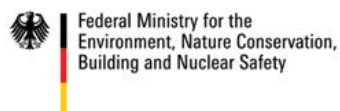




## Guidelines for tourism partnerships and concessions for protected areas: Generating sustainable revenues for conservation and development

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Members of the IUCN WCPA Tourism and Protected Areas Specialist Group  
Report to the Secretariat of the Convention on Biological Diversity and IUCN  
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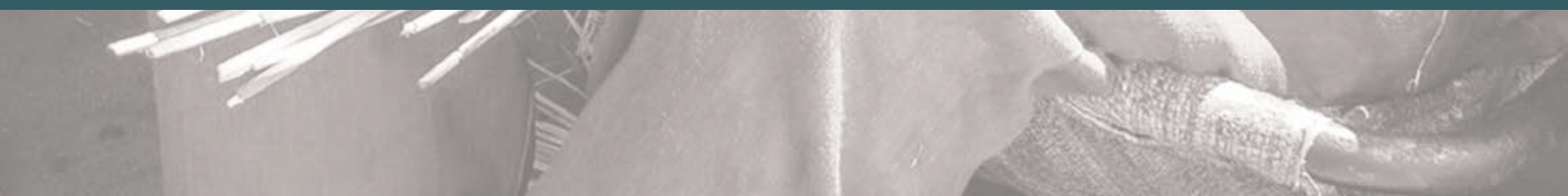
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## ACRONYMS

ASF	African Safari Foundation	GSTC	Global Sustainable Tourism Council
AWC	African Wildlife Capital	ICMBio	Chico Mendes Institute for Biodiversity Conservation
AWF	African Wildlife Foundation	IDC	Industrial Development Corporation
AZC	Ahi Zameni Chemucane Association	IFC	International Finance Corporation
BOT	Build Operate and Transfer	IRR	Internal Rate of Return
CBD	Convention on Biological Diversity	ISO	International Organization for Standardization
CONAF	National Forestry Corporation	IUCN	World Conservation Union
CTC	Chemucane Tourism Company	KNP	Kruger National Park
DBO	Design-Build-Operate	NGO	Non-governmental organization
DFI	Development Finance Institutions	PA	Protected area
EIA	Environmental Impact Assessment	PPP	Public private partnership
EoI	Expression of Interest	RfP	Request for proposals

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<b>ROT</b>	<b>Rehabilitate Operate and Transfer</b>
<b>SADC</b>	<b>Southern African Development Community</b>
<b>SANParks</b>	<b>South African National Parks</b>
<b>SCBD</b>	<b>Secretariat of the Convention on Biological Diversity</b>
<b>SNASPE</b>	<b>National System of Chilean Protected Areas</b>
<b>TAPAS Group</b>	<b>Tourism and Protected Areas Specialist Group</b>
<b>UNDP</b>	<b>United Nations Development Program</b>
<b>UNWTO</b>	<b>World Tourism Organization</b>
<b>USD</b>	<b>United States Dollar</b>
<b>USP</b>	<b>Unique selling point</b>
<b>WCPA</b>	<b>World Commission on Protected Areas</b>
<b>WWF</b>	<b>World Wildlife Fund</b>





*“...build the capacity of park agencies to engage in partnerships with the tourism industry to contribute financially and technically to protected areas through tools such as concessions, public-private partnerships.”<sup>1</sup>*

## 1. INTRODUCTION

### 1.1. Background

The Convention on Biological Diversity (CBD) has been addressing the area of biodiversity and tourism development since 2004, including the adoption of Guidelines on Biodiversity and Tourism Development (2004) and production of two guideline user manuals: ‘Managing tourism and biodiversity’<sup>2</sup>(2007), and ‘Tourism supporting biodiversity’<sup>3</sup>(2015). Work presented to the Conference of the Parties to the CBD in 2012<sup>4</sup> concluded that the tourism sector is the largest, global, market-based contributor to financing protected area systems in many countries, through entrance and other user fees, partnerships and concessions. However, many Parties to the CBD underutilise tourism as a means to contribute towards the financial sustainability of protected areas. The development of the present guidelines on tourism partnerships and concessions for protected areas is a response to this under-utilized potential and to recent decisions of the CBD on tourism, which invite Parties to “...build the capacity of park agencies to engage in partnerships with the tourism industry to contribute financially and technically to protected areas through tools such as concessions, public-private partnerships.”<sup>5</sup> The

IUCN defines a protected area as: ‘a clearly defined geographical space, recognised, dedicated and managed, through legal or other effective means, to achieve the long term conservation of nature with associated ecosystem services and cultural values’<sup>6</sup>. It is important to note that any tourism activities in protected areas should be compatible with the protected area’s primary objective of conserving biodiversity.

The Tourism and Protected Areas Specialist Group (TAPAS Group) is one of several voluntary groups convened under the International Union for the Conservation of Nature (IUCN) World Commission on Protected Areas (WCPA). The TAPAS Group is a network of over 480 volunteers who are committed to promoting sustainable tourism in protected and other appropriate natural areas as a tool in achieving the long term conservation of nature and the associated ecosystem and cultural values. The TAPAS Group’s mission is to provide a forum where people collaborate, stimulate dialogue, share expertise, develop and disseminate knowledge, and enhance learning, in order to enhance the planning, development and management of sustainable tourism in protected areas. Its objectives include







provision of strategic advice to governments and others on the optimum approaches to sustainable tourism in protected and natural areas, and also to develop and disseminate knowledge on tourism and protected areas, including case studies and best practice syntheses.<sup>7</sup> These guidelines complement other materials created by the group, including best practice guidelines on sustainable tourism in protected areas and visitor management.<sup>8</sup> This initiative also builds on previous technical guidance documents provided by TAPAS Group members to agencies such as the World Bank Group, United Nations Development Program (UNDP), and GIZ on tourism concessions in protected areas.<sup>9</sup>

To inform the design of the guidelines, and associated capacity building activities, the TAPAS Group conducted a needs assessment in March 2017. An online questionnaire was circulated to over 400 people including representatives of protected area authorities and ministries of environment, regional and international experts working in this field

as well as TAPAS Group members and the Southern African Development Community (SADC) Transfrontier Conservation Area Network. The 67 responses helped to establish the information needed within protected areas, and also the respondents' knowledge of existing tools and guidelines.<sup>10</sup> A draft of the guidelines was widely circulated to practitioners internationally for review, and comments were received from the SCBD, the World Bank Group, World Tourism Organisation (UNWTO), TAPAS Group members, and also 32 representatives government ministries of tourism and environment, protected area agencies, and tourism boards from southern Africa (i.e. Botswana, Lesotho, Madagascar Malawi, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia, and Zimbabwe).

<sup>1</sup> Convention on Biological Diversity Decision XII/11 on Biodiversity and Tourism Development (paragraph 1(d))

<sup>2</sup> Secretariat of the Convention on Biological Diversity (2007) Managing tourism and biodiversity- User's manual on the CBD Guidelines on Biodiversity and Tourism Development. Montreal, <https://www.cbd.int/doc/programmes/tourism/tourism-manual-en.pdf>

<sup>3</sup> Secretariat of the Convention on Biological Diversity (2015) Tourism supporting Biodiversity - A Manual on applying the CBD Guidelines on Biodiversity and Tourism Development. Montreal, <https://www.cbd.int/tourism/doc/tourism-manual-2015-en.pdf>

<sup>4</sup> See <https://www.cbd.int/decisions/cop/?m=cop-11>

<sup>5</sup> Convention on Biological Diversity Decision XII/11 on Biodiversity and Tourism Development (paragraph 1(d))

<sup>6</sup> Dudley, N (2008) Guidelines for applying protected area management categories. IUCN, Gland, Switzerland

<sup>7</sup> Spenceley, A., Hvenegaard, G., Snyman, S., McCool, S., Mader, R., Nikolaeva, E., Bushell, R., Carbone, G., Paleczny, D., Epler Wood, M. and 35 members of the TAPAS Group. (2015) TAPAS Group Strategy 2015-2020, Adopted by the TAPAS Group Exco on 29 September 2015

<sup>8</sup> e.g. Eagles, P. F. J., McCool, S. F., and Haynes, C. (2002) Sustainable tourism in Protected Areas: Guidelines for Planning and management. Best Practice Protected Area Guidelines Series No. 8. Gland, Switzerland: IUCN; Leung, Y-F., Spenceley, A., Hvenegaard, G., and Buckley, R. (In press) Tourism and visitor management in protected areas: Guidelines for sustainability, Best Practice Protected Area Guideline Series, IUCN, Geneva; Spenceley, A., Kohl, J., McArthur, S., Myles, P. Notarianni, M., Paleczny, D., Pickering, C., Turner, K., Bhutia, P. and Worboys, G. L. (2015) Visitor management, In Worboys, G. L., Lockwood, M., Kothari, A., Feary, S and Pulsford, L. (eds) Protected Area Governance and Management, ANU Press, Canberra.

<sup>9</sup> Spenceley, A., Nevill, H., Coelho, C. F., and Souto, M. (2016) An introduction to tourism concessioning: 14 Characteristics of successful programs, World Bank Group; Thompson, A., Massyn, P. J., Pendry, J., Pastorelli, J. (2014) Tourism concessions in protected natural areas: Guidelines for managers. United Nations Development Program; Spenceley, A. (2014) Tourism concession guidelines for Transfrontier conservation areas in SADC, Report to GIZ / SADC

<sup>10</sup> Snyman, S., Spenceley, A., and Eagles, P. (2017) Tourism partnerships and concessions in protected areas: Cooperating for success, Needs assessment report, Report to the Secretariat of the Convention on Biological Diversity, 31 March 2017





## 1.2. Aim and objectives

The **aim** of these guidelines is to provide information to support protected area authorities to achieve sustainable tourism operations in their protected areas; to bring benefits to conservation and other purposes for which the protected area has been declared; and to avoid or mitigate negative impacts.

Specifically, the guidelines aim to assist protected area authorities in their development and use of tourism partnerships and concessioning to contribute financially and technically to protected areas through sustainable tourism.

The **objectives** include to:

- Provide a short and accessible guideline that includes clear and practical information;
- Address needs of protected area authorities;
- Indicate how concessions can be used to mobilise resources for protected area management;
- Share case study examples to illustrate good practices and challenges of tourism concessions;
- Integrate the principles of sustainable tourism; and,
- Provide links to complementary technical guidelines produced under other initiatives.

The guideline's **scope** focuses predominately on tourism concessions. The guideline also addresses other options that protected area authorities have to form partnerships with the private sector in tourism, including the use of licences, leases and permits.

The **main audience** for these guidelines is protected area authorities and ministries of environment and tourism who aim to enhance the level of financial resources available for conservation management obtained from tourism concessions and partnerships.





### 1.3. Key terms

For the purposes of this guideline, the following key terms are used throughout. It should be noted that in some countries and regions, the terms may be defined or applied differently.

**Biodiversity:** The variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species, and of ecosystems.<sup>11</sup>

**Community:** A social group of any size whose members reside in a specific locality, share government and may have a common cultural and historic heritage/s. It can also refer to a group of individuals who interact within their immediate surroundings. A typical local community consists of business operators, public agency staff and residents, and their interactions and can include sharing of resources, information and support as well as establishing commercial relationships between local businesses and consumers.<sup>12</sup>

**Concession:** The right to use land or other property for a specified purpose, granted by a government, company, or other controlling body. It can include a commercial operation and/or a piece of land.<sup>13</sup> A tourism concession could provide accommodation, food and beverage, recreation, education, retail, and interpretive services.<sup>14</sup>

**Concession contract:** A written agreement between the protected area authority and partner, specifying the rights and obligations of both parties. It might also be called a concession agreement, lease, management or services contract, or by various other names.<sup>15</sup> The partner signing the contract with the authority is commonly known as the 'contractor', 'concessionaire', or 'investor'.

**Consumptive tourism:** Forms of tourism where wildlife or plants are collected, hunted or fished (preferably applying principles and approaches to sustainable use).

**Lease:** A contractual agreement in which one party conveys an estate (i.e. land and facilities) to another party for a specified, limited time period. The lessor retains ownership in the property while the lessee obtains rights to use the property. Typically a lease is paid for.

**License:** Gives permission to a legally-competent authority to exercise a certain privilege that, without such authorization, would constitute an illegal act. Often seen by the public as a form of quality control and requires due diligence by the competent authority, in contrast to a permit. Possession of the land is not granted through the license. Licenses give protected area authorities the ability to screen applicants to ensure that they fulfill a set of conditions.<sup>16</sup>

**Non-consumptive tourism:** Forms of tourism that do not consume wildlife, such as photographic tourism with wildlife viewing.

**Partnership:** An arrangement in which two or more individuals share the profits and liabilities of a business venture. Various arrangements are possible: all partners might share liabilities and profits equally, or some partners may have limited liability.<sup>17</sup>

**Permit:** A temporary form of permission giving the recipient approval to do a lawful activity within the protected area. Permits normally expire within a short length of time (e.g. 1 day, 1 week). Usually the number of permits is large and limited by social or environmental considerations. In most cases, permits are given to anyone who pays the corresponding fee.

**Protected area:** A clearly defined geographical space, recognised, dedicated and managed, through legal or other effective means, to achieve the long term conservation of nature with associated ecosystem services and cultural values.<sup>18</sup> There are different categories of protected areas described by IUCN, some of which are aligned with tourism development. Protected areas are commonly called 'parks'.

**Public-Private Partnership (PPP):** An agreement between a state institution and a private party, where the private party is granted the right to access and use public assets such as land and infrastructure for its own commercial use and assumes related substantial financial, technical and operational risks. The private party receives a benefit from using the state property by charging fees to customers that they provide a service to.<sup>19</sup>

**Stakeholders:** Stakeholders are persons or groups who are directly or indirectly affected by a project, as well as those who may have interests in a project and/or the ability to influence its outcome, either positively or negatively. In relation to protected areas, stakeholders may include government agencies, non-governmental agencies (NGOs), the private sector, local community groups, local communities and other resource management agencies.<sup>20</sup>

<sup>11</sup> United Nations (1992) Convention on Biological Diversity Article 2, accessed on 9 June from <http://www.cbd.int/doc/legal/cbd-en.pdf>

<sup>12</sup> Spenceley, A., Rylance, A., Nanabhai, S. and van der Watt, H. (2016) Operational guidelines for community-based tourism in South Africa, Department of Tourism: Republic of South Africa

<sup>13</sup> Pocket Oxford English Dictionary, 2006

<sup>14</sup> Eagles, P. F. J., Baycetch, C. M., Chen, X., Dong, L., Halpenny, E., Kwan, P. B., Lenuzzi, J. J., Wang, X., Xiao, H., and Zhang, Y. (2009) Guidelines for planning and management of concessions, licenses and permits for tourism in protected areas, Tourism planning and management program, University of Waterloo, Ontario, Canada, 23 April 2009.

<sup>15</sup> Dornbusch, D. (2011) Memorandum: Innovative Park Partnerships for Managing Tourism and Recreation – Financial Issues.

<sup>16</sup> Eagles, P. F. J. and Legault, M. (2012) Guidelines for the Planning and Management of Concessions, Leases, Licenses, and Permits in Parks and Protected Areas. Unpublished manuscript.

<sup>17</sup> Investopedia (2017) Partnership, accessed on 12 June from [www.investopedia.com/terms/p/partnership.asp](http://www.investopedia.com/terms/p/partnership.asp)

<sup>18</sup> Dudley, N (2008) Guidelines for applying protected area management categories. IUCN, Gland, Switzerland

<sup>19</sup> Adapted from National Treasury (2005) PPP Toolkit for tourism, PPP Practice Note 1 of 2005, pp 3, accessible from <http://www.ppp.gov.za/Pages/Governance.aspx?RootFolder=%2fLegal%20Aspects%2fPPP%20Toolkit%20for%20Tourism&FolderCTID=%26View=%7b33F91A9E%2d68FB%2d40CC%2dB511%2d45D91A7CC95B%7d>

<sup>20</sup> IFC (2007) Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets, pp10 & Walton A. Gomei M. and Di Carlo G. (2013) Stakeholder engagement: Participatory Approaches for the Planning and Development of Marine Protected Areas. World Wide Fund for Nature and NOAA— National Marine Sanctuary Program, accessible from [http://awsassets.panda.org/downloads/stakeholder\\_engagement.pdf](http://awsassets.panda.org/downloads/stakeholder_engagement.pdf)

## Tourism (and related definitions)

**Tourist:** A visitor (domestic, inbound or outbound) is classified as a tourist (or overnight visitor), if his/her trip includes an overnight stay.<sup>21</sup>

**Visitor:** A visitor is a traveller taking a trip to a main destination outside his/her usual environment, for less than a year, for any main purpose (business, leisure or other personal purpose) other than to be employed by a resident entity in the country or place visited. A visitor (domestic, inbound or outbound) is classified as a tourist (or overnight visitor), if his/her trip includes an overnight stay, or as a same-day visitor (or excursionist) otherwise.<sup>22</sup> For protected areas (PAs), a visitor is a person who visits the lands and waters of the PA for purposes mandated for the area. A visitor is not paid to be in the PA and does not

live permanently in the PA. The purposes mandated for the area typically are recreational, educational or cultural.<sup>23</sup>

**Sustainable tourism:** Tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities.<sup>24</sup>

**Nature-based tourism:** All forms of tourism that use natural resources in a wild or undeveloped form - including species, habitat, landscape, scenery and salt and fresh-water features. Nature based tourism is travel for the purpose of enjoying undeveloped natural areas or wildlife.<sup>25</sup>

**Ecotourism:** Responsible travel to natural areas that conserves the environment, sustains the well-being of the local people, and involves interpretation and education.<sup>26</sup>

## 2. FUNDAMENTALS OF TOURISM PARTNERSHIPS AND CONCESSIONS

### 2.1. Tourism in protected areas

Tourism and recreation are linked to protected areas, and recreation is a key ecosystem service in natural areas. Tourism has the potential to contribute directly to protected areas as a global conservation strategy, and to the Aichi Biodiversity Targets adopted under the CBD that relate to conservation (Targets 11 and 12), community development (Target 18) and public awareness (Target 1).<sup>27</sup> Successful tourism in protected areas requires the ability to develop

and market tourism products based on what the protected area has to offer, and the ability to maintain the quality of these areas for ongoing future use. The tourism potential of any protected area depends on a variety of factors, including location, accessibility, market demand, proximity to other popular tourism destinations, marketing, presence of local tourism businesses and infrastructure (e.g. accommodation, catering, guiding, etc.).<sup>28</sup> The ability of a protected area to manage tourism depends on the implementation of effective management strategies, the scale of demand for visits to





the site, the staff and resources available for management of tourism, and the legal and political environment covering nature protection in the countries in which they are located.<sup>29</sup> Long-term sustainability is, therefore, key (see section 2.6). To encourage successful tourism it can, in some cases, be more efficient for the protected area authority to outsource tourism concessions (see section 2.2.). This decision is dependent upon current government policy and the capabilities of the protected area authority in regards to business operation.

