

# Tourism Concessions in Protected Areas

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A tourism concession is the right – granted by a government, company, or other controlling or management body – to undertake a tourism-related operation in a protected area or natural site, usually in exchange for a fee. When revenues from concession fees are retained and reinvested in a PA or PA system, or distributed to communities through revenue-sharing agreements, they can provide a significant source of sustainable finance for biodiversity conservation. Often private concessions result in higher quality services for tourists and for site management than could otherwise have been provided by the government or original management authority.

## 1. Understanding Tourism Concessions in Protected Areas

### 1.1 How Does it Work?

A concession is the right to undertake a commercial or management operation within a PA, granted by a government, community, or other controlling or management body (the concessioning authority) to another party (the concessionaire), usually in exchange for a fee or share of revenues ([Spenceley, Snyman & Eagles 2017](#)). Government entities often lack the capacity and expertise to operate tourism services successfully, and concessions offer an alternative way for them to generate revenues from tourism ([Wyman et al. 2011](#)) and provide higher quality services. Concessions can also be a powerful means of engaging the private sector in conservation and, if practice standards are followed, they can produce a range of social, economic, and environmental benefits, particularly in developing countries ([Thompson et al. 2014](#); [Spenceley et al. 2016](#)). It should, however, be noted that the potential of tourism based revenues is highly dependent on whether, or not, a PA can offer profitable services ([Spenceley, Snyman & Eagles 2017](#)). If a concession does not perform well, it will not deliver financial or wider benefits to a PA.

There are two ways in which concessions can generate revenues or cost savings for conservation ([Saporiti 2006](#)):

1. **Commercial concession:** A concessionaire pays a fee for the right to undertake a specific commercial operation in a PA, in accordance with the 'user-pays' principle. If a proportion of revenues from the concession fee are directly retained by a PA or PA system (through a park account or environmental or conservation trust fund), or otherwise earmarked for conservation or local communities, they can become a significant and sustainable source of financing. *For example, South African National Parks (SANParks) has outsourced commercial services (lodges, shops, restaurants and picnic sites) through 20-year concessions, generating about US\$62 million in revenues over 15 years* ([Ngwakwe & Mokgalong 2016](#); [SANParks 2018](#)).
2. **Management concession:** A concessioning authority outsources responsibility for the management and conservation of a PA or other natural site to a concessionaire with greater capacity – usually in the form of Public-Private Partnership (PPP). This often includes a combination of conservation and tourism activities. *For example, the foundation African Parks develops partnerships with governments to manage and finance PAs in the Democratic Republic of Congo, Ethiopia, Malawi, Sudan, Rwanda, and Zambia.*



*PA revenue in Zambia, for example, rose from less than US\$100 before the partnership was launched to US\$42,000 in three years, and generated an additional US\$9,000 for local communities ([Saporiti 2006](#)).*

Commercial concessions are commonly used for the provision of services such as accommodation, food and beverages, recreation (e.g. hunting, fishing, biking, kayaking, canoeing, rafting and caving), education, retail, and guiding/interpretation ([Spenceley, Snyman & Eagles 2017](#)). Concessions can also be used to capture revenues from activities unrelated to tourism, such as resource extraction, telecommunication services, and commercial filming – particularly in multiple use PAs – but these will be discussed elsewhere. Management concessions are useful when there are restrictions on self-generation and use of revenues by a PA. They also redistribute the burden of costs between organizations, and tend to increase the likelihood that a PA will maximize revenues from tourism by offering a broader range of expertise and capacity for PA management, without the siphoning-off of funds that can occur through over-allocation of private concessions for specific facilities or services ([Font, Cochrane & Tapper 2004](#); [Emerton, Bishop & Thomas 2006](#)). Management concessions are also known to save the government substantial costs for PA management.

Key components of a concession are the type of operation, type of partnership (e.g. public-private, public-community, public-private-community etc.), legal instrument (e.g. lease, license, permit etc.), fees, duration of term, and procurement process. A concession may be issued for a duration of one day up to 30-40 years. The different types of contracts available for tourism concessions in PAs can be broadly categorized as follows, although it should be noted that legal instruments and definitions vary widely between countries and there is substantial overlap in these different instruments ([Spenceley, Snyman & Eagles 2017](#)):

- **Concession:** A concessionaire pays a fee for the rights (10-40 years) to design, build, and manage tourism facilities (e.g. accommodation, restaurants, shops etc.), usually taking responsibility for all investment. *For example: SANParks ([Ngwakwe & Mokgalong 2016](#)).*
- **Lease:** A concessionaire pays a rental fee to lease land (for 5-30 years) with existing facilities (e.g. telecommunication, accommodation, restaurant, retail etc.) and assumes full operating responsibility, while the concessioning authority usually remains responsible for capital expenditures on assets. *For example: in Botswana the Government leases land to community trusts who, in turn, sub-lease it to safari companies ([Mbaiwa 2014](#)).*
- **Permit:** A temporary form of permission (up to 10 years) to access an area to do a lawful activity (e.g. guided walking, canoeing, or climbing) in exchange for a fee. *For example: tourism operators in the Phoenix Islands Protected Area, Kiribati ([PIPA 2010-2014](#)).*
- **License:** Permission given to a legally-competent authority (typically for up to 10 years) to exercise a certain privilege that, without such authorization, would constitute an illegal act (e.g. vehicle-based tours using operators' equipment, such as hot-air balloon rides or game drives). A license differs from a permit in that it requires due diligence by the competent authority. *For example: tour vessels using the Galapagos National Park and Marine Reserve ([Epler 2007](#)).*
- **Management contract:** A concessionaire enters into an agreement (5-30 years) to manage land or existing facilities (e.g. accommodation, restaurant), which may include

responsibility for operations and maintenance of assets, while the concessioning authority remains responsible for all investments. Unlike a lease, the concessionaire typically receives rather than pays a fee. Note, this is different from a “Management Concession” described above. *For example: Bonaire National Marine Park is managed by an NGO, Stichting Nationale Parken Bonaire (STINAPA), which is responsible for enforcement, education, maintenance and research (DCNA 2014).*

- **Service agreement:** A concessionaire receives the right to manage a PA, usually with responsibility for all investments (e.g. vehicles, vessels, equipment, visitor centres) and main operational expenditures. In exchange, the concessionaire is granted the right to collect entrance and activity fees. *For example: A non-profit consortium has signed a PPP with the Government of the Dominican Republic for co-management of the sanctuary, Arrecifes del Sureste (CFA 2018).*

These different models are often combined within one concession package, and often used in combination with other sources of finance such as donor funds, debt swaps, or payments for ecosystem services. Concession agreements are the most common model for tourism operations; lease arrangements are popular where authority-owned infrastructure already exists; and service agreements are increasingly popular where authority-owned infrastructure does not exist prior to the concession ([Spenceley et al. 2016](#)).

Concessions can be divided into two categories: those arising from supply-driven procurement processes, whereby a concessioning authority identifies an opportunity and offers it to the public via a competitive bidding process; and those arising from demand-driven processes, whereby a prospective concessionaire submits an unsolicited proposal ([Thompson et al. 2014](#)). Direct awards can be made to local communities in or adjacent to PAs – as modelled by Namibia ([Thompson et al. 2014](#)). Typically, the concessioning authority charges the concessionaire a monthly or annual fee, which can be fixed at a flat rate, fixed per unit of use, revenue-based, or a combination of these. Fees are commonly set as a proportion of gross revenues – for example, in Belize, concessionaires pay 20 percent of revenues to the Protected Area Conservation Trust ([PACT 2018](#)). Revenue-based fees are often used in combination with a fixed minimum. In Colombia’s Gorgona National Park, for example, concessionaires either pay a fixed minimum or a percentage of gross revenues – whichever is higher (US\$57,000 or 10.5 percent of gross revenues in 2007; [Epler Wood 2010](#)). In the Galapagos Islands, license fees for vessels operating in the National Park and Marine Reserve are based on a fixed annual rate for each available bed (between US\$50 and US\$100 per bed, depending on the type of vessel). However, because the fees were fixed in 1998, their value to the park’s budget has gradually declined as operating costs have gone up ([Thompson et al. 2014](#)). Establishing concession fees requires a sound understanding of the economics and financial parameters of the operation in question as explained below.

## 1.2 Stakeholders

The institutional arrangements of tourism concessioning can be complex. A summary of the key groups of stakeholders involved in tourism concessions, along with their roles and motivations, are outlined below.

**Regulatory entity/ies:** The government entity/ies mandated by law to regulate and govern the process of concessioning at national and sub-national levels may include the ministry responsible for environmental policy, laws, regulations, monitoring and evaluation; the ministry

responsible for PPPs and concessions (including enforcement of environmental legislation applicable to the concessions); the ministry responsible for making budget allocations to PAs; and government or parastatal agencies responsible for regulating tourism, in addition to the judicial branch which may be needed to settle any financial and legal disputes.

**Concessioning authority:** The concessioning authority aims to raise revenues and make PAs accessible to visitors, while meeting social and environmental objectives. Most PAs are public or under PPPs, so the concessioning authority will usually be a government entity, but sometimes can be a private entity. Government entities include any division or agency responsible for PA management at all levels, and different PA types can be managed by different divisions or agencies. For example, in Tanzania, national parks are managed by Tanzania National Parks, game reserves and wildlife management areas are managed by the Wildlife Division/Tanzania Wildlife Management Authority, and the Ngorongoro Conservation Area has its own designated management authority ([Spenceley, Rylance & Laiser 2017](#)). In some countries, parastatal agencies have been assigned to PA management, with the goal of improving management efficiency ([Eagles 2002](#)). These organisations tend to manage their own budgets autonomously, contract directly with staff and partners, and have greater flexibility than government to establish, capture, and spend tourism revenue streams. An example is South Africa's Ezemvelo KZN Wildlife agency ([Motau & Wale 2018](#)).

