in its protected areas. The Political Constitution of Bolivia recognizes these areas as a common good, as they are part of the natural and cultural heritage of the country, because of the functions they fulfill, which include: the conservation of biodiversity, the safeguarding of ecosystems, water uptake, germplasm reserve, the source of wild resources for food security, the promotion of tourism and other economic activities. All these functions are conducive to the wellbeing of the population, not only of Bolivia but also of the whole world<sup>5</sup>.

In 1992, from the enactment of the Law on the Environment (Law 1333), the National System of Protected Areas (SNAP) was formally created. The SNAP was created to lay down the political guidelines that will direct all of the bodies responsible for managing protected areas in Bolivia. Its main purpose is to support the development and consolidation of these, as stated in Law 1333.

Before the creation of the SNAP, protected areas were declared as such randomly or due to critical situations. With the establishment of the SNAP, this situation changed diametrically, since technical-formal and homogeneous processes were adopted for its designation. Within this new institutional framework important areas such as Madidi, Kaa-lya, San Matias and Palmar de Chiquisaca were founded.<sup>6</sup>

By 2014, the SNAP was comprised of all protected areas, including those within the national jurisdiction as

well as those pertaining to subnational or local jurisdictions. Specifically, in 2014, the SNAP was formed by 22 national protected areas, 25 departmental areas and 83 municipal areas, amounting to a total of 130. At that time, other areas were in the process of creation, which are expected to join the SNAP anytime soon, with a total coverage of approximately 23% of the Bolivian territory.<sup>7</sup>

The National Service of Protected Areas (SERNAP) was created for the operational management of the 22 national protected areas. The SERNAP is a decentralized entity attached to the Ministry of the Environment and Water (MMAyA) and is under the organizational and administrative coordination, control, supervision of the Deputy Minister of the Environment, Biodiversity, Climate Changes and Forest Management and Development.<sup>8</sup>

The institutional purpose of the SERNAP is coordinating the operation of the SNAP, guaranteeing the comprehensive management of the system for the purpose of conserving biological diversity in the area within its competence. The main functions of the SERNAP are as follows:<sup>9</sup>

1. To plan and oversee the comprehensive management of the protected areas that make up the SNAP.
2. To regulate and establish rules for the activities to be carried out within protected areas.
3. To establish participatory processes to ensure the management thereof and authorize participation in the management of protected areas.
4. To coordinate with departmental and municipal protected areas and to propose standards and policies for their comprehensive management.

While Law 1333 specified that the SNAP included, besides national protected areas, departmental, municipal and even private protected areas (i.e., belonging to subnational jurisdictions), the comprehensive management of the latter remained un contemplated in the SERNAP until 2014<sup>10</sup>.

In addition to Law 1333, the Framework Law of Mother Earth and Comprehensive Development for Wellbeing was formulated in October 2012. This Law was established with respect to protected areas as places for the conservation of the natural and cultural heritage of Bolivia. The purpose of the Law is: "to establish the view and principles for the comprehensive develop-

<sup>1</sup> Ibisch P. and G. Merida. 2003. Biodiversidad: La riqueza de Bolivia. Estado de Conocimiento y Conservación. Ministry of Sustainable Development. Editorial FAN, Santa Cruz de la Sierra, Bolivia.

<sup>2</sup> Of the total surface of the country, 109 million hectares, 53 million hectares are populated by trees, i.e. 48% of the territory, of which 40 million are located in the lowlands. Little less than half can be categorized as tropical rainforests, i.e. to 22 million hectares.

<sup>3</sup> Ibisch P. and G. Merida. 2003. Biodiversidad: La riqueza de Bolivia. Estado de Conocimiento y Conservación. Ministry of Sustainable Development. Editorial FAN, Santa Cruz de la Sierra, Bolivia.

<sup>4</sup> 2007-2008 Bolivia Environmental Status Report.

<sup>5</sup> Ministry of the Environment and Water. Subnational Protected Areas Current Situation 2012.

<sup>6</sup> Ministry of the Environment and Water. Subnational Protected Areas Current Situation 2012.

<sup>7</sup> 2007-2008 Bolivia Environmental Status Report.

<sup>8</sup> Ibid.

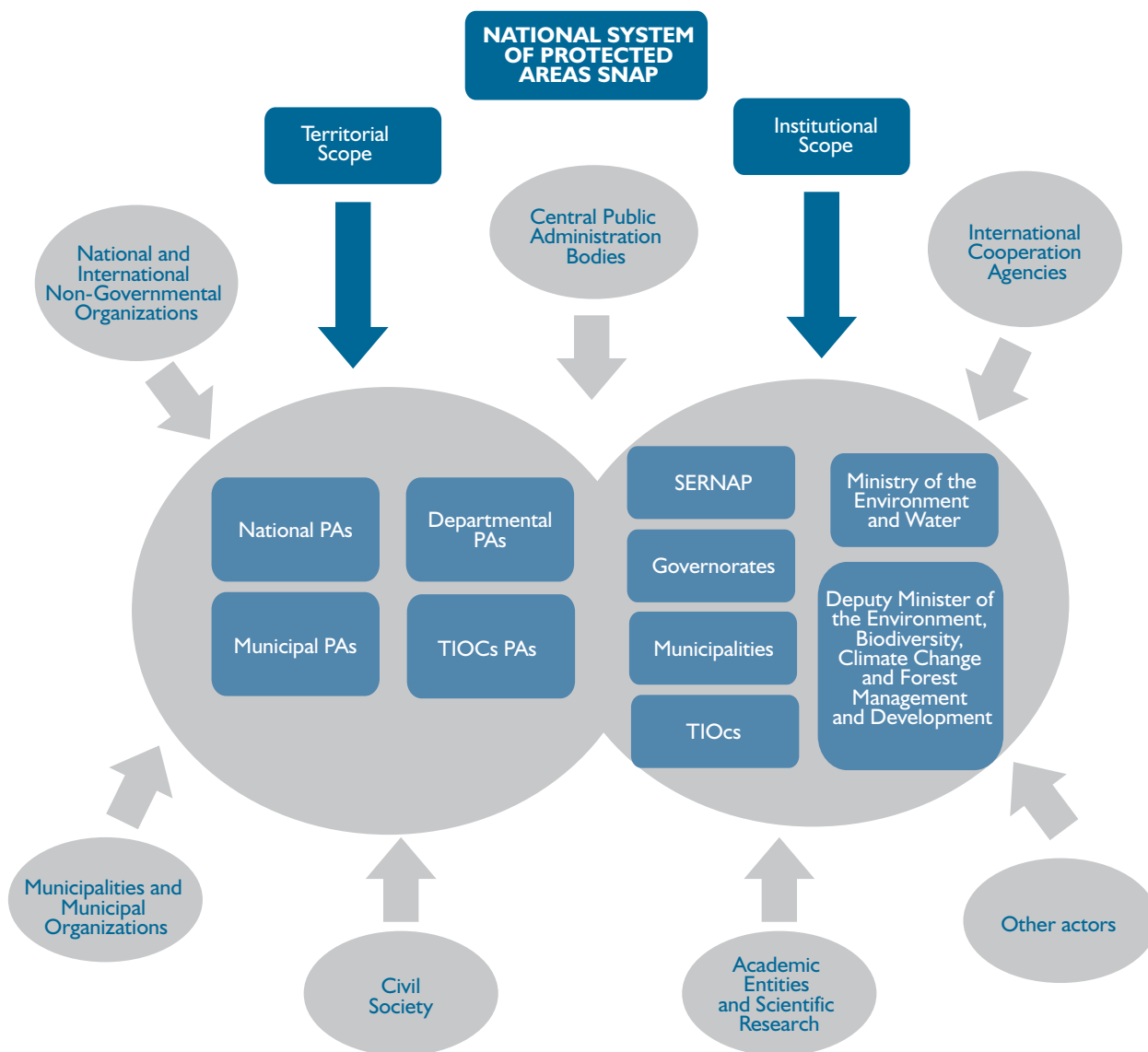
<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