All organizations that create products, such as tourism experiences, must decide the appropriate service delivery mechanism. They must ask the question: What tourism should the organization operate internally and what should they outsource?

A **tourism concession** is defined here as “a lease, licence, easement or permit for an operation undertaken by any party other than the protected area agency<sup>30</sup>” and it “provides public service and may require some capital investment by a concessionaire for buildings, equipment and operating costs. A concession could provide accommodation, food and beverage, recreation, education, retail, and interpretive services”.<sup>31</sup> Tourism concessions in protected areas are part of a much larger system of Tourism User Fees for permitted uses in protected areas, which allow the protected area to raise revenues and meet goals of making the protected area accessible to visitors with quality services, while meeting social and environmental objectives.<sup>32</sup>

Private sector or other stakeholder’s capacity to generate revenues from concessions will depend on their ability to attract tourists to the protected area. This will depend on the protected area’s location, facilities, access, and the feasibility of offering services that visitors are willing to pay for which cover more than the cost of operations. A feasibility study is the accepted way to determine if a concession can be profitable, and the best practice is for the protected area to undertake a feasibility study before deciding if concessions are a good option. The feasibility study should include an analysis of the numerous different kinds of tourism activities that can take place in protected areas, and specifically in the protected area being assessed. It should also look at matching tourism products to market demand and should be creative in terms of the possibility of including a wide range of tourism products. Ideally, tourism concessions should be compatible with, and complement, the protected area’s own provision of tourism opportunities, resources and attractions present. A protected area management plan is an essential for concession planning, to ensure that there is guidance related to what tourism can be developed, where, and how.<sup>33</sup>

Concessions are generally overseen by a small group of specialised protected area staff who understand commercial tourism operations and work with protected area operational staff and decision-makers to administer and award concession opportunities (see section 5).<sup>34</sup>

#### Types of tourism concessions and partnerships

The types of tourism concessions that are considered acceptable within protected areas vary a great deal worldwide. Viable options depend on the history of

protected area use, the culture of the country and the evolution of protected area policy. Some countries have approaches that accept more intensive human use in certain zones, while others have a stronger protection approach which limits tourism to low impact uses. For example, some activities such as hunting are accepted in some categories of protected areas and banned in others. Within this wide variation, concessions may provide for such services as accommodation from camping areas, cabins to lodges, hotels, restaurants; activities such as guided walking/hiking trails, mountain biking, mountaineering, rock climbing, 4x4 trails, fishing, hot-air ballooning, filming, rafting and boat transport or cruises and retail activities. Potential concessionaires will have varying interests as to why they would like to operate in a protected area (see example in Box 1), but some of the main reasons include: the ability to earn a profit; uniqueness of biodiversity of the area; remoteness and privacy of the location; facilities provided by the protected area authority (e.g. road network); marketability and public awareness of the protected area; ease of access; ability to link into an already existing tourism circuit; good existing infrastructure, appropriate legislation and a protected area authority supportive of developing tourism.

<sup>21</sup> UNWTO (undated) Understanding tourism, basic glossary, Accessed on 9 June 2017 from [statistics.unwto.org/sites/all/files/docpdf/glossaryen.pdf](http://statistics.unwto.org/sites/all/files/docpdf/glossaryen.pdf)

<sup>22</sup> UNWTO (undated) Understanding tourism, basic glossary, Accessed on 9 June 2017 from [statistics.unwto.org/sites/all/files/docpdf/glossaryen.pdf](http://statistics.unwto.org/sites/all/files/docpdf/glossaryen.pdf)

<sup>23</sup> Hornback, K.E. and Eagles, P.F.J. (1999) Guidelines for Public Use Measurement and Reporting at Parks and Protected Areas. First Edition. IUCN, Gland, Switzerland. Available at: <http://www.ahs.uwaterloo.ca/~eagles/parks>.

<sup>24</sup> UNEP and UNWTO. (2005) Making Tourism More Sustainable, A Guide for Policy Makers, Madrid, Spain

<sup>25</sup> Goodwin, H. (1996) In Pursuit of Ecotourism, Biodiversity and Conservation, vol 5, pp277-292.

<sup>26</sup> The International Ecotourism Society. (2015) TIES announces ecotourism principles revision, Accessed on 5 June 2017 from <https://www.ecotourism.org/news/ties-announces-ecotourism-principles-revision>

<sup>27</sup> CBD (2010). ‘Strategic Plan for Biodiversity 2011-2020 and the Aichi Targets’. <<https://www.cbd.int/doc/strategic-plan/2011-2020/Aichi-Targets-EN.pdf>>. Accessed 15 February 2017. and Leung, Y-F, Spenceley, A., Hvenegaard, G., and Buckley, R. (In press) Tourism and visitor management in protected areas: Guidelines for sustainability, Best Practice Protected Area Guideline Series, IUCN, Geneva.

<sup>28</sup> Font, X., Cochrane, J. and Tapper, R. (2004). Pay per view: understanding tourism revenues for effective management plans, Report for the WWF by Leeds Tourism Group and The Environmental Business Development Group, Leeds.

<sup>29</sup> Font et al (2004). Op. cit.

<sup>30</sup> Thompson et al (2014). Op. cit.

<sup>31</sup> Eagles, P.F.J., Baycetch, C.M., Chen, X., Dong, L., Halpenny, E., Kwan, P.A., Lenuzzi, J.J., Wang, X., Xiao, H., & Zhang, Y. (2009). Guidelines for planning and management of concessions, licenses and permits for tourism in protected areas. Tourism Planning and Management Program, University of Waterloo, Waterloo, Ontario, Canada

<sup>32</sup> Epler Wood, M. (2010). Best practice for tourism concessions in protected areas: Case studies from Latin America. DAI Project 1000282. Available at:

[https://www.academia.edu/10773205/Best\\_Practice\\_for\\_Tourism\\_Concessions\\_in\\_Protected\\_Areas\\_Cases\\_from\\_Latin\\_America](https://www.academia.edu/10773205/Best_Practice_for_Tourism_Concessions_in_Protected_Areas_Cases_from_Latin_America) (accessed March 2017).

<sup>33</sup> Thompson et al (2014). Op. cit.

<sup>34</sup> Thompson et al (2014). Op. cit.







**Table 1: Opportunities and challenges of tourism concessions and partnerships in protected areas**

Opportunities	Challenges
<ul style="list-style-type: none"> <li>• <b>Additional tourism products and services:</b> Offering additional tourism services, goods and infrastructure which the protected area authority cannot afford to do, or is not able to provide;</li> <li>• <b>Additional funding:</b> Fees and rentals contribute to funding protected areas;</li> <li>• <b>Increased tourism demand:</b> Permits the expansion of protected areas to include adjacent critical biodiversity areas, and to create biodiversity corridors and linkages, which in turn leads to enhanced nature tourism opportunities and increased education;</li> <li>• <b>Raising awareness and increasing knowledge:</b> Tourism concessions enhance visitor and education outcomes through good interpretation and by providing a quality visitor experience;</li> <li>• <b>Ability to focus on core function:</b> Protected area staff can focus on their core function of biodiversity conservation; funding from government and other sources can be used for conservation activities rather than tourism activities;</li> <li>• <b>Providing important socio-economic links:</b> Concession activities can provide a vital link between local communities, socio-economic development and biodiversity conservation;</li> <li>• <b>Increasing employment:</b> Potential for increased local direct and indirect employment through tourism concessions;</li> <li>• <b>Increasing local multipliers:</b> Development of new opportunities for employment and small businesses for local communities.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Capacity and skills issues:</b> Lack of capacity and tourism skills of protected area staff to manage concessions and work with the private sector (covered in more detail in <a href="#">section 5</a>).</li> <li>• <b>Time-constraints:</b> The selection, management, monitoring and evaluation of concessions can occupy a significant amount of protected area staff's time.</li> <li>• <b>Infrastructure issues:</b> It is often difficult for the protected area authority to provide adequate infrastructure to service tourism, e.g. roads, water supply, communication, etc.</li> <li>• <b>Non-compliance and threats to sustainability:</b> Concessionaires who do not comply with protected area rules and regulations, or their concession agreement conditions, can cause damage, environmentally, culturally and socially (covered in more detail in <a href="#">section 2.6</a>).</li> <li>• <b>Political power of concessionaires:</b> Leading to inappropriate approvals or conditions, or inadequate enforcement of concession agreement conditions (see <a href="#">section 4.2</a>).</li> <li>• <b>Tourism-demand issues:</b> The tourism industry is highly competitive; tourism can be seasonal and volatile: impacted by political, natural, economic and health issues;</li> <li>• <b>Governance issues:</b> Corruption and inefficiencies in the concession process can result in a low demand for concessions;</li> <li>• <b>Legal issues:</b> A non-supportive, unclear legal framework will discourage investors;</li> <li>• <b>Financial constraints:</b> An inability to find sufficient financial support for the tourism concession process (see <a href="#">section 2.4</a> for information on solving this challenge).</li> <li>• <b>Fees and term:</b> A reasonable fee structure and term (time period) of concession needs to be offered to the private partner;</li> <li>• <b>Prescriptive empowerment requirements:</b> In some cases, the prescriptive scale and nature of empowerment partners (e.g. community ownership) can impact on the private partner's structure and feasibility of the concession;</li> <li>• <b>Size and location of concession land:</b> Determining the size (area) and location of the concession, relative to other infrastructure and services (roads, gates, routes, protected area boundary, other camps/concessions, power supply, private traversing, etc.).</li> </ul>



**Box 1: Case study on private-public sector concession agreement: Singita and South African National Parks, South Africa<sup>35</sup>**

To generate revenue in support of its conservation mandate, and to transfer some of the risk and responsibility for tourism investment and operations to the private sector, South African National Parks (SANParks) embarked on a commercialisation process in 2000. Singita, a private sector company, entered a bid within SANParks commercialisation programme, and won the Nwanetsi Concession in Kruger National Park (KNP).

Singita's objective for developing and operating in the KNP was to create, in collaboration with a substantive empowerment vehicle, a luxury wildlife tourism experience aimed primarily at attracting international visitors to South Africa and the national park. The KNP offered a well-known and iconic destination with which to attract these guests. Furthermore, Singita had an existing presence with a lodge in the Sabi Sand Private Game Reserve which borders KNP, thus creating an attractive tourism "circuit".

Prior to the concession's renewal date, Singita applied to extend the Concession tenure period and also to reduce the concession fee payable to SANParks in 2012. The purpose of the application was two-fold: to enable Singita KNP to continue to operate a financially sustainable business, as well as allow time to recoup its significant capital investment over this extended lease period. Singita was suffering financial stress caused by the knock on effects of the global financial crisis, which severely affected their international guests who tend to make up +-90% of their occupancies. The business

model at the time showed that unless the concession fees were reduced, the company risked either closure halting further development at one of their two lodges.

During this open re-bid Singita faced the risk of losing the concession. However, they were successful in extending the concession term by another 20 years and significantly reducing their concession fees to the proposed level. Based on their experience they recommended:

- Longer concession leases, with appropriate exit clauses for under-performance by concessionaires, are favourable to operators, as they allow higher levels of capital investment and greater likelihood of recouping this investment;
- Without prejudice to other bidders, Protected Area Authorities could consider concession applications on an individual basis to cater for the exact circumstances of the stakeholders for the particular concession; and
- Other protected area authorities should consider replicating the professional bid process conducted by SANParks.

<sup>35</sup> Source: Adapted from information provided by Andrea Ferry, Singita Sustainability Manager and Carla Faustino Coelho International Finance Corporation





### Box 2: Partnership types in Brazilian protected areas<sup>36</sup>

Brazil has 327 protected areas managed by the federal government, of which 72 are national parks, corresponding to 26.7 million hectares. These areas are under the responsibility of the Chico Mendes Institute for Biodiversity Conservation (ICMbio). Concessions and partnerships are promoted by ICMbio as a way to strengthen the quality of visits, while respecting the diversity of recreational opportunities, and goals of these areas related to biodiversity conservation and sustainability.

There are concession contracts in progress in the following national parks in Brazil: Tijuca National Park, Iguacu National Park, Fernando de Noronha Marine National Park and Serra dos Órgãos National Park. In addition to these concessions, the implementation of contracts and partnerships in more than 14 national



parks is expected by the end of 2018. In the northeast of the country, the Fernando de Noronha Marine National Park, known for its beautiful beaches and rich marine biodiversity, also provided some services and infrastructure such as entrance fees, trail maintenance, information centre with equipment rental and a snack bar through a concession. In 2016, the park received 390 000 visitors and raised about USD 386 000 from tourism.

In addition to the concessions, some services such as a visitor's guide, boat tours, transportation, are offered through authorizations (as a licence for operation). In the Chapada dos Veadeiros National Park, in the central region of the country that protects the cerrado ecosystem, the canyoning is operated by an authorization, which establishes some obligations for operators related to visitor safety and to the minimum impact on the natural environment.



### Box 3: Case study on insourcing of protected area tourism: Ontario Parks<sup>37</sup>

There are protected area (PA) agencies operating as public utilities, operating as a private tourism company. In 1996 Ontario Parks in Canada started moving from government funding of operations to tourism fees and charges. This was successful so that tourism funding constitutes 90% of PA agency funding, with 10% coming from government.

Ontario Parks manages a large system of 339 provincial PAs, covering 8.2 million hectares and serving about 10 million visitor days of tourism a year. Only 110 of the PAs operate with visitor services and on-the-ground staff. The activity is highly seasonal, with the vast majority of use in the warmer seasons. The system operates with about 220 full time staff, many more contract staff, and thousands of short-term employees, typically students. From 1996 to 2010, the agency budget increased from CAD28.2 to CAD76.5 million, an increase of 271%. The PAs tourism income increased through: 1) increased levels of fees charged; 2) increased diversity of pricing; and, 3) broadening the income through introduction of new services. This increase in income was associated with a mild increase

in visitor use. The return per visitor day increased from CAD2.51 per visitor day in 1995 to CAD6.83 in 2010. The Ontario Parks' tourism-based income became dominated by accommodation sales, providing 61% of all tourism income, most of it from camping.

Ontario Parks increasingly used the policy of directly operating activities that had income potential, in order to obtain higher levels of income. Concessions are now only used for highly-specialized activities, such as specialized maintenance. Some concession agreements operate cooperatively with local municipal governments, such as the contracting out of the collection of garbage and recyclable materials. A couple of campgrounds are now operated by the PAs and recreation departments of local municipalities. Educational services were increasingly moved to non-government bodies, Friends Groups. This case study reveals financial success for tourism-based funding of a major PA agency, which reveals that government operations of PAs can be financially effective in providing public services. It also reveals that this management model, a mild parastatal, has been effective in providing the structure for increasing income for tourism management, and the continuation of all other aspects of PA management, such as management planning and resource protection.

<sup>36</sup> Source: Camila Rodrigues - Federal Rural University of Rio de Janeiro (UFRRJ) and Larissa Diehl - Chico Mendes Institute for Biodiversity Conservation (ICMbio) (2017).

<sup>37</sup> Eagles, P. F. J. (2014) Fiscal Implications of Moving to Tourism Finance for Parks: Ontario Provincial Parks. *Managing Leisure* 19(1): 16-27





## 2.2. Partnership types

There are many services provided in protected areas for visitors, either services directly to the visitors, such as the rental of equipment, or through services that support visitation, such as an electrical system. A decision must be made by protected area authority on the level of each service, the method of delivery of the service, and the financing for each service.

For **insourcing**, protected area authority staff deliver and finance the service. Insourcing involves the authority functioning like a business, with the protected area facilities and staff providing visitor services. The authority functions like a public utility.

For **outsourcing**, the protected area contracts a third party to deliver a service. Outsourcing of tourism services to a company or organization has both benefits and disadvantages (see Table 2). The case for private management of resources on public lands is often one of efficiency: that the resources that those lands provide may be best turned into desired outcomes by specialist firms who bid for the rights to provide services to visitors. When public agencies do not have the expertise to perform a service, or when they lack the funding or legal abilities required to build such capability in-house, transference of rights on the lands to other organizations can relieve public agencies from resource constraints of budget, capability, or expertise.<sup>38</sup>

The provision of tourism services in PAs is a complex, professional activity. There are five options available for service delivery through outsourcing. These include:

- Using for-profit, private companies
- Using non-profit organizations
- Using local community organizations
- Using another government department
- Using a joint-venture company (i.e. public-private, private-community, public-community or public-private-community)



### Box 4: Case study on ecotourism concessions between government and indigenous people, Los Flamencos National Reserve Chile<sup>39</sup>

Los Flamencos National Reserve is part of “Atacama La Grande” indigenous development area in the northern Andes mountains of Chile. The Reserve belongs to the National System of Chilean Protected Areas (SNASPE), managed by the National Forestry Corporation (CONAF). It is the most important example of an ecotourism concession contract between a government agency and the Lickan Antay indigenous people of San Pedro de Atacama.

In 2003, CONAF promoted the design of the “Contract of Associativity” with Lickan Antay Indigenous People. The contract considered the national legislation related to environmental conservation, the International Labour Organization Convention 169, CONAF regulations, the reserve’s management plan (which was co-designed with the community), amongst others. This framework provided many guarantees for a solid contract between both parts. The contract aimed to:

- 1) Recognize the ancestral land use of Lickan Antay Indigenous People,
- 2) Empower conservation actions in the Reserve,
- 3) Contribute to visitor management in highly value ecological, cultural and spiritual sites and
- 4) Regulate public use in high visitation periods.

Some of the most important accomplishments made by the communities have been supporting the development and construction of three environmental education centres that were built using local materials and designs, supported the construction of trails, which can be guided by indigenous local guides, constructed tourism infrastructure such as bathrooms and signage.

Considering that the Reserve has around 80,000 hectares and approximately five PA rangers to manage all the land, this cooperation has become an extraordinary management support for CONAF. Currently, there are five ecotourism concessions run by nine different communities of the Lickan Antay people. They operate in 5 different areas of the Reserve creating an income of approximately USD 1 million. The communities spend those incomes in biodiversity conservation (30%), infrastructure maintenance (30%) and social development (30%) such as scholarships, water accessibility and land regularization.

<sup>38</sup> Eagles, P.F.J. (2002) Trends in Park Tourism: Economics, Finance and Management. Journal of Sustainable Tourism, 10(2), 132-153

<sup>39</sup> Sources: Juan Carlos Pacheco - Gerencia Áreas Silvestres Protegidas CONAF; Juan Pablo Contreras - Departamente Áreas Silvestres Protegidas CONAF; Antofagasta Daniela Bravo - Escuela de Ecoturismo Universidad Andrés Bello (2017).



