

# BUILDING A WILDLIFE ECONOMY

**Working Paper 1:  
Developing Nature-Based Tourism  
in Africa's State Protected Areas**

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**GIANTS**  
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# THIS DOCUMENT

This working paper is the first in a series produced by Space for Giants and the United Nations Environment Programme (UN Environment) entitled 'Building a wildlife economy'. The series has been commissioned to inform a framework for the African Union and its member nations for the optimum use of wildlife to diversify and expand their economies, strengthen the livelihoods of their citizens, and achieve ecological resilience in the face of pressing modern social and environmental challenges. Conservation Capital were the lead technical authors of this Working Paper.

## ABOUT US

### SPACE FOR GIANTS

Space for Giants is an international conservation charity that protects Africa's elephants and their habitats while demonstrating the ecological and economic value both can bring. It uses science and best-practice to deliver conservation investment initiatives that attract new funding to under-resourced protected areas. It works with national authorities to strengthen legal action to fight wildlife crime and protect animals in the wild. It uses technology it pioneered to reduce human-elephant conflict, and works with a wide range of individuals including academics, journalists, celebrities, philanthropists, and sportspeople, to bring new supporters to its cause. It is headquartered in Kenya, works in at least eight countries in Africa, and is registered as a charity in the UK and a non-profit in the US. Learn more at [www.spaceforgiants.org](http://www.spaceforgiants.org).

### CONSERVATION CAPITAL

Conservation Capital ([www.conservation-capital.com](http://www.conservation-capital.com)) is a specialist advisory firm focused on conservation business and finance. For the past 15 years, they have advised African governments, protected area authorities, leading NGOs and private sector companies on all aspects of conservation tourism development. With business consultants based in Nairobi, Kampala, Harare and Cape Town, the firm has particular expertise in tourism planning, concession design, private sector tourism partnerships and related financing.

### UN ENVIRONMENT PROGRAMME

The United Nations Environment Programme (UN Environment) is the leading global environmental authority that sets the global environmental agenda, promotes the coherent implementation of the environmental dimension of sustainable development within the United Nations system, and serves as an authoritative advocate for the global environment. Our mission is to provide leadership and encourage partnership in caring for the environment by inspiring, informing, and enabling nations and peoples to improve their quality of life without compromising that of future generations.

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# LIST OF TERMS



- **Consumptive use of wildlife:** human use of wildlife resources involving extracting wildlife from its habitat; activities such as hunting, fishing, and trapping.
- **Domestic tourism:** tourism involving residents of a given country, including foreign residents, traveling within that country.
- **Economic multiplier:** the way in which a change in spending produces an even larger change in wider income.
- **Ecosystem services:** benefits people obtain from ecosystems. Examples include soil formation, raw materials, food, water, hydropower, carbon sequestration, air and water purification, and recreational experiences.
- **Ecotourism:** responsible travel to natural areas that conserves the environment, sustains the well-being of local people and involves interpretation and education (The International Ecotourism Society definition)
- **Foreign Direct Investment (FDI):** an investment made by a firm or individual from one country into business interests in another country. Generally, FDI takes place when an investor establishes foreign business operations or acquires foreign business assets, including establishing ownership or controlling interest in a foreign company.
- **Gross Domestic Product (GDP):** the total value of goods produced and services provided in a country during one year.
- **Meta-analysis:** an examination of data from a number of independent studies of the same subject in order to determine overall trends.
- **Nature-based tourism:** tourism in natural areas, where the principal objective of the visit is enjoyment of nature and wildlife.
- **Protected area:** a clearly defined geographical space, recognised, dedicated and managed, through legal or other effective means, to achieve the long term conservation of nature with associated ecosystem services and cultural values<sup>1</sup>. This report focuses on State Protected Areas.
- **Sustainable Development Goals (SDG):** a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity taking the form of a collection of 17 global goals set by the United Nations General Assembly in 2015 to be achieved by 2030.

Financial values throughout this report are in US Dollars.

<sup>1</sup> <https://www.iucn.org/theme/protected-areas/about/protected-area-categories>



# EXECUTIVE SUMMARY

**Tourism drives 8.5% of Africa's economy, and supports 24m jobs. By 2030, visitors could more than double, to 134m people.**

The global tourism industry accounts for one in ten jobs and 10.4 % of GDP or \$8.8 trillion annually. It accounted for one of every five new jobs created over the last five years, globally. Nowhere on the planet is tourism growing faster than in sub-Saharan Africa, where the number of hotels has doubled in just four years. By 2030 the number of international tourists to Africa is projected to jump from 62m to 134m people. This rate of growth is potentially transformative because already tourism comprises 8.5% of the continent's economy supports 24m jobs.

Wildlife is the single biggest driver for Africa's tourism growth. The United Nations World Tourism Organisation found that 80% of annual sales of trips to Africa were for wildlife watching: people wanting to visit the natural ecosystems that contain some of the last

great wildlife spectacles left on Earth, including populations of terrestrial megafauna that are globally unique. In doing so, these tourists provided a powerful financial boost to the African countries that succeeded in attracting their custom.

The most thorough study conducted into the financial impact of nature-based tourism<sup>2</sup> has found Africa's 8,400 Protected Areas are generating \$48 billion in direct in-country expenditure. This demonstrates that significant financial opportunity is available to the African governments that protect, market, and develop their natural assets in the right way for the tourism market – and that financial opportunity is only predicted to grow significantly.

This Working Paper addresses the economic value of nature-based tourism

in African State Protected Areas. Its authors have sought to demonstrate the elements required to create an enabling environment for sustainable nature-based tourism. It is the first in a series produced by Space for Giants and its partners, entitled 'Building a Wildlife Economy'. This body of work will inform African Union member nations on the potential use of wildlife to diversify and grow their economies, strengthen rural livelihoods, and achieve vital ecological resilience in the face of pressing social and environmental challenges.

The research undertaken for this Working Paper revealed that while Africa's unique diversity of wildlife and habitat has the potential to radically transform the continent's economy, this exceptional asset is being rapidly degraded. For example Africa's Protected Area Network is underfunded by up to ten times the required level. One recent study, warned as much as \$2 billion more is needed if the continent's surviving lions are to be maintained. There is an urgent need to identify sustainable funds

<sup>2</sup> Bertzky et al., (2017), European Commission, Joint Research Centre, Science for the AU-EU Partnership: building knowledge for sustainable development, Publications Office of the European Union, Luxembourg.



to maintain the natural landscapes that are not only driving Africa's economy but are also supporting the ecosystem services on which all life on Earth depends.

Nature-based tourism is not only a solution to this funding gap but if implemented correctly, it has the potential to significantly improve the livelihoods of citizens. This is for several reasons:

1. Tourism leverages key assets of the rural landscapes where the majority of Africans live
2. It generates 40% more full-time jobs than the same investment in agriculture
3. It has twice the job creation power of the automotive, telecommunications and financial industries
4. It provides significantly more job opportunities for women compared to other sectors.

Furthermore nature-based tourism is also a major multiplier in terms of wider economic impacts. A meta-analysis shows that for every \$1 of direct spending in protected areas, including park fees, lodge nights, activities booked at lodges/camps and so on, an additional \$0.79 is spent in the local economy. In some countries this wider impact is far higher. For example a recent analysis shows that for every \$1 spent by a leisure tourist in Uganda, an additional \$2.5 in GDP is generated.

A number of governments have taken the steps necessary to realise the transformative opportunity presented by nature-based tourism. In Rwanda, for example, only 1,000 tourists visited national parks in 1999. Now, after the Government established a Tourism Plan and associated enabling environment, there are more than 94,000 tourists, the sector provides work for 410,000 people, and 15% of tourism revenues are directed

towards community development around national parks.

Outside Africa, Costa Rica has become an inspiration for other countries after it committed itself to a long-term national nature-based tourism plan. Today, despite accounting for only 0.03% of Earth's land area, it attracts 2.3m tourists a year, generates \$7.5 billion annually, and through its 'Forever Costa Rica' initiative has secured the long term financing to maintain its Protected Area Network.

The objective of this Working Paper is not only to demonstrate the value of nature-based tourism as part of a wildlife economy. It is also to provide a roadmap for African countries to achieve optimum economic, social, and environmental benefits through tourism. It does so by setting out a seven-step Toolkit that, when implemented, will create an enabling environment to attract investment into the sector.

Every step has been informed by thorough analysis of the policies and procedures utilised by various African protected area authorities for developing nature-based tourism and, if adopted, can boost investment by up to 11 times in a single protected area. Annex 2 of this Working Paper provides worked examples where the Toolkit has been applied to protected areas in countries with high performing, growing and potential destinations.

This first Working Paper of the series does not consider the role of consumptive utilisation; the importance and effective distribution of benefits to citizens from wildlife-based enterprises; the emerging opportunity and design considerations of private-public partnerships to optimise Protected Area Management; or the value of ecosystem services within protected areas. These will be considered in the other Working Papers under development.

It is our hope that Africa's national governments will now unlock the financial opportunities available by creating an enabling environment we have identified through the adoption of this Toolkit, and that bilateral agencies, commercial and impact investors, and the world's philanthropists invest in the application of this Toolkit to help deliver major economic, social and environmental benefits.

At present few of Africa's protected areas are meeting their potential as engines for tourism growth. This presents a challenge but also a major opportunity for the continent's governments because, if cared for and developed sustainably, Africa's protected areas are national assets that can provide significant financial and social returns not only in the short term but for centuries to come. This Working Paper details how that can be done.



# 1

# THE ECONOMIC IMPACT OF NATURE-BASED TOURISM IN AFRICA'S STATE PROTECTED AREAS

## 1.1. AFRICA'S PROTECTED AREA NETWORK

The International Union for the Conservation of Nature (IUCN) defines a protected area as “a clearly defined geographical space, recognised, dedicated and managed, through legal or other effective means, to achieve the long term conservation of nature with associated ecosystem services and cultural values”<sup>3</sup>.

There are more than 8,400 such protected areas in Africa (Fig. 1), under state, private, or communal control, or a combination of these (Fig. 2). Their combined 4.3m sq kilometres make up 13.8% of the continent's land area, equating to half the size of the United States<sup>4</sup>. Although it draws on examples from other categories, the focus of this Working Paper is on opportunities and applications for the 4,128 terrestrial protected areas under national government control, together covering 2m sq kilometres or 6.7% of Africa's land mass.

African protected areas are globally unique in the diversity of habitats and density of wildlife they support. The continent hosts one third of the planet's biodiversity and is rich with endemic species. One quarter of the planet's mammalian species and a fifth of all bird species occur in Africa<sup>8</sup>. However, habitat loss, overexploitation of natural resources, fragmentation or isolation as a result of human activity, including logging, agriculture and hunting<sup>9</sup>, increasingly threatens Africa's protected areas.

Figure 1: Protected area coverage across African nations<sup>5</sup>. UNEP-WCMC and IUCN (2019)

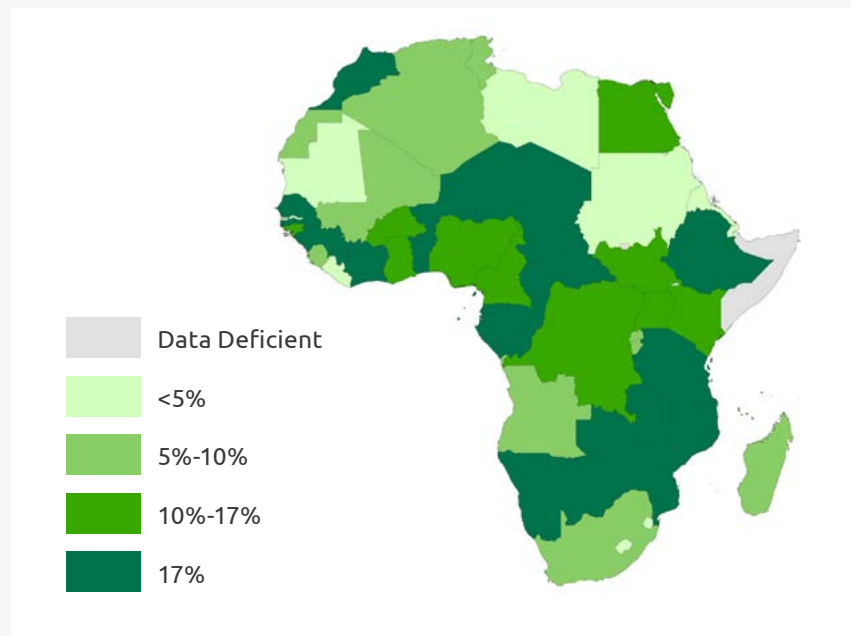
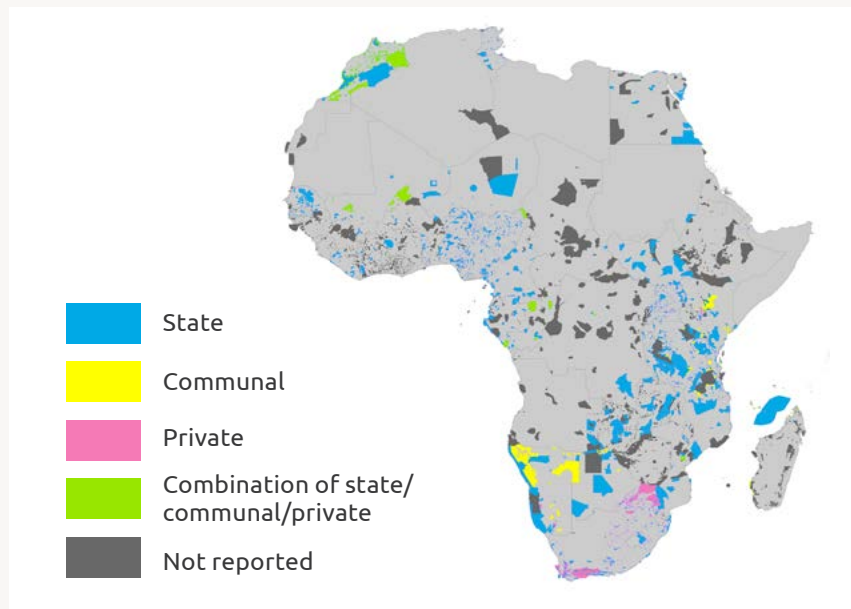


Figure 2: Tenure of Africa's Protected Areas<sup>6,7</sup>



<sup>3</sup> <https://www.iucn.org/theme/protected-areas/about/protected-area-categories>

<sup>4</sup> UNEP-WCMC and IUCN (2019), Protected Planet: The World Database on Protected Areas (WDPA) [On-line], March 2019, Cambridge, UK: UNEP-WCMC and IUCN. Available at: [www.protectedplanet.net](http://www.protectedplanet.net).

<sup>5</sup> *Ibid*

<sup>6</sup> *Ibid*

<sup>7</sup> This is not comprehensive as not all communal protected areas are recorded within the World Database on Protected Areas

<sup>8</sup> Fitzgerald, K. 2015. Habitat Loss: Wildlife's Silent Killer and the Central Role Protected Areas Play on Biodiversity Protection in Africa. In G. Wuerthner, E. Crist and T. Butler, Protecting the Wild: Parks and Wilderness, the Foundation for Conservation

<sup>9</sup> Tranquilli S, Abedi-Lartey M, Abernethy K, Amsini F, Asamoah A, Balangtaa C, et al. (2014) Protected Areas in Tropical Africa: Assessing Threats and Conservation Activities. PLoS ONE 9(12): e114154. <https://doi.org/10.1371/journal.pone.0114154>





Many governments have scaled back protection<sup>10,11</sup>, and today many species of African large terrestrial mammals face extinction as their populations decline and their geographic ranges collapse<sup>12,13</sup>. This degradation of protected areas is having major social and economic consequences, for example as sources of water are undermined and as erosion, climate change and human-wildlife conflict are increasing.