**Concessionaire(s):** Concessionaires are usually private for-profit companies or non-profit enterprises (NGOs), but they can also be community-based organisations, or partnerships between any of these entities. For instance, the non-profit body which will co-manage the Dominican Republic's Arrecifes del Sureste is a consortium of local and international NGOs, private sector organisations, and the NGO Blue finance ([CFA 2018](#)). Concessions are rarely granted to government entities, but such arrangements have been used for highly specialized activities such as road maintenance or security. Under a two-tiered arrangement, a concessionaire can give another entity the responsibility of operating the concession development or facility through a management contract or lease ([Thompson et al. 2014](#)). This is common when the concessionaire is a community-based organization that lacks expertise in the operation of commercial activities. Two-tier arrangements are prevalent in Namibia and have been replicated throughout southern Africa. For example, in South Africa's Madikwe Game Reserve, two lodges are owned by communities on land leased from the North West Parks and Tourism Board, and these are sub-leased to a private operator ([Thompson et al. 2014](#)).

**Local communities and individuals:** People who live within or adjacent to PAs seek to ensure that concessions improve livelihoods for present and future generations and do not harm their environment or way of life.

**Development community (including donor and development agencies):** The development community provides funding and technical support, which may include advising on poverty reduction initiatives, sustainability, and environmental protection.

**Tourists:** A large body of research indicates that foreign and domestic tourists tend to be willing to pay to use PAs or to participate in nature-based activities (e.g. [Arin & Kramer 2002](#)), but tourism concessions are only feasible where there is potential demand and adequate transportation infrastructure.

### 1.3 Potential in Monetary Terms

International tourist arrivals reached 1,239 million in 2016, generating expenditure of US\$1.5 trillion (WTTC 2017). These expenditures are projected to increase by 4.3 percent per year up to 2027. With the inclusion of domestic tourism, travel and tourism was estimated to make up 10.2 percent of global GDP, and projected to rise to 11.4 percent of GDP in 2027 (WTTC 2017). Nature-based tourism and ecotourism make up a substantial portion of the industry. Visits to terrestrial PAs alone generate an estimated annual US\$600 billion in direct in-country expenditure and US\$250 billion in consumer surplus (although these numbers are unavoidably imprecise) and PA visitation is growing by more than four percent per year in many developing countries (Balmford et al. 2009; Balmford et al. 2015).

The financial benefits of tourism are largely captured by hotels, transportation, and other sectors, but not always by PAs. Concession fees provide an essential means for PA authorities to generate revenues from tourism for PA management. In southern Africa, concessions for tourism and trophy hunting are a growing source of revenue for conservation (Naidoo et al. 2016; Lindsey et al. 2007). In Namibia, for example, the National Policy on Tourism and Wildlife Concessions on State Land has led to the allocation of 45 tourism and hunting concessions since 2007 and generated revenues of around US\$1.7 million (Thompson et al. 2014; MET 2018). The United States National Park Service has awarded at least 500 concessions contracts that generate US\$1 billion in revenues every year since 2013 (Thompson et al. 2014). A 2010 survey of PA financing compared 20 countries in Latin America and the Caribbean (LAC), and found that concessions were the second most important source of site-based revenues, accounting for 13 percent of total site-based revenues, or around US\$7 million per year (Bovarnick et al. 2010). These revenues were generated by six countries alone, which suggests that there is unexploited potential for concessions to generate revenues for conservation across the LAC region.

Commercial tourism concessions rarely cover all PA operating costs, but they can make a significant contribution. For example, tourism concessions make up around 7.4 percent of SANParks' total site-based revenues, which together cover 80 percent of operating costs (SANParks 2018). Tourism concessions are also the third largest source of revenue generated by the Galapagos National Park, which is financially self-sufficient (Thompson et al. 2014). In 2011, they accounted for almost 7 percent (over US\$1 million) of total revenues. However, PAs that are managed through concessions can sometimes generate enough revenue to fully cover operating and maintenance costs (Saporiti 2006). For instance, in Bonaire National Marine Park, STINAPA operates a 'Nature Fee' system for scuba diving and other water-based activities (up to US\$25 per person for diving and \$10 for other uses; DCNA 2014). Legislation requires that revenues from the activity fees be used for management of the park, which is fully financed by the fee system. Similarly, the non-profit consortium set up to manage the Dominican Republic's Arrecifes del Sureste will receive major financing for its initial capital expenditures from international impact investors and, over time, it is expected to become financially sustainable through systems of tourism entrance and activity fees (CFA 2018).

### 1.4 When is it Feasible and Appropriate?

Tourism concessions should be both feasible and appropriate for the environmental, socio-political, economic, and financial context. First and foremost, the operation itself must be compatible with the PA's social and environmental values and objectives, and some PAs may be too environmentally or culturally sensitive to support any level of tourism (Spenceley et al. 2016). For example, in Chiribiquete National Park in the Colombian Amazon, only overflights

within carefully controlled flyways are allowed. Visitors are not allowed to enter the park on foot or by boat to prevent resource impacts and, more importantly, contact with undocumented, voluntarily isolated indigenous tribes. Other critical issues are: a) institutional capacity for tourism operations and concessions management, b) the legal, regulatory, and policy framework, c) market viability, and d) minimum investment and running costs.

Government agencies often lack the capacity and expertise to run tourism operations and may be subject to legal restrictions on retention and use of revenues ([Wyman et al. 2011](#)). If a potential concessionaire has any of the following characteristics, it may be better placed than the PA authority to operate (and potentially design and build) a tourism service ([Eagles et al. 2009](#); [Spenceley et al. 2016](#)):

- More able to adapt to changing market needs and conditions
- More flexibility in labour contracts
- More specialized expertise (e.g. in how to match product design with market demand)
- More freedom to innovate and respond quickly
- More access to capital and other funds
- Better able to manage the risks and responsibilities of commercial tourism
- More freedom in setting price levels (e.g. for entrance and activity fees)
- Fewer bureaucratic constraints

The PA authority must have the capacity to manage concessions, and there must be internal motivation among PA personnel; concessions are unlikely to deliver if partnerships are established before the authority has the capacity or motivation to manage them ([Wyman et al. 2011](#)). However, in the case of commercial concessions, after fees, all profits made by the concessionaire are profits ultimately lost by the PA authority, and so this may not always be the best approach for capturing revenues ([Eagles et al. 2009](#)). An alternative is for the PA authority to restructure as a parastatal agency, which has in some cases (e.g. Canada) significantly improved efficiency in capturing tourism revenues ([Eagles & Hillel 2008](#)), but this is not always recommended for developing countries.

There should be a strong legal, regulatory, and policy framework governing how PA authorities manage concessions ([Spenceley et al. 2016](#)). The framework must always be underpinned by strong foundational laws – which may take the form of a concessions law, PPP law, or amendments to a pre-existing law – and should define which activities concessions can or should be applied to in PAs. To illustrate: although concessions are widely used across LAC for public services such as airports and roads, they are not so widely applied in PAs because many countries lack the specific legislation to do so ([Bovarnick et al. 2010](#)). Laws and regulations should provide for private investment in PAs, including the ability to grant secure tenure to them ([Spenceley, Snyman & Eagles 2017](#)), and allow the retention of concession fee revenues by PA agencies, which incentivizes efficient management (section 2.3.4). Effective concessions also rely on robust PA management plans, which provide valuable context for tourism and reduce risk for concessionaires ([Spenceley et al. 2016](#)).

Another key feasibility requirement is market viability, which is most commonly influenced by the following ([Spenceley et al. 2016](#)):



- **Attractiveness:** A profitable and sustainable tourism concession must have sufficiently attractive or unique natural or cultural features to compete with existing operations and destinations.
- **Accessibility and infrastructure:** Accessibility of location and connectivity to other destinations, as well as availability or cost of basic infrastructure (e.g. roads, water supply, communications etc.) are critical.
- **Governance and management:** A concessioning authority must have the capacity and willingness to facilitate partnerships with private operators and manage concessions, and a good reputation in terms of transparency and effective PA management is attractive to potential concessionaires.
- **Stability and social dynamics:** Risk from political instability, safety, and other potential threats should not be prohibitively high around a PA.

The process of designing, awarding, and managing concessions bears financial and transaction costs. In countries where PA authorities are poorly funded, donor support is usually required. Concession processes in southern Africa, for example, have been supported by the World Bank, International Finance Corporation (IFC), the African Development Bank, and United States Agency for International Development (USAID; [Spenceley, Snyman & Eagles 2017](#)).

Tourism concessions may also require significant initial capital investment by the concessionaire – in infrastructure, equipment, and operating costs, particularly in developing countries and where environmental restoration is needed ([Saporiti 2006](#)). The level of capital investment required will also depend on the type of tourism operation under consideration. More facilities, or higher quality facilities, may require more capital investment – but, at the same time, will likely generate higher returns on investment. Since PAs usually generate too little income to repay the capital investment, private and public grants are most often needed, but project finance is being developed in the Caribbean and South East Asia with impact investments in PPPs for marine protected area management – e.g. Dominican Republic; [CFA 2018](#)). There are several development finance institutions (DFIs) and other financing institutions that can provide support to private concessionaires in the form of grants, concessionary loan finance, incentives, and marketing support. Community concessionaires will almost always need financial support from NGOs, who can either give direct grants or purchase equity in a joint-venture partnership (e.g. Africa Wildlife Foundation and Africa Safari Foundation; [Spenceley, Snyman & Eagles 2017](#)).