### 2.3. Choosing a partnership type

Outsourcing to a for-profit corporation, a community group, or a non-government organization has benefits and disadvantages, as does insourcing to the protected area authority (see Table 2). Outsourcing to another government department is not listed on the table, as this is usually a highly specialised activity, such as working with a local hospital for medical care, a transportation agency for road maintenance, or the military for security. The ranking within each cell of the table is subjective, and highly dependent upon the effectiveness and efficiency of the PA administration, as well as the related legislation in each country.

**Table 2: Relative benefits of different partnership types**

Theme	Criteria for choosing partnership type	Outsource: For-Profit	Outsource: Community	Outsource: NGO	Outsource: joint-venture	Insource: PA Authority
Financial issues	Protected area (PA) and government costs	Low cost to PA	Variable costs to PA	Low cost to PA	Moderate cost to PA	High cost to PA
	Gaining income for the PA	Moderate	Low	Moderate	Moderate	Moderate, depends on policy
	Expense of contract management, monitoring	High	High	Moderate	High	Low
	Expense of tendering procedures	High	High, variable	High	High	None
	Difficulty and expense of monitoring finance	High	High	Low	High	Low
	Ability of the PA to function like a business	Needed	Needed	Needed	Needed	Needed
	Expense of resolving conflicts	High	High, variable	High, variable	High	Low
Tourism operations	Quality of visitor services	High	Low (unless managed by for-profit sub-contractor)	Moderate, variable	High	Moderate, depends on tourism policy
	Specialised tourism expertise	High	Low	Hired by NGO	High	Hired by PA
	PA seen as competing with private enterprise	No	Low	Low	No	High
	Access to new tourist markets	More access	Low access	More access	More access	Depends on PA policy
	Tourism workable with low visitor numbers	No	No	Yes	No	No
	Direct contact of PA staff with PA visitors	Low	Low	Low	Low	High
Socio-economic impact	Opportunity for community equity	Depends on contracts	High	High	High	High
	Business and job creation for local population	Moderate, variable	High	Moderate	High	High
	Flexibility in purchasing	High	High	High	High	Low

*Note: Use of the word 'variable' means that iSimangaliso workshop attendees suggested that the outcomes vary according to administrative policy and administrative experience.*





Theme	Criteria for choosing partnership type	Outsource: For-Profit	Outsource: Community	Outsource: NGO	Outsource: joint-venture	Insource: PA Authority
Governance	Concession selection process open and transparent	High	High	Low	High	None
	Control of services by PA	Moderate	Low	Low	Moderate	High
	Potential source of corruption during procurement	Moderate	Moderate	Moderate	Moderate	Moderate
	Concessionaire influence PA authority policy	Moderate	Low	Low	High	None
	Concessionaires gain political power	Moderate	Yes	Moderate	Moderate	Not a problem
	Power of public sector unions	Low	Low	Low	High, variable	High
Risk	Political influences on PA management by concessionaire	High potential	Moderate potential	Moderate potential	High potential	None, no concessionaire
	Liability exposure	Concessionaire	Concessionaire	Concessionaire	Concessionaire	Protected Area
	Conflict over PA objectives	Moderate	High	Moderate	High	None
	Reversibility of decisions	Low	Low	High	Low	High
	Transaction costs to establish partnership	Moderate	High	Moderate	High	None
	Difficulty of removing a bad concessionaire	High	High	Moderate	High	None, no concessionaire
	Bankruptcy of the concessionaire	Problem	Problem	Problem	Problem	Not a problem
Human resources	Public sector union contracts	None	None	None	None	Full
	Employment rules and regulations	Company rules	Government rules	Company rules	Company rules	Government rules
	Staff working on all PA needs	Seldom	Sometimes	Sometimes	Sometimes	Not a problem
	Contract management expertise needed in protected area	Yes	Yes	Yes	Yes	Somewhat true
	Ability to use volunteers	Moderate	High	High	Moderate	Moderate
	Ability to obtain donations of money and time	Moderate	High	High	High	Low
Environment and conservation	Likelihood of contributing to biodiversity conservation	Moderate	Low	High	Moderate	High
	Likelihood of applying an environmental management system (e.g. renewable energy, water conservation, recycling)	Moderate	Low	High	High	Low
	Likelihood of using of third party certification to demonstrate 'sustainability'	High	Moderate	Moderate	High	Low

There is a range of legal options for the use of outsourcing, which include concessions, leases, licences and permits. The characteristics of these options are described in Table 3. Typically, PA management uses several of these legal options, sometimes within one contract for one service. For example, a guiding company may need a licence to operate its business and also a lease to work out of a protected area-owned building. It should be recognised that many countries have specialized legal instruments that affect tourism outsourcing procedures.

**Table 3: Characteristics of legal instruments<sup>40</sup>**

Type of Legal Instrument	Description	Length	Examples
Concession	A concession is the right to use land or other property for a specified purpose, granted by a government, company, or other controlling body. It can include a commercial operation and/or a piece of land. <sup>41</sup> A tourism concession could provide accommodation, food and beverage, recreation, education, retail, and interpretive services	10 - 40 years	Accommodation, restaurant or retail facilities.
Lease / management contract	A contractual agreement in which one party conveys an estate (i.e. land and facilities) to another party for a specified, limited time period. The lessor retains ownership in the property while the lessee obtains rights to use the property. Typically a lease is paid for.	5- 30 years	Use of fixed infrastructure such as accommodation, airports, restaurants, shops etc. for a rental fee.
Licence	Gives permission to a legally-competent authority to exercise a certain privilege that, without such authorization, would constitute an illegal act. Often seen by the public as a form of quality control and requires due diligence by the competent authority, in contrast to a permit. Possession of the land is not granted through the license. Licenses give protected area authorities the ability to screen applicants to ensure that they fulfill a set of conditions. <sup>42</sup>	Up to 10 years	Vehicle-based tours (e.g. game drives, hot-air ballooning, white-water rafting, boat cruise) using operators own equipment.
Permit	A temporary form of permission giving the recipient approval to do a lawful activity within the protected area. Permits normally expire within a short length of time. Usually the number of permits is large and limited by social or environmental considerations. In most cases, permits are given to anyone who pays the corresponding fee.	Up to 10 years	Activities such as guiding, canoeing, hunting, and climbing using operators' own equipment.

<sup>40</sup> Adapted from Spenceley et al, 2016 Table 3, and Thompson et al, 2014: Table 5.2

<sup>41</sup> Pocket Oxford English Dictionary, 2006

<sup>42</sup> Eagles, P. F. J. and Legault, M. (2012) Guidelines for the Planning and Management of Concessions, Leases, Licenses, and Permits in Parks and Protected Areas. Unpublished manuscript.







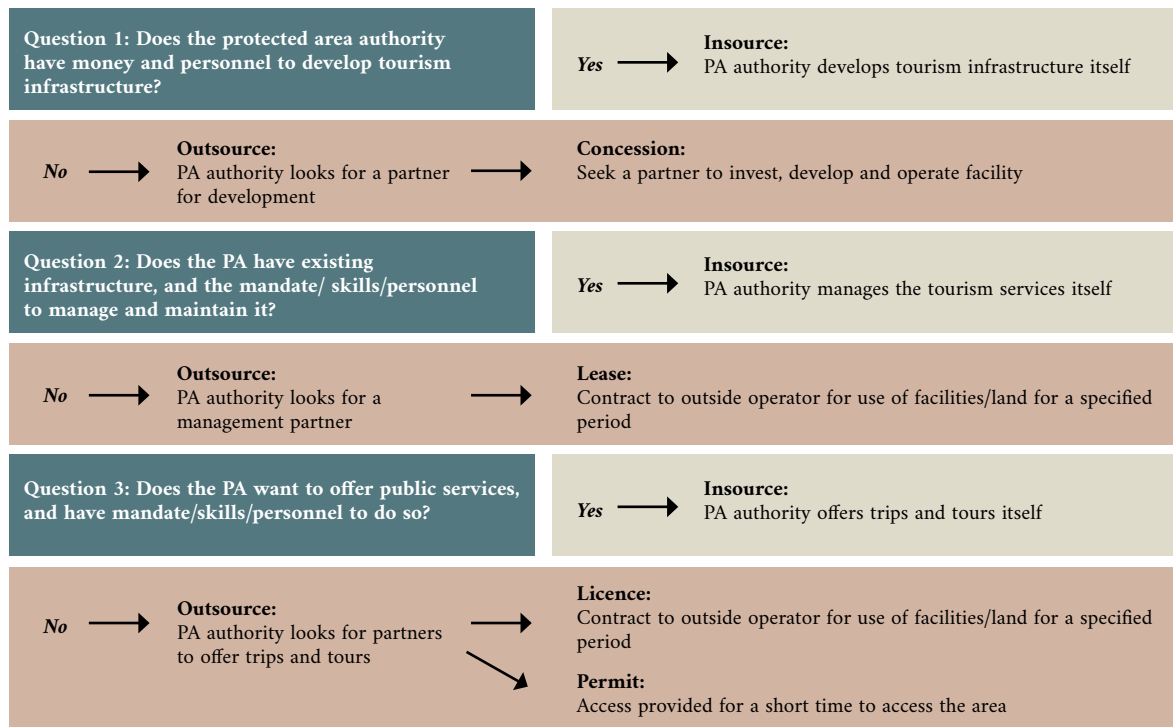


Within concessions, there are forms that have different implications for the level of capital investment and maintenance that the concessionaire takes for responsibility for. These include Build Operate and Transfer (BOT), where the concessionaire is responsible for the construction costs and activities, their operation, and then transfers them to the PA Authority at the end of the concession period. Other forms include Rehabilitate Operate and Transfer (ROT), Design-Build-Operate (DBO), and also Maintain

and Operate. PA Authorities can include performance bonds in contracts to ensure funds to invest in capital repairs and maintenance during the last few years of a contract.

Protected area authorities must decide which tourism services to operate and which service delivery option to use. The flow diagram in Figure 1 can help with this decision-making process, coupled with an understanding of the benefits and disadvantages of each option.

**Figure 1: Flow diagram for deciding the type of legal instrument to use**



**Box 5: Case study on non-government organizations in protected area management: Ontario Provincial Parks**

Ontario Parks in Canada manages a system of 339 provincial protected areas (PAs), and there are Friends Groups operating in 25 of those that operate with visitor services and on-the-ground staff. These groups typically provide guiding, interpretation, and environmental education programs to visitors. Increasingly, the groups also operate environmental and cultural festivals. Each is a legally-constituted charity under federal law. The members pay an annual fee. Each group operates under a contract with one PA, typically including a lease on a government building to operate a store. Each group has a board of directors, and must lease an annual financial statement with the federal government in order to maintain their charitable status. Funding is through the sale of products and services. Donations of money and time are also important. All profit must be invested in an approved PA management activity. Ontario Parks has

one staff member in head office with the responsibility to encourage and assist the development and operation of these groups. The Friends Groups are an important institution that encourages PA visitors to become involved in PA management, through the provision of services and donations that support management efforts.







## 2.4. Sources of finance for concessions processes

Financing tourism concessions processes can be one of the biggest challenges facing protected area authorities, but there are appropriate institutions that can offer financial assistance and advice. One of the major reasons for protected areas managers seeking concessionaires is due to their ability to finance capital. The potential contribution of tourism to the funding of protected areas needs to be set in the context of other funding sources available to the protected area. Each funding source brings with it some degree of risk, and as with any financial package it is important to balance the risks and opportunities presented by each one.<sup>43</sup> The key is to build up a **portfolio of revenue streams** that are suited to the specifics of each particular protected area, and which together offer greater stability of funding flows than any one mechanism could provide on its own. The selected revenue stream portfolio will inevitably depend to some extent on the specific features of different protected areas and the options available. For example, generation of revenues through fees, concessions and sales is most likely to be appropriate in protected areas where visitation levels are high.

As tourism is seen as a high-impact sector in most African countries, it can be among donor's list of options to promote both conservation and sustainable development. Attracting investors also requires the protected area to identify its **unique selling points** (USPs) to highlight to the investor why they should invest and what benefits they will receive from investing. Once tourism concession opportunities have been identified: they have to be marketed!

All investors, banks, and commercial lenders need to be confident that they are investing in or lending to a potentially sound, financially viable business. Generally, they are concerned about mechanisms for injecting capital, mechanisms for the return of their capital, and dividends and interest payments. Equity investors are particularly concerned about protection for their investment and how they will be able to exit at the end of the investment period. Banks are especially focused on the adequacy of the project's cash flow to service debt obligations and the securities the borrower can provide. They also want to know that the project concept and business plan is sound, well researched and in line with market assumptions.<sup>44</sup>

All lenders require projects to meet minimum criteria before proceeding with financing. Lenders assess the following criteria<sup>45</sup>:

- Will the business be viable?
- Is the sponsor credible?
- What collateral is available?
- Is this project profitable enough for us to take the risk?

### Choosing the right investors

To identify appropriate investors to approach (whether they are tourism companies, individual investors, communities, or donors), research is needed to find out which are most likely to be interested in the type of opportunity being offered. Sources of information include the internet, local contacts in the tourism and development industry, and tourism information offices. Authorities should prioritize investors that are most likely to be able to promote tourism that will benefit their protected area, and can diversify their product offering. It is important to look out for investors that have: similar values and goals as the protected area to ensure compatibility of values from the start; a track record of engaging in sustainable tourism (including engaging communities and growing local multipliers) and commercial success.

### Finance for private sector investors

There are a number of development finance institutions (DFIs), other financing institutions and support organizations that can help private parties with financing tourism concessions. These include: investment grants; concessionary loan finance; training grants and incentives; and marketing support. For example, the International Finance Corporation and certain NGOs may also offer assistance to communities wanting to form partnerships with the private sector (see Box 7 and Box 8).<sup>46</sup> The perspectives of a commercial bank in financing tourism concessions are described in Box 9.

<sup>43</sup> Font et al. (2004). Op. cit.

<sup>44</sup> Paragraph taken from: The World Bank Group. (2014). Getting Financed: 9 tips for community joint ventures in tourism. Available <https://openknowledge.worldbank.org/handle/10986/21698>

<sup>45</sup> The World Bank Group. (2014). Op. cit.

<sup>46</sup> The World Bank Group. (2014). Op. cit.

**Box 6: Using multiple partnership types in protected areas**

The iSimangaliso Wetland Park World Heritage Site in South Africa employs a range of different partnership types for tourism. These included concessions for joint-venture operations (e.g. community-private-public partnerships at Rocktail Camp, Thonga Beach Lodge and Mabibi Camp), licenses for tourism activities

for example estuary boat tour operators (including a number reserved for community owners/operators), permits for ad hoc tourism operators, filming, events, research. It also has partnerships with other government agencies for the management of tourism accommodation. The agreement is much the same as a public-private-partnership agreement. It outsources the management of access control, facilities management and construction to third parties.

**Box 7: Sources of finance for private investors for concessions**

**International Finance Corporation (IFC):** The IFC is the largest global development institution focused exclusively on the private sector in developing countries. Since 1956, IFC has invested over USD2.8 billion in over 260 tourism projects in 89 countries with more than half of these investments in frontier countries.<sup>47</sup> To be eligible for IFC funding, a project must meet a number of criteria. The project must be located in a developing country that is a member of IFC; in the private sector; be technically sound; have good prospects of being profitable; benefit the local economy; and be environmentally and socially sound, satisfying our environmental and social standards as well as those of the host country.

IFC does not lend directly to micro, small, and medium enterprises or individual entrepreneurs, but many investment clients are financial intermediaries that on-lend to smaller businesses.

**UNDP's Enterprise Challenge Fund:** This fund distributes grants (or concessional finance) to profit-seeking projects on a competitive basis.<sup>48</sup> A challenge fund subsidizes private investment in developing countries where there is an expectation of commercial viability accompanied by measurable social and/or environmental outcomes. Enterprise challenge funds (challenge funds) are established by a public entity, foundation or development partner to provide financial contributions in the smallest possible effective amount to socially or environmentally worthwhile projects that are delivered by the private sector.





**Box 8: Options for private sector financing when partnering with a community**

The Thakadu Lodge in South Africa shows the diversity of funding options available:

**The community Sebolao Trust raised USD 1 million**

Grants of USD 0.6 million

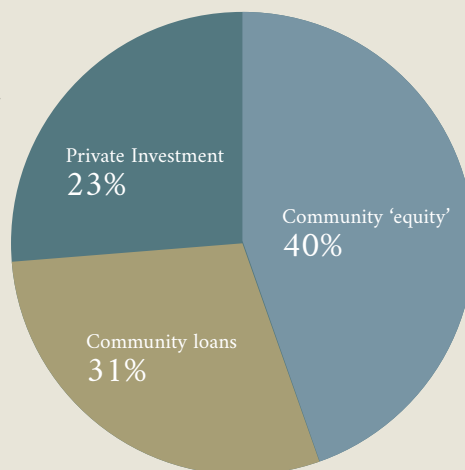
- USD 0.26 million from local government
- USD 0.09 million from Ford Foundation
- USD 0.25 million from Khula's Community Equity Fund

Interest-bearing loans of USD 0.4 million\*:

- USD 0.25 million from Khula's Land Empowerment Credit Facility (at JIBAR) (via IDC)
- USD 0.15 million from IDC (at prime)

\* Lease rights ceded to IDC as security

Private operator invested USD0.3 million



<sup>47</sup> International Finance Corporation (undated) Our funding, Accessed 14 April 2017 from [http://www.ifc.org/wps/wcm/connect/corp\\_ext\\_content/ifc\\_external\\_corporate\\_site/about+ifc\\_new/ifc+governance/funding/ourfunding](http://www.ifc.org/wps/wcm/connect/corp_ext_content/ifc_external_corporate_site/about+ifc_new/ifc+governance/funding/ourfunding)

<sup>48</sup> <http://www.undp.org/content/sdfinance/en/home/solutions/enterprise-challenge-fund.html>





**Box 9: African Wildlife Capital facilitating private sector-community funding<sup>49</sup>**

African Wildlife Capital (AWC) was founded by African Wildlife Foundation (AWF) in 2011 as Africa's first impact-investment vehicle for conservation enterprise. The company provides investment financing to small and midsize enterprises that have the capacity to make a significant conservation and socioeconomic impact, thereby positively engaging the private sector in conservation efforts. AWC has invested a total of USD 2 million to develop the first two ecolodges in Ethiopia's national protected area (PA) system: Bale Mountain Lodge in Bale Mountains National Park and Limalimo Lodge in Simien Mountains National Park. Both lodges received in excess of USD 800,000 in financing from AWC. AWC has also financed the award-winning community-based tourism company, Village Ways, to develop its operations in Ethiopia with an initial focus on the Simien Mountains.