ment of the country under the principles of harmony and balance with Mother Earth, restoring and strengthening local and ancestral knowledge, within the framework of the complementarity of rights, obligations and duties; as well as the comprehensive development objectives as a means for achieving “Wellbeing.” The basis for the planning, public management and investments in the SNAP, as well as the strategic institutional framework for its implementation, were also established in this Law<sup>11</sup>.

Accordingly, based on the precepts laid down in Law 1333 and the Framework Law of Mother Earth, it was established that the SNAP had to be comprised of two main components: territorial and institutional. These components bring together a series of organized players from the public sector, communities, national and international civil society organizations (CSOs) and international cooperation organizations (Figure I).

**Figure I. National System of Protected Areas**



Source: MMAyA.

Finally, it is important to note that protected areas in Bolivia have been classified into six management categories, as shown in Table I. These six management categories are: National Park, Sanctuary, Natural Monument, Wildlife Reserve, Comprehensive Management Natural Area and National Immobilization Reserve. The abovementioned management categories were established by means of Supreme Decree 24781 for the General Regulation of Protected Areas (RGAP). The main purpose of the decree is the regulation of the management of protected areas, as established in Law 1333. The six management categories have been equated with the categories of the International Union for the Conservation of Nature (IUCN). In addition, it should be emphasized that the different categories are represented in each of the jurisdictional levels of the territory (national, departmental and municipal).

<sup>11</sup> <http://www.planificacion.gob.bo/sites/folders/marco-legal/Ley%20N%C2%B0%20300%20MARCO%20DE%20LA%20MADRE%20TIERRA.pdf>.



**Table 1. Categories of protected areas**

Management Category		Description
General Regulation of Protected Areas (REGAP)	UICN Equivalence	
<b>National Park (NP)</b>	<b>II</b>	Strict protection. The extractive use of renewable or non-renewable resources and infrastructure is forbidden in the area, including parks, sanctuaries or monuments, except for scientific research, ecotourism, environmental education and activities for the subsistence of indigenous peoples.
<b>Sanctuary (S)</b>	<b>III</b>	
<b>Natural Monument (NM)</b>	<b>IV</b>	In addition to the above, it includes outstanding natural features of particular singularity, due to its scenic nature of physical-geographic formations or paleontological sites.
<b>National Wildlife Reserve (Rnvs)</b>	<b>V</b>	It seeks the sustainable protection, management and use, under official surveillance, of wildlife. This category includes intensive and extensive non-extractive or consumptive and extractive uses, in accordance with the zoning. The latter is subject to strict control and monitoring, referring exclusively to the management and exploitation of wildlife.
<b>Comprehensive Management Natural Area (ANMI)</b>	<b>VI</b>	It seeks to reconcile the conservation of biodiversity and the sustainable development of the local population. In general, it includes traditional land use areas, multipurpose natural resources areas and strict protection zones.
<b>Natural Immobilization Reserve</b>	<b>ND</b>	It is the legal and transitional regime of areas the protection of which is justified by preliminary assessments, but which require conclusive studies for their final recategorization and zoning.

Source: MMAyA

### 3. Funding of Protected and Conservation Areas in Bolivia

Until 1998, 98% of the funding for the national protected areas came from international cooperation (bilateral or multilateral) and just 2% from various national sources, very limited and discontinuous. Subsequently, towards 2005 and 2006, this proportion changed due to the activation of financial mechanisms such as trust funds (14%), own revenues (3%)<sup>12</sup> and contributions from the General Treasury of the Nation (TGN, in Spanish) that amounted

<sup>12</sup> The revenues of protected areas come from the fees charged to tourists for entry, which by 2013 was representative in only two very visited areas, Madidi NP-IMNA and the Eduardo Avaro Andean National Reserve, but it will also be implemented in other protected areas.

to 11% of the SNAP's budget. Since then and until 2014, this situation has changed, the contribution from cooperation is still important, since it amounts to 61%, contributions from Trust Funds are equivalent to 17%, own revenues to 8% and contributions from the National Treasury totaled 14%. In 2006 it was estimated that protected areas would show a sustained deficit of 30% in their budget since 2009, as the increase in recurrent costs was projected in 40% and due to pessimistic non-continuity assumptions in terms of projects and international aid.<sup>13</sup>

Departmental and municipal protected areas have not had proper and stable financial support, and only in very specific cases have received financial support from the State, CSOs or international cooperation. Thus, the financing needs of these areas represent a much larger additional challenge for the sustainability of the SNAP as a whole.

The SERNAP has proposed the following funding scheme to achieve the sustainability of all protected areas belonging to the system:

**Table 2. Sustainable Financing Scheme**

SCOPE	LINE OF ACTION	SUB-LINE
<b>Management of Sustainable Financing</b>	Generation of own revenues.	Expansion of SISCO <sup>14</sup> to other protected areas. Development of payment models for environmental services.
	Third-party financing sources and mechanisms.	Trust Funds. Basket Funds. Private financing. Concurrent financing (Departmental and Municipal Autonomous Governments). National Development Funds (concurrent financing). GTN resources.