### 1.5 Strengths, Risks, and Challenges

In addition to providing income for PA authorities to reinvest in conservation, tourism concessions can have a range of other environmental, economic, and social benefits. Their strengths as a finance solution are as follows ([Spenceley, Snyman & Eagles 2017](#); [Eagles et al. 2009](#); [Thompson et al. 2014](#)):

- Private management of resources in public PAs tends to be more efficient.
- Concessions can provide additional tourism services and products that a PA authority may not be able to provide.
- Concessions can leverage private sector expertise to enhance visitor and education outcomes through good interpretation and by providing a quality visitor experience.
- Concessions allow PA staff to focus on their core function of biodiversity conservation with no increase in public debt or transfer of property required.



- Concessions can strengthen the financial potential of entrance and activity fees because tourists are willing to pay more for higher quality experiences.
- PA agencies can avoid the high liability exposure that comes from direct provision of some recreation services (e.g. water-based activities, vehicle-based tours, or aircraft transport).
- Concessions can have local economic benefits (e.g. capacity building, employment, and access to capital) and provide a vital link between local communities, sustainable development, and conservation (e.g. see Namibia; [Naidoo et al. 2016](#)).
- Concessions can increase tourism demand in a PA and extend opportunities to a broader range of visitors, since private partners have marketing expertise.
- Increased tourism demand can justify the expansion of PAs to include adjacent critical biodiversity areas and create biodiversity corridors, which in turn enhance nature-based experiences.).
- Concessions provide an extra presence in PAs that can help to reduce the incidence of illegal or destructive behaviours.
- The economic benefits of tourism concessions can justify political support for and investment in PA management and conservation.

The main challenges of using entrance and activity fees to capture revenues for conservation are as follows ([Eagles et al. 2009](#)):

- May require significant up-front investment in environmental restoration and basic infrastructure (e.g. roads, water, communication etc.; [Saporiti 2006](#)).
- All profit made by commercial concessionaires is potential income foregone by the PA authority.
- Concessions are more complex than other user fee systems. The allocation, management, monitoring and enforcement, and evaluation of contracts is therefore expensive and may occupy a significant amount of staff time, or stretch the PA authority beyond capacity.
- If a PA policy is to provide public services to all, at prices below production cost, then the authority may have to subsidize the concessionaire during periods when it may not be financially feasible to maintain operations (e.g. during periods of very low tourism volume).

The main risks of using entrance and activity fees to capture revenues for conservation are as follows ([Font, Cochrane & Tapper 2004](#); [Spenceley, Snyman & Eagles 2017](#)):

- The volatility, seasonality, and competitive nature of tourism demand can make tourism revenues an unpredictable and unreliable source of finance for conservation.
- Non-compliance with concession agreement conditions or PA rules and regulations can cause environmental, cultural, and social damage.
- Political influence from concessionaires, the incentive of concession fee revenues, and poor concessions management can lead to inappropriate concession allocations, weak contract conditions, or inadequate enforcement of those conditions. This can cause over-development of a site, which can ultimately damage the visitor experience and compromise PA values.
- Corruption and inefficiencies in the governance of the concession process can result in low demand for concessions.

- Parties may fail to find sufficient financial support to begin the concession process or meet capital investment requirements.
- Prescriptive social requirements (e.g. community ownership) can impact the feasibility or profitability of a concession.

## 1.6 Practice Standards

Comprehensive sets of guidelines and best practices for successful tourism concessions in PAs are available from The World Bank, UNDP, and IUCN ([Thompson et al. 2014](#); [Spenceley et al. 2016](#); [Spenceley, Snyman & Eagles 2017](#)). Successful tourism concessions programmes typically have the following characteristics ([Spenceley et al. 2016](#)):

- They put conservation first and accept that not all areas are suitable for tourism
- They value and maximize the wider benefits of tourism – not only for environmental conservation but also for job creation and local revenue generation
- They strive to make tourism sustainable (i.e., have a positive, long-term impact on the local environment, communities and society, and economy)
- They value local community participation
- They establish market viability early on to ensure that operations are sustainable and profitable
- They develop stakeholder awareness and strong engagement – dialogue over environmental, social, political, economic, or other concerns can help avoid problems and delays later
- They ensure a sound concessions framework, which includes legal and regulatory structure, governance and institutional set-up, as well as practical tools and guidelines for implementation
- They rely on robust PA management plans
- They select the appropriate concession model (i.e. lease, concession, licence, permit, or management contract)
- They employ transparent and clear procurement procedures for awarding concessions, that result in a balanced deal, a qualified investor, and a viable, sustainable project
- They have equitable contracts that protect the interests of both parties – without equitable contracts, the partnership between the concessionaire and the other parties may be strained or even fail
- They manage contracts effectively beyond the deal to ensure that a mutually beneficial, long-term relationship develops between the protected area authority and the concessionaire
- They practise effective risk management by identifying, mitigating, and monitoring risk through stakeholder engagement, site assessments, regular reporting, adequate due diligence, and employing experienced/reputable technical personnel
- They monitor and evaluate progress to continually learn from experience, adapt to changing conditions, update practices, and implement new practices, when necessary

In addition, the vulnerability of concessions-based revenues to fluctuations in tourism demand can be mitigated by building diversified funding portfolios and creating financial reserves for use following periods of low demand ([Saporiti 2006](#)).

## 2. Methodology

This section provides detailed guidance and associated practice standards for the design, implementation, and evaluation of tourism concession programmes in PAs. Note that the guidance is not comprehensive, and that concession processes vary between countries and in relation to specific legislation.

### 2.1 Scoping Phase

The scoping phase establishes whether, or not, concessions are the right approach for the PA in question, relative to other options (see [Tourism Financing for Conservation](#)). The PA authority, in consultation with other stakeholders, should determine the general need and purpose of concessions, and whether or not they are likely to be successful. The output should be a strategic plan that summarizes the findings of the scoping phase and specifies additional information that will be needed during the feasibility phase. The scoping can be done as part of a PA Management Plan or independently. Key information required for the scoping phase is as follows ([Spenceley, Snyman & Eagles 2017](#)):

- **Motivation:** The motivations behind developing a concessions programme (e.g. generating profit, recovering costs, managing visitor numbers, promoting learning, generating local business opportunities) can be identified through discussion with PA officials and relevant ministerial staff, and a review of key policy and strategy documents – which may include specific targets that help to set expectations for concessions (e.g. numbers of jobs to be created).
- **Previous experience:** Any existing concessions or other tourism-based finance mechanisms in the PA can be assessed through discussions with PA personnel and site visits. Important details include successes and challenges, to what extent revenues were directed towards conservation, and how a new concession could complement them. If there is no prior experience of concessioning, it may be that human resource capacity for the process (e.g. tourism business skills, finance and budgeting, legal expertise) is limited.
- **Attractiveness to investors:** Market demand for concessions will depend on the underlying conditions of the PA, including, for example: accessibility and basic level of infrastructure; aesthetic attractiveness of a site in terms of natural and cultural interest, unique features, and how it would compete with or link to existing destinations; and risk in terms of political instability, potential threats, and reputation of PA authority. Discussions with existing or potential concessionaires can be used to gauge the level of interest at this stage. If there is no interest, it may not be worth initiating a concessions programme.
- **Legal framework:** A small review of relevant policies and laws can be made at this stage to confirm that a PA management plan and investment laws and regulations are in place, and that there are no major gaps or areas of conflict between them. The PA management plan will contain relevant information such as the level of legal protection in the PA and information on key stakeholders. Laws and regulations should provide for private investment in PAs, including the ability to grant secure tenure to them, and they should allow PA authorities to reinvest revenues into conservation.
- **Political will:** This can be rapidly assessed through interviews with government officials, the private sector, donors, and NGOs. There should be support at the ministerial and PA authority level, and PA managers with the mandate for concessioning

should champion the process. Weak governance, excessive bureaucracy, and corruption are likely to deter concessionaires.

- **Financial Opportunity:** This part would evaluate the likelihood that a concession system would produce an overall better financial or economic outcome than the current system. It should include a rapid financial analysis of the likely costs and benefits and where the potential profits would accrue – i.e. to whom. A brief finance plan could be elaborated or a list of proposed finance strategies – or lack of – should be identified in terms of where project and concession finance could come from.

## 2.2 Feasibility

The goal of the feasibility phase is to assess whether a concessions programme is feasible and to identify design options and challenges. The complexity of a feasibility study depends on the size of the project – small cap projects will tend to be less complex. The feasibility study can be designed to assess a specific concessions programme, but it would ideally be part of a PA Business Planning process that reviews options for complete long-term financing of the PA or PA system. Typically, the PA management authority will commission a consultant with business and financial planning expertise to conduct a comprehensive feasibility study (see Box 1), which may take several months to complete. Costs vary with the size of the area under consideration but can exceed US\$25,000. The study should produce financial, management, planning, and operations information to be used in the design phase. A sample terms of reference for a feasibility study are provided in the Appendix.

A feasibility study for concessions should assess key factors that may affect the viability and success of such a programme. It should therefore include the following specific components ([Spenceley, Snyman & Eagles 2017](#)):

- Legal assessment
- Viability and market assessment
- Commercial viability
- PA and site assessment
- Risk assessment
- Net benefit for authorities

Each component is explained in more detail below.