Governments tend not to fund their State Protected Areas adequately because of competition for limited resources with immediate social needs like education and health, and because government bureaucracy tends to consider protected areas as environmental rather than economic assets<sup>14</sup>.

One estimate calculated that some receive less than one-tenth of the money they need<sup>15,16</sup>. These budgeting

shortfalls<sup>17,18</sup> increase dependence on international finance<sup>19,20</sup>, and despite generating some income, Africa's protected areas are mostly today subsidised by a mix of governments and private and non-governmental organisations with an interest in conservation.

In South Africa for instance, state protected areas received \$20m in public funding in 2006<sup>21</sup>. This lack of sustainable funding undermines the aim of protecting these areas in the first place, which is to conserve the species and habitats they support<sup>22,23</sup>. For example, a recent study estimated that maintaining lion populations in Africa's protected areas needed an extra \$800m to \$2 billion annually<sup>24</sup>.

However there is a lack of reliable data on the revenues that Africa's protected areas generate, and few

evaluations of their economic impact, with the absence of peer reviewed methodologies meaning those that do exist lack credibility<sup>25</sup>. Therefore the true value of the continent's nature-based tourism is poorly understood<sup>26</sup>. African governments recognised this information gap in the Abuja Call for Action for the Development of Tourism Statistics in Africa<sup>27</sup>.

In this Working Paper, we make a case for increasing investment in nature-based tourism in Africa's State Protected Areas in a way that supports wildlife and their habitats. Communally-owned protected areas and the ways in which their wildlife and habitats can be managed by, and benefit, their communities will be addressed in a subsequent working paper in this series.

<sup>10</sup> <https://www.conservation.org/projects/Pages/PADDD-Protected-Area-Downgrading-Downsizing-Degazettement.aspx>

<sup>11</sup> Mascia, M, Pailler, S., Kritihivasan, R, Roshchanka, V., Burns, D., Mlotha, M., Murray, D., and Peng, N. (2014) Biological Conservation 169, 355-361

<sup>12</sup> Craigie, I.D., Baillie, J.E.M., Balmford, A. (2010) Large mammal population declines in Africa's protected areas. Biol Conserv 143:2221-2228

<sup>13</sup> Bobe, R., Carvahlo S., (2018). The decline of Africa's largest mammals. Science 362, Issue 6417, pp. 892-893

<sup>14</sup> Wilkie, D., Carpenter, J.F., Zhang Q. (2001) The under-financing of protected areas in the Congo Basin: so many parks and so little willingness-to-pay. Biodivers Conserv 10:691-709.

<sup>15</sup> Coad L., Burgess N., Geldmann J., Leverington F., (2019), Widespread shortfalls in protected area resourcing undermine efforts to conserve biodiversity. Frontiers in Ecology and the Environment.

<sup>16</sup> Lindsey P., Miller J., Petracca L., Coad L., et al. (2018), More than \$1 billion needed annually to secure Africa's protected areas with lions. PNAS.

<sup>17</sup> Bruner, A.G., Gullison, R.E. & Balmford, A. (2004) Financial costs and shortfalls of managing and expanding protected-area systems in developing countries. AIBS Bulletin, 54, 1119-1126.

<sup>18</sup> McCarthy, D.P., Donald, P.F., Scharlemann, J.P., Buchanan, G.M., Balmford, A., Green, J.M., et al. (2012) Financial costs of meeting global biodiversity conservation targets: current spending and unmet needs. Science, 1229803.

<sup>19</sup> Miller, D.C., Agrawal, A. & Roberts, J.T. (2013) Biodiversity, Governance, and the Allocation of International Aid for Conservation: Biodiversity Aid Allocation. Conservation Letters, 6, 12-20.

<sup>20</sup> Waldron, A., Moers, A.O., Miller, D.C., Nibbelink, N., Redding, D., Kuhn, T.S., et al. (2013) Targeting global conservation funding to limit immediate biodiversity declines. Proceedings of the National Academy of Sciences, 110, 12144-12148.

<sup>21</sup> Mansourian S., Dudley N. (WWF), Public Funds to Protected Areas, 2008.

<sup>22</sup> Leverington, F., Costa, K.L., Pavese, H., Lisle, A. & Hockings, M. (2010) A Global Analysis of Protected Area Management Effectiveness. Environmental Management, 46, 685-698.

<sup>23</sup> Craigie, I.D., Baillie, J.E.M., Balmford, A., Carbone, C., Collen, B., Green, R.E. & Hutton, J.M. (2010) Large mammal population declines in Africa's protected areas. Biological Conservation, 143, 2221-2228.

<sup>24</sup> Lindsey, P. A., Miller, J. R., Petracca, L. S., Coad, L., Dickman, A. J., Fitzgerald, K. H., ... & Knights, K. (2018). More than \$1 billion needed annually to secure Africa's protected areas with lions. Proceedings of the National Academy of Sciences, 115(45), E10788-E10796.

<sup>25</sup> Chidakel, A and Child, B (2019) Evaluating the economic impacts of park-based tourism using a grounded approach for South Luangwa National Park in Zambia. Under review.

<sup>26</sup> Price, R. (2017) The contribution of wildlife to the economies of sub-Saharan Africa. Help Desk Report. Institute of Development Studies.

<sup>27</sup> [http://cf.cdn.unwto.org/sites/all/files/pdf/abuja\\_call\\_for\\_action-final\\_rev1-13.06.2018.pdf](http://cf.cdn.unwto.org/sites/all/files/pdf/abuja_call_for_action-final_rev1-13.06.2018.pdf)

## 1.2. WHY NATURE-BASED TOURISM?

For the purposes of this Paper, we define nature-based tourism as tourism in natural areas, specifically protected areas, where the principal objective of the visit is enjoyment of nature and wildlife. The definition excludes tourism to protected areas for 'consumptive use' of wildlife, for example trophy hunting<sup>28</sup>. This report focuses only on 'non-consumptive' nature-based tourism.

Globally, nature-based tourism is increasingly important. While more recent data on growth is difficult to find, nature-based tourism was estimated to be growing at 10% to 12% per annum in 2004<sup>29</sup>, significantly greater than 3.9% for the tourism sector as a whole<sup>30</sup>. A number of global trends are driving this growth: increased interest in nature among travellers; increased awareness of destinations through the internet and social media marketing; new source markets; and product innovation.

The unique diversity and density of species and habitats in Africa's protected areas serves as a major draw for international and domestic tourists, and represents a competitive advantage to African countries competing in the global nature-based tourism market. Over the long term, however, that competitive advantage depends on effectively maintaining and, in some cases restoring, protected areas.

This Working Paper is the first in a series. It takes as its focus the financial benefits to governments and businesses that can be generated by well-structured and planned nature-based tourism in Africa's State Protected Areas (see Part 3). These include direct earnings from gate or park fees, accommodation, food, transport, activities, airfares, and arrival/departure fees. They



also include goods and services sold by local supply chains, employment, foreign currency inflows, and tax revenue that supports local and national services, and spin-off businesses.

Whilst not the focus of this Working Paper, conservation also has major indirect benefits to national economies and citizens through ecosystem services. For example, Ethiopia's 39,000 sq kilometre protected area network provides \$938m in carbon sequestration services and \$432m in watershed services<sup>31</sup>.

<sup>28</sup>This will be covered in Working Paper 3 on consumptive-utilisation.

<sup>29</sup>TIES Factsheet, The International Ecotourism Society, 2004, <https://www.researchgate.net/file.PostFileLoader.html?id=588b6d97dc332df626666ab4&assetKey=AS%3A455170728435714%401485532566915>

<sup>30</sup>World Travel and Tourism Council, Economic Impact Report, 2004

<sup>31</sup>The Value of the Ethiopian Protected Area System: Message to Policy Makers Ethiopian Wildlife Conservation Authority (EWCA), retrieved from <https://www.cbd.int/financial/values/ethiopia-valueprotectedareas.pdf>



## CASE STUDY 1:

# OL PEJETA

## CONVERTING WILDLIFE-BASED TOURISM INTO TAX REVENUE AND JOBS



Ol Pejeta Conservancy is a 360-sq-kilometre not-for-profit wildlife conservancy in Laikipia County, Kenya. It has been transformed from a privately-owned cattle ranch with overgrazed rangelands into a thriving global and domestic tourism attraction that also boasts sustainable and commercially viable livestock production. In 2017, Ol Pejeta Conservancy generated more than \$3m in tourism revenue and \$1.8m from commercial farming.

Ol Pejeta hosts the 'Big Five' including the largest population of black rhinos in East Africa, and a recovering population of endangered African wild dog. It is a significant local taxpayer and employer: It paid \$940,000 in tax to Laikipia County - 1% of the county's total tax revenues - and an additional \$180,000 in tax to the national exchequer. Ol Pejeta spent \$660,000 on community projects that year, and employs approximately 900 people.

To achieve this, Ol Pejeta capitalised on:

**Strong domestic demand:** The Conservancy and carefully selected companies operating lodges there target a mix of international and domestic visitors, and Kenyans and foreigners resident in Kenya make up more than half of Ol Pejeta's visitors: 54% in 2017, and 59% in 2016. The conservancy also attracts a high number of school and university students (28% of 2017 visitors).

**High-quality wildlife product:** Ol Pejeta boasts some of Kenya's best wildlife viewing experiences outside of the Maasai Mara, including the strong black rhino population and the world's last two remaining northern white rhinos.

**Successful market segmentation:** Ol Pejeta has a full spectrum of accommodation options, starting at \$45-a-night cabins to high-end lodges and camps charging up to \$600 per

person per night. Selecting the right operators, smart marketing, and careful planning and zoning across the conservancy (see Part 3 of this report) ensures that high-end tourism has a degree of exclusivity, with high profile African operators such as Gamewatchers, Asilia, Serena, and Kicheche represented in the conservancy.

**Easy access:** Daily scheduled flights from the capital, Nairobi, operate to Nanyuki airport, a 45-minute drive from Ol Pejeta. Driving from Nairobi takes approximately three hours, with all but the last 13km on well-maintained asphalt road.

**Effective management:** In 2014, Ol Pejeta became one of the first conservancies in Africa to be given Green List status by IUCN, a programme of certification for protected and conserved areas that are effectively managed and fairly governed.

## 1.3. THE ECONOMIC VALUE OF NATURE-BASED TOURISM

Tourism was the second-largest generator of Foreign Direct Investment (FDI) globally, attracting \$807 billion or 4.4% of total investment in 2016<sup>32</sup>. The industry's contribution to GDP has increased over the past decade and is expected to grow further<sup>33</sup>. Africa is one of the world's fastest-growing regions for travel and tourism<sup>34</sup>. International tourist arrivals to sub-Saharan Africa rose 4% to 42.4m in 2017, and generated an estimated \$34.4 billion in receipts<sup>35</sup>.

Private sector interest is illustrated by the growth in the number of hotels in Africa: between 2012 and 2016, this number increased from 177 to 365<sup>36</sup>. According to recent projections, annual consumer spending on tourism, hospitality and recreation in Africa will grow from \$124 billion in 2015 to \$262 billion by 2030<sup>37</sup>, with international

tourist arrivals expected to reach 134m people<sup>38</sup>.

Tourism is also a significant source of jobs and foreign exchange flows for African countries: in Kenya, tourism accounts for 9% of GDP and 15% of exports, generating 1.1m jobs or 8% of total employment<sup>39</sup>; in Rwanda, tourism accounts for 15% of GDP and 40% of exports, supporting 410,000 jobs, or 13% of total employment (Fig. 3)<sup>40</sup>.

Expanding sustainable tourism is among the Sustainable Development Goals<sup>42</sup>, and part of the United Nations' 2030 Agenda for Sustainable Development. The New Partnership for Africa's Development (Nepad) in its Tourism Action Plan, and the Gaborone Declaration for Sustainability in Africa, both recognise tourism as a means to

achieve sustainable employment, food security, sustainable energy, and to protect natural heritage (Annex 1).

The positive impact of sustainable tourism may be particularly felt in rural areas, where most Africans live<sup>43</sup>, because it:

- Capitalises on key assets of rural communities: culture, landscapes, temperate climate and wildlife.
- Provides 40% more formal full-time jobs than the same investment in agriculture<sup>44</sup>.
- Creates twice as many jobs as the automotive, telecommunications and financial industries<sup>45</sup>.
- Employs more women compared to most other sectors: In sub-Saharan Africa, 31% of tourism jobs are held by women compared to 20% of general employment<sup>46</sup>.

### TOURISM ECONOMIC IMPACT

#### KENYA

- 9% of GDP
- 15% of exports
- 8% of total employment

#### RWANDA

- 15% of GDP
- 40% of exports
- 13% of total employment

Nature-based tourism accounts for a large share of the economic contribution provided by the overall tourism industry in Africa. Four of every five tourists buying holidays to Africa came for wildlife-watching, according to a 2015 UN World Tourism Organisation survey of 48 governmental institutions from 31 African countries and 145 tour operators selling trips to Africa<sup>47</sup>.

Protected areas in Africa generated 69m annual recreational visits mainly by international tourists, generating \$48 billion in direct in-country expenditure, a recent study found<sup>48</sup>. Visits to protected areas are increasing globally and are projected to increase further<sup>49</sup>.

In 2015, entrance, gate or park fees from all types of protected areas in just 14 countries in sub-Saharan Africa were estimated at \$142m per year<sup>50,51</sup>, while across a sample of African countries, visitors on wildlife-watching tours

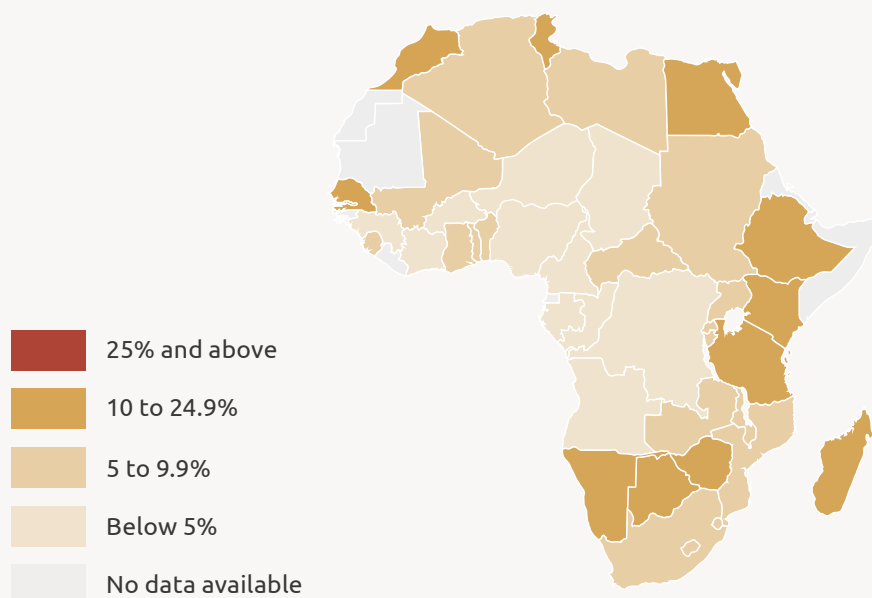


Figure 3: Tourism contribution to GDP in Africa<sup>41</sup>



## Protected areas in Africa generated 69m annual recreational visits mainly by international tourists, generating \$48 billion in direct in-country expenditure

spent an average of \$433 per person per day on tours and an additional \$55 in out-of-pocket spending<sup>52</sup>. Nature-based tourists also generate more revenue than business or general leisure visitors: every \$1 spent by a tourist visiting Uganda to view wildlife of nature led to an additional \$2.5 in GDP<sup>53</sup>.

A meta-analysis estimated that for every \$1 of direct spending from nature-based tourism in all types of protected areas in Africa (including park fees, bed-nights, wildlife-watching activities) an

additional \$0.79 would be generated in the local economy<sup>54</sup>.