Source: SERNAP

In 2005, in order to promote the financial sustainability of protected areas, the SERNAP entrusted the Foundation for the Development of the National System of Protected Areas (FUNDESNAP), with the development of a Strategic and Financial Plan (PEF) for the SNAP, under the perspective and the name of "Parks with people." The purpose of this PEF was not only the financial strengthening of such areas in Bolivia but also that these areas contribute to the economic growth and wellbeing of the communities living in or around them. Therefore, the financial sustainability alternatives promoted at the PEF were based on the principles of integrity, accountability, consistency, equity, ethics, suitability (potential and current vocation of the area), efficiency and integration (with each actor involved in the area).<sup>15</sup>

Of all the work required for the preparation of the PEF, it is worth noting the diagnosis carried out on the financial performance of the SNAP at that time, making emphasis on the identification of financing sources, which funded the activities to achieve the sustainability of protected areas. The funding sources identified are the following:<sup>16</sup>

- a) Contributions from the public sector; these are resources from the Central Government, Autonomous Departmental Governments, Autonomous Municipal Governments among others, which permanently and progressively contribute to the comprehensive management of the SNAP and the contributions of which are commensurate with the public policies of the country.
- b) Contributions from International Cooperation, which make a co-responsible retribution to the contribution of the functions and benefits to the ecosystem provided by the Bolivian SNAP to the world.
- c) Contributions from the private sector; these are resources from businesses and other institutions or private individuals, whose resources are focused on the management of the SNAP within the framework of a role agreed upon. These contributors are classified into the following groups:<sup>17</sup>
  - Civil Society Organizations (CSOs) that contribute to the comprehensive management of the SNAP within the context of their roles and based on the integration of interests. These contributions are aimed at supporting sustainable processes.
  - Private companies that contribute to the management of the SNAP, as a result of its articulation and integration of interests, through contributions and the development of private initiatives aimed at supporting

<sup>13</sup> FUNDESNAP and SERNAP, Strategic Plan for the Construction of a Financially Sustainable SNAP, 2005.

<sup>14</sup> SISCO: Official entrance fee system

<sup>15</sup> FUNDESNAP and SERNAP, Strategic Plan for the Construction of a Financially Sustainable SNAP, 2005

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

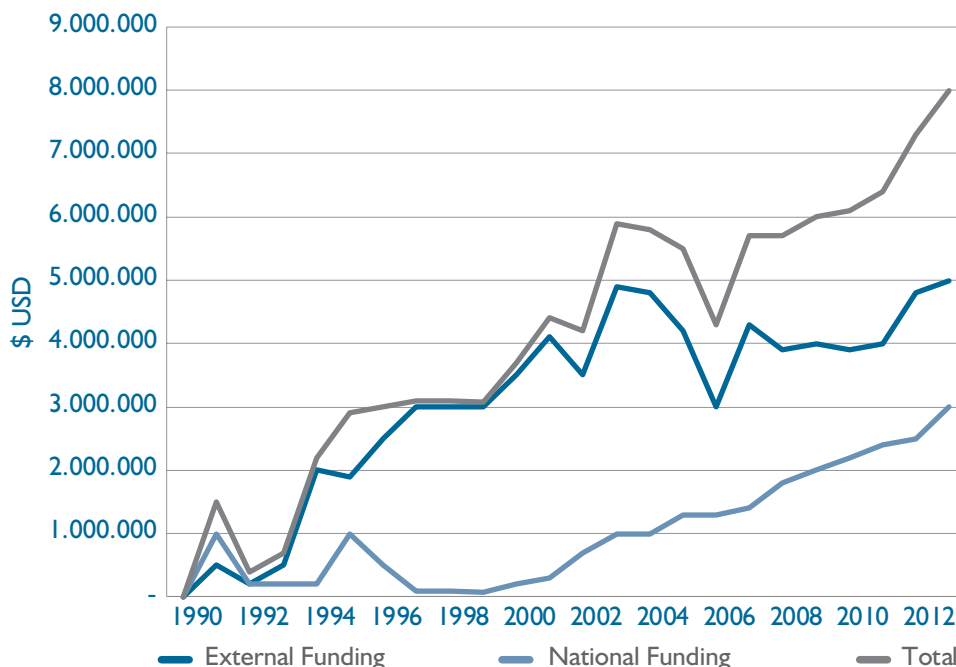
sustainable and cost-effective processes that generate benefits for the management of the protected area and the local population, within the framework of the objectives of the SNAP.

The national population who contributes by assuming processes within protected areas, thus generating savings in the budget of the areas and/or through direct contributions, within the framework of the commitment and shared responsibility for the conservation of the ecosystems represented at the SNAP.

The world population who contributes to the comprehensive management of the Bolivian SNAP, within the framework of the commitment and shared responsibility for the conservation of the environment of the planet and as a retribution for the Bolivian efforts undertaken on this matter.

Figure 2 shows the historical funding of the SNAP and the 22 national areas considered therefor. It is important to clarify that the fall in international cooperation during 2007 was due to the completion of several projects funded with resources from international cooperation; however, in the following years, new projects were opened with funds of the same nature (European cooperation funds); therefore, a recovery in the historical funding trend of the SNAP (Figure 2) is observed. On the other hand, in Figure 3 it is observed that, in 2011, the contribution from TGN increased; this occurred because the Government started to assume the payment of salaries of the personnel of protected areas.

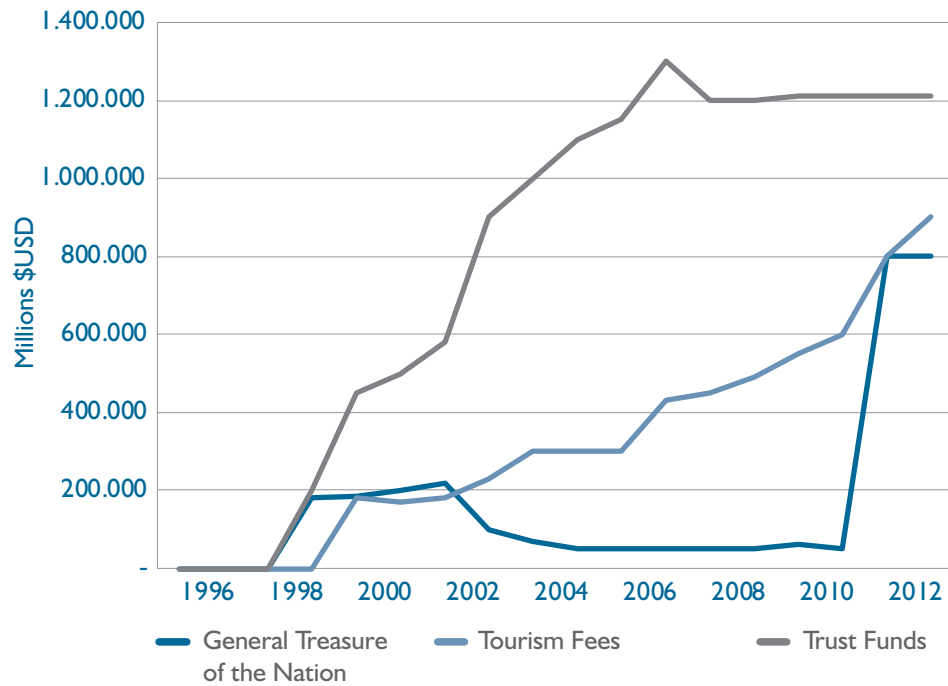
**Figure 2. Historic Funding of the SNAP by Source of Resources (1990-2013)**



Source: FUNDESNAIP.