AWC has further worked with the Ethiopian Wildlife Conservation Authority to ensure that global best practices in private-sector concessioning in national PA contexts were built into these developments. Demonstrating its ability to innovate, USD 200,000 of the AWC funding in Limalimo Lodge was used to create a revenue-based royalty, secured by AWF, to generate an ongoing revenue stream for a new local conservation primary school that AWF is constructing on the edge of the national park. This creates a unique circular symbiosis between conservation, tourism and education in and around a national park.

**Box 10: Perspectives of a financial institution on financing concessions**

*Christo Viljoen, Head, First National Bank (FNB) Agri & Tourism, Namibia<sup>50</sup>*

**Q: What have been the main barriers?**

A: Often, our biggest challenge is to determine the financial viability of the ventures. Business plans are sometimes incomplete and the risks involved are not properly addressed. Collateral is important. Repayment ability is even more important. We would like to see an up-to-date history of financial performance that indicates good financial discipline and financial management. We use this to determine the future repayment ability of the business—but many ventures are unable to deliver this.

**Q: What is the most important deciding factor for you?**

A: It's the project sponsor—without a doubt! Since cash

flow projections are done on assumptions and these can obviously change, we put a huge reliance on the person running the business. Do they have the necessary experience to manage a business of this nature? Can we trust that person to inform the bank in time of any challenges and deviations on the cash flow? Will he/she be able to come up with solutions to challenges and make things work out?

**Q: What advice would you give to the sector?**

A: I always tell prospective clients to prepare properly before coming to see us. Your business plan is key. I can't overstate how important it is that it addresses upfront our main concerns and provides good detail on marketing, management structure, expertise and a Strengths, Weaknesses, Opportunities and Threats analysis as well as detailed financial history and projections (i.e. Balance Sheets, Income Statements and Cash Flow Projections)

<sup>49</sup> African Wildlife Foundation: <http://www.awf.org/blog/building-conservation-tourism-ethiopia>. Accessed on 14th April 2017.

<sup>50</sup> The World Bank Group. (2014). Op. cit.



### Finance for community investors

Non-governmental organisations can be a source of financial resources to support community investors in tourism concessions. They can provide money to pay directly for capital investment, or purchase equity in a joint-venture partnership. These funds are often provided in the form of a grant, rather than a loan, making it low-risk finance for community members. Since communities rarely have collateral to secure loans, grants can be one of only limited sources of investment finance available to them. Communities need to ensure that mitigation mechanisms are in place to manage perceived investor risks.<sup>51</sup> Some examples of funding sources are listed in Table 4.

**Table 4: Funding sources for community concessions**

Potential funders	Background
<b>African Wildlife Foundation (AWF)</b>	AWF has created a process of developing and brokering eco-lodges between communities and experienced private operators. While both provide funding, the community owns the land and lodge, and the operator is responsible for running it. The operators then lease the land from the community and agree to pay a percentage of all revenue earned, creating incentives for communities to protect area wildlife. <b>Concessions financed:</b> Clouds Mountain Gorilla Lodge, Uganda; Grootberg Lodge, Namibia
<b>African Safari Foundation (ASF)</b>	The ASF is a not-for-profit organization which builds mutually rewarding partnerships between communities, ecotourism operators and conservation agencies in some of Africa's poorest regions. The ASF has provided finance, and also brokered finance from others, for community concessions. <b>Concessions financed:</b> Chemucane, Mozambique; Etendeka Mountain Camp, Namibia; Thakadu River Camp, South Africa
<b>Ford Foundation</b>	The Ford Foundation is the second-largest private foundation in the United States, with an endowment of USD12 billion. They use financial resources to help grantees achieve the greatest possible impact to challenge inequality. <b>Concessions financed:</b> Chemucane, Mozambique

### Finance for protected area authorities

Basic infrastructure, including roads, electrical distribution, and water supply, should be financed by government in state-managed protected areas. In addition, governments may provide capital for high-profile tourism infrastructure, such as visitor centres, shops, and lodges. Often protected areas find it easier to obtain capital funds, than operating funds from government. In these cases, concessionaires can be used to provide the services, using government-owned infrastructure. The process of designing, procuring, and managing concessions and partnerships can have high financial and high associated transaction costs to the protected area authorities. In countries with well-resourced protected area authorities, self-financing concession processes is possible (e.g. Canada, USA, New Zealand), but in other instances donor support has been mobilised. For example, sources of financial and technical support for concessioning processes in southern Africa have included the World Bank and International Finance Corporation (IFC) (e.g. South Africa, Lesotho, Mozambique, Madagascar), the African Development Bank (e.g. Zambia), United States Agency for International Development (USAID) (e.g. Mozambique), and non-governmental organizations (e.g. in Mozambique). Donor support for concessioning may be integrated into a broader conservation and development projects (e.g. Mozambique's World Bank Transfrontier Conservation Area and MozBio projects), or as stand-

alone initiatives negotiated by the government or protected area authority with a donor (e.g. Lesotho and the IFC). Therefore, finance can be a combination of government funds, NGO grants, and private sector investments.

Ideally, a proportion of the revenue generated by concessions and partnerships should be invested in protected area management, to finance conservation management, improve facilities, and mitigate any negative environmental impacts of tourism. This process is often determined by national legislation on how protected areas are financed in general. Specialized NGOs, such as Friends Groups, are often required by their contracts with the PA to spend profit on PA authority-approved projects.



<sup>51</sup> The World Bank Group. (2014). Op. cit.

### Box 11: Case study on Chemucane concession, Anvil Bay, Mozambique

Anvil Bay is a 12 chalet (24-bed) lodge situated in the Maputo Special Reserve in Mozambique. The lodge offers guests game drives, walks in the dune forest and on the beach, beach bikes, watersports (e.g. kayaks, stand up paddle boards), snorkelling, fishing, and turtle nesting walks.<sup>52</sup>

The Government of Mozambique awarded a 50-year concession to the community association, Ahi Zameni Chemucane Association (AZC), which in turn has

a 25-year agreement with the Chemucane Tourism Company (CTC) to develop and operate the lodge. In terms of financing: the CTC has 40% ownership by AZC, which was financed by both a USD500,000 grant from the World Bank's Community Enterprise Fund and a USD500,000 from a loan from the African Safari Foundation. The other 60% equity is owned by the Bell Foundation, which invested USD2 million.<sup>53</sup> Within the Maputo Special Reserve, the land is owned by the Government of Mozambique, and the community has been awarded a Special Licence (permission to develop in a protected area).



## 2.5. Legal framework and foundations for concessions

Most governments have laws and policies on the purchase of outside services. Protected area authorities must have **staff with the appropriate training** in national laws and policies on outsourcing that affect the choice, management and enforcement of contracts. To supplement these, they will also have **laws that relate to the governance of protected areas** (e.g. by a government, private or community entity), and **laws that relate to land tenure and security** (see Table 7). In some countries, the law will stipulate what kind of tourism activities can, and cannot, take place in a particular type of protected area. For example, some may permit hunting or night drives in certain types of protected areas, and not in others. Concessions and partnerships policies should:

- keep tourism in balance with conservation goals, such as outlined in the protected area management plan;
- encourage sufficient volumes of tourism to ensure financial viability;
- set limits for acceptable change associated with tourism;
- establish a framework to ensure that these limits are applied fairly and effectively; and,
- create institutional and financial structures to manage tourism revenues.<sup>54</sup>

### Box 12: Characteristics of concession law, regulations and policies<sup>55</sup>

- Concession contract terms, such as length of contract operation
- Process for obtaining concession proposals
- Award process
- Evaluation criteria
- Protections for concessionaires
- Control of concessionaire rates and charges for services to visitors
- Concession fees (to government or the protected area authority)
- How concession fee revenues are spent (i.e. on conservation, maintenance etc.)
- Economic development
- Preferences (e.g. for local or community businesses)
- Assignments and transfers of rights
- Suspension or termination procedures
- Prosecution, breach and penalties

<sup>52</sup> Anvil Bay. (2017) Rates, validity between 7 January 2017 and 6 January 2018, accessed on 8 March 2017 from <http://anvilbay.com/special-offers/>

<sup>53</sup> Collins, S. (2012) Ponto Chemucane Maputo Special Reserve: Putting community at the centre? Technical workshop on concessioning and investment in TFCAs, Presentation at the international workshop on concessioning tourism opportunities in conservation areas and maximising rural development, Maputo, Mozambique, 19-22 March 2012; Collins, S. (2014) The role of NGOs facilitating tourism concessions and providing support to communities entering joint-venture agreements. Technical workshop on concessioning and investment in TFCAs, Presentation at the international workshop on tourism concessions in transfrontier conservation areas in SADC, Johannesburg, South Africa, 1 September 2014

<sup>54</sup> Thompson et al. (2014). Op. cit.

<sup>55</sup> Thompson et al. (2014). Op. cit.



Protected area managers decide what form of legal instruments to be used for outsourcing; often a combination is used. For example, a tour company may have to purchase a day use permit for each client, obtain a professional guiding licence to show sufficient staff training and liability insurance, and obtain a lease on a parcel of land for the exclusive use of their clients, such as a picnic site.

The process for negotiating a bid and selecting a concessionaire (i.e. the tendering process) is usually long, complex, and expensive for all parties involved (see section 3). This cost often creates an incentive for the protected area authority to use other approaches, such as long-term contracts, easy methods for contract renewal, or insourcing. The process of choosing the winning tender is typically secret; with only the result being publically announced. In many cases, the resulting contracts are not publicly available.

The high transaction costs (i.e. time and money) needed to tender concessions can encourage some protected area managers to insource the tourism services by using their own facilities and staff. The high transaction costs can also discourage some potential bidders from bidding. The bidder must decide if the cost of bidding can be justified given the potential of long-term benefit of winning the bid.

A **contract** is an agreement between two parties in which both parties agree to do something in return for a benefit to both parties. Important points related to contracts:

- Contracts can be verbal, but this leaves important issues to later interpretation in case of dispute.
- It is more preferable for all contracts to be written to make interpretation much easier and enhance the likelihood that disputes will be successfully resolved through mediation or legal action.
- Contract law underpins all outsourcing activities in protected area tourism. It is important that the responsibilities of each partner are listed in sufficient detail in a contract. Having a clear idea of these responsibilities allows for the regular measurement of contract performance. Typically, there are financial and other penalties for non-compliance.
- The contract includes a section outlining the rules for cancellation of the contract in the case of major non-compliance with contract stipulations.
- Inclusion of clauses for periodic review, to allow for flexibility and adaptation during long contracts.
- Ultimately all the contract stipulations, including those dealing with contract cancellation will be subject to interpretation by the courts.

A unique situation that involves bilateral negotiations is that of transboundary PAs. This situation requires negotiation and legal clarification concerning the rights of concessionaires to move and operate across national boundaries. Legal barriers to crossing of international boundaries in transfrontier PAs remain a major barrier to easy tourist and tourist operator crossings.<sup>56</sup>

**Box 13: Examples of national policies for concessions and partnerships in southern Africa<sup>57</sup>**

**Namibia:** Policy on Tourism and Wildlife Concessions on State Land (2007)

**South Africa:** The Public Finance Management Act (1999), combined with a National Treasury Public Private Partnership Toolkit for state controlled game reserves and national parks.

**Zambia:** Public private partnership Act (2010)

**Tanzania:** Public Private Partnership Act (no 14 of 2009)



<sup>56</sup> Issues raised by southern African delegates to the iSimangaliso Wetland Park workshop, as part of the broader CBD/IUCN project on tourism concessions and partnerships.

<sup>57</sup> Spenceley (2014); Government of Zambia, (2016) Guidelines and checklist in designing public private partnership (PPP) projects for wildlife conservation

## 2.6 Integrating sustainability<sup>58</sup>

Sustainable tourism principles refer to the environmental, economic and socio-cultural aspects of tourism development, and a suitable balance must be established between these dimensions to guarantee long-term sustainability<sup>59</sup>. Thus, sustainable tourism<sup>60</sup> should:

- Make optimal use of environmental resources that constitute a key element in tourism development, maintaining essential ecological processes and helping to conserve natural heritage and biodiversity.
- Respect the socio-cultural authenticity of host communities, conserve their built and living cultural heritage and traditional values, and contribute to inter-cultural understanding and tolerance.
- Ensure viable, long-term financial operations, providing socio-economic benefits to all stakeholders that are fairly distributed, including stable employment and income-earning opportunities and social services to host communities, and contributing to poverty alleviation.

Some sustainability policies are driven by governments and authorities, and some driven by the industry or consumers. Governments can set standards and mandatory

requirements through legislation. Regulating and enforcing sustainable behaviour through construction permits, licensing, environmental impact assessments, as well as the concessioning framework or contracts themselves are commonplace. Voluntary mechanisms driven by the industry to enhance sustainability tend to work in parallel - such as award schemes, sustainability certification, and codes of conduct, as well as consumer-feedback platforms and ratings<sup>61</sup>.

### Sustainability at all stages

In order to ensure sustainability of tourism concessions, it is essential to integrate sustainability, measurement and monitoring at all stages: planning, development and operational phases. Full integration of economic, environmental and socio-cultural aspects into the business will result in a more holistic approach that engages all stakeholders and has a greater chance of long-term sustainability. Integration can be done through stipulating certain conditions in the protected area management plan, tourism concession tender documents and tourism concession contracts.

**Table 5: Ensuring sustainability in concessions and partnerships<sup>62</sup>**

Theme	Concession and partnership scoping, design and feasibility, procurement phases
Economic	<ul style="list-style-type: none"> <li>• Require partnership proposals to include a development plan, which indicates how concessionaries will; (a) procure goods and services from local and fair-trade sources, (b) employ and advance people from local and marginalized groups, (c) provide equity to local and marginalized groups.</li> <li>• Preferentially approve agreements which directly benefit local communities / marginalized groups.</li> <li>• Ensure that bidder's proposals do not undermine traditional resource access rights.</li> <li>• Educate community investors about tourism, including visitation, finance, marketing, etc.</li> <li>• Check investor's business models, and ensure they are realistic relating to potential bed nights, revenues, employment figures, etc.</li> <li>• Create a framework that incorporates benefit-sharing plans for all engaged stakeholders, whether from revenue generated by the concessions for the authority, or by the concessionaire.</li> </ul>
Environmental	<ul style="list-style-type: none"> <li>• Conservation is the primary objective of protected areas and should always be taken into consideration in all decision-making.</li> <li>• Assess the Limits of Acceptable Use of the area in terms of tourism numbers and associated environmental impacts.</li> <li>• Determine suitable tourism activities for the area, e.g. photographic tourism, hunting, walking trails, 4x4, etc.</li> <li>• Consider impact of location, size, etc.</li> <li>• Consider the siting of access roads.</li> </ul>
Socio-cultural	<ul style="list-style-type: none"> <li>• Ongoing engagement and open dialogue with all stakeholders*.</li> <li>• Ensure consideration of development plans in relation to respecting community access, land rights and sites of cultural importance.</li> <li>• Assess potential opportunities for integrating local cultures and cultural activities into the tourism product in a respectful way.</li> <li>• Provide capacity building for community members and institutions related to tourism, business, etc.</li> <li>• Manage community expectations through realistic goal setting and benefit-sharing plans.</li> <li>• Engage local communities as to how they can be involved in the tourism product, if they would like to be.</li> </ul>

<sup>58</sup>Adapted from Casimiro & Spenceley, (2012). Op. cit.

<sup>59</sup> UNEP and UNWTO (2005) Making Tourism More Sustainable - A Guide for Policy Makers, UNEP and UNWTO, 2005, accessed on 9 June from <http://www.unep.fr/shared/publications/pdf/DTIx0592xPA-TourismPolicyEN.pdf> p.11,

<sup>60</sup> See Leung et al (in press). Chapter 10





	<p><b>Concession and partnership contract management.</b>  <b>Include the following requirements for partners in the concession contract:</b></p>	<p><b>Theme</b></p>
	<ul style="list-style-type: none"> <li>• To recruit and employ staff in an equitable and transparent way.</li> <li>• To promote ongoing business and tourism skills training and development for all engaged stakeholders.</li> <li>• To promote sustainable Corporate Social Responsibility.</li> <li>• To promote use of local suppliers of goods and services.</li> <li>• To ensure effective, transparent and efficient benefit-sharing.</li> <li>• To advise local small businesses to equip them to trade their goods and services with concessionaires.</li> <li>• Requirement to monitor and provide a high-level of tourist satisfaction</li> </ul>	<p><b>Economic</b></p>
	<ul style="list-style-type: none"> <li>• Ensure the conducting of an Environmental Impact Assessment.</li> <li>• Considering development plans in relation to lowest possible ecological impact, including energy-saving and environmentally-friendly products and services. Always keep in mind that conservation is the primary objective of protected areas.</li> <li>• Maximizing the use of sustainably harvested, local materials.</li> <li>• Use of energy efficient appliances; use solar wherever possible.</li> <li>• Minimising and monitoring water, non-renewable energy and material use.</li> <li>• Incorporating local architectural styles to reduce aesthetic impact.</li> <li>• Educating staff and guests about saving resources.</li> <li>• Managing all waste (i.e. sewage, rubbish, etc.) effectively; recycling.</li> <li>• Avoiding use of environmentally-unfriendly products.</li> <li>• Planting of indigenous vegetation.</li> <li>• Considering impact of driving off-road, etc.</li> </ul>	<p><b>Environmental</b></p>
	<ul style="list-style-type: none"> <li>• Ongoing engagement and open dialogue with all stakeholders*.</li> <li>• Manage community expectations through realistic goal setting and benefit-sharing plans.</li> <li>• Respecting social and cultural way of life of host community.</li> <li>• Providing capacity building for community members and institutions related to tourism, business, etc.</li> <li>• Promoting local cuisine.</li> <li>• Promoting local businesses to support tourism (e.g. crafts, village tours, etc.)</li> <li>• Preserving integrity of cultural resources.</li> <li>• Providing ongoing capacity building for community members and institutions related to tourism, business, etc.</li> <li>• Encourage bidders to incorporate environmental awareness programmes for local people (particularly children)</li> </ul>	<p><b>Socio-cultural</b></p>

\*For a full list of stakeholders and their role in tourism concessions see Spenceley (2014): p18

<sup>61</sup> Spenceley, A., Nevill, H., Coelho, C. F., and Souto, M. (2016). An introduction to tourism concessioning: 14 Characteristics of successful programs, World Bank Group). pp 11

<sup>62</sup> Adapted from Casimiro & Spenceley. (2012). Op. cit.