This mean multiplier of **1.79** exceeds an alternative estimate of 1.11 from a global meta-analysis of economic impact of tourism in protected areas/nature-based attractions<sup>55</sup>, implying that more of the value of spending is captured locally in Africa than elsewhere. In reality multipliers vary depending on the make-up of the local economy around protected areas, and the type of protected area.

For this broad analysis, however, it seems appropriate and may indeed be conservative with respect to potential national economic benefits, given the local focus. For example, the World Travel and Tourism Council estimate an average global GDP multiplier for travel and tourism at 3.2<sup>56</sup>. Globally, countries tend to focus on international tourism due to the foreign revenue it earns<sup>57</sup>. However, domestic and intra-regional or continental tourism plays an important role in regional economic growth and development.

The opportunity for a strong domestic tourism industry is driven by factors such as increasing personal wealth, spending power, government initiatives, and transport infrastructure<sup>58</sup>. Several African countries experienced increases in both GDP per capita and domestic spending in the years 2008 to 2017, including Rwanda, Mozambique, Tanzania and the Ivory Coast<sup>59</sup>. Notably, Rwanda domestic spending has grown at 14% annually for each of the last ten years, enabled by prioritising sustainable tourism. This has had tangible impacts in terms of community development and conservation.

While in many developing countries domestic tourism tends to be small in absolute terms, the rate of growth of travel and tourism domestic spending is high<sup>60</sup>. Four out of ten international tourists in Africa come from the continent. In sub-Saharan Africa, two out of three tourists originate from the continent<sup>61</sup>.



<sup>52</sup>Twining-Ward et al., L., Li, W., Bhammar, H., Wright, E. (2018) Supporting sustainable livelihoods through wildlife tourism. World Bank Report, 2018

<sup>53</sup>World Travel and Tourism Council, Travel & Tourism Economic Impact Report 2018 Africa,

<sup>54</sup>World Travel and Tourism Council, Economic Impact Report, 2019, <https://www.wttc.org/about/media-centre/press-releases/press-releases/2019/african-tourism-sector-booming-second-fastest-growth-rate-in-the-world/>

<sup>55</sup>World Bank Database, <https://data.worldbank.org/indicator/ST.INT.RCPT.CD?locations=ZG>

<sup>56</sup>Signé, L. (2018) Africa's tourism potential: trends, drivers, opportunities and strategies. Africa Growth Initiative. Available at: <https://allafrica.com/download/resource/main/main/datcs/00121020:b944a94427d52ad3a96bcf60ee935d9.pdf>

<sup>57</sup>Ibid.

<sup>58</sup>African Development Bank Group (2018) Africa Tourism Monitor The High 5s - tourism as a Pathway to Industrialization, Integration, Quality of Life, Agriculture, and Powering up Africa. Abidjan, Cote d'Ivoire. Available at: [https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Africa\\_Tourism\\_Monitor\\_2018.pdf](https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Africa_Tourism_Monitor_2018.pdf)

<sup>59</sup>World Travel and Tourism Council (2019) <https://www.wttc.org/about/media-centre/press-releases/press-releases/2019/kenya-tourism-exceeding-global-and-regional-levels-in-2018/>

<sup>60</sup>World Travel and Tourism Council (2019) <https://www.wttc.org/about/media-centre/press-releases/press-releases/2019/an-inspirational-story-of-recovery-and-transformation-rwanda/>

<sup>61</sup>United Nations Conference on Trade and Development, 2015

<sup>62</sup>Transforming our world: the 2030 Agenda for Sustainable Development', Available at: <https://sustainabledevelopment.un.org/post2015/transformingourworld>

<sup>63</sup>World Bank database, 2018

<sup>64</sup>World Economic Forum. (2012). Africa Competitiveness Report 2011, <https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Africa%20Competitiveness%20Report%202011.pdf>.

<sup>65</sup>World Travel and Tourism Council (2017) "Global Benchmarking Report 2017"

<sup>66</sup>World Tourism Organization (UNWTO) (2011) Global Report on Women in Tourism 2010

<sup>67</sup>World Tourism Organization (2014), Towards Measuring the Economic Value of Wildlife Watching Tourism in Africa - Briefing Paper, UNWTO, Madrid. Note: Countries included were Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cabo Verde, Chad,

Congo, Ivory Coast, Democratic Republic Congo, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Kenya, Lesotho, Malawi, Mali, Mauritania, Mozambique, Niger, Senegal, Seychelles, Sierra Leone, South Africa, Swaziland, Uganda, United Republic of Tanzania and Zimbabwe. Egypt and Morocco are not on the list, which could be distorting the percentage of total annual sales of trips for wildlife watching

<sup>48</sup>Bertzky et al., (2017), European Commission, Joint Research Centre, Science for the AU-EU Partnership: building knowledge for sustainable development, Publications Office of the European Union, Luxembourg.

<sup>49</sup>Balmford A, Beresford J, Green J, Naidoo R, Walpole M, (2009) A Global Perspective on Trends in Nature-Based Tourism. PLoS Biol 7(6): e1000144.

<sup>50</sup>World Tourism Organization (2014), Towards Measuring the Economic Value of Wildlife Watching Tourism in Africa - Briefing Paper, UNWTO, Madrid.

<sup>51</sup>This figure is likely to be higher as based on a small number of countries

<sup>52</sup>World Tourism Organization (2014), Towards Measuring the Economic Value of Wildlife Watching Tourism in Africa - Briefing Paper, UNWTO, Madrid.

<sup>53</sup>Worldbank, 2013. Economic and Statistical Analysis of Tourism in Uganda.

<sup>54</sup>Naidoo, R., Fisher, B., Manica, A. and Balmford, A., 2016. Estimating economic losses to tourism in Africa from the illegal killing of elephants. Nature communications, 7, p.13379

<sup>55</sup>van Leeuwen, E.S., Nijkamp, P. and Rietveld, P., (2009). A meta-analytic comparison of regional output multipliers at different spatial levels: economic impacts of tourism. In Advances in tourism economics

<sup>56</sup>WTTC (2012), The Economic Advantages of Travel & Tourism.

<sup>57</sup>World Travel and Tourism Council (2018) Domestic Tourism - Importance and Economic Impact. Available at: <https://www.wttc.org/-/media/files/reports/2018/domestic-tourism-importance-economic-impact-dec-18.pdf>

<sup>58</sup>Ibid.

<sup>59</sup>Ibid.

<sup>60</sup>Ibid.

<sup>61</sup>The Economic Development in Africa Report 2017: Tourism for Transformative and Inclusive Growth (2017). United Nations Conference on Trade and Development.

## 1.4. BRAND VALUE OF NATURE-BASED TOURISM

Recent decades have seen strong “country brands” emerge where nature, and nature-based tourism, are used to promote national values, appeal to investors, and generally increase the country or region’s international profile<sup>62</sup>(Fig. 4).

Growth in tourism is typically accompanied by better economic performance overall: those countries with well-developed tourism sectors score better in a range of economic metrics including Foreign Direct Investment, exports, and employment<sup>63</sup>. The positive perceptions that nature-based tourism branding generates therefore represent an important opportunity for African countries to market themselves to the world, and deliver a wider economic and political agenda (Case Study 2).



### SOUTH AFRICA

“From dramatic mountains, sub-tropical rainforests and wildlife-rich savannahs to buzzing cities, endless beaches and a rich cultural history - South Africa is a country of astounding diversity, with an incredible variety of landscapes, wildlife and culture.”



### BOTSWANA

“Botswana is a rarity in our overpopulated, over-developed world. Untamed and untameable, it is one of the last great refuges for Nature’s magnificent pageantry of life.”



### KENYA

“An authentic, credible brand for the country that establishes our uniqueness in the global arena. Athletics, culture, tourism, horticulture, development in ICT, telecommunication, education and our heritage can contribute generously towards improving the country’s attractiveness to holiday makers, nature conservationists, artists, investors and other nationals who would like to make Kenya their home.”

Figure 4. Examples of national tourism and brand marketing, with text taken from relevant promotional campaigns

<sup>62</sup>Pitt, L.F., Opoku, R., Hultman, M., Abratt, R. and Spyropoulou, S., (2007). What I say about myself: Communication of brand personality by African countries. *Tourism Management*, 28(3), pp.835-844.

<sup>63</sup>Team Analysis, World Bank Data



## CASE STUDY 2:

# RWANDA

## REFORMING A NATIONAL BRAND TO BECOME A NATURE-BASED TOURISM DESTINATION

In 1999, fewer than 1,000 tourists visited Rwanda's national parks. In 2017, that number was above 94,000, helping propel the country to a Leadership Award from the World Travel & Tourism Council. Rwanda has radically changed and improved its national image to one that focuses on its support for its wildlife and people. The strategy behind that shift included:

### Improving the image of tourism

**domestically:** After tourism plans were adopted in the early 2000s, a national media campaign sought to persuade Rwandans of tourism's benefits. Today, one in 20 Rwandans works in tourism - 410,000 people - and 15% of tourism revenues are spent on infrastructure around national parks to benefit the people who live there.

### Improving Rwanda's international

**reputation:** Rwanda contracted international public relations and marketing agencies in Britain and the USA, and was featured in numerous television documentaries and earned positive coverage in several hundred international press publications. Its plastic bag ban and mandatory monthly national clean-up day also burnished its international reputation. Rwanda is now widely seen as extremely clean and safe. In 2018, Visit Rwanda signed a three-year \$38m sponsorship deal with Arsenal Football Club for its branding to appear on their match shirts.

**Easing access to the country:** Since 2018, visitors from every country in the world are eligible for a 30-day visa on arrival that costs only \$30. RwandaAir, the national carrier, embarked on a very significant investment plan that resulted in new routes to Europe and the US and a doubling of their fleet. Lastly, a new



airport south of Kigali (Bugesera) is due to be completed during 2019.

### Capitalising on exceptional

**wildlife:** Rwanda is primarily known for its primates, especially mountain gorillas. It now also boasts black rhinos, following a translocation with African Parks overseen by the Rwanda Development Board, as well as the rest of the "Big Five" and roughly 700 bird species, and landscapes ranging from savannah to mountain rainforest.

**Unique marketing:** Each year, Rwanda hosts a naming ceremony for newborn gorillas. Celebrities, politicians, and investors are invited to take part and thousands of people attend this well-organised unique event. No other country in the world does this.

### Targeting higher-spending

**customers:** The price of gorilla permits, the country's main wildlife tourist product, has been raised multiple times in a deliberate bid to target high-income visitors: from \$375 per person in 2007, a permit now costs \$1,500, having

doubled in 2017. Since 2016, luxury lodge and hotel chains including One&Only, Wilderness Safaris, and Radisson Blu have opened properties in the country, with others, including Singita, planning new openings imminently.

**Making it easier to do business:** It took 354 days to register a company in Rwanda in 2005, and cost more than 300% the annual per capita income. In 2018, these numbers were 7% and 15% respectively, leading the World Bank to rank Rwanda as the second easiest place to do business in Africa, after Mauritius.

Rwanda earned \$438m from mostly nature-based tourism in 2017, which was 5% of GDP. By 2024, it aims to almost double that to \$800m. To achieve this, Rwanda must carefully manage its dependency on gorilla-tracking, which generates about 90% of national park revenues, and actively diversify its products by developing responsible tourism in other Protected Areas.

# 2

## THE FUTURE POTENTIAL OF NATURE-BASED TOURISM IN AFRICA'S STATE PROTECTED AREAS

### 2.1. THE FRAGILE VALUE OF AFRICA'S PROTECTED AREAS

The economic impact of nature-based tourism in Africa's State Protected Areas, while significant, could be much greater. It could expand into new countries and regions, including new locations in High Performing Destinations where in some cases tourism is concentrated in only a few high-profile areas. It could generate the funding needed to manage and support the continent's network of protected areas, as well as unlock the wider economic, social and environmental benefits these areas can provide.

However, this could take decades. Important areas could be lost before their value is recognised. Evidence suggests widespread downgrading, downsizing, and degazettement of protected areas is already occurring in Africa<sup>64,65</sup> and other development opportunities threaten their natural capital<sup>66</sup>. This could cause irreparable damage to future economic prospects for nature-based tourism.

With their abundance and diversity of natural assets, African countries are well positioned to individually and collectively increase their share of the rapidly growing global nature-based tourism market. There is significant potential for countries to align strategies and expand their nature-based tourism sectors. This would support twin objectives of protecting biodiversity and ecosystem services, while also driving economic development, ensuring equitable sharing of benefits, and supporting a pan-African growth agenda.

### 2.2. MARKET TRENDS

Tourism is one of the largest economic sectors in the world and is undergoing major structural changes as global economies evolve, most significantly noted with the rise of new economies in Asia, Africa, and Latin America. These trends will have significant impacts on opportunities for nature-based tourism<sup>67,68,69,70</sup>:

#### CURRENT GLOBAL TRENDS IN THE TOURISM SECTOR

##### Traditional Source Markets

Nature-based tourism in Africa has historically been built around long-haul source markets in Europe, North America and Australasia/Japan, with a strong emphasis on viewing wildlife, particularly the best-known African mammals. The so-called "traditional" source markets still account for the most significant share of tourism in most African countries. However Africa as a destination still accounts for a small share of the global market. There are significant opportunities for African countries to increase their market share in traditional source markets, capitalising on historic ties and an already strong reputation for nature tourism.

##### New International Markets

New markets in Asia (particularly China and India) are increasingly important, as a large upper middle-class emerges with growing wealth, mobility, and an interest in global travel. These new markets account for an expanding share of leisure tourism in some African countries, with a large proportion again choosing to visit to experience nature. China is now the leading source market for nature tourism globally, accounting for 17% of the international market followed by the United Kingdom (11%), New Zealand (10%) and the USA (9%). India is the second-fastest growing outbound travel market in the world, predicted to reach 50 million international visits by 2020.

##### Domestic and Regional Tourism

African nature-based tourism has historically focused on visitors from outside the continent, but growth of African markets is an important medium-term trend. This is being driven by increased wealth and mobility among a growing African middle class that will have an estimated projected spending power of \$2.6 trillion by 2030. Demand is currently concentrated in key African city-hubs, such as Nairobi, Lagos and Johannesburg, driven by growing pan-African consciousness and an interest in regional travel. Attracting these domestic and regional tourists to nature-based holidays will need investment in both supply - creating new nature-based products that appeal to a domestic audience - and demand - marketing Africa's nature products to local and regional markets. Increasing access to and reducing the costs of intra-African air routes, and removing travel barriers especially visa requirements between African states, will accelerate this growth.



## 2.3. NEW DESTINATIONS

Despite the positive impacts of nature-based tourism, Africa still accounts for a disproportionately small share of the global overall tourism market. In 2016, 62m people visited Africa, only a little over 5% of the estimated 1.2 billion people who traveled globally that year<sup>71</sup>.

The bulk of those visitors - 59% - travelled to one of just four countries: Egypt, Morocco, Tunisia, and South Africa, a highly unequal continental distribution<sup>72</sup>, and one where only one country, South Africa, received significant visitors for nature-based tourism. It is clear that with the exception of a few countries, Africa is not yet realising the potential economic benefits of tourism as a whole, and of nature-based tourism in particular. This presents a significant opportunity for African Governments.

This report identifies three broad categories for developing nature-based tourism in African State Protected Areas: high performing destinations, growing destinations, and potential destinations.