Finally, since the beginning of the SNAP in Bolivia, a major source of financing has come from the national and international civil society. Without having a clear grasp on the scope, it is possible to indicate that both NGOs, indigenous peoples and academic entities have channeled financial and technical support through various ways, first for the establishment of the SNAP itself (before the establishment of the SNAP in 1992) and subsequently for the management of high-priority protected conservation areas. Under cooperation and even shared-management agreements (between 1992 and 2002), within the context of the public policy, an important contribution has been achieved for the development of the SNAP and its consolidation. However, as at 2013 this situation has been affected by the rearrangement in the State policy related to the channeling of financial resources by entities from the civil society. A greater control and coordination process of this mobilization of resources, by state entities, has limited the channeling of funds to the SNAP. While the cooperation of the civil society to the management of the protected areas continues, it has been drastically reduced by this process. In this regard, although the State has increased its financial contributions to the SNAP, financial gaps are still significant and therefore require more effective mechanisms to attain a greater mobilization of funds from all sectors, both from the civil society and other public levels (municipalities and governorates). Therefore, the identification of innovative financial mechanisms that contribute to the funding of areas, which must be coordinated between the civil society and the State, has become a priority.

**Figure 3. National Contribution to the Funding of the SNAP by Sources (1996-2013)**



Source: FUNDESNAF.

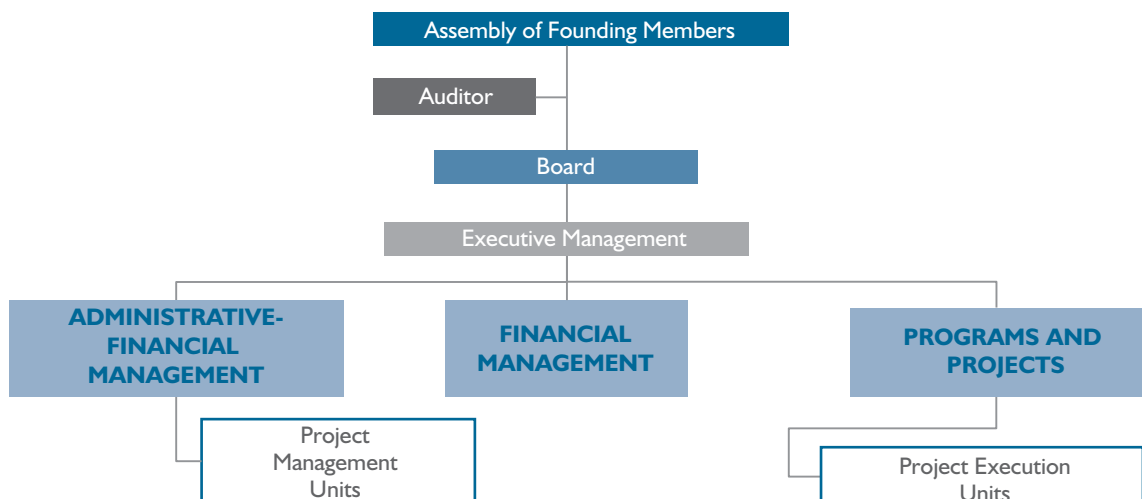
#### 4. Foundation for the Development of the National System of Protected Areas (Fundesnap)

Created in 2000, the Foundation for the Development of the National System of Protected Areas (FUNDESNAF) is a private nonprofit entity, the mission of which is: “To contribute to the development and sustainability of the National System of Protected Areas (SNAP), through the acquisition and administration of resources intended for the execution of programs, projects and activities, involving different sectors from the Bolivian society.”

The government bodies of FUNDESNAF involve multiple organizations, as reflected by its Assembly of Founding Members, which is comprised of representatives from various institutions such as: the Universidad Boliviana, Sociedad Civil Ambientalista, Confederacion de Empresarios Privados de Bolivia, Management Committees of Protected Areas, International Cooperation agencies and national CSOs. In the early years, the Government also participated in the Assembly as a founder member with one representative, but at present due to the current regulatory and public policy, it is no longer part of the Assembly.

In 2014, the FUNDESNAF had ten people associated with the organization. The highest body of this organization is the Assembly of Founding Members, then the Board and the Executive Directorate in that order of hierarchy. Its organizational chart is shown in Figure 4.<sup>18</sup>

**Figure 4. FUNDESNAF Organizational Chart**



Source: FUNDESNAF.

<sup>18</sup> <http://www.fundesnap.org/fundesnap/quienes-somos/117>.



FUNDESNAF has eight lines of action, which are listed below:<sup>19</sup>

- a) The management of capital funds for the channeling of financial resources for supporting the management of the protected areas of the SNAP.
- b) Direct and third-party management of projects, supporting local development and conservation actions, seeking to improve the management capabilities of protected areas and the quality of life of the communities and indigenous peoples who live within these areas and their environment.
- c) Strategic Financial Planning at the level of the SNAP and each protected area, identifying current and future financial requirements based on the management guidelines established, both at the level of the SNAP and for each protected area.
- d) Financial management of funds from bilateral, multilateral cooperation, public and private funds, national and international, traditional and nontraditional, for increasing the financial underpinnings backing the sustainability and viability of the SNAP.
- e) Identification and establishment of alternative mechanisms for the generation of own revenues, such as environmental services, the management of natural resources, ecotourism and others.
- f) Promotion and strengthening of financial complementarity and simultaneity, ensuring proper coordination between different funders, public or private, institutional or social actors, that directly or indirectly support each protected area and the management of the SNAP.
- g) Positioning of the SNAP and development of the corporate image and institutional marketing of the FUNDESNAF, in order to ensure the positioning of both the institutional purpose and the Foundation.
- h) Interagency integration at national and international level, creating strategic alliances at different levels and integrating the Foundation in discussion and exchange spaces regarding aspects directly related to the scope of action of the Foundation, as well as other issues of interest associated with the construction of the comprehensive and financial sustainability of the SNAP.

On the basis of these eight lines of action, the emblematic programs of FUNDESNAF have been as follows:

- i. **Generation of Sustainability Capacities:** This program has been implemented simultaneously with all the active programs of the organization, so that implementers and communities assume the administrative and financial management thereof with a view to the sustainability of processes. This project has been implemented when FUNDESNAF has made under-donations. Here it is important to mention that FUNDESNAF is a donation and under-donation entity, so that, for example, in the specific case of the project sponsored by the Critical Ecosystem Partnership Fund (CEPF), FUNDESNAF made under-donations to different types of entities, under a strategic monitoring and mitigation approach of social-environmental impacts from infrastructure projects, with the participation of other entities such as the Tsimane Mosekene Regional Council (CRTM), the Institute of Ecology of the University Mayor San Andres, World Wildlife Fund (WWF) and the Federation of Municipal Associations of Bolivia.
- ii. **Execution of projects financed by different international nongovernmental entities:** Given FUNDESNAF's experience in the subject matter and mainly in the profile of environmental funds in Bolivia, which is unique in its class, it has encouraged organizations such as Wildlife Conservation Society, World Wildlife Fund (WWF), Conservation International (CI), Critical Ecosystem Partnership Fund, among others, to establish agreements or contracts with FUNDESNAF for the development of specific programs and projects that include major under-donation components to key actors in biodiversity environmental and conservation issues in Bolivia.
- iii. **Bioculture Program:** This is a national program with funding from Switzerland Cooperation for the local development of the public policy of Wellbeing, making the most of the traditions and potentials of communities and their involvement in the productive chain in priority and fragile ecosystems. For this purpose and as a pilot experience, 25 of the poorest municipalities from the Andean region and valleys were selected; four of which belong to protected areas. Efforts were undertaken with the municipal government, local social organizations and communities, which determined in concert where the projects must be established, under the supervision of the program, to then sign a joint management agreement for the project.
- iv. **Support to subnational protected areas:** This project will initially operate in three departments of the country, mainly in the Amazon area, such as Beni, Santa Cruz and Pando. These areas are very different between them and it was necessary to study their conditions and needs to estimate gaps and make financial strategic planning projections. Fieldwork was carried out for gathering all the information required for the

<sup>19</sup> FUNDESNAF and SERNAF, Strategic Plan for the Construction of a Financially Sustainable SNAP, 2005.

plans and expectations of the authorities in these areas and the plans and expectations that local governments and communities had for their protected areas.