- 1) **Legal assessment:** A legal assessment is necessary to establish whether the legal conditions are viable for concessions, at a national and PA level, and whether the investment climate is conducive to concessions (see 1.4 and Table 1). Such an assessment can be undertaken by a lawyer, or someone in the PA authority with a sound understanding of the law at national and PA levels.

Table 1. Components of a legal assessment for tourism concessioning, adapted from [Spenceley, Snyman & Eagles \(2017\)](#).

National level	Protected area level
<ul style="list-style-type: none"> <li>● Establish whether there is an existing legal framework for tourism concessions.</li> <li>● Establish whether requirements are in place for concessionaires to secure finance, i.e. stable land tenure, laws relating to pricing and transfer of land</li> </ul>	<ul style="list-style-type: none"> <li>● Identify the authority responsible for the concession site, that would authorize the concession process and agreement.</li> <li>● Describe the legal procedure for land</li> </ul>



<p>to the private sector, and applicable licences and permits.</p> <ul style="list-style-type: none"> <li>• Identify commitments that would be binding on the relevant ministry and the PA authority, and the roles and responsibilities of different institutions.</li> <li>• Ensure that there is permission to construct infrastructure for commercial activities, such as accommodation, restaurants, and retail outlets.</li> <li>• Review regulations that may affect the project's attractiveness to concessionaires, 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 processes).</li> <li>• Ensure minimal corruption exists and strong enforcement of contracts is in place.</li> <li>• Identify any gaps and/or legal reforms required.</li> </ul>	<p>applications and approvals.</p> <ul style="list-style-type: none"> <li>• Identify any existing rights or licenses issued to the sites and adjacent areas.</li> <li>• Identify spatial plans for the protected area, as part of its management plan, that regulate where and how much tourism can be established.</li> <li>• Compile a map of existing rights or licences.</li> </ul>
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2) **Viability and market assessment:** A situational analysis of tourism should be undertaken through a review of literature and consultation with key authority and private sector stakeholders. It can include assessments of the following:

- **Demand (market):** International, regional, and domestic 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 (product base):** 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.

A database of existing and potential concessionaires (including private sector, NGOs and communities) can be established, and individual meetings should be set up to identify levels of interest in the proposed concession sites and product types; 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; and anticipated challenges and risks.

3) **Commercial viability:** A simple cash flow projection can be developed for a hypothetical concessionaire, with a realistic minimum concession fee, to determine whether and what type of tourism concession is likely to be commercially viable.

4) **PA and site identification:** Criteria for concession site selection should relate to the relative attractiveness and underlying conditions (e.g. access, existing infrastructure, existing tourism, size of area, natural and cultural features, environmental sensitivity to tourism, social issues, land ownership, and institutional issues). These criteria can then be used to compare and identify the most viable sites for tourism concessions.

- 5) **Risk assessment:** It is critical for PA managers to identify the major environmental, social, and economic risks early on, in order to establish and implement mitigation strategies and safeguards. These strategies can inform contract design, infrastructure development, and the development of monitoring, evaluation, and adaptive management efforts (section 2.5). The estimated costs of these strategies should be incorporated into the financial structure of the mechanism (section 2.3.4). Environmental and Social Impact Assessments are types of structured risk assessment that may be applied to proposed large-scale tourism development activities within PAs and their buffer zones.
- 6) **Net benefit for authorities:** Managers should compare alternative options based on the likely revenue that will be generated by tourism concessioning for conservation, job creation, and infrastructure investment, and weight this against the costs of awarding and managing concessions. The concessions program should provide value-for-money for the government and PA authority.

### **Box 1. Feasibility Study Outline for Conservation Finance Solutions**

A feasibility study should determine if a specific finance solution or mechanism is likely to achieve its stated objectives in a given country or situation. Ideally a feasibility study will produce two major outcomes: 1) a clear indication of likelihood of success and 2) identification of key design features that optimize chances of success and minimize risks (including social and environmental safeguards). The following feasibility study outline can be used for a wide range of finance solutions.

**Executive Summary** – the summary contains all the essential information that a high-level policy or other decision maker needs to know in a concise format that should not exceed a few pages. It should include the detailed description of the question being addressed and all major conclusions. If there are key graphics or a summary bulleted table, this will facilitate comprehension in a rapid review.

**Finance Solution Description** – This introductory section should include a very detailed description of the specific finance solution under review. Generalized solutions, such as “Payment for Ecosystem Services”, are not easily assessed in a feasibility study as there are too many aspects that will require definition. The specific nature of the finance solution must be detailed including a) area of focus – both geographical and sectorial, b) key actors and stakeholders, c) sources of financing, d) financial instruments involved, and e) specific expected outcomes. Also include a section on the background of this solution at the site, country, or region.

**Environmental, Social, and Political Considerations** – This includes risks and opportunities as well as legal and regulatory issues that should be considered or addressed in the design.

**Market Demand or Finance Sources** – For market-based finance tools, it is essential to understand market demand including the willingness (and ability) to pay for the associated goods and services including ecosystem services. Demand can be assessed through market studies, interviews, surveys, and comparative studies. If the tool is not market-based, this section should analyze likely finance sources and their interest in supporting the development and long-term financing of the instrument.

**Marketing or Communication Strategy** – A brief marketing analysis and main elements of a marketing strategy is essential for all market-based instruments. Alternatively, for non-market instruments, a communication strategy to reach and convince key donors, finance sources and other stakeholders is useful. Since this is a feasibility study, the marketing or communication strategy can be concise and highlight main issues.

**Organization and Staffing** – identifies the human resource and institutional needs for success including existing and required technical and implementation capacity.

**Schedule** – elucidates what a realistic timetable would be for implementation including identification of key milestones.

**Financial Projections** – Detailed timeline of design, startup, and operational costs as well as financing needs and sources. Projections should be on a yearly basis and even if estimated, should cover the years required to reach a financially viable state for the solution in question.

**Findings and Recommendations** – summary conclusions including key opportunities and challenges. The recommendations should be very specific and provide guidance on design features if the planned finance solution were to advance to the next stage.

## **2.3 Design**

When the conclusions of the feasibility study are positive, the next step would be the design phase. This phase uses the findings of the feasibility assessment to establish what the concessions should look like – including available sites, types of tourism services, potential markets, the most favourable type(s) of partnership and legal instrument – and therefore how concessions will be awarded. To avoid unforeseen problems and costly mistakes, it is essential that the design of the concession system be implemented with full engagement of key stakeholders and ideally as part of a larger business or management planning process for the

area in question. The output of the design process should be a high-level business plan for either a system of concessions or an individual concession (see Box 2).

### 2.3.1 Governance and management

The design of any concession is underpinned by the legal, regulatory, and policy framework that governs the use of concessions in a PA ([Thompson et al. 2014](#)). This framework should be transparent and legally robust; weakness or a lack of clarity tends to discourage concessionaires, especially if large investments are required by the concessionaire that take years to recuperate (amortize, in accounting terms). Concession law should be drafted with input from potential concessionaires, environmental groups, the public, and other stakeholders, and allow individual PA authorities the flexibility to establish details through regulations and policies. Factors which should be considered for inclusion in concession law, regulations, and policies include ([Thompson et al. 2014](#)):

- An upper limit to contract terms
- The process for obtaining concession proposals (i.e. the requirements by which a PA agency either publicly solicits proposals or accepts unsolicited proposals, along with how proposals will be gathered and evaluated)
- The process for awarding concessions (i.e. competitive tender, auction, direct award or based on applications)
- Evaluation criteria – these should be sufficiently general to allow refinement of the list for different PAs
- Protections for concessionaires' investments
- Control of concessionaire rates and charges for services to PA visitors – in most cases, fees and charges to visitors by concessionaires should be set by the concessionaire, but in circumstances where the concessioning authority controls rates, it must have a system in place to determine appropriate fees (e.g. through comparison with similar services)
- Concession fees – although these will depend on the concession opportunity, concession law should guarantee a fair market return to the government
- How concession fee revenues may be spent (i.e. if allocated to conservation)
- Legal provisions granting rights of preference in the process for awarding concessions to citizens or groups, or requirements that concessionaires hire specific groups
- Suspension or termination provisions to deal with unforeseen impacts or breaches of contract
- Prosecution, breach, or penalty provisions for operators who try to work without concessions.

Concessions programmes are usually established and overseen by a group of PA management staff – preferably a dedicated business unit – with the skills to administer and award concessions. This capacity should be developed before concessions are awarded; for instance, when Namibia launched its concession policy in 2007, it also began to establish the administrative capacity for implementation ([Thompson et al. 2014](#)). The Ministry of Environment and Tourism established a concession unit to manage the programme and an inter-agency concession committee was assembled to oversee concession applications. The PA authority must also have the capacity for effective contract management, once a contract is in place (e.g. project management, legal, analytical, and financial expertise). PA site managers should track concession fee revenues using reliable and transparent recording systems. If a PA



authority lacks financial management capacity, it can be advantageous to channel funds into an independent Conservation Trust Fund.

Best practice is for PA authorities to develop: 1) a concession management manual, which covers project objectives and concession team, governance, communication and meeting plans, issues relating to construction, payment, performance, and risk management; and 2) a contract management plan, which outlines the strategic objectives and key deliverables, transition, relationship, and service management, contract administration, contingency plans, exit strategy and implementation plan (Spenceley et al. 2016).