### HIGH PERFORMING DESTINATIONS:

Significant steps taken towards maximising nature-based tourism potential (Case Study 3), with significant scope for growth remaining (Annex 2). Eg. Rwanda, Kenya, South Africa, Zimbabwe. 2 - 5 million protected area visits per year. Estimated receipts: up to \$90m

### GROWING DESTINATIONS:

Recognise potential of nature-based tourism and making progress towards realising it, but with some remaining barriers to growth and still a reasonably long way to go in order to realise their full potential (Case Study 4). Eg. Ethiopia, Swaziland, Uganda, Zambia. 100,000 - 500,000 protected area visits per year. Estimated receipts \$2m-\$15m

### POTENTIAL DESTINATIONS:

Currently limited or no nature-based tourism but where protected area natural assets provide basis for large potential growth in nature-based tourism. Eg. Cameroon, Burkina Faso, Ivory Coast, DRC, Ghana. 1,000 - 90,000 protected area visits per year. Estimated receipts > \$10m For example, Cameroon boasts vast tropical forests with great apes and forest elephants, beaches with a diversity of marine mammals, hikeable cloud forest mountains, and open savannahs with lions and other plains game. This combination makes Cameroon ripe for a diversity of tourism products and tourism circuits, should the right enabling environment (and most crucially infrastructure and value chains) be created.

Source: Analysis of World Travel & Tourism Council (WTTC) data



<sup>64</sup>Mascia, M, Paller, S., Krithivasan, R., Roshchanka, V., Burns, D., Mlotha, M., Murray, D., and Peng, N. (2014) Biological Conservation 169, 355-361.

<sup>65</sup><https://www.conservation.org/projects/Pages/PADD-Protected-Area-Downgrading-Downsizing-Degazettement.aspx>

<sup>66</sup>For example, Tanzania aims to develop uranium in the Selous Reserve, Kenya has put a railway and a highway in Nairobi National Park, Uganda is excavating oil in Murchison Falls National park and the Democratic Republic of Congo aims to extract oil from Virunga National Park.

<sup>67</sup>Eco Tourism Australia: A Nature-based Tourism in Australia Manifesto, 2017

<sup>68</sup>Kenya Tourism Board, 2017

<sup>69</sup>Deloitte, 2016

<sup>70</sup>Jumia Travel, 2015

<sup>71</sup>World Bank, 2017

<sup>72</sup>Team Analysis, World Bank Data

## CASE STUDY 3:

# SOUTH AFRICA

## LESSONS FROM AFRICA'S LEADING HIGH-PERFORMING DESTINATION

Tourism and travel in South Africa employed 1.5m people and earned the country \$29 billion in 2018, more than anywhere else in Africa (in absolute terms)<sup>73</sup>. SanParks, its protected area authority, manages 19 national parks covering 40,000 sq kilometres that between 2016 and 2017 welcomed 6.7m international and domestic tourists - a 14% increase on the year before - and generated \$97m. South Africa accounts for 16% of Africa's tourism market, and despite its tourism economy growing slower than some of its neighbours, its contribution to employment is still expected to rise by 35% over the next ten years, in line with the continent's average<sup>74</sup>. Tourism's success in South Africa has several components:

**Strong domestic and continental tourism:** Markets for Africa's domestic and continental tourists are typically less volatile than international markets, although more seasonal. In 2018, domestic tourism accounted for 56% of the country's tourism spending. In addition, 60% of arrivals to South Africa are from African countries, mostly from neighbouring countries.

**Ease of access:** It is relatively easy for international tourists to reach South Africa. Many of the world's major airlines serve Johannesburg's OR Tambo International Airport, and there are direct flights from eight of ten of the world's largest economies, with India and Japan the exceptions. Domestic flights connect directly from Johannesburg to game reserves or national parks. Domestic travel is easy and competitively priced with a diversity of airlines.



### South Africa accounts for 16% of Africa's tourism market. Visits to National Parks rose 14% in 2017

**Good infrastructure:** South Africa has extensive and well-functioning road and rail networks, ranking respectively 10th and 14th globally in terms of distance and reach. The proportion of paved roads is twice as high as in other sub-Saharan African countries, and the 2010 FIFA World Cup prompted an extensive infrastructure investment.

**Supportive visa policy:** Most European, North American, and South American citizens do not need a visa to enter South Africa. Neither do Japanese, Russian, or Australian visitors. For those who do require a visa, the cost is low at around \$30, credit cards can be used, and receipts are provided. Indians and Chinese, two of the fastest-growing tourism markets, however still require visas.

**Diversity of products:** South Africa has marketed its diversity of natural assets well and attracts a wide mix of wildlife and adventure tourists, from budget backpackers to luxury safari-goers. With oceans, forests, savannahs and wetlands, it is one of the planet's 18 'megadiverse countries', meaning among other criteria that it has a very high share of endemic species. Nature-based tourism has capitalised on this since as early as 1898, when the first national park, Kruger, was created. Today South Africa offers a formidably diversified nature-based product, including:

- **Business tourism:** South Africa has more than 1,000 conference and exhibition venues.
- **Cultural tourism:** Many itineraries include tours to meet and experience South Africa's many peoples and cultures, and its five cultural World Heritage Sites.
- **Adventure tourism:** The country's diverse terrain and its climate suitable for outdoor activities make it an ideal playground for adventure-seekers.

Not every country can take inspiration from South Africa on those criteria. The strength of domestic tourism is ultimately a function of affordability. The diversity of tourism products can be limited by geography, and infrastructure requires investment. But easing entry requirements is a replicable solution with potentially significant impact, as proven by triple-digit growth of Chinese tourists travelling to Morocco and Tunisia after they went visa-free in 2016 and 2017.

<sup>73</sup>World Travel & Tourism Council, South Africa, 2018

<sup>74</sup>ibid.



## CASE STUDY 4:

# ETHIOPIA

## UNLOCKING THE POTENTIAL FOR NATURE-BASED TOURISM IN A GROWING DESTINATION

Ethiopia is a unique tourism proposition. It has cultural and natural features that clearly distinguish it from other African destinations and any other nation on the planet. It is ecologically diverse, with deserts in the east, tropical forests in the southwest - the birthplace of coffee - and one of Africa's longest mountain ranges, the Ethiopian highlands. Ethiopia hosts 31 endemic species of mammals including the Ethiopian wolf and the Walia ibex, and has more UNESCO World Heritage Sites - nine - than any other African nation.

The number of international visitors to Ethiopia has risen on average 9% annually since 2012, to 933,344 in 2017<sup>75</sup>. Holiday trips accounted for 37% of these visits in 2018, with most of the rest being for business, or visits from the Ethiopian diaspora travelling on a foreign passport, or a huge number transiting through Addis Ababa's international airport. While 77% of tourism spending was by international travellers<sup>76</sup>, few of them visited the country's best-known attractions: no single site received more than 50,000 tourists in 2016, not even the National Museum in Addis Ababa or the famous town of Lalibela.

Barriers to fully realising the potential of Ethiopia's nature-based tourism include:

**Inadequate infrastructure:** Investment in accommodation has been concentrated in main cities and targeted to business travellers. There is a lack of basic infrastructure for tourists visiting protected areas.

**Security concerns:** Political unrest and other threats prompted several governments including the US, Canada, and Britain to issue travel advisories, in



some cases severely impacting tourism: visits to the Simien Mountains National Park dropped by 54% in 2017 compared to 2016.

Opportunities to develop nature based tourism include:

**New destinations:** Addis Ababa and the regions of Amhara, Oromia, Harar, Simien Mountains National Park and Tigray concentrate more than 95% of visitors<sup>77</sup>. New destinations focused in other regions such as Afar, Benishangul, Dire Dawa, Gambela and Somali could potentially be developed.

### **New types of tourism:**

Ethiopia could become a trekkers' paradise featuring protected areas such as Bale Mountains NP, Gwasa Community Conservancy. Birdwatching could be expanded, capitalising on Ethiopia's 835 bird species, 23 of which are endemic

The potential for Ethiopia to become an established tourism destination mostly relies on ensuring that the quality of its infrastructure and services are in line with the source markets it aims to target.

<sup>75</sup>Ethiopian Ministry of Culture and Tourism, 2017

<sup>76</sup>World Travel and Tourism Council, 2019, retrieved from <https://www.wttc.org/about/media-centre/press-releases/press-releases/2019/ethiopia-records-biggest-growth-in-world-travel-tourism/>

<sup>77</sup>Centre for the Promotion of Imports from Developing Countries, 2018, <https://www.cbi.eu/sites/default/files/vca-study-tourism-ethiopia.pdf>

## 2.4. GROWTH OPPORTUNITIES AND CHALLENGES

### OPPORTUNITIES

#### Strong Assets

Africa has a fundamental competitive global advantage because of its diverse and unique natural assets. Large protected landscapes host rare and special wildlife, including iconic species resonant in the popular imagination of many people in the world

#### Improved Access

Improved air access both to and within Africa is a significant enabler for tourism growth in general. Initiatives are underway to allow visa-free travel within African countries for African citizens and for international tourists once they arrive in Africa. Some countries share a one-visa system, e.g. Kenya, Rwanda and Uganda, allowing tourists free travel between all three countries using only one visa; and the proposed UNIVISA for Kavango Zambezi Transfrontier Conservation Area countries and free movement of people proposed under the Africa Continental Free Trade Area

#### New Markets

In addition to core markets in Europe, North America and Japan, global economic growth, particularly in Asia, has created significant new markets for nature tourism, which are yet to be fully exploited in Africa. Intra-African and domestic tourism are also important emerging and expanding opportunities

#### New Destinations

There is an opportunity to develop nature tourism in non-traditional destinations for example in Ethiopia, Gabon, Benin, Nigeria and Ivory Coast, while improvements in peace and security across the continent offer significant potential to diversify products. There is a demand for these new products

#### Growing Awareness

In an increasingly connected world, the growing profile of Africa in both the global economy and culture is a major opportunity to further entrench Africa's reputation as the nature tourism leader in the eyes of the world

### CHALLENGES

#### Strong Competition

African countries compete in a global market: countries such as Sri Lanka and Costa Rica have expanded their nature-based tourism sectors substantially as a result of strong product development, policy support, and marketing. While a growing market should benefit all, Africa must work harder to market its unique attributes and secure market share

#### Market Perceptions

Some African countries such as Kenya or Botswana are well-established in the global nature tourism market, but new destinations face a challenge to build awareness and trust. All countries remain vulnerable to external shocks, typically security or disease related, e.g. the ebola outbreak in 2014-2016, that can halt or reverse growth

#### Biodiversity Loss

Across Africa biodiversity and habitat loss is accelerating, due to a complex mix of factors driven by population growth, poverty, demand for illegal wildlife products, and economic development. Loss of biodiversity and habitat assets represents a significant threat to the long-term future of Africa's competitive advantage in nature tourism

#### Product Gaps

Despite the existence of some compelling and globally recognised nature tourism products and experiences, Africa's low share of the global tourism market means there remains a deficit in tourism products and infrastructure across many regions and countries

#### Investment Conditions

Political stability, ease of entry into countries, ease of transport, security, hospitality, and overall choice of products are all necessary for investment in the tourism. Many African countries must address weakness in these areas in order to attract the investment necessary to grow their tourism sectors.



## 2.5. SUCCESS FACTORS INVOLVING GOVERNMENT AND PRIVATE SECTOR

There are a number of necessary and supportive factors involving governments and the private sector that determine the successful delivery of nature-based tourism in African protected areas.

### Necessary Factors for Nature-Based Tourism

<b>Natural Assets</b>	Landscape Quality Visible Wildlife Wilderness Character Uniqueness Value	Successful nature-based tourism is founded on appealing natural assets with the addition of competitive products - accommodation, activities, etc - that will cater for visitors across different segments. There are regions like Central and West Africa that possess strong natural assets but have not yet developed tourism. This is a significant future opportunity.
<b>Management</b>	Property Rights Pro-Conservation Policies Management Capacity Resource Needs	Clear property rights and land tenure enables nature-based tourism to operate within state protected areas. Clear management plans, pro-conservation policies and their inadequate implementation, and properly considering resource needs, are all necessary to develop sustainable nature-based tourism.
<b>Political Stability</b>	Security Electoral Cycles Visitor Safety Benefit Flow Local Governance	Tourism needs positive sentiment and strong country brands, which are vulnerable to the negative publicity generated by political instability. Negative perceptions can affect some countries and regions disproportionately, and can only be addressed by broad-based strategies to deliver stability and security, coupled with well-funded marketing campaigns to correct misconceptions.

## Supportive Factors for Sustainable Nature-Based Tourism

<b>Optimised Concessions</b>	Legal Structure Commercial Terms	<p>To reduce the cost burden on government or landowner, conditional operating rights can be assigned to the private sector while retaining sovereign rights with the State or owner. These range from simple concessions to operate tourism facilities, to Public Private Partnerships that delegate responsibility for management functions and costs to private partners.</p>
<b>Improved Access and Infrastructure</b>	Road and Rail Air Access Communications Ease of Getting Visas	<p>Tourism development needs good national road, rail, air and communication networks to enable the free movement of people and information including to and from protected areas. Nature-based tourism also requires all infrastructure to be sensitively designed to consider its impact when it is located in or around protected areas.</p>
<b>Strategic Marketing</b>	National Strategy Government Support Partnerships	<p>Individual marketing by commercial operators plays an important role, but a collaborative, nationwide approach involving public and private stakeholders broadens the economic impact, and helps prioritise actions and developments to achieve a globally recognised and competitive nature-based tourism sector.</p>
<b>Business Environment</b>	Licensing Conditions Transparency Incentives	<p>Tourism requires a favourable business environment with fair regulation, transparency, and low corruption. African countries currently have an average rating of 51% on the World Bank “Ease of Doing Business” scale.</p>
<b>Private Sector Capacity</b>	Credible Operators Regional Linkages Competition	<p>Creating and marketing nature-based tourism products is ultimately private sector driven, and requires the presence of operators with the resources and experience to deliver. New destinations should focus on lowering investment risk, while mature destinations should encourage private sector competition to ensure a high level of quality and value.</p>
<b>Coordinated National Planning</b>	Inter-ministerial Planning Governmental Planning	<p>To ensure the long-term viability of protected areas, national ministries need to coordinate development plans. Ministries often develop plans for example around infrastructure and agriculture, without consideration of protected areas and other valued natural resources. Integrated development plans will help maintain protected areas while supporting smart development.</p>



## CASE STUDY 5:

# KENYA

## SECURITY IMPACTS ON WILDLIFE-BASED TOURISM

Kenya is internationally famed as a wildlife tourism destination, following decades of marketing its diverse tourism product as a blend of “beach and bush”. Kenya’s tourism sector provides 9.7% of GDP and employs roughly 450,000 people directly and 1,140,000 indirectly, meaning close to one in ten jobs in the country indirectly relies on tourism<sup>78</sup>. Kenya’s protected areas form the backbone of its tourism product. They were visited by 2.9m people in 2018<sup>79</sup>.

Despite Kenya’s solid tourism product and global recognition, it has been significantly affected by a series of major security incidents including election-related violence and terrorism.

Post-election violence in 2007 and 2008 caused tourism bookings to drop 34% in 2008<sup>80</sup>. Bookings dropped during the next election cycle in 2012, although violence was limited.

In 2017, after several casualties were reported in post-election unrest, international tourist arrivals were immediately affected, down 6% in the second part of the year<sup>81</sup>.

Terrorist attacks on the Paradise Hotel north of Mombasa in 2002, the Westgate Mall in Nairobi in 2013, and the Dusit2 hotel and business park in 2019, targeted Westerners and wealthy Kenyans, and prompted international travel advisories that led to significant drops in holiday bookings. After the Westgate attack, the flow of tourists dropped 12% in the third quarter of 2013 and saw no growth in the fourth quarter, before recovering slightly in 2014<sup>82,83,84</sup>. Kidnappings of Westerners from the Lamu archipelago had a similar effect.



In 2018, tourism earnings jumped 31.3% to \$1.6 billion compared to the year before, and visits to protected areas rose by 20.3%. This rebound was attributed to growth in aviation, investor confidence, withdrawal of travel advisories, the improvement in security, and several successful high-profile conferences.