### Sustainability criteria and standards

There are several internationally recognized sets of criteria, standards, indicators and certifications for sustainable tourism. Some of the tools that can be used by protected area authorities are listed below:

- **The Global Sustainable Tourism Council (GSTC)** has two sets of criteria, one for hotels and tour operators, and the other for destinations (such as protected areas). Accounting for numerous guidelines and standards available globally, they address socio-economic, cultural, and environmental impacts, as well as sustainable management.
- **The International Organization for Standardization (ISO)** ISO18065:2015 is a voluntary standard establishing requirements for tourism services in protected areas while bearing in mind the area's conservation objectives.
- **World Tourism Organisation (UNWTO)** indicators for sustainable development in tourism destinations describe the process to develop destination-specific indicators and includes example applications in ecotourism destinations.

Tools that can be used by operational tourism concessionaires to improve sustainability include:

- **Certification:** Once operational, tourism businesses can apply to be independently certified as sustainable. The **GSTC** recognizes standards of certification bodies that are aligned with their criteria, and therefore credible processes.
- **Integrated Reporting:** Integrated reporting assists with thinking holistically and ensuring sustainability. Combining financial reporting with sustainability reporting allows companies to assess total impact and from there to assess risks, promote good practices and correct bad practices. Tourism concession contracts can stipulate reporting requirements to ensure that concessionaires integrate sustainability into their business and reporting. Tools for integrated reporting include the **Global Reporting Initiative**.

#### Box 14: Sustainability inclusions of the South African National Parks concession programme<sup>63</sup>

A major objective of the concessions program was to apply SANParks environmental regulations, and the economic empowerment of historically disadvantaged individuals and groups.

**Empowerment bids:** 20% of the points used to rate bids were allocated to empowerment plans. These in turn were weighted in relation to:

- Shareholding by historically disadvantaged individuals or groups (40%)
- Training and affirmative action in employment (20%)
- Business and economic opportunities for local communities (40%)

**Environmental bids:** Quantified monitoring targets were required for a number of environmental issues, including: road length, number of beds, water consumption (350 litres per person, per day, was specified), waste water production, waste production, game drives and sightings (i.e. the minimum approach distance), and monitoring. Each concessionaire was required to employ an environmental control officer during construction and operation.

<sup>63</sup> Spenceley, A. (2004) Responsible nature-based tourism planning in South Africa and the commercialization of Kruger National Park, in Diamantis, D. (ed) Ecotourism: management and assessment, Thomson Learning, London, pp267-280





### 3. PROCESSES FOR CONCESSIONING AND PARTNERSHIPS

#### 3.1. Overall process

Figure 2 outlines the stages and characteristics of tourism concessioning in protected areas. This section provides general guidance and case study examples on the processes involved, but recognises that concessioning processes vary between countries, and in relation to specific legislation.

#### 3.2. Scoping

**Goal of this phase:** The scoping phase establishes whether tourism partnerships and concessions are the right approach for a particular protected area or not, and allows the protected area authority to develop a strategic plan as a basis.

**Outcome of this phase:** This phase should lead to the development of a strategic plan.

##### Motivation

Describe **the reasons that the protected area authority has for partnerships and concessioning**, including the objectives and targets for the specific protected area. These may be based on the authority’s policies and strategies, as well as on specific particular needs at the local level (e.g. to raise finance for infrastructure, generate regular income for conservation management, transfer responsibility for tourism operations to the private sector, provide jobs and other benefits to local communities, marketing, etc.). Also identify if policies include specific targets expected to be met by concessioning (e.g. numbers of jobs; additional revenue needed for conservation management), so that realistic expectations can be established. The motivation and targets can be identified through discussion with protected area officials, relevant ministerial staff, and also a review of key policy and strategy documents.

##### Previous experience

Establish whether the protected area has existing tourism concession agreements, leases, licences, or permits, and if so, how the new concessions will complement these. This can be

**Figure 2: Generic stages and characteristics of concessioning**



done through discussions with protected area officials and also site visits. Also take note of the type of procurement process that was followed (e.g. tender, auction, direct award), the type of concession vehicle used (e.g. private sector, joint-venture, community-owned) and the areas of success and difficulty that arose. In particular, consider how sustainability elements were previously integrated (or not), and whether or not the revenue flowed back into conservation.

If the protected area already has tourism concessions or partnerships in place, the authority will already have some human resource capacity in place to design, procure, and manage these. In some instances, there will be an established team with good skills and experience, while in others, it will be necessary to supplement existing capacity through training or hiring additional personnel to fill any gaps (e.g. a transaction advisor). Skills needed in the concessioning team will include protected area management and zoning, tourism business skills, finance and budgeting, stakeholder consultation, and also legal expertise. Discuss with existing personnel the existing skills and gaps (see section 5).

### Attractiveness to investors

Make a general assessment of how attractive the protected area might be to investors, to establish whether there is likely to be a market demand for concessions. Tourism investors will consider the underlying conditions of a protected area before they choose to invest in a natural area. They will consider its accessibility by road or air, the level of basic infrastructure (e.g. internal roads, power, water, and communications). Critically, they will also consider the aesthetic attractiveness of a site, in terms of its areas of natural and cultural interest to tourists, their unique selling propositions, and how it would link to (and add value to, or compete with) existing destinations. For natural protected areas in Africa for example, investors will often consider wildlife, landscape, in contrast to existing pollution, degradation or health concerns. Investors will also consider the riskiness of a prospect. For example, they would consider political instability (regionally, nationally and locally), potential threats (e.g. prospecting for oil or mining), and the reputability of the concessioning agency, based on the success (or failure) of previous investments. Where there are high levels of interest, the authority








may already have received unsolicited bids for tourism development. Discussions with a few existing and potential tourism investors can be used to establish the level of interest at this stage (see section 2.4). If there is no interest at all, then embarking on a concessions and partnerships program may be redundant, as it may not result in any viable bids.

### Legal framework

An officially adopted protected area management plan should be in place. This should include overarching environmental and spatial context (i.e. zoning), conservation objectives and commercial options and targets for the protected area.<sup>64</sup> The plan will indicate the level of legal protection that the area has, and this will have implications for the extent to which tourism is a priority or not (see Figure 3). Information on key stakeholders (such as local communities) that could either be beneficiaries of concessioning, and/or who need to be consulted during the process will also be described.



Figure 3: Management objectives of IUCN categories of protected areas in relation to tourism

<p><b>1a</b></p>  <p><b>Strict Nature Reserve</b> Tourism prohibited</p>	<p><b>II</b></p>  <p><b>National Park</b> Tourism is primary objective</p>	<p><b>III</b></p>  <p><b>National Monument</b> Tourism is primary objective</p>	<p><b>IV</b></p>  <p><b>Habitat/Species Management Area</b> Tourism is potentially applicable</p>	<p><b>V</b></p>  <p><b>Protected Landscape/Seascape</b> Tourism is primary objective</p>	<p><b>VI</b></p>  <p><b>Managed Resource Protected Area</b> Tourism is potentially applicable</p>
<p><b>1b</b></p>  <p><b>Wilderness Area</b> Tourism objectives secondary</p>					

Source: Spenceley et al, 2016: Fig 1; p6

<sup>64</sup> See Lee, T. and Middleton, J. (2008) Guidelines for management planning of protected areas, Best Practice Protected Area Guidelines Series no. 10, Accessible from <https://www.iucn.org/content/guidelines-management-planning-protected-areas>



Laws and regulations should provide for private investment in protected areas, including the ability to grant secure land tenure to them. If the concessioning is to allow “...park agencies to engage in partnerships with the tourism industry to contribute financially and technically to protected areas through tools such as concessions, public-private partnerships.”<sup>65</sup> then ideally the legal framework should also permit protected area authorities to re-invest tourism revenues into conservation. A small review of relevant policies and laws can be made at this stage to confirm that a framework of a management plan and investment laws and regulations are in place, and that there are no major gaps or areas of conflict between them.

### Political will and financial support

Establish whether there is political support for partnerships and concessioning in protected areas – both at a ministerial

level and at the authority’s level. If they are to succeed, a pre-requisite is that directors of the authority that has the mandate for concessioning should be champions for concessioning. The political environment needs to be suitable to conduct a transparent, efficient and effective process, which leads to a good contract being signed. By contrast, if there is weak governance, excessive red tape, and political interference or corruption seems likely, then investors may not be interested. A general impression of political will can be formed through key interviews with government officials, private sector, donors and NGOs.

Some protected area authorities in southern Africa self-finance their concession processes, but in others donor support has been mobilized (see section 2.4.4). Explore how the authority proposes to finance the proposed concessioning process, or if resources still need to be identified.

### Box 15: Example of scoping for protected area concessions in Mozambique

In October 2013 the International Finance Corporation produced a scoping report for the Ministry of Tourism and the World Bank, called the ‘Assessment of readiness of Mozambique’s conservation areas for Tourism Investment’. The 30-page report included background on previous donor programmes to support tourism investment and concessions; the conservation area network; legal framework and institutional structures; private sector investment in conservation areas (including structures to do so, and constraints); an assessment of conservation areas to consider for private sector investment and their attractiveness; an assessment of private sector ‘appetite’ for investment in Mozambique; and conclusions and recommendations.<sup>66</sup>

### Creating a strategic plan

The scoping phase should conclude with the production of a Strategic Plan for concessioning, which provides the context for the process. This document summarizes the findings of the phase, and also specifies additional information that will be needed during the subsequent design and feasibility phase.

<sup>65</sup> Convention on Biological Diversity Decision XII/11 on Biodiversity and Tourism Development (paragraph 1(d))

<sup>66</sup> International Finance Corporation (2013) Assessment of readiness of Mozambique’s conservation areas for Tourism Investment: Mozambique Tourism Scoping Final Report, 11 October 2013



### 3.3. Design and feasibility

**Goal of this phase:** This phase builds on the scoping phase to establish what the tourism concessioning programme will look like, including available sites, tourism products to promote, potential markets and the most favourable type of concession model to use (see section 2.2 and 2.3).

**Outcome of this phase:** This phase should lead to the development of a high-level business plan for the concessioning programme.

#### Protected area and site identification

Establish criteria for selecting concession sites that relate to the relative attractiveness and underlying conditions. These can include the location and features (e.g. access, existing infrastructure, and existing tourism), the size of the area, natural and cultural features, environmental sensitivity to tourism, social issues (e.g. local communities), land ownership, and institutional issues (e.g. capacity of the protected area administration to support concessionaires). Use the criteria during site visits to rate and describe the categories, compare options, and apply the criteria to identify the most viable sites.

**Table 6: Example of weighting comparison of concession sites<sup>67</sup>**

Sub Category	Weighting	Site 1	Site 2	Site 3	Site 4
		Percentage	Percentage	Percentage	Percentage
Infrastructure	68	70%	65%	65%	77%
Site Characteristics	110	55%	80%	80%	97%
Developmental viability	131	44%	82%	75%	97%
Tourism	99	69%	45%	44%	87%
Environmental	55	47%	67%	47%	65%
Land	67	60%	93%	100%	91%
Institutional	61	69%	73%	70%	68%
<b>TOTAL</b>	<b>666</b>	<b>59%</b>	<b>71%</b>	<b>68%</b>	<b>85%</b>

#### Legal assessment

A legal assessment is needed to establish whether the conditions are viable for tourism concessions, at national and protected area level, and whether the investment climate is conducive to tourism concessions. Such an assessment can be undertaken by a lawyer, or someone in the authority with a solid understanding of the law at national and protected area level.

**Table 7: Legal assessment characteristics<sup>68</sup>**

National level	Protected area and concession level
<ul style="list-style-type: none"> <li>Establish whether there is an <b>existing legal framework for tourism concessions</b> (e.g. like the Public Finance Management Act in South Africa, which requires use of the National Treasury’s Public Private Partnership Toolkit).</li> <li>Establish whether there is <b>stable land tenure</b>, laws relating to pricing and transfer of land to the private sector, and applicable licences and permits. (These are needed for investor to secure finance.)</li> <li>Identify <b>commitments that would be binding</b> on the relevant ministry and the protected area authority, and the roles and responsibilities of different institutions.</li> <li>Ensure that there is <b>permission to construct infrastructure</b> for commercial activities, such as accommodation, restaurants, and retail outlets.</li> <li>Review regulations that may affect the <b>project’s attractiveness to investors</b>, including tax liabilities, labour arrangements, and legislation relating to foreign exchange, importation, competition, the tourism sector, building codes, and the environment (e.g. Environmental Impact Assessment (EIA) processes).</li> <li>Identify any <b>gaps and/or legal reforms</b> required.</li> </ul>	<ul style="list-style-type: none"> <li><b>Identify the authority responsible for the concession site</b>, that would authorize the concession process and agreement</li> <li><b>Describe the legal procedure for land applications</b> and approvals.</li> <li>Identify any <b>existing rights</b> or licenses issued to the sites and adjacent areas.</li> <li>Identify <b>spatial plans</b> for the protected area, as part of its management plan, that regulate where and how much tourism can be established.</li> <li><b>Compile a map</b> of existing rights or licences.</li> </ul>

<sup>67</sup> IFC (2012) Facilitating large-scale tourism resorts in Mozambique: The tourism investment generation approach, Accessible from <https://www.wbginvestmentclimate.org/uploads/CoastalResortsStudy.pdf>, pp15

<sup>68</sup> Adapted from Spenceley, A. (2014) op. cit.



## Stakeholder engagement

A strategy should be identified for stakeholder engagement, to ensure that stakeholders are engaged at every stage of the concessioning process, and that their perspectives, knowledge, and support are incorporated.<sup>69</sup> Initially, the **relevant stakeholders and beneficiaries should be identified** and mapped. They may include institutions and representatives from government, protected area authorities, private sector, locally affected communities, existing civil society groups, the academic community, and also the development community. Then for each stakeholder, decide what **level of stakeholder engagement** is appropriate (i.e. inform, consult, involve, collaborate, or empower) and mechanisms to engage and communicate effectively. Then begin to sensitize the stakeholders about the process and progress made so far through meetings, site visits and the media.<sup>70</sup> **Good practices** include ensuring that stakeholder expectations are managed; notifying them of updates to the process; and responding to their comments.<sup>71</sup> Where community members are involved, determine whether they need technical or other assistance to participate in the process (either in consultation processes, or in preparation to engage effectively in investments).

## Design of the concession opportunity

**Concession model:** Using the decision tree in section 2.3, establish the concession model (or mixture of models) that will be offered (i.e. management agreements, lease, permit, concession), its duration, and clarify who will own the assets. Establish the type of partner sought for concessions, for example:

- Pure private sector or NGO
- Joint-venture partnership, with community and private shareholdings
- Public-private partnership, with a government partnership with the private sector / NGO / community
- Community-owned

The type of partner will have numerous implications including who takes the risk for a concession's capital investment (i.e. government, private sector, NGO or a host community), and also the extent of development benefits for local and host communities. These are not mutually exclusive though, and a concessions programme can encourage different types of partnership for different concession sites in a protected area.

**Tourism product type:** Select the type of tourism product and activities that will be offered from those described in section 2.1. These should be compatible with the protected area management plan. Indicate whether they will require capital investment.

**Duration:** The concession duration to be offered should be based on the level of risk that the investor is likely to be taking (e.g. longer concessions should be offered for higher capital investments, as with accommodation). Sometimes, concessionaires who perform well can be given preferential option on a further concession term.

## Viability and market assessment

A **situational analysis of tourism** should be undertaken through a review of literature and consultation with identified stakeholders within authorities and the private sector. This should include a supply and demand assessment that establishes a baseline<sup>72</sup>:

- **Demand:** Collate information on national and destination statistics on numbers of arrivals, source markets, demographics, length of stay, expenditure, occupancies, type of accommodation used, destinations visited, activities undertaken, trends, and development objectives of the authority.
- **Supply:** Review information on existing and competing accommodation (including number, type, capacity, quality, rates), tour operations/guides, restaurants, transport, information and planned new tourism products, attractions, and competing destinations and products.

Reach out to potential investors who may be experienced and interested in new sustainable tourism investments in protected areas. Consider using scouting tours to other protected areas, meetings at local and international trade fairs, and individual meetings to engage with them. Establish a **database of existing and potential investors** (including private sector, NGOs and communities), and then discuss the proposed concession sites with them. Ascertain whether the proposed protected areas, sites and product types are of interest to them; competing sites and destinations; whether they would be likely to apply for a concession; what they would invest; whether the levels of infrastructure are appropriate; land anticipated challenges and risks.<sup>73</sup>



<sup>69</sup> Walton A. Gomei M. and Di Carlo G. (2013) Stakeholder engagement: Participatory Approaches for the Planning and Development of Marine Protected Areas. World Wide Fund for Nature and NOAA— National Marine Sanctuary Program, accessible from [http://awsassets.panda.org/downloads/stakeholder\\_engagement.pdf](http://awsassets.panda.org/downloads/stakeholder_engagement.pdf)

<sup>70</sup> Adapted from [http://tourisminvest.org/\\_manual/manual\\_workstream\\_stakeholder-mgt.html](http://tourisminvest.org/_manual/manual_workstream_stakeholder-mgt.html)

<sup>71</sup> IFC. (2007). Op. cit.

<sup>72</sup> Spenceley (2014). Op. cit.

<sup>73</sup> Spenceley (2014). Op. cit.



### Setting fees

Setting a concession fee is about finding a balance between the amount the partner will gain from using the protected area (a public asset), and the amount the authority earns in return. The fee setting process should be **transparent, fair and consistent**. It is also important to remember that revenue is not the most important factor in protected area concessions, and other factors such as public access, size and exclusivity of the area, equity, conservation and community benefits are also important. It should be explained to the concessionaire that concession fees are essentially a business expense (i.e. rental for a property, land use, etc.) Fee options include<sup>74</sup>.

- **Supply-driven fees** are where authorities propose reserve value/minimum fee, and offer this to the market through a competitive bidding process (e.g. tender or auction).
- **Market-driven fees** come from unsolicited applications, where a proposed fee is offered to the authority. This can be accepted, or negotiated, and then agreed.
- **Revenue-based fee** formulas set fees as a percentage of gross revenue generated by the concessionaire. In Southern Africa, rates are often between 6% and 10% of turnover for safari lodges in high-value protected areas, combined with a minimum payment of 50% of the concession's anticipated fee. However, checking these types of fees requires strong inspection and auditing rights of an authority, and a careful definition of revenue. Per bed-night fees can also be used as a proxy for a revenue-based fee.
- **Per-unit fees** are used where authorities wish to charge a fixed fee per unit of use, such as a set fee per hectare per year. These are easier to administer by an authority, but need to be set on realistic valuations of the opportunity (e.g. fees considered too high have discouraged some investors in some sites).