### 2.3.2 Selecting the concession model(s)

The concessioning authority should establish the concession model (or mixture of models) that will be offered, including the legal instrument, duration of term, preferred type of partnership, and level of risk and responsibility to be assumed by the concessionaire (Spenceley, Snyman & Eagles 2017). Fig. 1 provides guidance on how to select the appropriate legal instrument for tourism concessioning (i.e. management contract, lease, licence, permit, or concession – see section 1.1 for overview of each). Duration of the term will depend partly on the legal instrument selected (e.g. concession agreements tend to be offered for 30-40 years, whereas permits and licenses last for less than ten years), and the extent to which a concessionaire assumes risk for capital investment. Typically, longer terms are offered for higher capital investments (at least 20, if not 30-40 years) to allow cost recovery (Eagles et al. 2009; Thompson et al. 2014).

<u>Question 1: Does the PA authority have money and personnel to develop tourism infrastructure?</u>	
Yes <input type="checkbox"/>	<b>Insource:</b> PA authority develops tourism infrastructure itself
No <input type="checkbox"/>	<b>Outsource:</b> PA authority looks for a partner for development <input type="checkbox"/> <b>Concession:</b> Seek partner to invest, develop, and operate facility
<u>Question 2: Does the PA have existing infrastructure and the mandate/skills/personnel to manage and maintain it?</u>	
Yes <input type="checkbox"/>	<b>Insource:</b> PA authority manages tourism services itself
No <input type="checkbox"/>	<b>Outsource:</b> PA authority looks for a management partner <input type="checkbox"/> <b>Lease/Management contract:</b> Contract to outside operator for use of facilities / land for a specified period
<u>Question 3: Does the PA want to offer public services, and have the mandate/skills/personnel to do so?</u>	
Yes <input type="checkbox"/>	<b>Insource:</b> PA authority offers trips and tours itself
No <input type="checkbox"/>	<b>Outsource:</b> PA authority looks for partners to offer trips and tours <input type="checkbox"/> <b>License:</b> Contract to outside operator for use of facilities / land for a specified period <input type="checkbox"/> <b>Permit:</b> Access to area provided for a short time

Fig. 1 Decision tree for deciding the right legal instrument(s) to use for tourism concessioning (Spenceley, Snyman & Eagles 2017).

There are five types of partners available for PA agencies to outsource tourism service delivery, but note that a concessions programme can encourage different types of partnerships for different concession sites in a PA:

- Private companies
- NGOs
- Local community organizations

- Other government departments (although this is usually only for highly specialized activities such as road maintenance or security)
- Joint-venture companies (i.e. public-private, private-community, public-community or public-private-community)

The appropriate type of partnership will depend on various contextual factors, including the legal framework and the overriding management objectives of the PA. For example, outsourcing to a private company can lead to efficient and effective generation of revenues from tourism for conservation, whereas outsourcing to local communities enables them to derive direct benefit from the economic opportunities created by the existence of the PA (see 2.3.6). For a direct award to take place, there must be a representative, accountable and stable community institution that can enter into a contract on behalf of the community ([Thompson et al. 2014](#)). For this reason, communities often form a joint venture with a private sector company (who will fund, develop, and potentially operate the business) and/or give a private company the responsibility of operating the concessions development or facility through a ‘sub-concession’ or ‘sub-lease’ ([Spenceley et al. 2016](#)). These two-tiered arrangements are prevalent in Namibia and have been replicated throughout southern Africa. For example, Rocktail Beach Camp, in South Africa’s iSimangaliso Wetland Park, is leased by a joint-venture consisting of Wilderness Safaris and a Propriety Limited Company (50:50 Wilderness Safaris and the KwaMpuKane Community Trust) and operated by Wilderness Safaris ([Spenceley et al. 2016](#)).

### 2.3.3 Sources of finance for concession processes

Although one of the major reasons for PA managers to seek concessionaires is the concessionaire’s ability to identify and secure financial capital, many of these concessionaires will require support from development finance institutions and other financing or support organizations, which can provide investment grants, concessionary loan finance, training grants and incentives, and marketing support ([Spenceley, Snyman & Eagles 2017](#)). For example, the African Wildlife Foundation has an impact investment vehicle called African Wildlife Capital, which finances small and midsize enterprises with the capacity to make a significant conservation and socioeconomic impact; while the International Finance Corporation (IFC) is the largest global development institution focused exclusively on the private sector in developing countries, and a key supporter of private tourism concessions. In the Dominican Republic, initial capital expenditures of the non-profit consortium established to co-manage Arrecifes del Sureste will be funded by the Sustainable Ocean Fund, an impact investment fund managed by Althelia ([CFA 2018](#)).

Usually, community concessions are financed by private partners, but sometimes the community itself will fund – or partially fund – the commercial infrastructure (through donations from aid agencies, philanthropists, or other development partners; by raising commercial debt from finance institutions; or through a combination of grants and debt) before appointing a private operator (e.g. see Madikwe; [Thompson et al. 2014](#)). In these circumstances, the community will tend to receive a larger concession fee from the operator, but it also carries a higher risk, particularly if debt has been raised. Since communities rarely have the collateral to secure loans, NGOs (e.g. African Safari Foundation, African Wildlife Foundation, and Ford Foundation) are major funders of community concessions, whether through direct grants or by purchasing equity in a joint-venture partnership ([Spenceley, Snyman & Eagles 2017](#)).

### 2.3.4 Concession fees

The concession fee setting process should be transparent, fair, and consistent, and both parties must understand the economic value of the proposed concession ([Spenceley et al. 2016](#)). Fee setting can either be supply-driven (i.e. where PA authorities determine the fee based on the market's willingness to pay study or through a competitive bidding process) or demand-driven (i.e. where a fee is proposed to authorities by prospective operators through an unsolicited bid). Managers can set minimum fees by reviewing historical domestic or regional fees and industry standards, and using investment analysis to determine likely revenue levels, making sure that this will cover risks and costs associated with concession management in the PA (e.g. infrastructure, staffing, training, monitoring, profit, etc.) If there is limited tourism concessions experience in the country or region, it may be necessary to obtain a professional valuation. For example, when SANParks decided to establish a concessions programme, there was little national or regional experience on which to base pricing, and so it hired the International Finance Corporation to conduct a valuation ([Spenceley, Snyman & Eagles 2017](#)).

Fees can be fixed at a flat rate, fixed per unit of use, revenue-based, or a combination of these ([Thompson et al. 2014](#)):

- **Revenue-based fees:** Fees are commonly set as a proportion of gross revenues, often in combination with a fixed minimum that becomes payable if revenues fall below a certain threshold. For example, in 2008 the benchmark rate for safari lodge concessions in high-value parks in southern Africa was 6-10 percent of gross revenue, combined with a minimum guaranteed payment of around 50 percent of the concession's anticipated fee. This approach has the advantage of sharing commercial risks and returns between parties. However, it is vulnerable to manipulation of earnings by the concessionaire and requires the authority to have strong inspection and auditing rights and adequate organizational capacity for effective monitoring of concessionaire compliance.
- **Fixed fee per unit of use:** Sometimes fixed fees are charged per unit of use (e.g. per hectare of land per year, per number of visitors served in a given period, or per available bed – as license fees are paid by vessels in the Galapagos Islands). These fees are the easiest to administer, but they must be based on realistic valuations and regularly reviewed to maximize cost-recovery (see 2.5).
- **Fixed fees:** These remain the same whether a concessionaire's business is growing or not, and do not allow parties to share in the risk and returns. They should therefore be avoided unless the concession is small, expected income is very low, there is a history of corruption or under-reporting, or the concessioning authority lacks auditing capacity.

Some programmes require concessionaires to demonstrate their financial success with an upfront payment of fees that are reimbursed once targets are met. In Colombia, the concessionaire must always have initial capital of about US\$1,000 and demonstrate that they have made an additional US\$1,000 by the ninth year of a contract; while in South Africa's Kruger National Park, the Maluleke community requires an upfront fee of US\$23,077, which is forfeited if the concessionaire does not meet at least 50 percent of annual payment targets for years four and five ([Wyman et al. 2011](#)). In addition to fees, performance bonds can provide a guarantee that there will be funds to invest in capital repairs and maintenance during the final years of the contract. In Chile performance bonds are set to 10 percent of expected annual turnover, while in Colombia they are set at US\$475,000 ([Epler Wood 2010](#)).

In most cases, fees charged to visitors by concessionaires should be market-based and set by the concessionaire – for instance, accommodation businesses can use a bed-night rate and an activity-based business can use a per-person rate ([Thompson et al. 2014](#)). In both cases the concession fee should be approximately 10-12 percent of gross turnover less tax and the tourism marketing levy. Only when there is concern that a concessionaire will attempt to overcharge due to a monopoly situation should the PA authority place controls on rates.

Retention of commercial concession fee revenues for reinvestment in a PA, rather than channelling them through a central treasury, is critical for the sustainability of revenue streams and maximizing recovery of PA costs from tourism. It protects revenues from being used for other government activities, or delayed by government accounting and budgeting processes, and it provides managers with an incentive for cost-saving, accountability, and improved management, creating a positive cycle leading back to increased revenue generation ([Thompson et al. 2014](#); [Rylance, Snyman & Spenceley 2017](#)). If institutional capacity is adequate, it can also improve trust from private sector concessionaires that their fees directly support PA management, encouraging further investment ([Rylance, Snyman & Spenceley 2017](#)). For example, when the United States Congress first allowed federal land management agencies to collect user fees, they were unable to retain these fees. As a result, they negotiated low concession fees and asked concessionaires to perform in-kind services, such as maintaining roads or making capital improvements, in lieu of fees. When the agencies were finally allowed to retain fee revenues, they charged higher fees ([Summer 2014](#)). The Recreational Fee Demo program now specifies that 80 percent of revenue is to be used in the site where it was collected, which appears to have further incentivized efficient fee collection. Nevertheless, within PA networks there are often PAs that do not generate significant revenues from tourism and thus require support from other more popular PAs. In these circumstances, the majority of revenues may need to be retained at the PA system or network level, for overall conservation benefit.