In addition, aggressive marketing in domestic and international markets helped. It is clear however that when deciding on holiday destinations, tourists will choose locations known to be stable and safe.

<sup>78</sup>World Travel and Tourism Council, Kenya, 2018

<sup>79</sup>Kenya National Bureau of Statistics, Economic Survey 2019

<sup>80</sup>Kenya National Bureau of Statistics, Economic Survey 2009

<sup>81</sup>Kenya National Bureau of Statistics, Economic Survey 2018

<sup>82</sup>Kenya National Bureau of Statistics, Economic Survey 2016

<sup>83</sup>Kenya National Bureau of Statistics, Economic Survey 2016

<sup>84</sup>Kenya National Bureau of Statistics, Economic Survey 2005

## CASE STUDY 6:

# COSTA RICA THE MAKING OF A FLAGSHIP ECOTOURISM DESTINATION

Costa Rica accounts for 0.03% of Earth's land area but has 5% of its biodiversity<sup>85</sup> - one of the highest densities on the planet - with diverse landscapes ranging from wetlands to arid plains and volcanoes, and from tropical forests to rainforests, including cloud forests.

The country has successfully capitalised on these natural assets to become one of the world's most popular eco-destinations. In 2017, this country of 5m people welcomed 2.3m tourists. There were 2.1m visits - half of them from domestic tourists - to Costa Rica's 187 Protected Areas, which cover 27.6% of the country<sup>86</sup>. Directly and indirectly, tourism contributed to 12.9% of GDP (\$7.5 billion) and provided one in eight jobs<sup>87</sup>.

Costa Rica has not always been focused on eco-tourism and conservation. Costa Rica's National Tourism Board was created in 1931 with the mandate to promote domestic travel and create national parks, although it never moved beyond preliminary studies at the time<sup>88</sup>. By 1954, only around 6,000 foreign visitors visited the country for beach and cultural tourism<sup>89</sup>. In parallel, between 1940 and 1980, intensive logging, monoculture plantations, and overdevelopment of some beaches, caused significant damage to ecosystems, with forest coverage ratio declining from 75% in 1940 and to 21% in 1987<sup>90</sup>.

Since then, with consistently committed leadership, there has been a sea change. This was captured in the Forever Costa Rica initiative<sup>91</sup>, a public-private partnership involving many institutions that aimed at least to double Costa Rica's marine protected areas, significantly

improve management of its protected area network, and secure adequate financing for these protected areas while preparing them for the impacts of climate change. Forever Costa Rica is a reminder that traditional sources of funding for conservation, public money and grants, still are a necessary complement to funds secured through ecotourism.

A combination of factors drove the country's shift towards successful nature-based tourism, over a period stretching back decades:

**Political stability:** Costa Rica has since its 1948 Constitution invested in health, education and environmental protection. Unlike in many of its neighbours, power has alternated peacefully between political parties. Costa Rica is known globally as a safe tourism destination.

**Infrastructure:** Road and rail links from the hinterland to the Pacific coast were upgraded to serve domestic beach tourism from the 1950s to the 1980s. An international airport near the capital opened in 1957 and work on a second one started in the mid-1970s. Costa Rica is marketed as easy to get to and easy to travel within, appealing to international tourists.

**Science and conservationists pioneering tourism:** Campaigns in the 1970s and 1980s to "Save the Rainforest" in central and South America increased public opposition to deforestation (including in Costa Rica) and encouraged tourism to view intact rainforests.

**Pro-conservation policies:** Creating protected areas was a priority from as early as 1969, when a new Forestry Law linked conservation, tourism, and controlled extraction<sup>92</sup>. The protected area network has grown consistently since.

**National strategy:** Large-scale tourism investment was boosted with tax incentives introduced in 1985. Around the same time, the parks authority shifted towards a more participatory approach, acknowledging that people should feel the financial benefits of the parks<sup>93</sup>.

**Private sector involvement:** Local and international entrepreneurs, many from the US and many inspired by a counter-cultural ethos of sustainable living in protected natural landscapes, emerged to invest in protected areas following government commitments to conservation<sup>94</sup>.

**Location:** Costa Rica developed as an ecotourism destination as long-distance travel began to expand. It has benefited significantly from its proximity to the enormous market in the US: today more than 40% of tourists to Costa Rica are from the US.

By 2000, Costa Rica had become a model for ecotourism development. In 2003 for the first time there were one million visits to Protected Areas, up from 511,000 in 1990<sup>95</sup>. Success has come with some challenges, including overcrowding of some sites and the emergence of some non-sustainable enterprises. However, the country remains an inspiration for other nations.

<sup>85</sup>WWF Costa Rica website, 2019

<sup>86</sup>Gerencia de Áreas Silvestres Protegidas, SINAC, 2018

<sup>87</sup>World Travel and Tourism Council (2018), Travel and tourism - Economic impact 2018, Costa Rica,

<sup>88</sup>Evans S., (1999). The Green Republic: A Conservation History of Costa Rica.

<sup>89</sup>Jones G., Spadafora A., (2017). Creating Eco-Tourism in Costa Rica, 1970-2000.

<sup>90</sup>Castro R, (1997). Estado de la Información Forestal de Costa Rica

<sup>91</sup>Forever Costa Rica, (2010)

<sup>92</sup>Evans S., (1999). The Green Republic: A Conservation History of Costa Rica.

<sup>93</sup>Evans S., (1999). The Green Republic: A Conservation History of Costa Rica.

<sup>94</sup>Rome A., (2003). Give Earth a chance.

<sup>95</sup>Gerencia de Áreas Silvestres Protegidas, SINAC, (2018)



# 3

## A CONSERVATION INVESTMENT TOOLKIT FOR AFRICAN PROTECTED AREA MANAGEMENT AUTHORITIES

This Toolkit has been assembled to provide practical guidance to African governments and protected area managers to develop successful nature-based tourism in and around State Protected Areas<sup>96</sup>. Every context will be different, but following these steps in sequence gives every likelihood that the economic impact from nature-based tourism will be significantly enhanced. Each step is presented in this Working Paper as a simple, practical guide, but we acknowledge that extensive work by academics, practitioners and policymakers lies behind each step<sup>97,98</sup>.

It is essential to follow these steps in sequential order. A common mistake made by protected area authorities is to initiate a promotion exercise for tourism concessions before adequate tourism planning at the national and protected area levels has taken place. Following the sequence of steps below will ensure that all nature-based tourism opportunities across a country's national protected area network, and all related economic benefits, will be fully optimised over time. This sequence and process should be followed once the enabling environment is created. It is important to note that the role of local communities living in and near protected areas deserves a robust approach, and this will be explored in a subsequent Working Paper.

Annex 2 presents examples where the Toolkit might be applied and estimations of the subsequent rise in earnings. It shows the significant potential for economic growth through nature-based tourism, even in comparatively high performing countries, if the Toolkit's key steps are followed and a supportive national, regional and local policy environment is created. In any given protected area, these examples suggest that annual revenue from nature-based tourism could increase between 4-11 times in ten years, although a thorough and systematic analysis if the future economic potential is necessary.

### AN OUTLINE OF THE TOOLKIT

- ➔ **STEP 1 (Government):**  
**National Protected Area Tourism Plan:** Conduct a thorough market analysis and tourism development planning exercise at a national level. This determines a strategy for all source markets, development priorities, tourism circuits, infrastructure requirements and capacity needs. Tourism plans should be integrated with national economic plans to ensure coordination and sustainable development
- ➔ **STEP 2 (Protected Area Manager):**  
**Individual Protected Area Tourism Plan:** Develop a detailed plan at individual protected area level to determine all tourism development zones, product types, source markets, road networks, infrastructure and local capacity needs
- ➔ **STEP 3 (Government):**  
**Identify Commercial Opportunities:** Identify and analyse the commercial opportunities in each individual protected area that should be made available for development under concession arrangements, as part of a coherent national strategy
- ➔ **STEP 4 (Government):**  
**Award Concessions:** Identify and select the best private sector commercial partners to develop available concessions in the individual protected areas
- ➔ **STEP 5 (Government):**  
**Develop Concession Contracts:** Develop optimal contracts that define how commercial tourism protected area concessions should be managed and how fee structures and benefit sharing arrangements will be applied
- ➔ **STEP 6 (Protected Area Manager):**  
**Communicate Clearly:** Develop and maintain a robust system for communication and mutual support between protected area management, relevant communities, and private sector tourism partners
- ➔ **STEP 7 (Protected Area Manager):**  
**Evaluation and Monitoring:** Design and maintain a consistent system to monitor and evaluate the performance and impact of nature tourism businesses in protected areas. This informs future nature tourism marketing, capacity building, and all aspects of support for private sector investors

<sup>96</sup>The lead technical author, Conservation Capital, has been advising African governments and protected area authorities on commercial revenue development for over 15 years and all of the steps outlined below are informed by their analyses of policies and procedures utilised by various African protected area authorities for developing nature-based tourism.

<sup>97</sup>Spenseley, A, Snyman, S., and Eagles, P. (2017) Guidelines for tourism partnerships and concessions for protected areas: Generating sustainable revenues for conservation and development. Report to the Secretariat of the Convention on Biological Diversity and IUCN.

<sup>98</sup>Private Sector Tourism in Conservation Areas in Africa (2019). Snyman, S. and Spenceley, A. CABI.

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## STEP 1— NATIONAL PROTECTED AREA TOURISM PLANNING

National protected area tourism planning looks at the entire protected area system, considers synergies between different areas, and identifies investment priorities. This helps highlight potential national or regional tourism ‘circuits’, joining certain protected areas into itineraries for visitors. It informs decisions about infrastructure and transport services, such as scheduled flights, which are often essential for commercial viability.

This national analysis considers current and future global, regional, and national trends in overall tourism and nature-based tourism. This guides the protected area

management authority and destination marketing agencies to target promotional efforts towards specific markets. It also helps choose which products are most relevant in the protected area network, for example high-end wildlife viewing, educational tourism, cultural experiences, or domestic visitors.

The analysis informs a high-level destination marketing strategy, considering the most efficient interplay between public and private sector efforts, and identifies national capacity building and management needs.

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## STEP 2— INDIVIDUAL PROTECTED AREA TOURISM PLANNING

Following national planning, it is then essential to carry out a planning exercise within every protected area or protected area system deemed potentially relevant for nature-based tourism now or in the future. This describes all natural, wildlife, and cultural assets. It identifies all local tourism development needs including zoning, road networks, and infrastructure. It determines the boundaries of any future concession zones and highlights tourism management capacity needs at the protected area level.

The protected area plan should be integrated with wider general planning so the

location of nature-based tourism facilities is aligned with identified spatial plans and conservation priorities, to minimise negative environmental impacts and protect the underlying asset on which tourism depends. Engagement with communities and the benefits they are due should be clearly conceptualised.

All tourism should be planned with the relevant source markets in mind and should follow structured consultation with existing and potential future private sector operating partners.

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## STEP 3— IDENTIFYING COMMERCIAL OPPORTUNITIES

Consider the following dynamics in identifying commercial opportunities:

**Conservation driven carrying capacity:** This exercise is essential to preserve and enhance ecological processes and the area’s wilderness character both now and as far as foreseeable into the future. Consider the carrying capacity for the protected area as a whole, taking account of the number of beds for accommodation facilities and an assessment of the impact of additional day visitors. Then calculate carrying capacity for individual zones and concessions within it

**Site level features:** For all zones and proposed concession areas, consider

- Views from concession zones or sites, from the perspective of facilities that might be developed

- Views towards concession zones or sites, from the perspective of other users such as other tourism facility operators, or day visitors, including the impact of light at night
- Is there plentiful clean water, and can it be extracted without affecting the environment or other users?
- All aspects of waste management
- Impact of noise – particularly from traffic on the main protected area access roads
- Road access
- Power supply
- Erosion and vegetation damage from construction
- Issues of noise pollution
- Environmental impact regulations



## STEP 3 — IDENTIFYING COMMERCIAL OPPORTUNITIES

(CONTINUED)

- Policy/regulatory environment (it may have specific considerations for certain habitats or other physical or social concerns)
- Size of potential facilities relating to the envisaged target market(s)

### **Concession scale and exclusivity:**

Exclusive or semi-exclusive concessions may attract certain types of operators, but they are typically recommended only for the high end of the photographic tourism market. They require an appropriate fee structure with minimum payment guarantees, and zoning plans may need to exclude similar developments in or around the concession zones, to preserve product quality and optimise revenue and other benefits.

**Market trends:** Any zoning plan must take into account current and likely future trends in the domestic and international market for the protected area in question. It must also consider wider national tourism development plans and policies.

Effective tourism zoning within protected areas will drive:

- **Individual business competitiveness:** The zoning plan will influence the quality of the underlying 'product' upon which future protected area businesses will be built, and hence the competitiveness of those businesses in national and international marketplaces over the next 10 to 20 years and beyond.
- **Collective branding power and competitiveness:** Zoning for a high quality underlying tourism product, and carefully awarding concessions to responsible and competitive businesses, means the brand of a protected area - and national brands - will become more powerful in domestic and international marketplaces. This has a wide range of benefits for local communities and for the national economy.

## STEP 4 — AWARDING ENTERPRISE CONCESSIONS

Protected area management authorities should follow these steps to attract the best tourism operators to the available concession opportunities. It is important to strike the correct balance between a prescriptive process, which allows all applicants to be judged by the same process and criteria, and a degree of flexibility that allows the tendering process to be adjusted within reason to suit circumstances.

**Note:** The authors of this Working Paper advise against any form of financial auctioning process, as was often the case in protected area contexts in Africa. Auction bidders often submitted unrealistic figures, won concessions, then failed to deliver, leaving the best sites awarded to inappropriate operators. National governments should set a fee structure applicable for all concession holders in the protected area network. Then applicants for any new concessions need only demonstrate their guarantee to meet these fees while helping develop the brand of the protected area and country, operating responsibly and compatibly with conservation, and creating

social impact to provide benefits for people living near the protected area.

### **Key Processes**

The recommended key processes are as follows:

**Competitive Tenders:** An open competitive tender process to attract and assess the best possible tourism operator candidates is essential. Promote tourism tender opportunities so all potential interested parties have a high chance to hear of them, proactively and creatively using media channels including local and international press, internet, social media, industry/trade networks. The promotional materials need not be complicated. They should explain:

- i) the wider context of the protected area(s)
- ii) the specific tourism opportunities being made available
- iii) the information which is required for the tendering process.

**Information Requirements:** All bidders should be required to organise their

## STEP 4 — AWARDING ENTERPRISE CONCESSIONS

(CONTINUED)

submissions in a consistent structure, to allow meaningful and efficient comparative evaluation of tenders. First each should submit a simple ‘Expression of Interest’ form to the protected area management authority. Second, operators whose proposals are of most interest should be invited to participate in a detailed tender process. This should be designed to judge each bidder on the following:

- **Experience:** Analysis and proof of the extent, relevance, and success of the bidder’s prior operating experience, in that country, in other conservation areas, and/or in other countries
  - **Resources:** Analysis and proof of the nature, adequacy, and quality of all relevant resources including human, technical, and financial, to optimally fulfil the concession’s requirements
  - **Business Plan:** A detailed commercial plan and related financial plan, specifically incorporating both a detailed marketing plan and risk management plan
  - **Conservation Impact:** Proposals to manage direct and indirect impacts on the environment, and proactively and creatively to engage with the protected area management authority to contribute to the better overall management and conservation of the protected area
  - **Social Impact:** Proposals to optimise employment opportunities and positively engage with wider local development initiatives, where appropriate
  - **Tender Documentation:** The tender documentation should strike a balance between prescribing the specific and detailed information the protected area authority requires, and leaving room for bidders to express their vision for tourism development within the protected area. Encouraging applicants to explain their ambitions in their own terms is also a valuable means by which to analyse whether they are competent or not.
- **Evaluation Process:** This is extremely important. Allowing bidders to support their documentary bids with a physical presentation and Q&A session with the evaluation committee will often add deeper insights into the true quality of the operator and its proposals. The evaluation committee must include representatives with the technical and professional qualifications and experience to properly assess and provide guidance on the merits of the various bids. External technical expertise may be added where necessary to ensure transparency and technical and procurement best practice
  - **Concession Fees:** Prior to any tender process, the protected area authority should pre-define a clear formula to calculate concession fees reflecting dynamics including the quality of the proposed tourism facility site or zone, the natural or conservation value of the site within the protected area, and the perception of the protected area in wider tourism marketplaces. A consistent formula will optimise the value of the tourism operator partnership agreements for the protected area management authority, simplify their administration, increase financial control, and promote a level playing field for competing bidders. This encourages the highest quality operators to bid.
  - **Due Diligence:** Proper due diligence must be undertaken on the preferred bidder to verify their claims, including but not limited to providing proof of financing. This process significantly increases the likelihood that the tourism opportunity will be optimally developed.