#### 4.1 Administrative and Financial Management of the FUNDESNAF

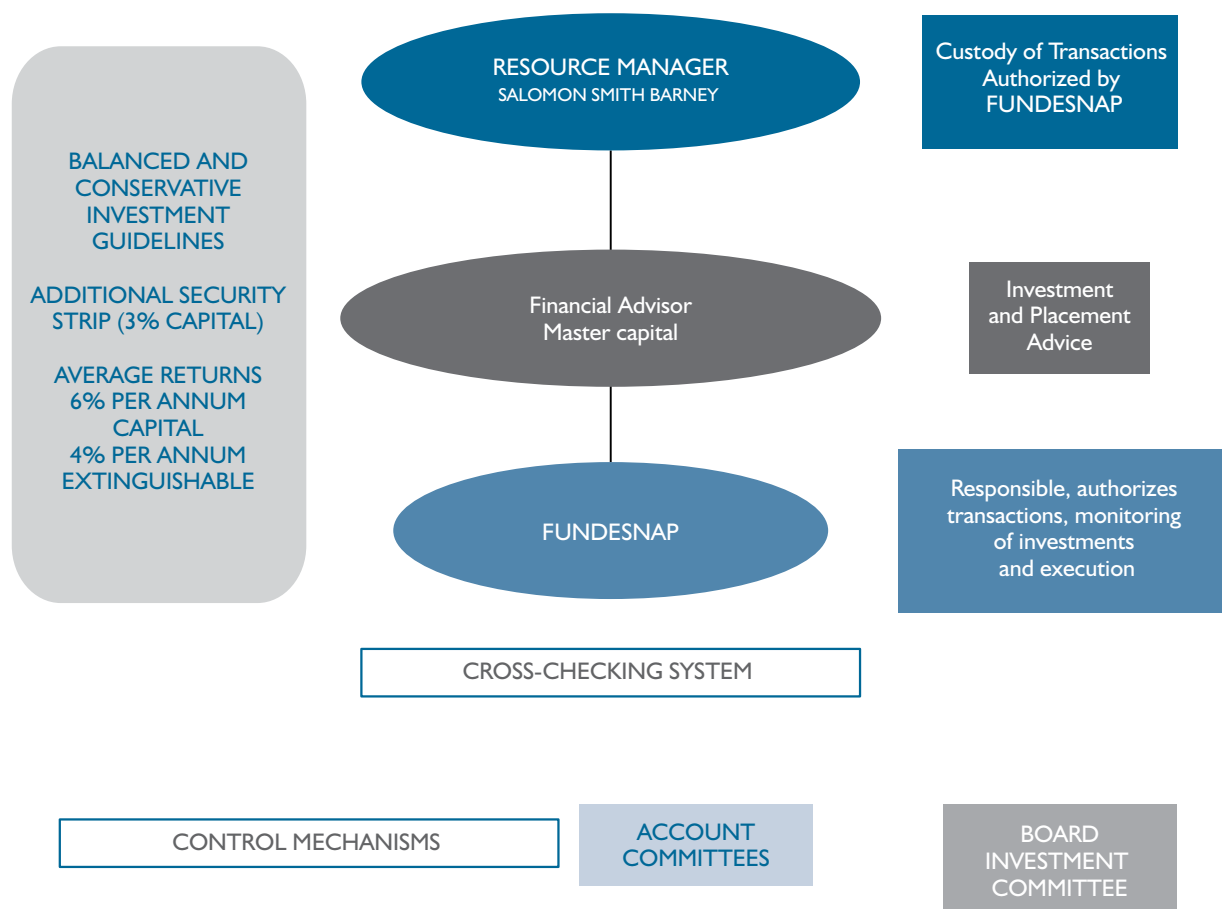
The FUNDESNAF, to fulfill its mission and work approaches, has five types of financial accounts:<sup>20</sup>

- **Base capital for the SNAP:** It is a capital fund composed of different accounts from donations from the World Bank-GEF, PL-480 (Public Law, Food for Peace), Switzerland and the United Kingdom.
- **KFW:** It is an extinguishable Fund, which culminated in 2010.
- **Monito Lucachi Trust Fund:** It is a private capital trust fund, derived from the auction to name a new species of monkey identified in the protected area of Madidi.
- **Gas Oriente Boliviano:** It is a private capital fund amounting to 400 thousand dollars, for the protected area of San Matias, as compensation for the passage of a gas pipeline.
- **Natura Profonacruz:** It is a private Departmental (Capital) Trust Fund, and it is currently growing to make investments in the future for the conservation of water sources in Santa Cruz, specifically related to the Amoro National Park.

Together, these activities developed by FUNDESNAF generated in 2014 funds of 13.9 million dollars, which means that in 12 years it reached 11.7 million dollars in financial revenues.

Each year FUNDESNAF has transferred to the SERNAP whatever this agency has requested, in accordance with its projections and Annual Operating Plans (AOP). However, this transfer of funds is also conditioned on the returns reported by investments, despite the fact that on average about 800 thousand dollars have been transferred every year to the SERNAP, funds from which 22 national protected areas benefit.

**Figure 5. Administrative and Financial Management**



Source: FUNDESNAF.

<sup>20</sup> Presentation by the team of the FUNDESNAF.

**“ The funds contributed by FUNDESNAF to the SNAP represent 30% of the basic needs of the system and their distribution is approximately 85% for administrative expenses and 15% for the funding of conservation-related activities ”**

The funds contributed by FUNDESNAF to the SNAP represent 30% of the basic needs of the system and their distribution is approximately 85% for administrative expenses and 15% for the funding of conservation-related activities; normally 60% of the budget is used for the payment of the salaries of personnel. For the management of these resources, FUNDESNAF charges 10% of the yields earned. Also, until 2014, projects funds of about 18.6 million dollars have been managed. In total, during twelve years more than 38 million dollars have been managed. Figure 5 summarizes the structure of the Administrative and Financial Management of the FUNDESNAF.