### 2.3.5 Ecological design and safeguards

Concessioning programmes must balance tourism development with environmental protection. If concessions are not well designed, negative impacts can compromise the conservation values of a site or PA. The type of products or services offered should be compatible with the PA management plan and, through identification of major environmental risks at the feasibility stage (see 2.2), strategies and safeguards can be designed to avoid or mitigate negative impacts. Environmental Impact Assessment (EIA) is a key tool that helps PA managers and concessionaires to predict, avoid and mitigate adverse impacts of a concession activity ([Thompson et al. 2014](#)). EIA processes should be a normal part of a PA authority's concession business, whether for new concession activities (via incoming applications or outgoing tenders) or for extensions to existing concessions. If an opportunity is being assessed and tendered by a PA authority, authority staff or their consultants would at least scope or even complete an EIA. However, concessionaires may also be required to complete an EIA or other risk analysis – especially where unsolicited applications are being accepted. For instance, in Botswana, bidding documents require concessionaires to conduct EIAs during development and operation of the concession; ([Wyman et al. 2011](#)).

On the basis of the PA management plan (and potentially the EIA), a concessioning authority should provide specific guidelines and requirements in concessions policy and bidding documents to minimize environmental impacts during planning, development, operation, and



decommissioning of facilities ([Eagles et al. 2009](#); [Thompson et al. 2014](#)). These may include the following:

- Environmentally sensitive infrastructure and site design (e.g. location of buildings and zoning of sites)
- Construction that minimises environmental impacts (e.g. by keeping site erosion to minimum, using locally-sourced and recycled building materials whenever possible, and protecting sensitive elements of the natural environment)
- Daily operations that follow internationally recognised criteria – e.g. that of the Global Sustainable Tourism Council ([GSTC 2018](#)) – such as plans for sensitive waste management, alternative energy sources, and water preservation.
- An environmental monitoring programme (see 2.5)

For example, in Costa Rica, every concessionaire must describe and implement environmentally sensitive waste management procedures, such as use of biodegradable and environmentally-friendly detergents and disinfectants, management and treatment of sewage using the established regulations; development of a waste management plan; and development of a monitoring plan ([Wyman et al. 2011](#)).

### 2.3.6 Social process and safeguards

Relevant stakeholders and beneficiaries (e.g. institutions and representatives from government, PA authorities, private sector, locally affected communities, existing civil society groups, the academic community, and the development community) should be identified and mapped so that a strategy can be developed for stakeholder engagement. Each group of stakeholders should be engaged and notified of updates at every stage of the concession process, and their perspectives and knowledge incorporated into the process ([Spenceley et al. 2016](#)).

Communities resident within and adjacent to PAs may incur costs from loss of access to resources. There should, therefore, always be some level of community consultation and engagement throughout the concession process, and concessions should be designed to maximise socio-economic benefits for local communities, wherever possible. There are several ways this can be done, each of which can be specified in bidding documents (see 2.4.1) and concession policy ([Wyman et al. 2011](#)):

- **Community ownership:** PA authorities can encourage community ownership by directly targeting and awarding concessions to local communities (see 2.3.2). For instance, in support of a stronger commitment to national ownership of productive assets, Mozambique's Chemucane concession rights (Maputo Reserve) were allocated to Ahi Zamene Chemucane, a legal entity representing local residents in and around the site ([Thompson et al. 2014](#)). In South Africa's Madikwe, lodges managed under community-private sector partnerships have outperformed privately-owned concessions as generators of local economic returns ([Thompson et al. 2014](#)).
- **Capacity building:** Community members may need technical or other assistance to participate in consultation processes, and capacity building (e.g. training in business skills) may be required before a community is able to own or operate concessions – which can take a long time. Ahi Zamene Chemucane received brokering and transactional support from the Peace Parks Foundation and the African Safari Lodge Foundation ([Thompson et al. 2014](#)). The alternative is for authorities to encourage the

community to sub-lease to a private sector operator and/or form a joint venture with an entity that can provide technical expertise (see 2.3.2).

- **Local employment:** PA authorities can encourage or require concessionaires to employ members of local communities, or even to hire local communities to run the concession. For instance, in Namibia, all concession proposals must include details of an agreement between the applicant and the local community before it can be approved ([Thompson et al. 2014](#)).
- **Community revenue-sharing:** Concessioning authorities can specify or encourage revenue-sharing options between local communities and private concessionaires. In Botswana, private concessionaires reserve a proportion of revenues from PA entrance fees for local communities, while in Namibia, financial and tax incentives are provided for revenue-sharing ventures ([Wyman et al. 2011](#)).
- **Local business ownership:** Concessionaires can be encouraged to strengthen local supply and value chains by spending locally where possible. Concession processes can confer 'preferred bidder' status on local companies, or on concessionaires that are committed to supporting local businesses. For example, in Zambia, some leases and hunting concessions have been reserved for domestic bidders; in Madikwe, lodges buy fresh produce and services from local suppliers; and, in Colombia's Gorgona PA, concessions were required to acquire all fish from specified local communities ([Epler Wood 2002](#); [Wyman et al. 2011](#); [Thompson et al. 2014](#)).

**Box 2: Components of a high-level business plan for a concessions programme** (adapted from [Spenceley, Snyman & Eagles 2017](#))

The business plan should be consistent with any existing PA management and business plans, and include the following elements:

- Goals and objectives of the concessions programme
- Products and services to be developed, ensuring that they are compatible with the environmental and social sensitivity of the destinations
- The concession model (i.e. concession, licence, lease, or permit), with roles and responsibilities of the authority and concessionaire, and relevant institutional arrangements
- The business model or partnership type (e.g. private sector, joint venture, community-owned enterprise)
- Viability and market assessment, 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 mobilized, 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.
- 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.

## 2.4 Implementation

Once the high-level business plan is completed, the PA authority may need to raise funding for implementing the business plan, assure the legal framework, build internal or community capacity, develop basic infrastructure, and conduct environmental restoration. Once this has been achieved, the two major steps for implementation of a concessions programme are: 1) preparation for procurement, including the overall procurement plan and the materials that will be used during the procurement process, and 2) the procurement process itself ([Spenceley, Snyman & Eagles 2017](#)). Implementation should result in the signing of an agreed concession contract between the PA authority and a concessionaire.

### 2.4.1 Procurement preparation

The authority should develop the procurement strategy and package, promotional materials and bidding documents. These must be formally agreed to ensure integrity and transparency in the process. Key outputs are as follows ([Spenceley, Snyman & Eagles 2017](#)):

- **Description of the concession package offered:** This should build on the high-level business plan (Box 2) to include the project schedule and other package details (i.e. procurement process, concession duration, and exit).
- **Agreement on the strategy to be used for procurement:** In general, concessions are awarded through either a) supply-driven public offerings, where a PA authority identifies a business opportunity and offers this to the public via tender or auction; or b) demand-driven processes, where a prospective concessionaire lodges an unsolicited application for a self-identified activity. Intermediate approaches are possible where a

PA agency makes it clear that they have a concession policy and are open to solicitations from partners without having to prepare the full concession package in advance.

- **A plan for reaching out to investors and potential concessionaires:** This may include specific launch events, participation in international trade fairs, individual meetings with targeted operators, newspaper and magazine advertisements, and social media.
- **A promotional plan:** This may include flyers, brochures, factsheets, and technical manuals for potential concessionaires; press releases for the media; posters and banners for trade fairs; websites; and investment portals.
- **Development of procurement documents:** Depending on the procurement strategy selected, these may include tender documents (i.e. tender specification, process, conditions, information required from applicant, and evaluation criteria), adverts (e.g. for Expressions of Interest, if the authority wants to understand the level of demand), prequalification and screening checklist, Request for Proposals with non-disclosure agreements and a screening checklist; and standard-form contracts to provide templates for different types of concessions (see Box 3 for content).
- **Agreement on the bid evaluation committee:** This should include the evaluation criteria and the roles of the committee members.

Each procurement strategy has pros and cons (Table 2; [Thompson et al. 2014](#)). A tender is a public offering of the right to apply for a clearly defined concession opportunity, with all parameters and details set out in the tender documents. An auction is a supply-driven process for awarding a concession quickly, when demand exceeds supply or when the seller wants a true indication of what the market is willing to pay for the resource rights. Auctions can only work when concession opportunities are clearly defined; they do not allow room for innovation, but they have good scope for competition over price. Allowing unsolicited applications for activities in a PA tends to foster innovation and investment, but proposals will not necessarily be well aligned to what the PA agency wants. Direct awards can be used to award identified and feasible concession opportunities to local communities (2.3.2) or NGO partners. Ideally, authorities should match the procurement strategy to the size, impacts, and risk of the concession under consideration – rather than using the same mechanism each time.

Table 2. Pros and cons of different procurement strategies ([Spenceley, Snyman & Eagles 2017](#)).