## CASE STUDY 7:

# UGANDA

## A MODEL PROCESS FOR CONSERVATION-COMPATIBLE INVESTMENT IN STATE PROTECTED AREAS

Uganda has an exceptional network of protected areas that includes savannahs, tropical forests and volcanic peaks. It is rich in biodiversity, has more than half of the world's mountain gorillas, and hosts more than half of Africa's 2,000 bird species<sup>99</sup>. Like most African countries, however, Uganda lacks the financial resources to fully fund its conservation estate, facing an annual \$30m gap for protected area management. The Uganda Giants Club Conservation and Tourism Investment Forum was designed to promote and publicise Uganda's natural assets and attract sustainable investment to help fund their conservation.

H.E. The President of Uganda, Yoweri Museveni, and his Honourable minister for tourism, wildlife and antiquities, in 2017 directed the Giants Club to:

- Develop and present profiles for commercial and impact investment, joint ventures and PPP, to make the most of commercial opportunities in State Protected Areas
- Attract commercial and non-commercial capital to forge new business models to sustainably manage and protect the conservation estate
- Create new and meaningful partnerships for operators, investors, Government and local stakeholders to secure Uganda's valuable wildlife ecosystem

The President launched the Initiative at an event in October 2017 to present the investment opportunities and announce a One Stop Shop for investors

The event attracted leading global, regional and local tourism companies, ambassadors, donors, government



### This first phase of the Investment Forum unlocked \$61m of new conservation-compatible investment for Uganda

officials, and NGOs, and was extensively covered in the Ugandan, East African, and international press.

The Investment Forum's experts worked with the Uganda Wildlife Authority (UWA) to update Tourism Management Plans to provide clear zones in national parks designated for high-end, low-impact tourism, to attract responsible tourism operators requiring levels of exclusivity for their investments. Investors were required to meet strict conservation and local community benefit criteria. In total 20 Expressions of Interest were received and assessed

by an Evaluation Committee, composed of senior representatives from UWA and the Investment Forum's technical experts. Eleven companies were invited to submit full bids.

This first phase of the Investment Forum unlocked \$61m of new conservation-compatible investment for Uganda. The Uganda Giants Club Conservation and Tourism Investment Forum demonstrates the potential for a thorough and transparent process to earn any protected area authority sustainable revenue to help fund its protected area network, when it is driven by national governments with external technical advice.

<sup>99</sup><https://uganda.wcs.org/Wildlife/Biodiversity>

## STEP 5 — DEVELOPING CONCESSION CONTRACTS

A process for transparent contracting is essential for the true economic and social value of nature tourism to be realised. There are three critical components here:

**Conservation is a long-term endeavour.** Contracts need to be of sufficient duration - 25 years is optimal - for a tourism operation effectively to contribute to protected area conservation and wider economies

**The relationship must be contractually robust.** It must clearly and comprehensively setting out each party's roles and responsibilities during the agreed term and how these will support conservation and enhance economic and social benefits

**Allocating and managing risk.** Protected area management authorities typically bear the majority of the risk in these partnerships because the requirement to conserve the area continues whether tourists are present or not. Meaningful tourism partnerships should seek to equitably distribute and jointly manage this risk. Contractually-bound guaranteed annual minimum fee arrangements in tourism concessions are key to this.

Proper contracts also help bidders raise finance for their investments, which in turn increases benefits for the protected area management authority, for local communities through fees and job creation, and for the wider economy.

Certain dynamics will be of critical importance:

**Contract Term:** Agreements of the right duration incentivise meaningful long-term investment. Equally, the protected area authority needs to be able to make changes if superior potential operators enter the market over time. Overall, the optimum time frame is between 20 and 30 years. This Working Paper recommends 25 years as the standard lease term period for any protected area concession contract. Anything shorter than 15 years or longer than 40 years is to be avoided.

**Contract Integrity:** Contracts must be awarded, not breached without due cause or timely rectification, and honoured by all parties, to secure the best operators

**Concession Fees:** Substantial recent work has been done recently setting out optimal structures for tourism concession agreements in protected areas across Africa. The model includes:

- **Variable Based:** Fees vary with the performance of the enterprise as opposed to being applied on a fixed basis. Fixed minimum annual thresholds should however be incorporated to protect against sub-optimal management of the business, principally in relation to the marketing side, and to share risk in relation to the need to provide a minimum level of financial support to maintain the management of the underlying conservation asset (the protected area)
- **Top Line Based:** The performance of the tourism business for fee generation purposes is determined by top line revenue, as opposed to bottom line profit
- **Percentage Based:** Fees should be based on a percentage of revenue.

In addition to structuring fees in the correct way it is also important to pitch their quantum<sup>100</sup> at the right level, balancing both commercial market realities with the need to optimise finance for conservation. The authors of this Working Paper normally recommend that any fee structure is based upon an obligation for the tourism concession operator to remit both conservation fees (at the levels set by the protected area management authority) plus a further 'lease' fee of between 5% and 10% of gross revenue received by the tourism operator.

For clarity, this represents revenue which is received net of sales taxes and any third party agent commissions. The revenue received by the business will be possible to determine by means of audit procedures

<sup>100</sup>The term quantum refers to the overall value of the fees, which is a combination of the actual amount of each component of the fee structure and the relative overall financial impact of the fee structure within the context of a specific protected area.

## STEP 5 — DEVELOPING CONCESSION CONTRACTS

(CONTINUED)

referred to within the ‘Key Financial controls’ section below.

As noted above, a consistent, standard basis for determining fees within a protected area is recommended, but the following should also be considered when determining concession fees:

### **Challenging yet Strategic Sites or Zones:**

Fee based incentives like structured discounts may be required to encourage the development of certain zones within a protected area that are of high conservation importance but nevertheless come with particular market or other challenges for tourism operators.

**Start-Up Phase:** In certain circumstances it may also be appropriate to discount fees during the start-up phase of a new tourism operation. ‘Overtaxing’ early stage businesses with lease fees may deter funding for the critical marketing activity that is required to quickly grow the business to its full potential. Again, if it is particularly desirable to attract a certain operator, they might be granted a discounted rate - perhaps in the region of 5% of gross revenue - to successfully start their business. Such a decision would need to consider fairness to other existing businesses within the protected area in question and would only be in exceptional circumstances.

**Key Financial Controls:** Once a fee basis has been established with an enterprise operator it is also important for the protected area management authority to put in place contractually enforced financial controls to ensure that

all fee obligations are honoured in full. Two key mechanisms are:

- **Internationally Regulated Auditors:** Require that all fees are to be reconciled with statutory audited accounts, in effect delegating responsibility to confirm fee payment validity to a regulated auditor. This will be vastly more efficient than the protected area management authority attempting to conduct these verifications itself. An auditor would ensure that key indicators are included in the tourism operator’s annual accounts, such as total revenue, and numbers and categories of guests. The protected area management authority could nominate the private auditors the operators would be obliged to use. Under this model, it is recommended that the cost of the audit should be borne by the tourism operator under the terms of their concession contract
- **Transfer Pricing Management:** Include provisions to prevent the tourism operator from deploying (legal) transfer pricing tactics in a manner that could result in revenue based fees being reduced at the expense of the protected area management authority. The ‘qualifying revenue’ for a top-line revenue percentage-based fee structure should include everything associated with the delivery of, for example, a tourism experience within the protected area: accommodation, food, drinks, and activities. Sometimes tourism operators will seek to exclude certain elements - usually activities - from their revenue and this requires advance consideration within the agreement to make this impossible.

**Key Non-Financial Obligations:** It is important that protected area tourism concession contracts bind operators to uphold the commitments assessed in the tender process regarding non-

financial components of their operations. In particular, those relating to environmental impact, health and safety, positive social impact through jobs and engagement with local communities.

**Fulfilment Obligations:** Post-contracting, provisions must be in place to ensure all tourism facility and local employment obligations, particularly in a community protected area context, are fulfilled within a reasonable time frame. Too often leases have been granted with no actual tourism facility operations being put in place, often several years after contracts were signed. Either stiff financial penalties need to be incorporated and / or the right to terminate the contract should exist in all but force majeure conditions. The protected area management authority must also have the right to terminate the tourism operator’s contract, with due notice as will be set out in any agreement, if any conditions, including the minimum guarantee for fees, are not fulfilled. This is an in-built protection mechanism for the protected area management authority, whereby regardless of the time period of any agreement, the protected area will be protected from poor operator performance.



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## STEP 6: ENSURING STRONG COMMUNICATION

Operating a nature tourism business in often remote protected areas is always difficult, as are the challenges the authorities face to secure and protect their protected areas. Every successful nature-based tourism business requires an ongoing relationship with strong communication and mutual support where both the protected area management authority and the tourism operator can draw on the other.

Nature-based tourism operators support protected area management authorities in many ways, not only in terms of funding with conservation fees, but more creatively too. They can become conservation tools, with guides or scouts acting as eyes and ears for protected area anti-poaching efforts. They might contribute to research. They

inspire guests to become philanthropists and supporters of conservation<sup>101</sup>, contributing to species conservation, anti-poaching, and community development. Equally, there are many ways in which the protected area management functions can help a tourism facility, by for example opening up new tracks to access key wildlife areas, reporting interesting wildlife sightings.

Establishing such a relationship requires strong lines of communication between both sides, with a structured framework for active interaction. This might involve appointing a liaison officer on both sides with specific terms of reference to collaborate accordingly.

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## STEP 7: MONITORING AND EVALUATION

In order to learn from the successes of nature-based tourism development and to ensure that the products available to tourists within protected area networks are constantly evolving to respond to market demands, it is essential to design and maintain an effective monitoring and evaluation system. The core elements of this should involve:

- Visitor numbers, ages and countries of origin, or regions or origin for domestic visitors
- Visitors feedback on their experience
- Understanding where visitors heard about the protected area, to inform destination marketing

- Understanding tourism benefits, in particular community social and economic benefits
- Understanding environment impacts

Investing to build the capacity and resources of the protected area authority for monitoring and evaluation gives a greater chance of success. This is not a one-off but a continuous work that should be institutionalised and constantly refined within the protected area management authority.

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<sup>101</sup><https://loisaba.com/citizen-science-initiative/>

# 4

## CONCLUSION

The exceptional diversity of life found in Costa Rica is arguably an accident of geography and time. However the fact that this small Central American country is now home to the world's leading ecotourism industry is no accident. It has taken careful planning, strong government support, and the engagement of scientists, private sector investors, and philanthropists.

Costa Rica's model is impressive. Even more remarkable is Rwanda's emergence from the horrors of 1994 to become an award-winning tourism destination built on the opportunity of seeing mountain gorillas in the wild. Again what lies at the heart of Rwanda's startling success is a clear plan, strong government support, and the engagement of the private sector.

Rwanda has set an example for all African countries that hold significant wildlife assets because if Rwanda can achieve what it has from where it was then the potential for much of the African continent is indisputable.

This Working Paper demonstrates that in some cases the opportunity to unlock this potential can be achieved in a relatively short period of time. Uganda, a medium-performing tourism country, has in just two years attracted potential investment for new major tourism lodges in its Protected Area Network, worth at least \$60m of upfront capital alone. Once built, these facilities are likely to significantly accelerate Uganda's economic, social, and conservation development, and will have certainly made the conservation of the nation's protected area network more sustainable.

What is clear is that nations that support wildlife can develop a nature-based tourism sector that not only enable conservation but also fuels community



development and national economic progress at the same time as long as the required government policies are put in place to achieve this outcome. This paper aimed to establish what those building blocks were for state protected areas in Africa. What it found was:

1. Africa's protected areas support globally unique natural assets and crucial ecosystem services but lack sustainable funding.
2. Tourism is a significant source of revenue, jobs, and foreign exchange flows for African countries, and nature-based tourism accounts for a large share of the economic contribution provided by the overall

tourism industry in Africa. This share can increase given the right enabling environment.

3. Protected areas in Africa are already significant foreign exchange generators. They presently generate 69m annual recreational visits, mainly from international tourists, which result in \$48 billion of direct in-country spending
4. For nature-based tourism, three types of market exist:
  - a. **High-Performing Destinations** - where a country has made significant steps towards maximising its nature-based tourism potential
  - b. **Growing Destinations** - where a country has recognised the potential of nature-based tourism and is making progress towards realising that potential, but certain barriers to growth remain and they still have a reasonably long way to go
  - c. **Potential Destinations** - where there is either limited or no nature-based tourism present, but where the natural assets of the country's protected area system provide the basis for large potential growth in nature-based tourism
5. In all these destinations, certain conditions help develop nature-based tourism in their protected areas, including:
  - a. Capitalising on the competitive advantage of Africa's protected areas and their unique diversity and density of wildlife and habitats

- b. Easing access, most importantly by air
  - c. Attracting customers, particularly in Asia, and in Africa's growing regional markets
  - d. Developing of nature-based tourism in non-traditional destinations, for example Ethiopia, Benin, Gabon, Nigeria, and Ivory Coast
  - e. Capitalising on Africa's growing profile as the global leader in nature-based tourism
- 
- 8. A number of factors also need to be in place to support a sustainable nature-based tourism market once it has been launched:
    - a. Optimised concessions
    - b. Improved access and infrastructure
    - c. Strategic marketing
    - d. A business environment with fair regulating and transparency
    - e. Private sector capacity
    - f. Coordinated national planning to ensure the long-term viability of protected areas

ecosystem services, while also providing wider benefits to African economies and their citizens.

To unlock this benefit, governments play a key role. They create the enabling environment that is so critical, and are responsible for delivering a transparent process for attracting tourism investment that ensures positive conservation and social impact. At this critical juncture African Governments can seek to undertake the required steps detailed in our Toolkit to unlock the potential of nature-based tourism.

- 6. Conversely, certain conditions challenge this growth, including:
    - a. Competition in nature-based tourism from other locations like Sri Lanka and Costa Rica
    - b. The time taken to build trust and market perceptions of new destinations
    - c. Severe threats to biodiversity from climate change, habitat loss, over-exploiting natural resources, and the illegal wildlife trade
    - d. Political instability which deters investors
- 

Every context is slightly different, but following the steps of the Toolkit in sequence can be expected to significantly enhance the economic impact from nature-based tourism. So enhanced in fact that (as illustrated in Annex 2) revenue can increase between four-and eleven-fold in 10 years.

It is clear that more research into this area is required. This study has highlighted that evaluations of the economic impacts of protected areas in Africa are few and are challenged by the lack of validated methods. The re-framing of protected areas as engines for economic growth also needs to be paired with credible data. The institutionalisation of economic monitoring is essential to guide park investments and communicate an economic case for these investments to policy makers, donors and the general public.