## 5. Madidi National Park and Integrated Management Area

The studies and assessments conducted for the creation of the Madidi National Park began in 1992 and a formal proposal had been drawn up for 1993.<sup>21</sup> After several years of proceedings, it was legally declared as a protected area on September 21, 1995, as of Supreme Decree 24123, under the category of Madidi National Park and Integrated Management Natural Area (Madidi NP-IMNA). The Madidi NP-IMNA has a surface of 1,895,750 hectares, becoming the third largest in Bolivia. It is located to the northwest of the country and has a wide altitude range, which goes from 6,000 masl (Andes Mountain Range), to 180 masl (Heath river plain), covering an extremely diversified ecological sequence. More than 80% of its surface is essentially mountainous, with abrupt valleys and deep canyons. Flat areas are limited to the narrow intermontane valleys of the rivers Beni and Tuichi, and the projection of the Heath river alluvial plain.<sup>22</sup>

Madidi is one of the most relevant units of the SNAP. It is an essential part of the approach of the Greater Madidi Landscape, which is promoted by WCS and constitutes one of the most important conservation units of the Vilcabamba-Amoro Conservation Corridor, promoted by International Conservation. This area is considered to be one of the areas with more biodi-

versity on the planet and one of the top twenty tourist destinations around the world.<sup>23</sup> In numerical terms, Madidi holds 11% of all the species of birds in the world and 78% of the birds in Bolivia, more than 250 species of mammals, probably over 400 species of fish, and 300 species of amphibians and reptiles.<sup>24</sup> It is then one of the most biodiverse protected areas in the world. Similarly, due to its enormous environmental quality, Madidi generates economic benefits for the region from conservation and ecotourism activities.

Madidi, together with protected areas such as Carrasco and Pilon Lajas, holds more than 20% of endangered species, in addition to having priority conservation areas in more than 80% of its territory. This is why it receives special attention, due to its great diversity of ecosystems and species. Different organizations work there, highlighting FUNDESNAF and WCS. Specifically, WCS participated in the preparation of the first management plan, the zoning of which has been approved. It also had significant participation in terms of the research, monitoring, and financial sustainability of the Park.<sup>25</sup>

Since its inception, the Park has achieved significant progress in its creation objectives, as well as the gradual consolidation of its administration. Since 2000, Madidi has become the second most visited area in the country (about 7,000 tourists a year), after the Eduardo Avaroa Reserve. In addition, due to strategic partnerships with private institutions, the Government of Bolivia has been capable of responding to a greater degree to the needs of the population surrounding Madidi. Therefore, as a result of the efforts of the SERNAP and its collaborators, this protected area has managed to attract new investments.

The investments made have been conducive to the fulfillment of the policies and commitments of the Bolivian State with communities. For example, potable water and basic sanitation systems have been constructed in

<sup>21</sup> FUNDESNAF, 2012. Madidi NP-IMNA Strategic Financial Plan. La Paz, Bolivia.

<sup>22</sup> Ibid.

<sup>23</sup> Fleck et al., 2006a; Malki et al., 2007. Madidi.

<sup>24</sup> Salinas, E. & R. Wallace. 2012. General conclusions. P. 172-178. In: Salinas, E. & R. Wallace (Eds.). *Madidi: Conocimientos Científicos y Prioridades de Investigación*. SERNAP & Wildlife Conservation Society, La Paz, Bolivia.

<sup>25</sup> Information provided by Robert Wallace and Lilian Painter, WCS scientists through personal communication.



the north of La Paz, covering ten communities and 1,655 inhabitants of the municipalities of San Buenaventura and Ixiamas; twenty communities and 1,890 inhabitants in the municipality of Apollo. Similarly, the productive capabilities of local organizations for the production and marketing of products such as coffee and cocoa, handicrafts and tourism, have been strengthened. The community tourism model in Chalalan has also been developed (which is now directly managed by the community of San Jose de Uchupiamonas), among other positive outcomes.<sup>26</sup>

For 2012, control and surveillance efforts achieved a reduction of 95% in illegal logging, which facilitated not only the protection of forest resources but also the recovery of the fauna in the Tuichi Valley.<sup>27</sup> This is how the elaboration process of the management plan has allowed the systematization and analysis of information regarding the biodiversity, archaeology, cultural and socioeconomic aspects of the region.<sup>28</sup> This has facilitated the identification of economic alternatives, based on the management of natural resources and the opportunity to establish baselines to increase social participation in the management of the protected area. All these actions generated positive results that are reflected in a high percentage of areas in good condition (Table 3). However, Madidi has not been free from financial difficulties that have hampered, year after year, the fulfillment of the creation objectives of the area.

**Table 3. State of Conservation of the Madidi NP-IMNA**

Protected Area	Surface (Ha)	Surface % in good state of conservation	Surface % of the NP with national priorities			
			Viability Priority	Functional Priority	Representation Priority	Key Priority
Madidi NP-IMNA	1,895,750	94	91	95	94	87
Amboro NP-IMNA	637,600	78	73	93	84	73
Pilon Lajas RB and TCO	400,000	89	87	99	83	75

Source: SERNAP.

<sup>26</sup> FUNDESNAIP, 2012. Madidi NP-IMNA Strategic Financial Plan. La Paz, Bolivia.

<sup>27</sup> Wallace *et al.*, 2012. Lowland tapir (*Tapirus terrestris*) distribution, activity patterns and relative abundance in the Greater Madidi-Tambopata Landscape.

<sup>28</sup> FUNDESNAIP, 2012. NP-IMNA Strategic Financial Plan. La Paz, Bolivia.

## 6. Auction of the Right to Name a New Primate Species in Bolivia to Finance the Madidi National Park

Since the creation of the SNAP, one of its main weaknesses has been the lack of economic and technical resources that prevent dealing with major challenges such as protection, conservation, sustainable use of natural resources, financing and especially self-sustainability. Madidi has not been exempt from this problem and since its creation one of its main objectives has been seeking financial mechanisms to generate financial sustainability.

This section proposes a financial initiative for Madidi, which has been considered successful as since 2007 it has allowed to fund approximately 10% of the basic operating costs of the Park, while in turn has been established as a seed fund to consolidate future financial initiatives. Reference is specifically made to the Monito Lucachi Trust Fund, the particular origin and performance of which will be analyzed until 2014.

### 6.1. Scientific description of the species (Madidi Titi Monkey)

The scientist Robert Wallace of WCS has been working on biodiversity issues in Bolivia for 15 years. For his works, he relied on local and international scientists. In one of his many routine expeditions to the Madidi, Wallace and his team made up of the biologists Humberto Gomez, Annika Felton and Adam Felton, found something they did not expect to find, it was a new mammal that had not been previously cataloged.