	<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 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 interest</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>

	<ul style="list-style-type: none"> <li>● Background checks can be done</li> </ul>	
<b>Unsolicited bid</b>	<ul style="list-style-type: none"> <li>● Greater flexibility</li> <li>● Bidder 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, making the bid more transparent and competitive</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 concessionaire, 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 or NGO partners</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 concessionaire, and not getting the best deal, or no deal if the negotiation fails</li> </ul>

Criteria to be considered in the evaluation process may include the following ([Thompson et al. 2014](#)):

- Protection of PA resources
- Environmental impacts of the concession and measures to avoid, remedy or mitigate these impacts
- Demonstrated understanding of prospectus requirements
- Demonstration of experience and background in providing required services
- Financial capability
- Proposed fee
- How the concession promotes the interests of the PA
- Social benefits to local communities

After screening for technical merit, bids can be selected on the basis of a single criterion, but criteria are usually weighted. For instance, in South Africa, bidders must include a component to their proposal that addresses the economic empowerment of historically disadvantaged individuals and groups ([Thompson et al. 2014](#)). Twenty (20) percent of the points used to rate bids are allocated to empowerment plans, and these in turn are weighted in relation to: a) shareholding by historically disadvantaged individuals or groups, b) training and affirmative action in employment, and c) business and economic opportunities for local communities). Elsewhere, to ensure that the best possible environmental bid is selected, and to avoid perceptions that winning bids are selected solely on price, a ‘two-envelope’ approach is sometimes used ([Thompson et al. 2014](#)). Tenderers are requested to put their responses to environmental and operating criteria in a ‘first’ envelope, and their financial information and fee bid in a ‘second’ envelope. The first envelopes are opened first, and only those tenders that meet or exceed the set criteria go on to be evaluated on financials.



### **Box 3: Concession Contracts**

Concession contracts vary with the laws of different countries, and between legal instruments, but key minimum provisions should include the following (see [Thompson et al. 2014](#) for full list):

- Nature and scope of concession rights
- Any conditions of commencement (e.g. successful conclusion of an environmental impact assessment)
- Duration of term and provisions regarding the renewal or renegotiation and compensation at the end of the term
- Nature of property interests (e.g. ownership of underlying assets and intellectual property rights)
- Fees payable by concessionaire, and provisions for fee adjustment
- Any requirements concerning guarantees of performance (e.g. posting of a bond)
- Any insurance policies required (e.g. public liability insurance)
- Breach and cancellation procedures
- Provisions dealing with the required socio-economic contributions of the concession – if bidders have proposed targets, or the PA authority has specific requirements (e.g. revenue-sharing options with local communities, or employment of a minimum number of local community members), these should be integrated into the contract
- Provisions dealing with environmental impacts during construction, operation and decommissioning

#### **2.4.2 Procurement process**

The steps of each procurement process are outlined in Table 3. In a supply-driven process, a PA authority will offer a concession to market by tender or auction through several potential steps ([Thompson et al. 2014](#)). Both a tender and an auction will initially advertise the opportunity. In order to narrow down who should be invited to tender, an Expressions of Interest (EoI) process can be used to collect information on applicants' previous experience and successes with conservation and development impacts. If opportunities are already well defined, authorities may skip this step and issue a Request for Proposals (RfP). These allow PA authorities to identify the broad parameters of their requirements and then leave it to applicants to be innovative and imaginative and determine how they can best meet the specified requirements. If PA authorities have a complete understanding of the concession opportunity, they may skip both the EoI and RfP and consider all bids. The authority will review proposals and, after potentially negotiating with the preferred bidder, signs a concession agreement with the concessionaire. It can be very useful for the PA authority to contract external transaction advice during tendering of complex concession projects – as learnt from the tendering of community concessions in Namibia's Palmwag concession area ([Thompson et al. 2014](#)). This is especially the case for reviewing complex construction plans including infrastructure and waste treatment in sensitive ecological areas.

Ideally, during tenders and auctions, applicants should be provided with the opportunity to conduct comprehensive due diligence through access to information gathered during the feasibility assessment, access to the site, and ability to question stakeholders, so that they may make viable and realistic proposals ([Spenceley, Snyman & Eagles 2017](#)).

Demand-driven processes have fewer steps. However, unsolicited bids should, where possible, be made competitive through an additional tender process ([Spenceley, Snyman & Eagles 2017](#)).

Unsolicited bids should include a business plan outlining the financial nature of the business, its development, the sales and marketing strategy and the profit and loss statement (for more details see: [Thompson et al. 2014](#)). Concessions staff must be capable of interpreting and evaluating business plans, and it may be advisable to seek advice from an independent accounting or finance expert.

Some procurement strategies involve very little negotiation and a contract is simply signed after a winner is announced (e.g. auctions and tenders where a bidder submits a signed contract). Other strategies (e.g. direct negotiations) have lengthy negotiations during the bidding process or after the final bid has been submitted ([Thompson et al. 2014](#)). A transaction advisor or experienced negotiator can be contracted to facilitate discussions. An authority may have a commercial close of the deal (i.e. the agreement is signed by both main parties) and a separate financial close (i.e. financial arrangements are concluded with lenders and concessionaires). If the financial close is not reached on time, the PA authority would have the option to cancel the concession agreement (commercial close) with the preferred bidder and start discussions with the reserve bidder.

Table 3. The steps of different procurement strategies ([Spenceley, Snyman & Eagles 2017](#)).

Transaction step	Procurement strategy		
	Tender	Auction	Unsolicited bid/direct negotiation
Advertise opportunity	✓	✓	
Pre-qualify parties with an expression of interest in relation to key criteria (e.g. financial strength, technical and business experience, sustainability credentials)	✓		
Issue request for proposals with draft agreement, non-disclosure agreement and description of information needed from bidder	✓		
Due diligence by bidders (access to data, site visits, bidder conference)	✓	✓	
Receive bids	✓	✓	✓
Review bids (financial, environmental and social development bids) according to the specified procedure by the evaluation committee and select preferred bidder	✓		
Negotiate with preferred bidder	✓		✓
Agree management plan and sign contract	✓	✓	✓

## 2.5 Monitoring, Evaluation, and Adaptive Management

Concessions programmes should be managed within a broader framework of adaptive management for sustainable tourism (Leung et al. 2018). Monitoring and Evaluation (M&E) helps to track the progress of a concession agreement and identify any problems early on ([Spenceley et al. 2016](#)). The findings can later be used to adapt concession processes (e.g. where particular issues arise or if the financial revenues are substantially different to what had been anticipated) and should feed back into planning and EIA processes.

PA authorities should measure and report on all PA finance generated by tourism, including concessions programmes. Consistent and detailed reporting on fee revenues is fundamental to transparent revenue collection and distribution, and to the long-term success of a concessions

programme, by building trust and support among tourists, local communities, operators, and other stakeholders ([Eagles et al. 2009](#)). Furthermore, systematic reporting helps to support strategic planning and can potentially influence public policy on PA tourism and conservation finance by demonstrating the importance of PA tourism to national economies, thereby justifying investment and expenditure on PAs ([Thompson et al. 2014](#); [Rylance, Snyman & Spenceley 2017](#)). Measures for reporting on concessions can be divided into inputs, outputs, and outcomes, and examples include: number of applications received/tenders run; number of new concessions awarded; number of concessions managed; number of businesses supported; level of community empowerment; and income for conservation ([Thompson et al. 2014](#)). The measures chosen should relate to the key objectives of the concessions system and demonstrate whether these objectives are being met, or not. Concession contracts can also stipulate reporting requirements to ensure that concessionaires integrate sustainability into their business and reporting. Integrated reporting, such as that pioneered by the [Global Reporting Initiative](#), combines financial reporting with sustainability reporting, allowing companies to assess total impact, to assess risks, promote good practices and correct bad practices ([Spenceley, Snyman & Eagles 2017](#)).

Although M&E is ultimately the responsibility of the PA authority, private sector partners should also monitor their activities and provide regular reports to the authority. There are three types of monitoring that are vital for ensuring that PAs are balancing their core goals of protection and sustainable use under concession activities ([Thompson et al. 2014](#)):

1. **Impact monitoring:** This measures the effects of commercial activities on the natural environment or on other recreational users. Effective risk mitigation systems establish standards and identify and monitor changes in those standards. The International Finance Corporation's Sustainability Policy identifies eight broad areas of performance standard monitoring ([IFC 2012](#)).
2. **Contract compliance monitoring:** This ensures that concessionaires are operating according to their concession contracts. Contract compliance monitoring has three aspects: a) reports and complaints about concessionaires; b) reports submitted by the concessionaire to the PA, usually annually; and c) direct monitoring by PA staff (e.g. through internet travel sites).
3. **Activity and administrative monitoring:** This ensures that concession activities correspond with those permitted and reports on how much commercial activity is taking place. Administrative monitoring is closely linked with operators paying their fees and provides concession staff with the ability to show how concessions contribute to conservation, recreation, community and economic development. Independent audits may be required by the concessioning authority, especially if the concession fee is based on a percentage of income or fixed per unit.

When monitoring shows that negative impacts are reaching unacceptable levels, mitigation strategies should be implemented by managers. These might include reducing access to a site, modifying the timing or location of visitor activities, increasing site resistance, or limiting concession opportunities (see [Leung et al. 2018](#); [Thompson et al. 2014](#)). If no major contract violations are found through monitoring of the previous term of contract, then PAs may offer existing concessionaires a contract renewal. Avoiding the tender process through contract renewal is cost-saving, recognizes the sound operations of the concessionaire, but it also could reduce the transparency of operations ([Spenceley, Snyman & Eagles 2017](#)). Non-compliance

should be dealt with by procedures outlined in the contract, typically a warning report outlining the non-compliance and the measures needed to correct deficiencies, followed by financial penalties, and finally termination of the contract ([Spenceley, Snyman & Eagles 2017](#)). These procedures might be expensive, especially if they result in court actions, and PAs should have contingency plans in place to ensure that the service provided continues to exist after a contract termination. A failed concession can otherwise result in serious disruption of service and ultimately bankruptcy for the PA.