But what has been clearly demonstrated by the work so far is that nature-based tourism, though not the only solution to address the challenges facing Africa's protected areas, clearly offers a significant tool to generate economic value. It can help support natural landscapes and their associated

When that happens, it will mean that places like Costa Rica and Rwanda, which have already invested to develop a wildlife economy driven by sustainable nature-based tourism, will no longer be just an inspiration. Rather the financial, social, and environmental benefits of the model they have pioneered will be seen replicated across Africa, providing sustainable financial benefit for countries, people, and the wildlife within their borders for years to come.

- 7. A number of steps and conditions therefore need to be in place to create a sustainable nature-based tourism market, including:
    - a. Well-protected landscapes and wildlife under effective management, with clear land rights, pro-conservation policies, management plans, and funding
    - b. Well-funded and executed marketing to create positive perceptions about the destination not only in the mind of visitors but in potential investors too
-



# ANNEX 1:

## LINKS BETWEEN TOURISM DEVELOPMENT AND GLOBAL SUSTAINABILITY TARGETS

Several global and regional political commitments recognise the links between expanded tourism and sustainable development.

### GLOBAL FRAMEWORKS

#### **Sustainable Development Goals:**

- The Sustainable Development Goals embrace tourism a key engine of growth and development, and recognise its potential for positive impacts on the environment, effective resource management and job creation<sup>102</sup>.

#### **Convention on Biological Diversity:**

- Nature-based tourism in protected areas is connected to Aichi Target 11 relating to effective and equitably managed protected areas. Actions were decided at the CBD COP13 in Cancun, Mexico in 2016, to implement the Strategic Plan for Biodiversity 2011-2020 and achieve the Aichi Biodiversity Targets. They include mainstreaming and integrating biodiversity within and across sectors (CBD/COP/DEC/XIII/3). This Decision makes a specific reference to the promotion of ecotourism (see in particular paragraph 82).

### REGIONAL / SUB-REGIONAL

#### **The New Partnership for Africa's Development:**

- Nepad's Tourism Action Plan, adopted by the 3rd General Assembly of the African Union in July 2004, provides a framework for fostering sustainable tourism on the continent. In October 2018, African Union Ministers acknowledged tourism's crucial contribution to meeting's Agenda 2063 and affirmed commitments to updating the Plan to enhance the visibility and competitiveness of the sector<sup>103</sup>.

#### **The Gaborone Declaration for Sustainability in Africa:**

- Action Statement 2 highlights, "transitioning agriculture, extractive industries, fisheries and other natural capital uses to practices that promote sustainable employment, food security, sustainable energy and the protection of natural capital through protected areas and other mechanisms".

<sup>102</sup> African Development Bank Group, 2018

<sup>103</sup> African Union, 2018

# ANNEX 2.

## APPLYING THE TOOLKIT TO THREE FUTURE POTENTIAL SCENARIOS

This section provides illustrations of how African State Protected Areas could realise significantly greater economic, environmental, and social returns from nature-based tourism. The models chosen are spread across each of the categories described in section 2.3 - High-Performing Desitinations, Growing Desitinations, and Potential Desitinations - and demonstrate the significant potential for growth in all three categories.

The examples focus on Pendjari National Park in Benin, a Potential Desitination; North Luangwa National Park in Zambia, a Growing Desitination; and the Northern Rangelands Trust in Kenya, a High-Performing Desitination.

Each case study follows the same format:

- Overview of the protected area and its current nature-based tourism development and performance
- A ‘traffic-light’ analysis of the most relevant success factors applicable to the protected area
- An illustration how the protected area could optimise its potential using this Working Paper’s Toolkit
- A projected, conceptual 10-year business plan based on the suggested pathway above
- Potential economic value of nature-based tourism in the protected area in 10 years’ time, including projections for direct economic impact, fees directly received by the management authority, and wider economic value of the protected area
- These examples have been informed by Conservation Capital’s detailed, practical involvement in business planning exercises in each of these protected areas.

# SCENARIO 1: THE POTENTIAL DESTINATION

## PENDJARI NATIONAL PARK, BENIN

Benin’s flagship national park, Pendjari is an example of a protected area with significant but unrealised nature-based tourism potential.

### Overview

Pendjari in northwest Benin and spans 4,800 sq kilometres. It is part of the 35,000-sq kilometre transnational W-Arly-Pendjari (WAP) complex that includes parts of Benin, Burkina Faso, and Niger. This is the largest remaining intact ecosystem in West Africa and the last refuge for the region’s largest population of elephants and critically endangered West African lion, of which fewer than 400 adults remain with 100 in Pendjari. Pendjari’s expansive landscape includes wetlands that are critical for a number of local species including cheetahs, buffalo,

various antelopes, and more than 460 bird species. African Parks signed a management agreement with the Government of Benin in 2017 to assume responsibility for conservation management and commercial revenue development, including nature-based tourism.

### Tourism in the Park in 2019

Between 5,000 and 6,000 people visited Pendjari each year for the last five years. Nearly 70% are international visitors, with 85% of those from Europe, and the large majority of those coming from Francophone countries. Approximately half of tourist visitors do not overnight in the Park because of a lack of suitable accommodation. Of those who do overnight, roughly half stay only one night. Most visitors make the 12 to 15

hour drive to the Park from Benin’s capital, Cotonou, because there are no flights. At the time of writing, there are three accommodation options in the Park: a mid-priced tented camp, a budget hotel, and a number of basic campsites.

### Analysis of the success factors

Using this Working Paper’s categories of Necessary and Supportive Success Factors, the tables below use traffic light system to indicate the work required for Pendjari to be transformed into a successful nature-based tourism destination. Green indicates the success factor is largely present; orange indicates it is partially present; and red indicates a significant amount of attention is required.

### Necessary Success Factors

<b>Natural Assets</b>	Landscape Quality Visible Wildlife Wilderness Character Uniqueness Value	Pendjari has strong natural assets with a variety of landscapes, habitats and wildlife species.
<b>Management</b>	Property Rights Pro-Conservation Policies Management Capacity Local engagement	Through its long-term agreement with the government, the current park manager has strong property rights and is well-resourced across the organisation.
<b>Political Stability</b>	Security Electoral Cycles Visitor Safety	Visitor safety remains a high concern. In May 2019, a guide and two tourists were kidnapped in the Park. The Park also borders Burkina Faso and many countries advise against all travel there.



## Supportive Success Factors

<b>Optimised Concessions</b>	Property Rights Legal Structure Commercial Terms	A mix of operators include both park-managed and operated accommodation, tour operators, and third-party concessions. There is opportunity to develop further concessions to cater to different market segments and price points. Linked to this is a need for park zoning.
<b>Appropriate Infrastructure</b>	Road and Rail Air Access Communications	No available flights. The 550km road from the capital to the park is in poor condition in many parts. The drive takes 12-15 hours. Some park infrastructure requires additional investment.
<b>Strategic Marketing</b>	National Strategy Government Support Partnerships	Further strategic marketing could include partnerships across the management company's network of other operations, and with neighbouring parks of the WAP complex.
<b>Business Environment</b>	Licensing Conditions Transparency Incentives	Benin is currently ranked 153rd of 190 countries on the "Ease of Doing Business" scale.
<b>Private Sector Capacity</b>	Credible Operators Regional Linkages Competition	Room for increased private sector capacity, particularly with construction, national tour operators and tour-guiding.

## Applying the Toolkit

- Target a wide variety of markets and price categories, including high-paying international visitors, while also continuing to offer accommodation and experiences for local visitors at affordable prices.
  - Tourism use zoning is important as upmarket visitors do not like to see lots of other tourists
  - Additional concessions could be developed, specifically a high-end tented camp.
- Improving access through a regular scheduled air service during the main tourism seasons
- Boosting local capacity, by developing lodges, expanding tour operators, and improved tour guiding.
- Refurbish infrastructure to support tourism, including viewing platforms and water holes.
- Increase park entrance fees for international visitors and attractive pricing for domestic visitors.
- Enhance concession fee structure based upon a percentage of revenue and a minimum guarantee.
- Further anchor the park within the government tourism marketing strategy.

## 10-year business plan

Applying these elements of Toolkit would strongly boost tourism revenue. **Over 10 years, total annual tourism revenue - including park fees, accommodation revenue, and activities are expected to increase eleven-fold, from \$300,000 to \$3.5m.**

This assumes:

- 10% average annual growth in park entrance fees, starting at \$20 in Year 1 for international visitors.
- One 3-star and one 5-star tented camp, and one upmarket private guides camp, opening in Years 2 to 3
- Occupancy ratios rising by 30 percentage points over the 10 years
- Improving the quality of activities, leading to 40-65% increase in activity uptake

## Potential economic value of nature-based tourism in the protected area

Based on these assumptions, applying the Toolkit in Pendjari National Park would result in a sevenfold increase in park entrance fees received over ten years (from \$43,000 to \$310,000). This, when combined with the lease fee component, payable in addition to the entrance fee, results in a substantial increase in revenue for the protected area for conservation management purposes.

**Tourism Revenue per type (USD)**

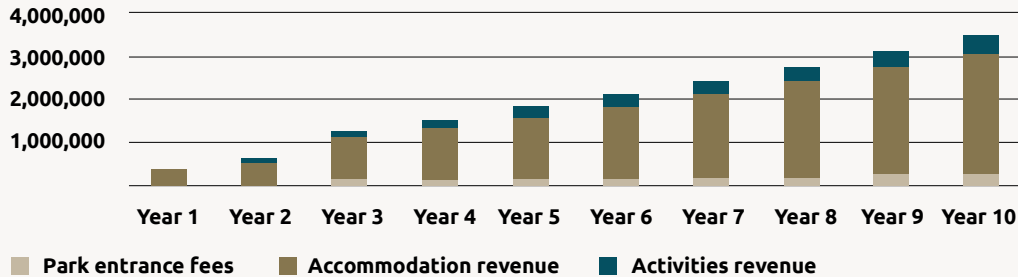


Figure 5: Pendjari National Park, Evolution of tourism revenue

Using this Working Paper’s economic multiplier 1.79, the total economic value to Benin from nature-based tourism in Pendjari is estimated at \$6.3m in Year 10 having increased from only \$537,00 in Year 1.

**Park Entrance Fees (USD)**

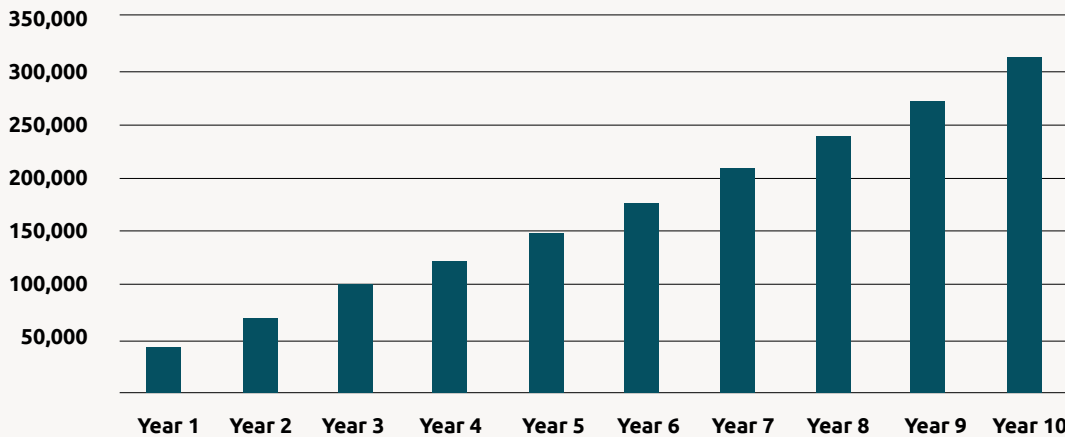


Figure 6: Pendjari National Park, Evolution of park entrance fees

Using this Working Paper’s economic multiplier 1.79, the total economic value to Benin from nature-based tourism in Pendjari is estimated at \$6.3m in Year 10 having increased from only \$537,00 in Year 1.

**Tourism revenue and multiplier effect (USD)**

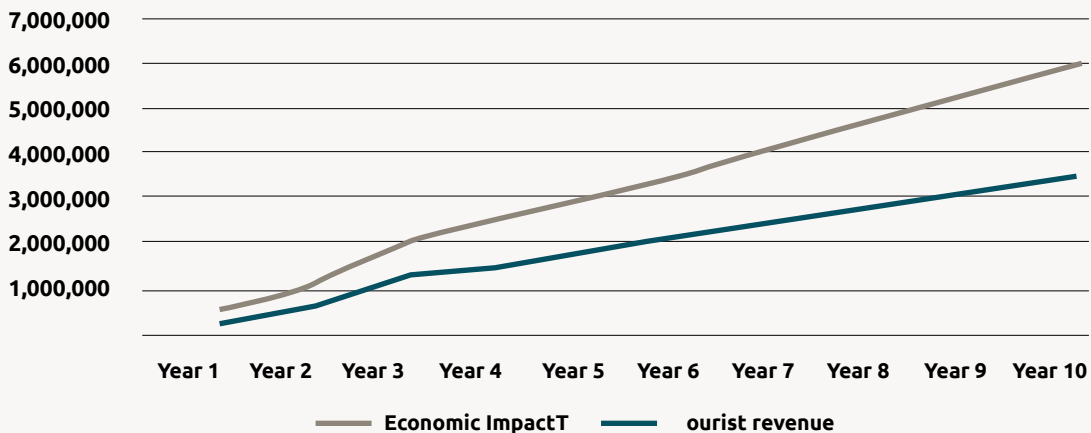


Figure 7: Pendjari National Park, Tourism revenue and multiplier effect (using 1.79 multiplier)

# SCENARIO 2: THE GROWING DESTINATION

## NORTH LUANGWA NATIONAL PARK, ZAMBIA

North Luangwa is a prominent national park in Zambia, which is part of a growing tourism destination and has the opportunity to harness increased government commitment and strategic growth planning for nature-based tourism. There has already been significant analysis of the economic value of wildlife in the South Luangwa ecosystem, carried out by leading wildlife economy academic, Brian Child and colleagues.

### Overview

North Luangwa National Park is situated in eastern Zambia, covering 4,636 sq kilometres and part of the same Rift Valley as the South Luangwa National Park. Like its southern ‘twin’ park, the Luangwa river marks its eastern boundary. The park is home to a thriving elephant population and the country’s

only black rhino population, and it has one of the highest lion densities in the region. The park also offers visitors a high chance to spot both African wild dogs and cheetahs.

### Tourism in the Park in 2019

Currently, only visitors who have pre-booked with a small number of safari operators are granted access to the park. The average number of visitors to the Park is just above 1,000 each year. Around 80% of those are internationals. Domestic flights operate from the capital Lusaka to Mfuwe International Airport, near South Luangwa’s main gate. There are currently three accommodation options in the park: an up-market camp and two mid-price tented camps. All are managed by third party operators and generate annual concession and park fees totalling approximately

\$100,000 for the national protected area management authority. In addition, a small number of self-drive visitors can stay in community-run bush camps adjacent to the park.

### Analysis of the success factors

Using this Working Papers categories of Necessary and Supportive Success Factors, the tables below use traffic light system to indicate the work required for North Luangwa to be transformed into a successful nature-based tourism destination. Green indicates the success factor is largely present; orange indicates it is partially present; and red indicates a significant amount of attention is required.

### Necessary Success Factors

<b>Natural Assets</b>	Landscape Quality Visible Wildlife Wilderness Character Uniqueness Value	Exceptional scenery and wilderness character, with areas around the Luangwa and Mwaleshi rivers representing some of the finest natural landscapes in Africa. Healthy wildlife populations, visible and in good numbers as a result of strong conservation management in recent years.
<b>Protection and Management</b>	Property Rights Pro-Conservation Policies Management Capacity Local engagement	Strong protection as a result of a 30-year partnership between Government of Zambia and Frankfurt Zoological Society.
<b>Political Stability</b>	Security Electoral Cycles Visitor Safety	Comparatively stable political situation at national and regional level, with generally good security.