During the course of an expedition carried out in 2000, which developed without incidents and consisted of observing and taking notes of some of the nearly 300 species of mammals, 400 kinds of fish and 12,000 varieties of plants that live in the Park, something drew the attention of the expert team. They identified what seemed to be a different species of monkey, which among other phenotypic characteristics, has a golden crown on its head. The scientists, after several hours of observation and discussions with local residents, who called the primate the Madidi titi monkey, came to the conclusion that this species had not been identified and deserved a scientific name.<sup>29</sup>

Wallace and his team took into account that they faced a long and complex process to achieve the acceptance of the newly discovered species. Within this process, the first phase consisted of ensuring that the species had not been actually listed before in the scientific literature. For this reason, they conducted an extensive

documentary research, consulting classic publications on the taxonomy of the genus *Callicebus*. It must be recalled that it was in 2000 when the monkey was observed for the first time and it was not until 2001 that an investigation in the Tuichi Valley began. Through the use of digital media, the monkey was detected and the elaboration of the article that describes its taxonomy in the genus *Callicebus* begun. Months after this effort a proposal arrived to the SERNAP to participate in the evaluation of the exclusivity of the species. In this way, Wallace and his team coordinated the capture of two specimens of this monkey with the SERNAP to conduct further taxonomic studies. In November 2003, the article where the Madidi titi monkey is proposed as a new species was sent to the scientific journal *Primate Conservation*. The article was accepted and then published in 2005 and this is how the official scientific naming of this primate took place.<sup>30</sup>

Wallace saw two opportunities with the discovery of the Madidi titi monkey. The first opportunity was that such discovery would rise and improve the profile of Madidi, both in Bolivia and in the world, confirming the fact that this area is one of the most diverse on the planet. Secondly, the discovery of the Madidi titi monkey should be seen as an opportunity to raise funds to support the operation of the Park, and in turn complete the design of the management plan of the area. For this second purpose there was not a clear idea as to the actions needed to put it into motion, until Wallace himself suggested that it would be interesting to obtain funds through an open auction, where the prize would be the transfer of the right to scientifically name this new species.

The idea of the auction was carefully analyzed by Wallace together with his scientific team as well as by members of WCS, who after an analysis considered it as a good option. The first thing they decided to do was to agree with the journal *Primate Conservation* not to publish the article until having the final name of the species, which would be given by the winner of a well structured and organized auction. In this regard, Mr. Wallace and representatives of WCS in Bolivia proposed this mechanism to the FUNDESAP. Similarly, the proposal translated into a formal agreement with the SERNAP. The process would be intended then to offer the right to name the species, based on a specific financial contribution to a trust fund to be established for Madidi.<sup>31</sup>

### 6.2. Auction mechanism

The tradition in the scientific world is that the person who discovers a new animal species must name

<sup>29</sup> <http://news.discovery.com/animals/zoo-animals/animals-biodiversity-madidi-park-1209113.htm>.

<sup>30</sup> Information provided by Robert Wallace and Lilian Painter, WCS scientists through personal communication.

<sup>31</sup> *Ibid.*

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it under the guidelines of the International Code of Zoological Nomenclature (ICZN). However, in some cases, a new species is named after the people who supported the research or financed the expedition for its discovery.<sup>32</sup> Considering this exception, Wallace and his team decided to raise funds by granting the right to name the species to the person or institution that won a public auction.

Initially, the scientific community received the initiative to auction the scientific name of this species reluctantly. The reason for this reaction, in certain circles of the scientific community, is supported on the concern that by giving a higher market value to scientific findings, certain people would focus on discovering new species solely for financial gain.<sup>33</sup> However Wallace answered to this view of the facts of certain individuals stating that the main objective was for persons to focus on critical issues affecting the species and its ecosystem, which would make the auction successful,<sup>34</sup> if this could be achieved. From then on it became clear that the aim of the auction was not only to raise funds but also to raise awareness on the environmental problems faced by this species due to the neglect of its ecosystem, which could make it disappear in a few years.

This argument left a deep impression on WCS, who approved the idea of granting this right by means of an international auction and specified that the funds raised would be intended for the conservation of the ecosystem inhabited by the Madidi titi monkey, i.e. Madidi. Specifically, the idea of the auction consisted of establishing a trust fund from the contribution of the winner and that such funds would be jointly managed by the SERNAP (as it is a national protected area) and the FUNDESNA, recalling that the exclusive objective of these funds is the conservation of the Madidi titi monkey and its habitat.

WCS, the SERNAP and FUNDESNA promoted the initiative and disseminated the news throughout the Bolivian territory as well as globally. The auction was announced on various television channels world-

wide including CNN, BBC and ABC. Similarly, these events received attention from various print media of global importance and prestige, such as the New York Times.

In order to develop the initiative, WCS contacted Charity Folks (CF), who conducted a general survey to know the interest of the public in participating in the auction. The results showed that an audience was attracted by the idea. This audience came from different countries and consisted not only of natural persons, but also corporations. The relationship between WCS and CF is not new since there was a precedent where WCS used CF services to make a charity auction. CF is a leader in auctions over the Internet with the expertise and resources to take on the challenge of the auction of the scientific name of the monkey without any problems.

At the same time meetings were held with CF to agree on the terms of the auction, many press opportunities were generated, including a report on the U.S. television network CBS show “60 minutes.” Wallace and Sergio Eguino (Director of FUNDESNA), with the CBS team, agreed to shoot the monkey in Madidi. The broadcast of the show was strategically planned to coincide with the day of the auction. In addition to this show, the scientists were interviewed by about sixty mass media from different countries and regions of the world. As Wallace said, that “was a very intense period” with very high media exposure. It is important to stress that in addition to the coverage on mass media, WCS prepared an information package that was published at the auction for the public to have a better understanding of the species and the objective and future use of the funds raised. A description of the monkey was included in the information prepared and provided by WCS during the auction held by CF, indicating that one of its main phenotypic features was a golden crest on its head.<sup>35</sup>

The auction began on February 24, 2005 and remained open for two weeks, i.e., until March 3 of that year. It was an open, direct and first-price auction. The

<sup>32</sup> [http://www.nytimes.com/2005/02/08/science/08obse.html?\\_r=0](http://www.nytimes.com/2005/02/08/science/08obse.html?_r=0).

<sup>33</sup> <http://www.smokymountainnews.com/news/item/3979-name-that-creative-fundraising-supports-effort-to-count-every-living-thing-in-the-smokies>.

<sup>34</sup> <http://www.csmonitor.com/2005/0224/p01s03-woam.html>.

<sup>35</sup> This characteristic was what motivated the winner of the auction, the Golden Palace Online Casino to participate in it.



action behaved according to normal patterns. Most high bids took place in the last hours of the auction, a phenomenon<sup>36</sup> that CF warned the scientists and FUNDESNA about.

### 6.3. Funds raised at the auction

The scientists pointed out that they didn't have any particular expectation as to the amount they expected to raise, as they had no references from previous cases. However, there was an estimate of what could be obtained in the best of cases, corresponding to a range of revenues between 250 thousand and 1 million dollars.

Until the last day, the highest amount offered was 40 thousand dollars, but it was not until the last hour of the auction that the bids increased to a maximum of 650 thousand dollars. In the end, two bidders were fighting to win the auction, but the Golden Palace Casino won with a bid of 650 thousand dollars, an amount that was transferred to WCS and then to FUNDESNA for the management thereof for the benefit of Madidi.