Concessions contracts often provide for periodic reviews that allow fees to be adjusted. Adjustments may be required to ensure that concession fees remain market-related over a long period of time, and they are especially important if fees are fixed at a flat rate or based on the number of visitors served by a concession in a period. For example, a number of concessions were awarded in Botswana's Okavango Delta in the 1980s, but fees quickly became outdated as the area rapidly became more desirable as a tourism destination ([Thompson et al. 2014](#)).

### 3. How to Improve Impact of Existing Programmes

If practice standards are followed, concessions can be an effective tool to capture revenues from tourism and direct them towards better PA management and conservation efforts. At the same time, well-designed concessions can have wider socio-economic benefits, providing a vital link between local communities, rural development, and conservation. Key strategies for improving concessions programmes are: 1) strengthen regulatory and policy framework, 2) build institutional and community capacity, and 3) develop strategic and inclusive business models ([Thompson et al. 2014](#)). As well, existing concessions can be reviewed periodically to see how well they adhere to the best practices that have been elaborated in this guide and PA management agencies can consider renegotiation at concession renewal periods. It should be noted that seeking to alter existing ongoing contracts with the private sector could easily decrease the private sector's confidence in the management authority for future contracts and should be avoided unless there is a breach of contract by the concessionaire. When there is a significant breach or damage to the ecosystem by a concessionaire, the management authority must act quickly and decisively to address the issue – through the pre-agreed remedies or through cancellation of contracts.

In the case where concessions have evolved organically, to optimize the performance of concessions in PAs, a national concessions policy should be developed (see South Africa, Namibia, Dominican Republic, and Colombia; [Epler Wood 2010](#)). Concessions policies that are not national in scope could result in the development of a series of legal exceptions, rather than a comprehensive programme to optimize revenue generation. In Mozambique, the absence of a formal concession framework for investment in PAs created uncertainty and undermined concessionaire perceptions about the government's ability to execute tenders in these areas. It has since established a national conservation policy and strategy defining the principles for investment in PAs as a way to secure financial and conservation sustainability, and developed guidelines for dealing with unsolicited bids and direct negotiations ([World Bank 2012](#)). See section 2.3 for best practice and additional suggestions on how to improve existing programs.

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## Appendix: Generic Terms of Reference (ToR) for a Feasibility Assessment

### Overview of ToR

“Fictitious” National Park (FNP) is 100,000 ha. in size and located in [FILL IN PROVINCE] of [FILL IN COUNTRY]. It has extensive attributes which make it attractive as an ecotourism destination, including [FILL IN ATTRIBUTES]. In order to effectively protect and manage the biodiversity and other natural resources of the park, a long-term, sustainable financing system is required. Initial planning discussions have identified tourism-based mechanisms as an important potential element in such a system. Already, modest revenues are being generated through park entrance fees. Opportunities seem to exist for raising entrance fees and putting in place a variety of other user fees. To examine these opportunities in-depth [NAME OF CONTRACTING ENTITY] is commissioning a feasibility study of a range of tourism-based options for financing conservation of FNP.

The study will collect extensive information and evaluate key issues and conditions influencing the feasibility of tourism-based finance mechanisms in FNP. Through on-site interviews, collection of existing data and other activities, the consultant will conduct an overall analysis of the current status of ecotourism in the area. Through extensive interviews with tourism operators and other local businesses, park staff, tourists, local community leaders and other stakeholders, the consultant will collect and analyze relevant information and recommend specific options for viable tourism-based mechanisms. In addition, the consultant will interview relevant governmental officials to assess opportunities for the generation of proprietary income that is channelled directly into conservation activities at FNP.

## Terms of Reference

### Objectives:

To assess the feasibility of a tourism user fee programme designed to generate long-term funding to conservation of FNP. More specifically, the objectives are to:

- Assess the current status of ecotourism and identify actions required to improve the ecotourism experience and visitor flows in support of a tourism-based finance programme;
- Assess specific issues regarding the feasibility of entrance fee and concession fee programmes, and recommend next steps; and
- Assess opportunities for implementing other types of tourism-based mechanisms.

### Tasks:

1. General assessment of ecotourism conditions and issues
  - Describe the major ecotourism attractions (assets) and related recreational activities;
  - Document current visitation volume and recent visitor flow trends; provide detailed visitor demographic data as available (e.g., % and total number of high end tourists, backpackers, other categories; % and total number of foreign and domestic tourists; age group breakdowns; % and total numbers of visitors participating in key recreational activities such as diving / snorkeling, hiking, birdwatching, etc.)
  - Document acceptable limits of change from visitor impacts, and assess major environmental impact issues (e.g., identify major threats posed by ecotourism, and options for mitigating such threats);
  - Summarize tourism infrastructure issues, including reliability of and access by various modes of transport, communications, accommodations, etc.
  - Describe the quality and breadth of existing visitor services, and recommend measures for upgrading such services;
  - Identify major obstacles to expanding visitation and recommend measures for addressing such obstacles as appropriate (e.g., more trained guides, expansion of accommodations);
  - Describe any existing tourism-based finance mechanisms and summarize the success of such mechanisms.
2. Assessment of general conditions for a tourism-based finance programme Describe and analyze key conditions required to put in place an effective tourism-based finance programme, including:
  - Political conditions: Support for tourism-based finance programme of key national government ministries and local government agencies, local communities, domestic tourists, and other important stakeholder groups; support for proprietary income; support for needed infrastructure improvements.
  - Economic conditions: Potential to generate significant revenues; strong willingness of foreign and domestic tourists to pay fees; existence or likelihood of funding for start-up of tourism-based finance programme and needed infrastructure improvements; accounting systems to track and monitor fee collection.

- Legal: Legal regime exists or could be put in place to support tourism-based finance programme (including specific fees such as entrance and concession fees) and to support proprietary allocation of income.
  - Other: Organizational capacity of government to execute tourism-based finance programme, business expertise to operate concessions, ecotourism marketing expertise, overall potential for sustainable tourism to be developed, trained staff.
3. Assess in-depth feasibility of an entrance fee programme
    - If an existing entrance fee is charged, summarize how the programme is structured and document the revenue generation trends; assess the success of the programme.
    - Assess visitor demographic issues correlated with revenue projections and analyze visitor marketing strategies (e.g., raising visitor flow versus attracting higher portions of high-end tourists).
    - Assess the optimal number and location of entrance fee collection points, staffing resources and equipment required, and other practical issues to consider in establishing an entrance fee programme.
    - Evaluate the applicability and revenue potential over a 10-year period of various pricing schemes for determining entrance charges (e.g., peak load pricing, comparable pricing, marginal cost pricing, multi-tiered pricing and differential pricing). Document key assumptions.
    - Recommend an entrance fee pricing scheme and rates, and project 10-year revenue flows. Draw on willingness to pay survey results and vary key parameters (e.g., visitation flows, prices, on-site income retention rates, etc. Document key assumptions.
  4. Assess in-depth feasibility of a concession fee programme
    - If a concession fee programme exists, summarize how the programme is structured and document the revenue generation trends; assess the success of the programme.
    - Assess current business services being provided to visitors (e.g., food, accommodations, equipment rental equipment, etc.); determine which services would be most appropriate for inclusion in a concession fee programme.
    - Evaluate applicability and revenue potential over a 10-year period of various concession fee structures and prices (e.g. auction/bidding for licenses, flat fee, percent of gross receipts, percent of net income).
    - Recommend a concession fee pricing scheme and rate(s), and project 10-year revenue flows. Draw on comparable systems in operation at other protected areas and vary key parameters.
  5. Assess feasibility of other tourism-based finance mechanisms
    - Conduct a coarse assessment of the feasibility of other tourism-based finance mechanisms and recommend which, if any, deserve further in-depth assessment
  6. Financial projections and related issues
    - Conduct a “willingness-to-pay” survey of visitors to help calculate optimal fee pricing.
    - Based on the above, develop 10-year revenue projections drawing from all fee mechanisms determined to be viable or particularly promising.
  7. Next steps Recommend specific next steps for establishing an entrance fee programme.
    - Recommend specific next steps for establishing a concession fee programme.
    - Recommend other specific next steps for implementing a tourism-based finance programme, including sequencing of steps.

Deliverables:

1. Feasibility report. A preliminary report capturing all of the task points outlined above will be submitted to a “Review Team” for comments and discussion prior to the finalization of the report for submission to the contractor. A final report will be submitted in written and electronic form.
2. Contact list. List of key contacts (name, title, address, email, phone number) will be attached to final report.
3. Briefings. Concluding briefings will be provided in [LIST CITIES] to summarize preliminary results for contractor and other interested stakeholders.

Staffing and timetable: The project will be implemented during the period [FILL IN]. A preliminary report will be due on [FILL IN DATE] and a final report will be due on [FILL IN DATE]. The level of effort will require a total of [FILL IN #] consultant days. [IF A TEAM OF CONSULTANTS:] The consulting team will consist of: [FILL IN NAMES, BREAKDOWN OF DAYS AND ROLES]