- **Fixed-fees** can be used for small concessions, when the expected income is likely to be low, or revenues will be difficult to police.
- Combinations are also possible, where fixed fees are combined with revenue-based fees, etc.

If an authority wishes to establish a minimum concession fee, it can review historical fees and industry standards, and use investment analysis to determine likely profitability. The development of an acceptable internal rate of return (IRR) that will cover risks and costs associated with concession management in the PA is also important.<sup>75</sup> It is important to remember that the tourist operator must be able to make a profit for the operation to be viable.

### Commercial viability for investors

Calculate whether the tourism concession is likely to be commercially viable, by developing a simple cash flow projection for a hypothetical concessionaire, and with a realistic minimum concession fee. This projection will help to avoid unrealistic expectations and, if relevant, set a realistic minimum concession fee. More guidance for this kind of forecast can be found in the South African PPP Manual.<sup>76</sup> Some of the differences for investors inside, and outside protected areas, are outlined in Table 8.

<sup>74</sup> Thompson et al. (2014) Chapter 6

<sup>75</sup> Thompson et al. (2014) Chapter 6

<sup>76</sup> <http://www.ppp.gov.za/Legal%20Aspects/PPP%20Manual/Main%20Intro+Contents.pdf>

<sup>77</sup> Castis, T. (2017). PPP Program, iSimangaliso Wetland Park, Presentation at the 'Tourism partnerships and concessions in protected areas' meeting, St Lucia, South Africa, 30 May – 2 June 2017





**Table 8: Considerations for investors for tourism investments outside and within protected areas<sup>77</sup>**

Issue	Tourism accommodation outside protected areas	Tourism accommodation in a protected area
<b>Capital growth</b>	Investor is able to sell the property at a value that generally exceeds the initial investment.	No capital growth. The facility automatically reverts to the state without compensation for the improvements effected by the investor. At best, the outgoing concessionaire may recoup part of the value of any movables taken over by the new operator.
<b>Collateral for debt financing</b>	Property can serve as collateral for debt finance, even in the case where the investment is on leasehold property.	Collateral for debt financing is limited to the investor's rights under the concession agreement, which in financial terms, are very limited. The investor would have to encumber other assets to secure finance. This is obviously unattractive to investors, given that the concessionaire bears a much higher risk.
<b>Risk</b>	Investor assumes the full operational risk, including the risk of bankruptcy. However the investor may sell the project at any time to mitigate losses or avert bankruptcy. If further capital has to be injected into the project, it may be recovered through future profits and/or capital appreciation.	The investor assumes the full operational risk, including the risk of bankruptcy. It has no option but to continue to operate the project irrespective of the losses being and its prospects of recovery. If further capital has to be injected into the project, it may never be recouped since the life of the project is finite and there is no capital appreciation.
<b>Capital expenditure and operating costs</b>	Not impacted by environmental and related factors typical of protected areas.	Appreciably higher in response to environmental strictures. (e.g. construction costs are higher because building takes place in remote and/or inaccessible areas; waste must be removed from the PA; specialised plant must be installed to deal with sewage; etc)
<b>Target market</b>	Access to a variety of markets (leisure, business, etc), enabling it to diversify its business risk	Reliant exclusively on the leisure market, which is notoriously fickle and subject to vagaries beyond the investor's control. In many cases, due to the environmental strictures the projects are small resulting in high rack rates to ensure their viability. This is the more vulnerable segment of the tourism market during recessionary cycles

### Value-for-money for authorities

Establish whether the concessioning will provide value-for-money for the government and protected area authority. Compare the likely revenue that will be generated for conservation, job creation, infrastructure investment from concessioning with alternative options (e.g. in-sourcing) or doing nothing.<sup>78</sup> Importantly, consider these revenues in light of associated costs of the procurement process and managing a concession agreement.<sup>79</sup>

### High-level business plan for the concessioning process

This plan should conclude the design and feasibility stages, and will clearly describe important elements of the concessioning (see Box 16).

## 3.4. Procurement, negotiation and contracting

**Goal of this phase:** This phase implements the high-level business plan, and includes the preparation for the procurement (including the strategy and package, promotional materials and bidding documents) and then the transaction process itself.

**Outcome of this phase:** This phase should result in the signing of an agreed concession contract between the protected area authority and an investor.

### Procurement preparation

The authority should develop an overall plan and the materials that will be used during the procurement process. These include:

- **Description of the concession package offered to investors.** This includes elements of the high-level business plan (see Box 16), and also the project schedule (i.e. procurement process, concession duration, exit).
- Agreement on the **plan for the procurement strategy** to be used (e.g. open-tender, auction) (see Table 10).

### Box 16: Contents of a high-level business plan for concessioning<sup>81</sup>

- Goals and objectives of concessioning
- Products and services to be developed, ensuring that they are compatible with the environmental and social sensitivity of the destination
- The concession model (i.e. management, lease, Build-Operate-Transfer etc.), with roles and responsibilities of the authority and concessionaire, and relevant institutional arrangements.
- The business model (e.g. private sector, joint-venture, community-owned enterprise).
- Industry and market analysis, including supply and international, regional and domestic demand; as well as competitor and risk analyses.
- Development impact, in terms of revenue generated, jobs created, investment mobilised, natural resources protected, skills development and local economic development.
- Sustainability plan, including direct and indirect socio-economic and cultural linkages with local communities, biodiversity conservation and environmental management.
- Project schedule, including any phased approach to releasing opportunities, the life cycle of each concession, including procurement process, duration and exit.
- Marketing plan, including product, price, promotion, and place, and roles of different agencies.
- Financial plan and projections, including best, average and worst-case scenarios.
- Critical risks and assumptions (i.e. financial, political, environmental, social, reputational, market), and a mitigation plan.
- Monitoring and evaluation of the concession.

**Table 9: Typical institutional costs of tourism concessions to protected area authorities<sup>80</sup>**

Costs to institution	Concession phase			
	Scoping	Design and feasibility	Procurement	Concession management
Project officer and staff	✓	✓	✓	✓
Consultants or transaction advisor	✓	✓	✓	
Expression of interest		✓		
Stakeholder engagement		✓		✓
Supporting infrastructure/upgrades		✓		✓
Advertising			✓	
Conservation management obligations				✓
Monitoring and evaluation processes				✓

<sup>78</sup> Detailed guidance for this kind of forecast can be found in the South African PPP Manual

<sup>79</sup> <http://www.ppp.gov.za/Legal%20Aspects/PPP%20Manual/Main%20Intro+Contents.pdf>

<sup>80</sup> Adapted from South African Public Private Partnership Manual: National Treasury PPP Practice notes issued in terms of the Public Finance Management Act: Module 1: pp34

<sup>81</sup> Spenceley. (2014) Op. cit. and Legovini, A. (2010) Development Impact Evaluation Initiative: A World Bank-Wide Strategic Approach to Enhance Developmental Effectiveness, World Bank, Accessible from [http://siteresources.worldbank.org/INTDEVIMPEVAINI/Resources/3998199-1286546178578/7465778-1291306572028/Legovini\\_dime\\_paper\\_ext.pdf](http://siteresources.worldbank.org/INTDEVIMPEVAINI/Resources/3998199-1286546178578/7465778-1291306572028/Legovini_dime_paper_ext.pdf)





*“Revenue is not the most important factor in protected area concessions, and other factors such as public access, equity, conservation and community benefits are also relevant.”*



- A **plan for reaching out to investors**, which may include specific launch events, participation in international trade fairs, individual meetings with targeted operators, newspaper and magazine advertisements, social media.<sup>82</sup>
- Production of **promotional materials**. In addition to glossy, attractive flyers and brochures to entice investors, these also include factsheets including basic parameters (e.g. location, size of site). Promotional materials may include press releases for the media, posters and banners for trade fairs, websites and investment portals. Technical manuals can also be produced for interested investors, with data such as land costs and acquisition procedures; construction permit costs and procedures, licenses required, labour costs and regulations (e.g. for expatriate), incentives; utility costs; relevant policies and laws; sustainability priorities.<sup>83</sup>
- **Development of bidding documents** and a physical or virtual 'room' to securely store data. Bidding documents would include a tender manual (i.e. rules and procedures), adverts (e.g. for Expressions of Interest, if the authority wants to understand the level of demand), prequalification and screening checklist, request for proposals (RfP) with non-disclosure agreements and a

screening checklist; and a draft contract.

- Agreement on the **bid evaluation committee**, the evaluation criteria that they will use, and the roles of its members. The committee should sign confidentiality agreements, and recuse themselves if they have a conflict of interest.

It is critical that the process is formally agreed by the authority (and potentially at ministerial level). This is to ensure integrity and transparency in the process, and to avoid the repercussions of any political interference in the process or favouritism that may arise.

<sup>82</sup> Spenceley. (2014) op. cit.

<sup>83</sup> Whyte, R., Perrotet, J., Di Fiori, V., and Neville, H. (2013) Global Investment Promotion Best Practices: Winning tourism investment, World Bank, Available from <https://www.wbginvestmentclimate.org/advisory-services/investment-generation/investment-policy-and-promotion/gipb/upload/Tourism-GIPB-report.pdf>, pp7

<sup>84</sup> Adapted from Investment Climate Advisory Services. (2012) Facilitating Large-Scale tourism resorts in Mozambique: The tourism investment generation approach, World Bank Group, and Government of Zambia (2016) Guidelines and checklist in designing public private partnership (PPP) projects for wildlife conservation

**Table 10: Pros and cons of different transaction strategies<sup>84</sup>**

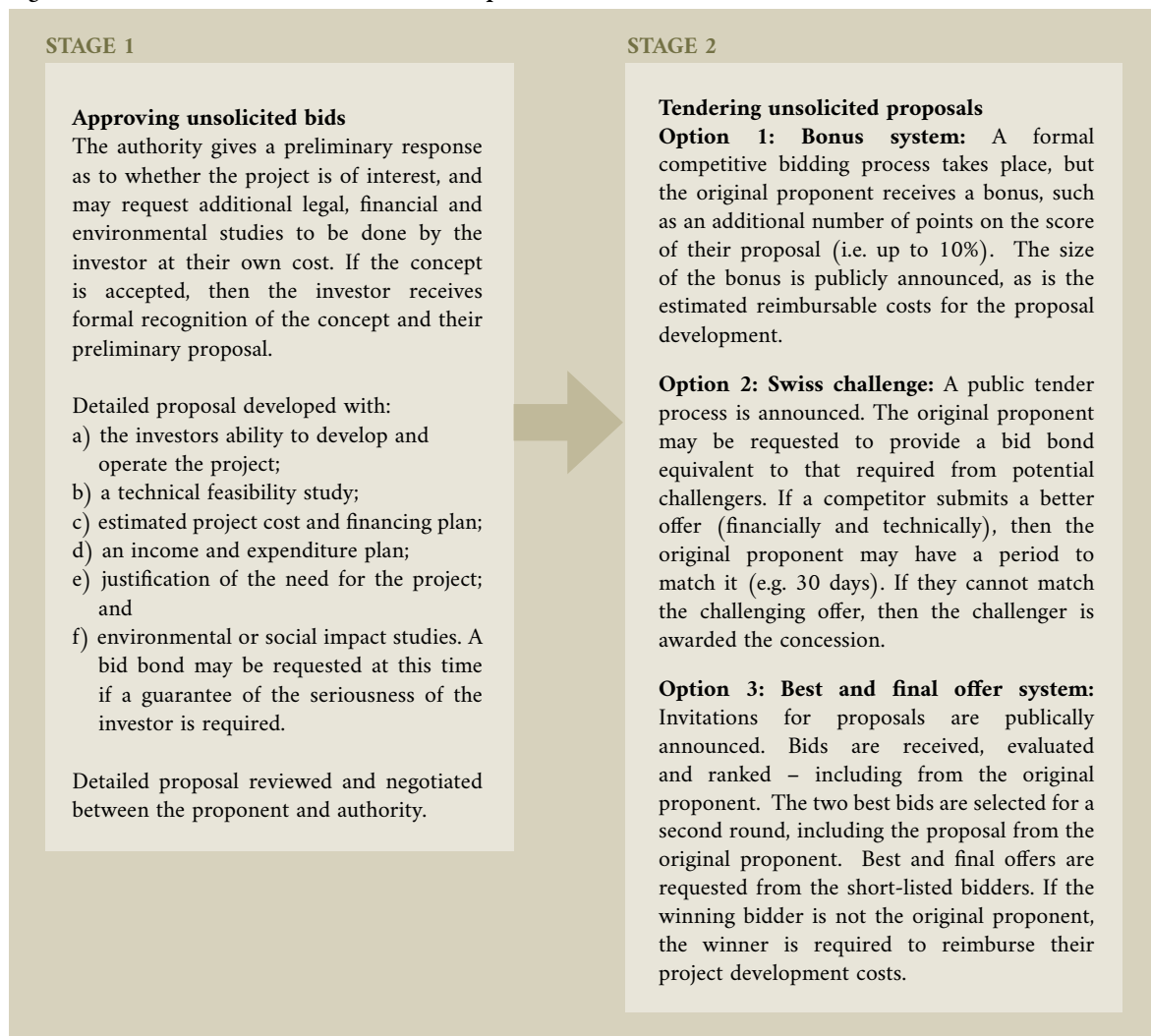
	<b>Pros</b>	<b>Cons</b>
<b>Tender</b>	<ul style="list-style-type: none"> <li>• Most transparent process.</li> <li>• Market-based system for selecting the best proposal.</li> <li>• Stimulates most investor interest.</li> <li>• Best candidate can be selected based on multiple criteria.</li> <li>• Background checks can be done.</li> </ul>	<ul style="list-style-type: none"> <li>• Competitive process makes it less attractive to some investors because it reduces the chances of success.</li> <li>• Can be costly, lengthy and complicated.</li> <li>• Risk of attracting bidders with little or no experience.</li> <li>• Proposal evaluations typically done in secret.</li> </ul>
<b>Auction</b>	<ul style="list-style-type: none"> <li>• Very transparent.</li> <li>• Competitive</li> <li>• Quick and easy.</li> <li>• Stimulates investor interest</li> <li>• Background checks can be done.</li> </ul>	<ul style="list-style-type: none"> <li>• Not possible to negotiate other benefits (e.g. local benefits; jobs; contribution to conservation).</li> <li>• Difficult to conduct background checks.</li> </ul>
<b>Unsolicited bid</b>	<ul style="list-style-type: none"> <li>• Greater flexibility.</li> <li>• Investor already interested.</li> <li>• No marketing and promotion required.</li> <li>• Useful if there is a lack of private sector interest.</li> <li>• Interest can be tested through a tender or auction.</li> </ul>	<ul style="list-style-type: none"> <li>• Ad hoc, and reactive to bids that are provided.</li> <li>• Risk of choosing an unsuitable investor, and not getting the best deal, is potentially greater.</li> </ul>
<b>Direct negotiation</b>	<ul style="list-style-type: none"> <li>• Relatively simple, quick, and direct.</li> <li>• Preferred by high-ranked investors.</li> <li>• Greater flexibility.</li> <li>• No marketing and promotion required.</li> </ul>	<ul style="list-style-type: none"> <li>• Not competitive.</li> <li>• Open to external criticism about transparency, favouritism and corruption.</li> <li>• Risk of choosing an unsuitable investor, and not getting the best deal, or no deal if the negotiation fails.</li> </ul>





Unsolicited bids can be made more transparent and competitive through an additional process, outlined in Figure 4.

**Figure 4: Process to make unsolicited bids competitive<sup>85</sup>**

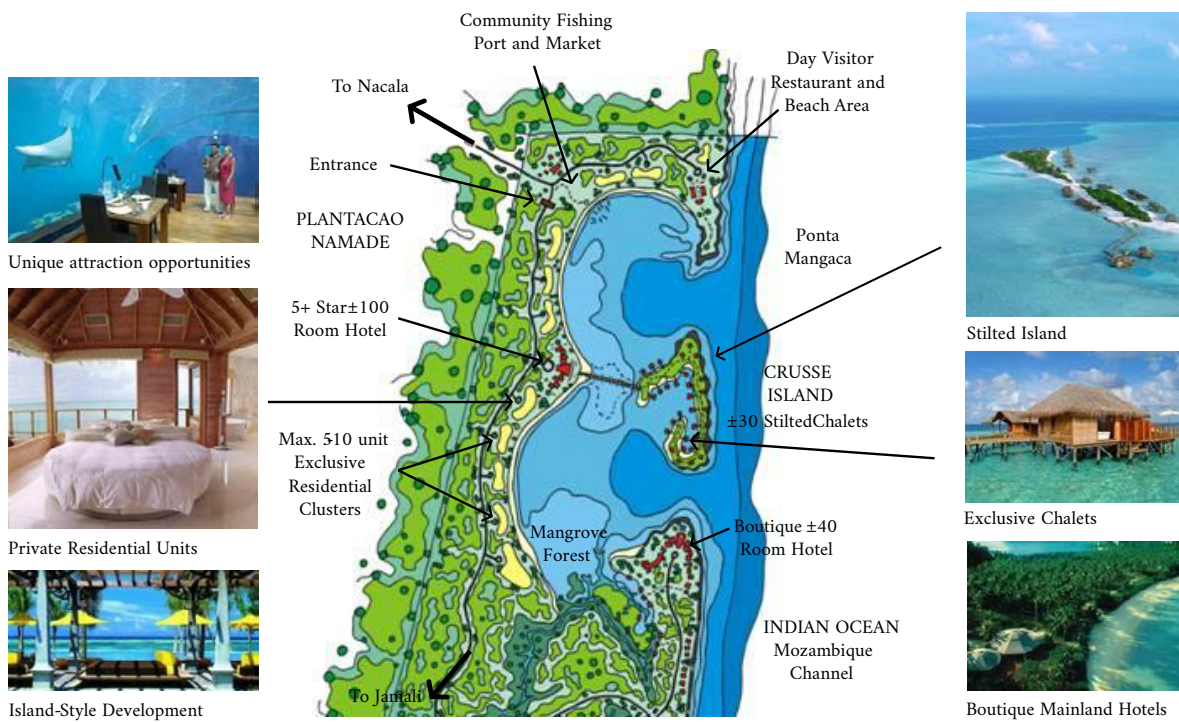


<sup>85</sup> Adapted from Spenceley, (2014) Op. cit..