The winner, Golden Palace Casino, is an American casino that as part of its marketing strategy has participated in extravagant auctions, for example, it won the pregnancy test of Britney Spears,<sup>37</sup> the first cellphone of the Pope Benedict XVI, as well as the kidney stone of William Shatner.<sup>38</sup> An open auction meant that any person or organization could be the winner, since the only condition was to make the best bid and on this occasion, the Madidi benefited from a casino with an unusual marketing strategy.

The Golden Palace Casino promoted the monkey as its pet, giving it a scientific name in Latin with advice from WCS. The scientific name chosen for the monkey was *Callicebus aureipalatii*, where *aureipalatii* is the equivalent in Latin of the name of the casino, i.e. Golden Palace. At the end, according to the statements given by representatives of the casino, the objective of participating and winning the auction was to support the conservation and give greater visibility to the Madidi and its biodiversity, which was in line with the objectives of the organizers of the auction. Hence, Golden Palace internalized the great value of supporting a good cause while being consistent with its marketing policy.<sup>39</sup>

<sup>36</sup> Popcorn effect due to the similarity of the continuous and ever-increasing bids nearing the end of the auction.

<sup>37</sup> [http://usatoday30.usatoday.com/life/people/2005-05-04-spears-pregnancy-test\\_x.htm?csp=34](http://usatoday30.usatoday.com/life/people/2005-05-04-spears-pregnancy-test_x.htm?csp=34).

<sup>38</sup> <http://www.goldenpalaceevents.com/auctions/>.

<sup>39</sup> <http://www.goldenpalacemonkey.com/>.

The proceeds of the auction were used as seed capital to establish the Monito Lucachi Trust Fund in 2006, which from 2007 generated the returns that translated into sustainable funding for Madidi. The Monito Lucachi Fund Trust is managed by FUNDESNAP and the returns are transferred to the SERNAP. The trust is financially managed by the Salomon Smith Barney Investment Bank.

From 2007 to 2013, the total number of transfers carried out bordered approximately 14,093 dollars. The amounts transferred each year to the Madidi and that have been around 30 thousand dollars (Table 4) per year have covered 5% of its operational requirements (i.e. personnel expenses, conservation activities, maintenance of equipment, among others), although in reality equaled to 10% of the basic requirements for the protected area, which have been projected as 300 thousand dollars per year,<sup>40</sup> according to the PEF from the SNAP 2005-2015; while the returns of the fund have reached on average 3.5% per year (Table 5).

**Table 4. Monito Lucachi Trust Fund  
Transfer of Resources to the SERNAP (2007-2013)**

Year	\$USD
2007	34,339.00
2008	35,000.00
2009	23,400.00
2010	23,287.00
2011	23,150.00
2012	37,647.00
2013	37,270.00
<b>Total</b>	<b>214,093.00</b>
<b>Capital</b>	<b>650,000.00</b>
<b>Percentage transferred</b>	<b>32.94%</b>

Source: FUNDESNAP.

**Table 5. Historical Returns of the Monito Lucachi Trust Fund (USD)**

Year	Initial Capital	Value as of December	Return
2006	650,000	711,068	9.40%
2007	650,000	701,256	7.89%
2008	650,000	597,892	-8.02%
2009	650,000	668,428	2.84%
2010	650,000	675,216	3.88%
2011	650,000	631,861	-2.79%
2012	650,000	683,001	5.08%
2013	650,000	710,216	9.26%

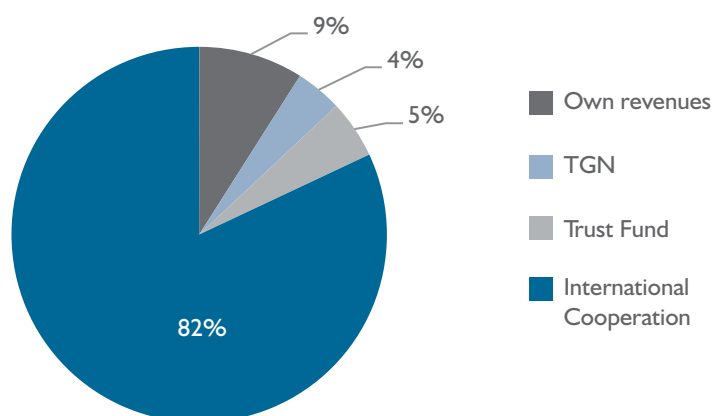
Source: FUNDESNAP.

The financing structure of the Park, which is shown in Figure 6, includes resources beyond the basics required. Figure 6 shows that the resources from the Monito Lucachi Trust Fund represented 5% of the total funds available to the Park, a percentage higher than what is transferred by the State. Moreover, 82% of Madidi funding comes from international cooperation, funds that are estimated to shrink or disappear in the future, which is reflected on the level of financial uncertainty that the Park is exposed to and that the Monito Lucachi Trust Fund has somehow contributed to reduce.

<sup>40</sup> The annual average requirements of the Park are approximately 400 thousand dollars in its comprehensive scenario, in the basic scenario the requirement amounts to 300 dollars.



**Figure 6. Funding scheme of the Madidi NP-IMNA**



Source: FUNDESNAIP.

#### 6.4. Financial prospects of the Madidi

Table 6 shows a projection from 2014 to 2017, based on the historical budget reports and operational plans of the Madidi.

**Table 6. Financial projections of expenses of the Madidi NP-IMNA (USD\$)**

Budget item	Year					TOTAL
	2013	2014	2015	2016	2017	
Personnel expenses	156,496	176,042	199,177	213,829	223,245	968,788
Non-personal services	70,450	56,273	71,919	59,743	61,738	320,122
Materials and supplies	51,161	52,743	54,374	56,056	57,790	272,125
Real assets	76,638	55,653	95,546	0	85,489	313,325
Taxes, royalties and fees	776	776	776	776	776	776
<b>Total Budget</b>	<b>355,520</b>	<b>341,487</b>	<b>421,792</b>	<b>330,404</b>	<b>429,036</b>	<b>1,878,293</b>

Source: FUNDESNAIP.

Table 6 shows the need for more funds, especially in relation to personnel expenses, which is an alarming situation, particularly because the resources of the Park are expected to be reduced in the future, largely due to the decline in international cooperation. However, within this complex scenario, the resources generated by the Monito Lucachi Trust Fund have given a financial break to the managers of the Madidi. It should be remembered that the contributions to this fund are even greater than the funds transferred by the State, which further stresses the financial importance of the Monito Lucachi Trust Fund to the Madidi. In fact, these funds have made possible to carry out monitoring actions in the area that is home to the Madidi titi monkey.

The fund has no expiration date and its objective is to preserve the habitat of the Madidi titi monkey, even if the Madidi ceased to exist as a protected area, the returns of the fund would still be used to support conservation activities in this area. However, the main challenge in 2014, seven years after the establishment of the Monito Lucachi Trust Fund, is to seek other innovative alternatives to cover 82% from international funds that have a high level of uncertainty with regard to their long-term permanence.