## Supportive Success Factors

<b>Optimised Concessions</b>	Property Rights Legal Structure Commercial Terms	Comparatively good national concession policy, including fee structure. However implementation at protected area level not always consistent. Uncertainty over renewing concessions has limited existing operators' investment and fosters lack of confidence from potential new investors.
<b>Appropriate Infrastructure</b>	Road and Rail Air Access Communications	Access is one of the greatest challenges for North Luangwa, with road access being a 12-hour drive from Lusaka and air access only by private charter. Protected area management and technical advisors presently exploring a scheduled air service to facilitate future nature-based tourism investment.
<b>Strategic Marketing</b>	National Strategy Government Support Partnerships	Central government of Zambia efforts to market North Luangwa - and indeed all protected areas - are limited due to budget constraints. Private sector efforts limited due to insecurity of tenure.
<b>Business Environment</b>	Licensing Conditions Transparency Incentives	Zambia is presently comparable to many African countries in ease of doing business. Certain challenges exist and there is room for improvement.
<b>Private Sector Capacity</b>	Credible Operators Regional Linkages Competition	Many experienced private sector operators in Zambia. If given security of tenure and backed by other supporting conditions, these operators, and new entrants, would optimise available nature-based tourism opportunities.

### Applying the Toolkit

Based on the above, it is clear that North Luangwa would benefit from the following:

- Improved access to the area, combining a scheduled air service with improved self-drive routes
- A clear concession policy offering long term tenure for operators
- A revised fee structure for park fees and concessions
- Increased destination marketing efforts

### 10-year business plan

Applying the Toolkit could significantly increase tourism revenue. **Over ten years, total annual tourism revenue including park entrance fees, accommodation revenue and activities revenue is expected to increase eight times, from \$540,000 currently to \$4.2m by Year 10.**

#### This assumes:

- 13% average annual growth in park entrance fees for international visitors, starting at \$20 in Year 1 for adults.
- Park fees are currently relatively low in Zambia. Entrance fees for non-residents are expected conservatively to reach \$60 in Year 10.

- Growth in park entrance fees in line with inflation for local and regional visitors.
- Two semi-wilderness camps operated by a third-party opening in Years 3-4, each with a capacity of 16 people.
- A self-drive network of camp sites opening in Year 2, operated by the protected area authority and located inside the park
- Self-drive chalet accommodation opening in Year 3 and a second facility in Year 6, each with a 12-person capacity, located inside the park and operated by the national park authorities.
- Occupancy ratios rising by an average of 10 percentage points from current levels over the 10 years.

## Potential economic value of nature-based tourism in North Luangwa

Using the Toolkit, North Luangwa National Park protected area management authority could expect a twelvefold increase in park entrance fees received over ten years, from \$43,000 to \$524,000.

**Tourism Revenue per type (USD)**

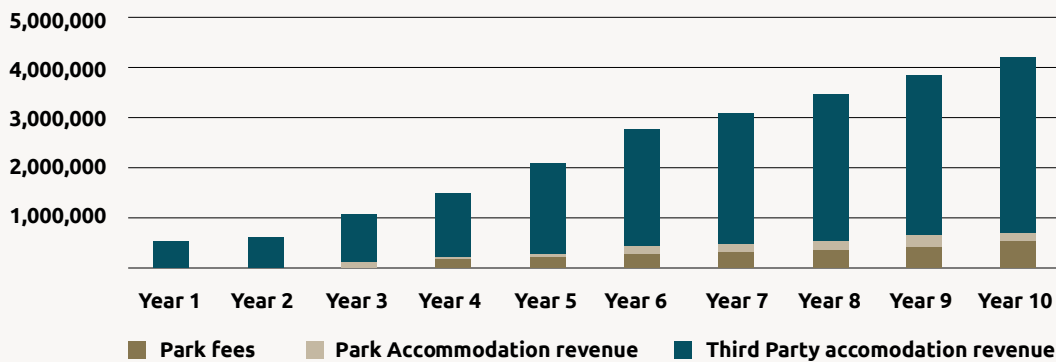


Figure 8: North Luangwa National Park, Evolution of tourism revenue

Using the economic multiplier calculation of 1.79, the value of nature-based tourism in the area is estimated at \$7.5m in Year 10, increased from approximately \$967,000 in Year 1.

**North Luangwa Park Fees (USD)**

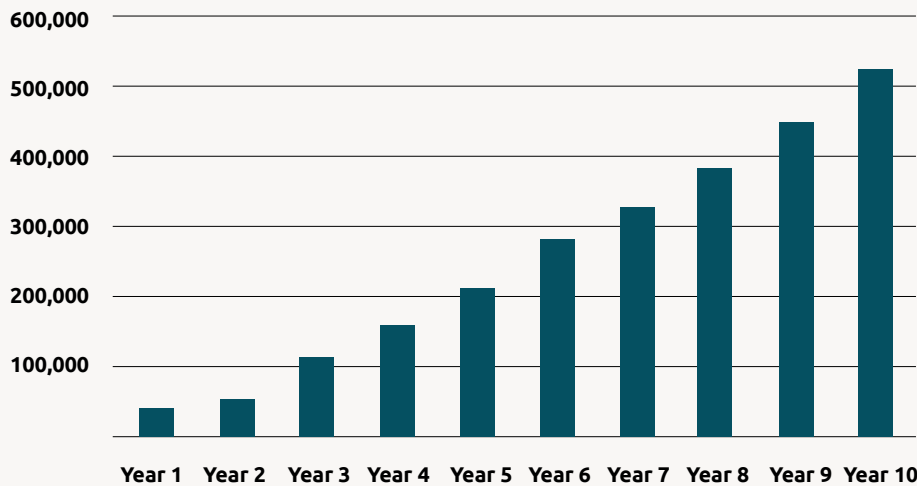


Figure 9: North Luangwa National Park, Evolution of park entrance fees

**Tourism revenue and multiplier effect (USD)**

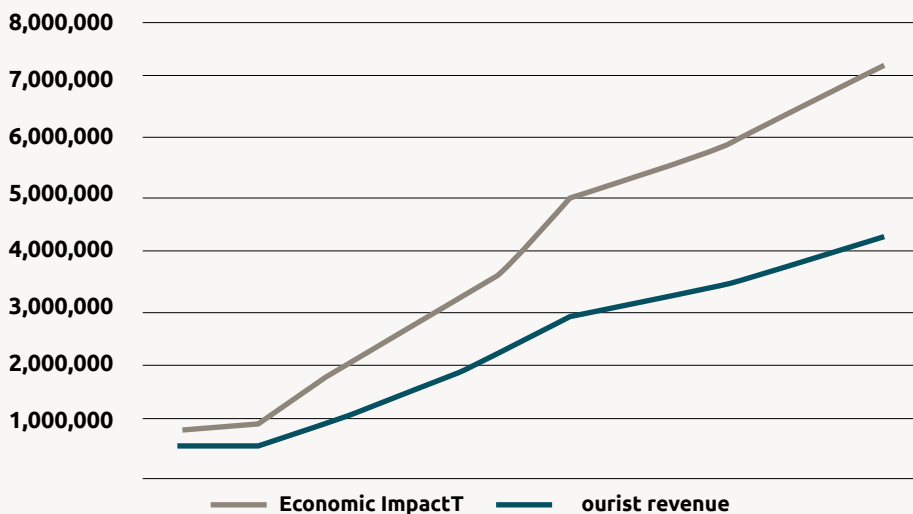


Figure 10: North Luangwa National Park, Tourism revenue and multiplier effect (using 1.79 multiplier)

# SCENARIO 3: THE HIGH-PERFORMING DESTINATION

## Northern Rangelands Trust Region, Kenya

While Kenya is considered a high performing tourism destination, most visits are concentrated in the main protected areas in the south and centre. There is significant potential for expansion and further economic impact in northern Kenya, building upon the huge increase in the number of communal protected areas in the country.

### Overview

The Northern Rangelands Trust, an NGO, has supported communities in northern Kenya to form 39 wildlife conservancies. So far, six of them feature nature-based tourism, raising remains significant scope for expansion over the next decade.

### Analysis of the success factors

<b>Natural Assets</b>	Landscape Quality Visible Wildlife Wilderness Character Uniqueness Value	Scenery and culture are extremely attractive for nature-based tourism. Wildlife is returning in many areas due to conservation efforts but is still insufficient for optimal performance.
<b>Protection and Management</b>	Property Rights Pro-Conservation Policies Management Capacity Local engagement	Impressive community-based conservation efforts over past 20 years led by Northern Rangelands Trust, but with many challenges still remaining.
<b>Political Stability</b>	Security Electoral Cycles Visitor Safety	Insecurity in northern Kenya has affected nature-based tourism development in the past, but the situation is reasonably stable at present, with community conservation efforts providing a valuable security presence in the region.

### Supporting Success Factors

<b>Optimised Concessions</b>	Property Rights Legal Structure Commercial Terms	Strong basis for concessions developed with professional technical advice in recent years, however implementation has not always been consistent, often due to historic precedents around fee structures and other conditions arising from early suite of concessions. Concession approach requires review and new opportunities will shortly be brought to market.
<b>Appropriate Infrastructure</b>	Road and Rail Air Access Communications	Access has improved considerably with the Nairobi-Moyale road, however many conservancies remain difficult to access. Relatively good network of airstrips, however scheduled air access remains limited to a small number of protected areas in the region.
<b>Strategic Marketing</b>	National Strategy Government Support Partnerships	NGO led efforts have created strong market awareness and technical capacity is available to strengthen efforts in collaboration with private sector efforts.
<b>Business Environment</b>	Licensing Conditions Transparency Incentives	Kenya is generally a more favourable environment for nature-based tourism than other countries, however challenges with business administration and permits remain.



### Applying the Toolkit

Based on the summary above, the region would benefit from the following:

- Attracting a range of new third-party operators to develop new tourism accommodation under concession arrangements
- Investing in new transport infrastructure, including airstrips and sensitively developed self-drive road networks
- Improved security across the region
- Collaborating with government and private sector to increase the profile of the region through enhanced destination marketing
- Leveraging the above to attract new markets, for example the educational tourism market segment

### 10-year business plan

Applying the above Toolkit, the region has the potential to significantly increase tourism revenue. **Over 10 years, total annual tourism revenue could be expected to increase fourfold from an estimated \$5.2m in Year 1 to \$21.7m in Year 10. Newly established tourism accommodation facilities could drive 69% of that growth.**

This assumes:

- Six new up-market camps or lodges, each with an average of 16-person capacity, opened between Year 3 and Year 8.
- A network of self-driving facilities opened progressively from Year 2.
- One research and education facility with 30 beds opens in Year 2.
- Occupancy ratios rise only marginally, by 1 percentage point a year on average
- Growth in fees and rates averages 5%, slightly below current inflation in Kenya.

### Potential economic value nature-based tourism in the protected area

A fivefold increase in entrance fees could be expected over ten years, and the value of nature-based tourism in the area could be estimated at \$38.8m in Year 10 vs. \$9.3m in year 1 (using the economic multiplier calculation of 1.79).

**Tourism Revenue per type (USD)**

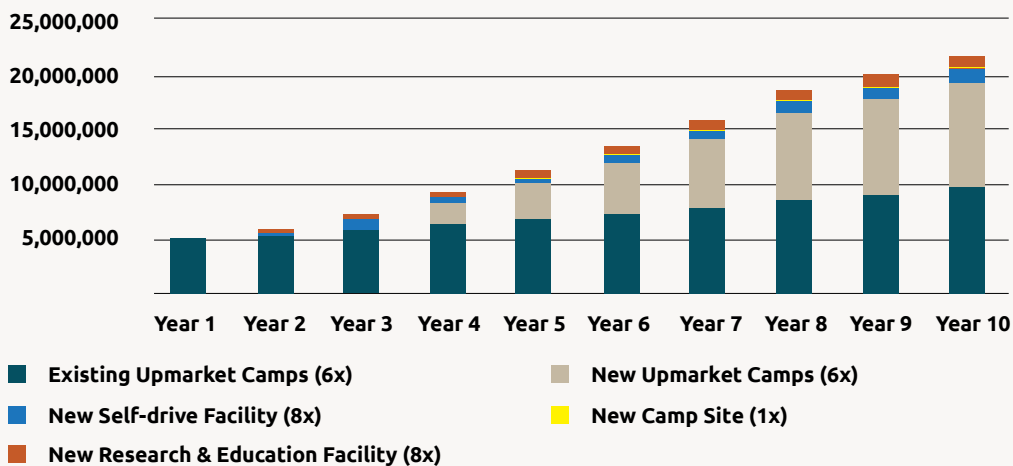


Figure 11: Northern Rangelands Trust, Evolution of tourism revenue

### Visitor Entrance Fees (USD)

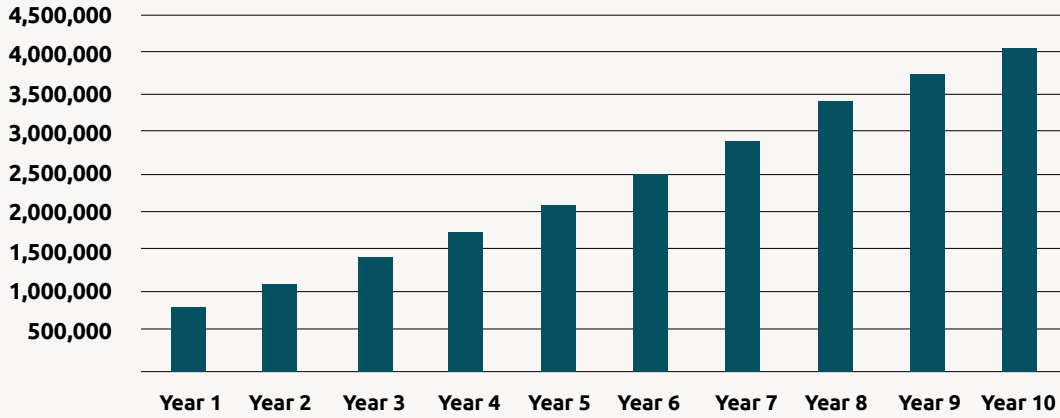


Figure 12: Northern Rangelands Trust, Evolution of tourism revenue

### Tourism revenue and multiplier effect (USD)

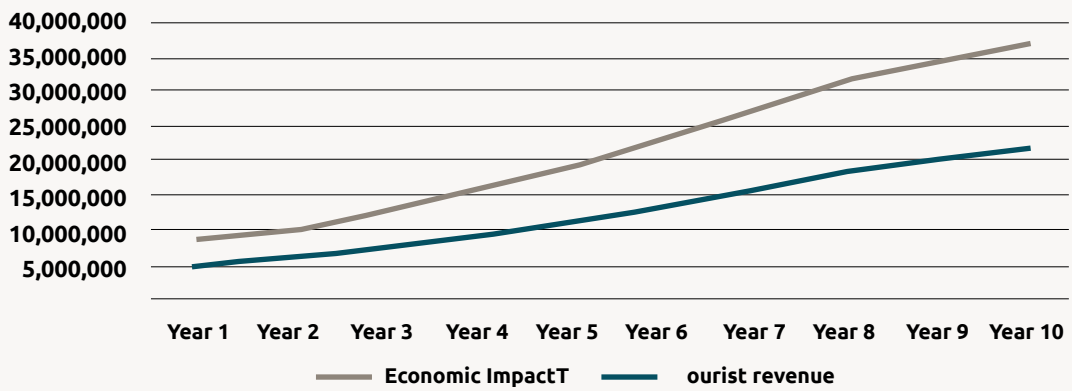


Figure 13: Northern Rangelands Trust, Tourism revenue and multiplier effect (using 1.79 multiplier)







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