Figure 5: Example of a conceptual design for a coastal tourism concession opportunity in Mozambique<sup>86</sup>

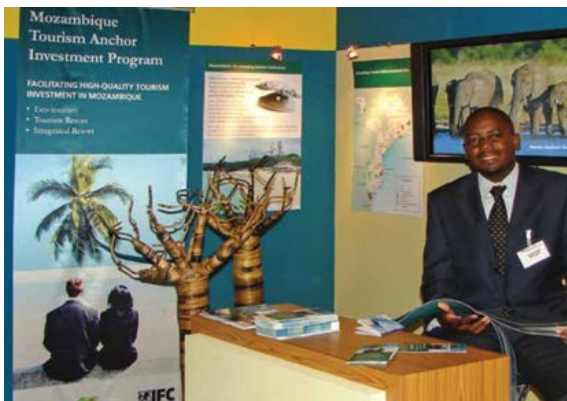


<sup>86</sup> IFC. (2007) Mozambique Tourism Anchor Investment Program: Anchor Sites Assessment final report, MITUR / FUTUR/ IFC

<sup>87</sup> Investment Climate Advisory Services. (2012) Facilitating Large-Scale tourism resorts in Mozambique: The tourism investment generation approach, World Bank Group

<sup>88</sup> Personal communication, Anabela Rodrigues, NNR, January 2012





Above: Exhibition stand for a concessions program in Mozambique<sup>87</sup>

**Box 17: Bid security system Niassa National Reserve, Mozambique<sup>88</sup>**

Proposals received were held by an independent third party: Ernst and Young. They kept the tender documents securely, and a room was made available in their offices to review the proposals, and for evaluations to be done.









### **Finding investors committed to the investment and sustainability**

**Pre-qualification** stages can be used to collect information on investors' previous experience and successes with conservation and development impacts. For example, they can be asked within an Expression of Interest to share information on whether other enterprises have been certified by independent third parties as sustainable, or have won international awards for their efforts. **References** can be requested for representatives of other protected area authorities where they have worked, to check their track record.

Providing investors with access to information gathered during the feasibility stage (e.g. the market analysis, development impact, legal analysis etc.), and the opportunity to undertake a comprehensive due diligence, to appraise the business opportunity (e.g. its assets, liabilities and commercial potential). Ideally they will be provided with opportunities to visit the site and speak with relevant

stakeholders to improve their ability to make a commercially viable and realistic proposal.

The bidding documents can also be designed to encourage investors to propose how they will provide benefits for conservation and also for local communities through equity, employment and procurement. These proposals are reviewed in conjunction with a financial bid. For successful bidders, their environmental and empowerment proposal targets can be integrated into a contractual agreement and can be monitored.

### **Transaction management**

The protected area authority offers the concessions to the market, reviews proposals, and after negotiating with the preferred bidder, signs a concession agreement with the partner. The process uses the materials developed, and proceeds with the following steps.



### **Negotiation and contracting**

With some transaction strategies, there is very little negotiation involved and a contract is simply signed after a winner is announced (e.g. auctions, tenders where a bidder submits a signed contract). In other strategies, the negotiation can be a lengthy and complex processes (e.g. with direct negotiations), or only completed once the bidder has fulfilled necessarily conditions (e.g. obtained finance). A transaction advisor or experienced negotiator can be contracted to facilitate discussions.

A PA authority may have a commercial close and a financial close of the deal. The commercial close is when the concession agreement is signed by the PA authority and the concessionaire. The concessionaire typically has a fixed period of time to conclude the financial arrangements with lenders and investors, once the time has lapsed, the PA authority would then have the option to cancel the concession agreement with the preferred bidder and start discussions with the reserve bidder. This is done to ensure that the PA authority is not bound to a bidder that is ultimately unable to finance the project. Financial close may also include conclusion of a direct agreement

between lenders and the PA authority to reflect the security arrangements lenders may have over the project assets and will also govern lender step-in rights.<sup>89</sup>

**Characteristics of a good deal** include that they are affordable and beneficial to both parties; value for money (financial and development impacts); include acceptable risk transfer; adequate technical capacity of the investor (including operations, working with communities, existing client base, and promotional capability); and the promotion of sustainable tourism.<sup>90</sup>

<sup>89</sup> Pers. Com. Carla Faustino Coelho, International Finance Corporation, email June 2017

<sup>90</sup> Adapted from National Treasury (2005) op. cit. and Varghese, G. (2008) Public private partnerships in South African National Parks, in Spenceley, A. (ed) Responsible tourism: critical issues for conservation and development, Earthscan, pp77.

Table 11. Transaction steps<sup>91</sup>

Transaction step	Description	Transaction strategy		
		Tender	Auction	Unsolicited/ direct negotiation
Advertise opportunity	Place adverts in appropriate highly credible national and international newspapers, government gazettes and trade journals. Send adverts directly to investors identified during previous steps, and distribute information at international and regional trade fairs.	✓	✓	
Pre-qualify parties with an Expression of Interest (Eoi) in relation to key criteria (e.g. financial strength, technical and business experience, sustainability credentials)	Eois should be received, logged, and secured according to the procedures required in the bidding documents. On an appointed day and time, the Eois should then be produced for inspection and evaluation by the evaluation committee, according to the specified procedure, and on a pass/fail basis. <sup>92</sup> Inform companies of the outcome of the pre-qualification process.	✓		
Issue Request for Proposals (RfP) with draft agreement, non-disclosure agreement and description of information needed from bidder	The RfP is made available to the bidders who passed a pre-qualification stage. Sometimes, a payment is requested from the bidders before they receive the RfP, which is used to help prepare bidding documents for them.	✓		
Due diligence by bidders (site visits, bidder conference)	<b>Access to the data 'room':</b> To review detailed technical, legal, and financial information on the concession. <b>Site visits:</b> Opportunity should be provided for each pre-qualified company to visit the concession sites, and discuss the opportunity with fully briefed protected area staff, local authorities, and relevant stakeholders. It is useful to use an independent practitioner to facilitate site visits, meetings, and gather information on any investor concerns. <b>Bidder question and answer:</b> The types of questions from investors may be related to background technical information or on the project design, and also on the transaction structure, the legal framework, and allocation of risks. This process may take place by phone, email, or a bidders' conference. All bidders must be treated equally, and so all responses should be shared with all of the pre-qualified bidders.	✓	✓	
Receive bids	Bids should be received, logged, and secured according to the procedures required in the bidding documents. Bids may be requested in one envelope, two (i.e. technical and financial bids separated) or three (i.e. an additional 'empowerment' bid).	✓	✓	✓
Review bids (financial, environmental and social development bids) and select preferred bidder	On an appointed day and time, the bids should be produced for inspection and evaluation according to the specified procedure by the evaluation committee. The investors should not be present during the technical evaluation but may attend the opening of the financial bid. There should be an official transcript or minutes of the proceedings of the evaluations. <sup>93</sup> The winner is selected on the basis of the weighted technical/financial score or the best financial offer if the technical evaluation was pass/fail as per the RfP rules. <sup>94</sup> At the end of the bid evaluation process, the authority communicates with all bidders. The winner is invited to finalize the contract and other project agreements. <sup>95</sup> The second placed bidder may be held in reserve for a grace period, in case agreement cannot be finalised with the preferred bidder.	✓		
Negotiate with preferred bidder	Some processes may have some negotiation at this stage, while in other cases the bidder will have submitted a signed contract with their bid. Where there is negotiation, an experienced negotiator or transaction advisor can be useful at this stage, and there should be a climate of trust and cooperation. <sup>96</sup>	✓		✓
Agree management plan and sign contract.	A transaction is considered finalized after the contract is signed between the contracting authority and the winning bidder. An agreed management plan should also form part of this concession agreement. <sup>97</sup>	✓	✓	✓



**Box 18: Elements of a typical concession contract<sup>98</sup>**

- Nature and scope of the concession rights (e.g. geographical area, works, services, level of exclusivity)
- Precedent conditions for entry into force
- Duration of contract
- Nature of property interests of parties in the concession assets (e.g. right to use an area or infrastructure)
- Maintenance of concession assets (road maintenance, access, etc.)
- Fees payable (including, process for adjustments and reviews)
- Performance guarantees (e.g. service levels, occupancies)
- Monitoring, evaluation, with Key Performance Indicators and template contract compliance checklist
- Insurance policies
- Limitations of liability and indemnification of the protected area authority
- Force Majeure (i.e. damage or destruction due to forces beyond the control of parties)
- Environmental impacts during construction, operation and commissioning
- Right to assign concession rights to third parties
- Restrictions/conditions on transfer of the concession
- Restrictions/conditions on related party transactions (e.g. if the concessionaire is part of a larger group)
- Socio-economic contributions (e.g. local equity, employment, procurement, social projects)
- Change in the law
- Breach and cancellation processes
- Dispute settlement provisions
- Circumstances that a third party or the protected area authority could take over the operation (e.g. temporarily if there is a serious failure)
- Taxation and other fiscal matters

## 4. CONTRACT MANAGEMENT

### 4.1. Partnership management

The contract between an outside body and a protected area enables the tourism enterprise to operate. There are a series of important issues that must be considered within the contract and within contract implementation (see Table 12).

Some of the good stakeholder engagement processes that are useful to address during the construction and operation of new tourism facilities are outlined in Box 19. It can be difficult to manage long-term contracts as protected area staff often change. Succession planning and transfer of skills and knowledge (see section 5) are, therefore, important for continuity and sustainability.

**Box 19: Good practices in stakeholder engagement during construction and operation<sup>99</sup>**

Construction:	Operation:
<ul style="list-style-type: none"> <li>• Identify stakeholders most likely to be affected by construction.</li> <li>• Notify local stakeholders of construction activities and changes to schedules.</li> <li>• Get community liaison staff on the ground quickly.</li> <li>• Aim for rapid response times in resolving grievances.</li> <li>• Report to stakeholders on progress of environmental and social management programmes.</li> <li>• Choose concessionaires with the capacity to engage effectively with stakeholders.</li> <li>• Manage risks to stakeholder relations from concessionaires.</li> </ul>	<ul style="list-style-type: none"> <li>• Manage the transition from construction to operations.</li> <li>• Periodically review and update your stakeholder information.</li> <li>• Continue to disclose, consult, and report to stakeholders as needed.</li> <li>• Ensure integration of ongoing stakeholder commitments into operations management systems.</li> <li>• Communicate emergency preparedness and response plans on a regular basis.</li> <li>• Keep the grievance mechanism operational.</li> <li>• Consider establishing a participatory or third-party monitoring programme.</li> </ul>

<sup>91</sup> Adapted from Spenceley, (2014). Op. cit.

<sup>92</sup> IFC. (2007) op. cit. pp38

<sup>93</sup> IFC. (2007) Op. cit. pp38

<sup>94</sup> IFC. (2007) Op. cit. pp38

<sup>95</sup> IFC. (2007) Op. cit. pp38

<sup>96</sup> National Treasury. (2005) pp59 & example on p62

<sup>97</sup> IFC, (2007) Op. cit. pp39

<sup>98</sup> Adapted from Thompson et al. (2014). Op. cit. pp172 and Government of Zambia (2016). Op. cit.

<sup>99</sup> IFC (2007). Op. cit. pp135

**Table 12: Potential challenges with contracts, and options to address them**

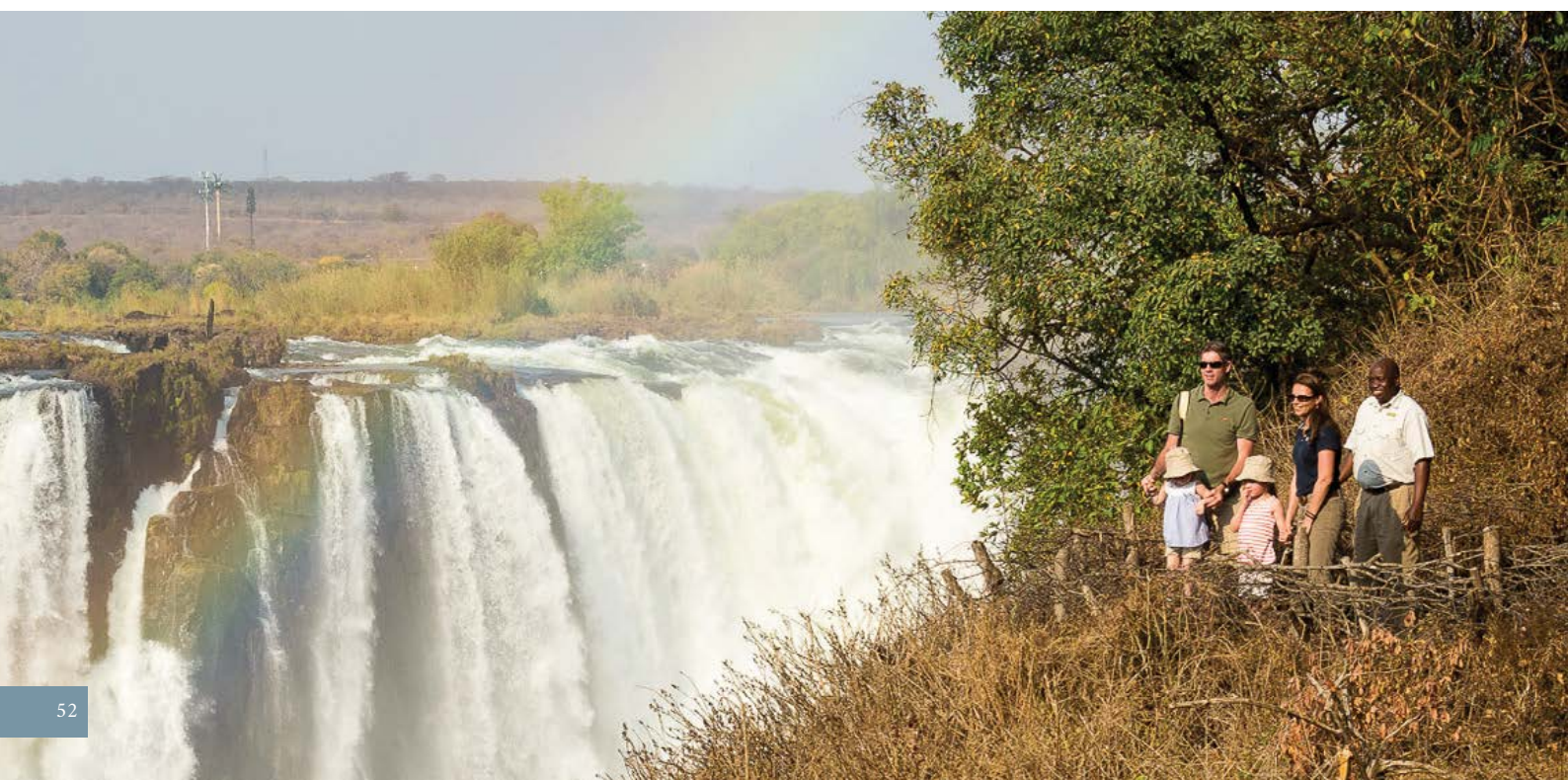
Issue	Challenge/example	Options to mitigate
<b>Capital investment in facilities</b>	<p>Most protected area managers want short term contracts so as to maximize the protected area flexibility. However, most concessionaires want long-term contracts in order to maximize business development and return on investment.</p> <p>Concessionaires are loath to put money into protected area-owned facilities in the last years of a contract. They prefer to transfer this maintenance liability to the protected area, in the expectation that the protected area must repair the facilities after the contract is over.</p>	<p>A balance of those two tensions often results in contracts of 10 years or longer. Higher levels of investment can give longer periods of the contract.</p> <p>Give concessionaires a special dispensation for capital maintenance and improvements. The concessionaire keeps detailed records of all capital costs.</p> <p>Require that the concessionaire undertake routine maintenance and prove that this has been done.</p>
<b>Responsibilities of concessionaire for general protected area management</b>	<p>Concessionaires argue for a narrow interpretation of their responsibilities within the contract. They wish to avoid involvement in activities that are beyond their specific focus.</p>	<p>Income from the contract given to the protected area should be sufficient to cover a range of protected area management activities.</p>
<b>Concessionaire staff members</b>	<p>Concessionaire staff members are hired to provide a specific service, such as selling products in a store or renting equipment. They may have weak understanding of protected area policy.</p> <p>Inappropriate activities by staff such as illegal harvesting, or provision of incorrect information.</p> <p>Housing for staff.</p> <p>Low wages, encouraging illegal activities (e.g. theft).</p>	<p>Protected area policy training for concessionaires and their staff members.</p> <p>Clear guidelines combined with monitoring and evaluation and enforcement.</p> <p>Construction and maintenance of specific facilities for this purpose, or transportation of staff to and from the concession site.</p> <p>Proposals stipulate wages to be paid, and reviews ensure that these are fair, living wages.</p>
<b>Poor service delivery</b>	<p>Poor service delivery can be identified when visitors report that services are below acceptable standards (e.g. incorrect information, unacceptable or dangerous situations, and rude staff).</p>	<p>Processes to identify and remedy such problems are detailed in the contract.</p>
<b>Legal liability</b>	<p>All users of a service, facility, or product have an expectation that they will not be harmed or injured. The direct service provider has legal liability and can be held accountable by the courts. However, those who provide the contract or the licence also have some legal liability, and also may be held responsible.</p>	<p>Liability insurance should be in place for both the concessionaire and the protected area authority</p>
<b>Pricing policy</b>	<p>Concessionaires may provide services that vary from consumer products to personal guiding.</p>	<p>The contract policies on pricing need to be outlined</p>
<b>Search, rescue and medical services</b>	<p>One of the most contentious aspects of such services is the provision for recovering costs for search, rescue and medical services. For those who defy the rules, such as going off designated tracks into dangerous areas, it is reasonable to demand that those people pay the full costs. However, it can be very hard to collect such fees. And there have been cases where lost and injured tourists avoided rescuers because of a fear of the financial costs that they might incur.</p>	<p>All protected areas require some level of search and rescue services. The provision of these services can use a range of administrative options, including specially trained protected area staff, specialized volunteers, other government agencies such as police or the military or local community medical and fire services. The provision of such services must be planned for and provided through contractual arrangements.</p>
<b>Transfer of contracts to third parties</b>	<p>Contracts must stipulate whether the concessionaire can transfer the responsibilities to another concessionaire. It is best if the protected area management has the ability to monitor and control all such transfers. The new concessionaire must have the ability to fulfil all the contract stipulations that were used to choose the successful bidder.</p>	<p>The protected area authority must inform any new concessionaire of all the responsibilities required of the initial concessionaire.</p>
<b>Relationship management</b>	<p>Successful partnership relationships are between people, and so individual attitudes are an important part of building of trust between contracted parties.</p>	<p>All parties need to approach the project with a collaborative attitude. Using externally facilitated team-building workshops, open communication, and good lines of communication contribute to this.<sup>100</sup></p>
<b>Political interference</b>	<p>Challenges include bottlenecks in decisions/approving development plans, political interference in the process (i.e. pressure to accept one bid over another), concession fees going to central government coffers rather to conservation and visitor mitigation, and interference in tourism operations by communities</p>	<p>Transparency is very helpful in avoiding many problems. Ensuring that the procurement process has been agreed by government at a high ministerial level also provides security for the process. However, much outsourcing law requires the contracts to be kept secret, creating a challenge for avoiding secret deals. Appropriate benefit-sharing plans should be in place from the beginning.</p>

<sup>100</sup> CRISL Ltd (2013) Lesotho Tourism Public Private Partnership Contract Management Consulting, pp26











## 4.2. Contract monitoring and enforcement

All contracts must be monitored and enforced by the protected area for compliance. Since many contracts are long and complex, the monitoring must, by necessity, be equally complex. The cost and difficulty of contract compliance monitoring must be realistically understood by protected area management. All contracts must be continually monitored to ensure compliance. It is important that protected area management assign sufficient levels of qualified staffing to undertake monitoring. Protected area management can develop a compliance checklist, which includes indicators related to the contract terms, including sustainability and financial indicators.

### There are three aspects of contact monitoring:

- 1) reports and complaints about concessionaires;
- 2) reports submitted by the concessionaire to the protected area, usually annually; and,
- 3) direct monitoring by protected area staff. Internet travel sites often provide a ranking and comments about tourist programmes and facilities, which can be a valuable source of information.

Non-compliance with contract stipulations must be dealt with through the procedures outlined in the contract. Non-compliance typically results in a report outlining the non-compliance and the measures needed to correct deficiencies. After a warning, if non-compliance continues the protected area can resort to financial penalties, and later to the cancellation of the contract. This can be applied to all areas of the contract, such as late fee payments or environmental considerations like water use and waste management.

### Typical problems with long-term contracts include:

- 1) financial stress due to lower-than expected tourism revenues;
- 2) concessionaire losing key staff members;
- 3) financial problems within concessionaire administration;
- 4) underreporting of tourism volumes or revenues and;
- 5) unsustainable tourism practices. It is very difficult for protected area staff to ensure that concessionaires accurately report tourism volumes and revenues. There is often a financial incentive for concessionaires to underreport when there is a per unit charge, such as a per bed night financial return to the protected area. It is often valuable for the protected area to develop an independent method of measurement of tourism volumes, such as PA staff monitoring traffic flows in and out of a lodge, and independent audits of revenues flowing through a contract.

Many concessionaires are not open to ongoing monitoring of their operations, giving a concern that the concessionaires are not honestly reporting their business activities. There is a suspicion of two sets of books, one for the concessionaire and one for the protected area officials. A positive way to do this is through **independent auditing** of all concessionaire financial activities and reports.

Protected area managers sometimes find that prospective concessionaires involve themselves in political lobbying to

obtain contracts and then to avoid contract compliance. This sees concessionaires going to politicians directly to gain relief from standard procurement rules and compliance rules. In some countries (e.g. United States) the concessionaires became so politically powerful they were able to influence governments to create laws and policies that were supportive of those concessionaires. The best remedy for this is full transparency and public accountability in all stages of the contract; something often very difficult to do.

### Box 20: Case study from China: government equity in partnerships

China has developed a magnificent system of protected areas, national parks and wildlife refuges. As with many countries the private sector is used to develop and operate the tourism facilities and programmes. Long-term contracts are used, up to 50 years, due to high capital requirements. Unusually, the government has taken an equity position in some of these companies. This ensures government access to decision-making and financial records. This action solves the age-old problem of government and protected area managers being able to monitor the financial activities of concessionaires.

### Box 21: Political lobbying by concessionaires

Massive companies that operate tourism concessions in United States National Parks were able to lobby for new sections in the national law that ensured their ongoing operations without effective competition. This was done by the inclusion of the compensable interest in protected area concession law. Concessionaires retain financial interest in capital improvements, so that any new concessionaire must pay the previous operator for such improvements. The cost of these improvements is not depreciated over time, as is done for most business capital costs. This peculiar 'Leasehold Surrender' procedure reduces bidding competition.

Probably the most serious outcome of a failed concessionaire is bankruptcy. This means the immediate termination of a contract and serious disruption of a service. The legal outcomes of bankruptcy can be expensive, in time and money for the protected area. Protected areas should have **contingency plans** in place to deal with such situations, such as other parties ready to step in quickly to maintain the product or service.

When a serious issue of non-compliance with the contract is detected, decisions must be made as to the protected area management response. Most contracts contain stipulations that outline the steps to be taken in the case of non-compliance; these must be followed. Where applicable, appropriate penalties for non-compliance also need to be established and documented. In all cases, involvement of the protected area's legal department must be utilized. Court actions may result and be expensive. This expense might lead to poor compliance enforcement, thereby nullifying the needs and management issues included in the contract.

### 4.3. Renegotiating and terminating agreements

All contracts terminate at the end date stipulated in the contract, to cancel with a specified notice period, or through cancellation due to non-performance. A key issue concerns the policies for contract renewal. Some protected area agencies find it useful to offer existing concessionaires a contract renewal, in the absence of a new tender process, if the ongoing monitoring found no major contract violations during the previous term of contract. This policy can be

very useful for the protected area authority in avoiding costly tendering processes and the uncertainty of operating with a new concessionaire. However, it has been criticised in not ensuring public certainty of transparency in operations.

#### **Key issues concerning contract terminations include such issues as:**

- 1) clean-up of facilities and grounds used by the concessionaire;
- 2) operations up to the exact date of termination;
- 3) issues concerning the termination of contract staff;
- 4) final payments under the contract; and,
- 5) operating environment remaining for a new concessionaire.

Non-compliance with contract stipulations can result in a cascade of actions, starting with warnings, then fines, followed by termination. The most difficult situation involves termination of a contract before the end date, due to non-compliance with some aspect of the contract. Such termination must be carefully documented using the legal procedures underpinning contract law and contract terms. Under this scenario the protected area managers must be capable of ensuring that the service provided continues to exist after the termination.

Contract terminations can result in legal situations that result in termination of services, non-use of public facilities, and deterioration in public facilities (see case study of SANParks and Glacier Park Lodge in Box 22). The long-term implications of a failed contracting procedure can be large.

#### **Box 22: Contract termination: SANParks<sup>101</sup> and Glacier National Park<sup>102</sup>**

**South African National Parks (SANParks):** If the concession is terminated through the concessionaire's fault, the concessionaire is removed from the site, at no cost to SANParks. However, the financial institutions that financed the physical developments have the right to appoint a new concessionaire, provided that that concessionaire is acceptable to SANParks. This provision is necessary to enable the physical developments to secure financing. Ultimately, the concession can be terminated for persistent or serious breaches, including empowerment commitments, and the rules for this are clearly set out including financial settlement.

**Glacier National Park, Canada:** Glacier Park Lodge operated a hotel, two restaurants, and auto service station near the TransCanada Highway in Glacier National Park in Canada. This location is in an area of very high

tourist volumes and excellent natural resources in the Rocky Mountains. In 2008 the facility concessionaire sold the business to another concessionaire. In 2012 Parks Canada declined to renew the lease on the land and buildings, causing the new owners to shut down the business. Multiple law suits have resulted involving the initial owners, the new owners, and Parks Canada. Very little information exists on the situation due to the ongoing court cases. Nevertheless, the major facility is now empty, derelict, and declining rapidly. There are calls to have the entire facility removed, including cleaning up a brown field site involving pollution from gasoline and oils. This case study outlines the high risk for all parties involved in contracting out and leasing public property to private concessionaires. With failure of the business, the protected area authorities ultimately must assume capital costs, including those of reclamation.

<sup>101</sup> Fearnhead, P. (2004). *Commercial Tourism Concessions: a means of generating income for South African National Parks*. Vth World Parks Congress: Sustainable Finance Stream, September 2003, Durban, South Africa.

<sup>102</sup> Corday, C. (2016) Lawsuits leave lodge in Glacier National Park derelict, CBC News, Posted 29 July, 2016, 2.00 am pt, Accessed on 12 April 2017 from <http://www.cbc.ca/news/canada/british-columbia/glacier-park-lodge-derelict-1.3677278>



## 5. PROTECTED AREA CONCESSION CAPACITY

The increasing complexity of tourism concessions requires qualified, well-trained staff, with the protected area authority needing sufficient capacity and skills to manage and coordinate various processes related to concessions (see section 3 and 4). This section covers the capacity requirements of protected area authorities for each part of the process.

It is important to start by assessing skills and knowledge of protected area staff by doing a **capacity and skills needs assessment** to determine capacity shortages and requirements. Undertaking an assessment of potential partners available in an area also helps to facilitate effective capacity building and reduce duplication of functions, skills or resources: why reinvent the wheel?<sup>103</sup> Staff stability is important to maximize on capacity building investments. **Succession planning and plans to transfer skills** should be included in human resource plans as retaining institutional memory and established relationships with all stakeholders is important. It is important to remember that successful capacity building takes time.

In order to ensure that protected area staff capacity building is equitable and sustainable it should include the following:<sup>104</sup>

- The development of **clear and transparent selection criteria** for capacity building in order to avoid conflict within and between communities and protected area staff;
- Selection processes and assessments should be **transparent**;
- Nepotism, cronyism and favouritism in any form should be avoided to ensure **equitable, empowering capacity building**;
- It needs to be accompanied by strengthened and **clear roles, responsibilities** and concrete opportunities;
- There should be **detailed growth paths for protected area staff** or community members to provide them with goals, and to avoid frustration of trained employees with no growth opportunities; and,
- It is important to establish **goals for building capacity and the measurement of results** in order to ensure progress and growth;
- Use locally **appropriate capacity building methods** which are tailored to each specific situation, e.g. appropriate language; and,
- **Monitor and evaluate** the capacity-building during the process to assess learnings and progress.

One of the most important areas in which to build capacity is in the understanding of the tourism business so that protected area staff can engage equitably with tourism businesses. A diversity of skills in different areas of the tourism concession process is required, with the most valuable being project and contract management, legal, analytical, financial, tourism management, business, market evaluation, environmental, socio-economic, infrastructure, problem solving, negotiation, monitoring and evaluation, reporting and communication<sup>105</sup> (see Table 13).

### Box 23: Example of setting goals for capacity building

The original tripartite agreement between South African National Parks, the Makuleke Community and Wilderness Safaris for Pafuri Camp in the Kruger National Park, South Africa set goals for building community capacity in biodiversity conservation management and tourism business skills. The intention being to provide the community with skills to manage the tourism operation and related conservation themselves in the future.<sup>106</sup>

There should be a focus on on-going skills training and development in all of the areas described above. This can take many forms, including<sup>107</sup>:

- **Formal training** with tuition focusing specifically on different aspects of tourism concessions;
- **Practical mentorship training**, including on-the-job training, job shadowing and mentoring by tourism concession staff or technical experts with capacity and skills;
- **Exchange visits**, visiting other protected areas to learn from their successes and challenges, to share ideas and discuss issues related to tourism concessions;
- **Technical experts/consultants** with specific technical skills in areas where capacity is needed can be bought in to guide and mentor staff;
- **Partnership support** through joint venture and other partnership models learning-by-doing, mentoring, on-the-job training and capacity building done in conjunction with the private sector and other partners; and
- **Online forums and resources**. There are a number of online courses<sup>108</sup>, webinars, etc. available that offer skills training and development. – Joining a forum such as the IUCN WCPA Tourism and Protected Areas Specialist (TAPAS) Group and associated Working Groups allows for important global networking and sharing of skills, knowledge and resources.

The attendees at the iSimangaliso conference pointed out that there is a major deficiency in formal training in PA tourism management for current PA staff.

<sup>103</sup> Leung et al (in press). Op. cit.

<sup>104</sup> Adapted from Borrini-Feyerabend, G., Kothari, A. and Oviedo, G. (2004). Indigenous and Local Communities and Protected Areas: Towards Equity and Enhanced Conservation. IUCN, Gland, Switzerland and Cambridge, UK. xviii + 111 pp: p76.

<sup>105</sup> Adapted from Spenceley, (2014). Op. cit.

<sup>106</sup> Snyman, S. (2013). High-end ecotourism and rural communities in southern Africa: A socio-economic analysis. PhD dissertation, School of Economics, University of Cape Town.

<sup>107</sup> Adapted from Spenceley. (2014). Op. cit.

<sup>108</sup> see <http://www.gstcouncil.org/en/sustainable-tourism-training/upcoming.html>







**Table 13: Typical protected area authority staff capacity and skills for tourism concession and partnerships**

Required capacity, knowledge and skills	Concession phase			
	Scoping	Design and feasibility	Procurement, negotiation & contracting	Concession management
Understanding tourism business (e.g. circuits, promotion, revenues & costs, demand studies, diversifying tourism products, implications of conservation policies) <sup>109</sup>	✓	✓	✓	✓
Protected area management planning (e.g. zoning, concession size, level of exclusivity)	✓	✓		
Business planning (e.g. cash flows, value for money evaluation)	✓	✓	✓	
Financial planning / management	✓	✓	✓	✓
Understanding of transaction costs to concessionaires	✓	✓		✓
Land use planning (e.g. access, zoning)	✓	✓		
Conservation management	✓	✓		✓
Sustainability (economic, social, environmental)	✓	✓	✓	✓
Environmental and cultural knowledge		✓	✓	✓
Environmental Impact Assessment		✓	✓	✓
Stakeholder engagement	✓	✓	✓	✓
Induction and training support for protected area staff involved in concessioning	✓	✓	✓	✓
Negotiation skills			✓	✓
Advertising and marketing skills			✓	
Legal knowledge and skills	✓	✓	✓	✓
Analytical (evaluation of proposals; monitoring and evaluation)			✓	✓
Market evaluation (tourist and operator needs)	✓	✓	✓	
Risk assessment	✓	✓	✓	
Infrastructure support and maintenance (e.g. roads)				✓
Communication skills	✓	✓	✓	✓
Protected area and organisational policy	✓	✓	✓	✓
Conflict management		✓	✓	✓
Relationship management		✓		✓
Project and concession management				✓
Support services				✓
Monitoring and reporting (environmental, socio-economic, data analysis)				✓

<sup>109</sup> e.g. culling game, live-game capture, poaching, etc.

## 6. LINKS AND RESOURCES

We recommend that readers use the wealth of broader literature on tourism concessions and partnerships to supplement these guidelines. Throughout these guidelines

a series of references and weblinks have been provided in the footnotes. Additional weblinks are provided here to a number of useful reports.

**Table 14: International resource guide**

Name of resource	Relevant content						Weblink / citation
	Sources of finance	Legal framework	Integrating sustainability	Concessions process	Contract management	Capacity	
Tourism concessions in protected natural areas: Guidelines for managers.	✓	✓	✓	✓	✓	✓	Thompson, A., Massyn, P. J., Pendry, J., Pastorelli, J. (2014) <i>Tourism concessions in protected natural areas: Guidelines for managers</i> . United Nations Development Program
An introduction to tourism concessioning: 14 Characteristics of successful programs		✓	✓	✓	✓	✓	Spenceley, A., Nevill, H., Coelho, C. F., and Souto, M. (2016) <i>An introduction to tourism concessioning: 14 Characteristics of successful programs</i> , World Bank Group
Tourism concession guidelines for Transfrontier conservation areas in SADC		✓	✓	✓	✓	✓	Spenceley, A. (2014) <i>Tourism concession guidelines for Transfrontier conservation areas in SADC</i> , Report to GIZ / SADC
How to apply for financing	✓						<a href="http://www.ifc.org/wps/wcm/connect/corp_ext_content/ifc_external_corporate_site/solutions/how-to-apply-for-financing">www.ifc.org/wps/wcm/connect/corp_ext_content/ifc_external_corporate_site/solutions/how-to-apply-for-financing</a>
UNDP's Enterprise Challenge Fund	✓						<a href="http://www.undp.org/content/sdfinance/en/home/solutions/enterprise-challenge-fund.html">www.undp.org/content/sdfinance/en/home/solutions/enterprise-challenge-fund.html</a>
The World Bank Group's Getting Financed: 9 tips for community joint ventures in tourism	✓						<a href="http://openknowledge.worldbank.org/handle/10986/21698">openknowledge.worldbank.org/handle/10986/21698</a>

**Table 15: Specific resources on concession and partnership transaction processes**

Phase	Other resources
Scoping	<ul style="list-style-type: none"> <li>• UNDP: Chapter 3: Planning for concessions</li> <li>• GIZ: Step 1: Scoping</li> <li>• WBG: Chapter 1: Put conservation first, and accept that some areas are not suitable for tourism</li> <li>• PPP toolkit: Module 1: PPP inception and pre-feasibility</li> </ul>
Design and feasibility	<ul style="list-style-type: none"> <li>• UNDP : Chapter 3: Planning for concessions; Chapter 6: Doing the deal – fees and contracts</li> <li>• GIZ: Step 2: Design and feasibility</li> <li>• WBG: Chapter 1: Put conservation first, and accept that some areas are not suitable for tourism; Chapter 6: Develop stakeholder awareness and strong engagement; Chapter 7: Ensure concessioning is supported by a sound concessions framework; Chapter 9: Select the appropriate concession model</li> <li>• PPP toolkit: Module 2 &amp; 3: Feasibility study and procurement phases for small and large cap tourism PPPs</li> </ul>
Procurement, negotiation and contracting	<ul style="list-style-type: none"> <li>• UNDP : Chapter 5: Awarding business opportunities</li> <li>• GIZ: Step 3: Procurement strategy (including selection of a transaction strategy; development of transaction materials; concession agreement; data room; evaluation committee). Step 4: Transaction management (including procurement process and win-win deals)</li> <li>• WBG: Chapter 10: Employ transparent and clear procurement procedures; Chapter 11: Have equitable contracts</li> <li>• PPP toolkit: Module 2 &amp; 3: Feasibility study and procurement phases for small and large cap tourism PPPs</li> </ul>
Capacity building	<ul style="list-style-type: none"> <li>• UNDP: Chapter 9: Table 9.2. Competency levels for concession staff;</li> <li>• UNDP: Appendix 9.1 Training Self Assessment Tool for Concession Staff</li> </ul>



### Country-specific guidelines and tools (including hyperlinks)

- **Lesotho Tourism Public Private Partnership Contract Management Consulting: Contract management Manual and resources: Volume I and Volume II – Contract management training manual**
- **Malawi, Tourism concession guidelines, 2001**
- **Mozambique, Tourism concessions in protected areas in Mozambique: Manual for operators and concessionaires**
- **Namibia tourism and wildlife concessions policy**
- **PPP Toolkit – South Africa Public Private Partnership Manual: National Treasury PPP Practice notes issued in terms of the Public Finance Management Act**
- **Rwanda protected areas concessions management policy**
- **Swaziland Public Private Partnership policy**
- **Tanzania National Parks, Development/action/lease procedures**



