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Applications Session

Learning from concrete successes of sustainably financing protected areas

Workshop 6

Tourism based Revenue Generation

Tourism-Based Revenue Generation Mechanisms

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Short Description

With NGO and government park service partners around the world, The Nature Conservancy identified the need for broader application of appropriate mechanisms for realizing the economic value of recreation in protected areas as a key strategy to support biodiversity conservation. Three sites in Bolivia, Belize and Mexico, were initially selected from thirty applicants from within our network, to participate in the Conservancy's tourism user fee initiative that was developed with support from the Alex C. Walker Foundation.

Research was carried out to evaluate fee mechanisms being charged around the world and case studies produced. Additionally, a diagnostic of visitation in each area, and of the tourism management structure including capacity and legal context were carried out.

Contingent valuation and contingent behavior studies were carried out to assist in determining appropriate fee levels and mechanisms. Subsequently, a mechanism was identified for test application at each site:

- Entrance fees at Eduardo Avaroa Reserve, Bolivia
- Dive and entrance fees at Gladden Spit Marine Reserve, Belize
- Visitor donations at Islas del Golfo in Baja California, Mexico

New income is now being generated at each test site and more sites have been added to the initiative. The pilots continue to be monitored and recommendations for replication across their respective national protected area systems will be made.

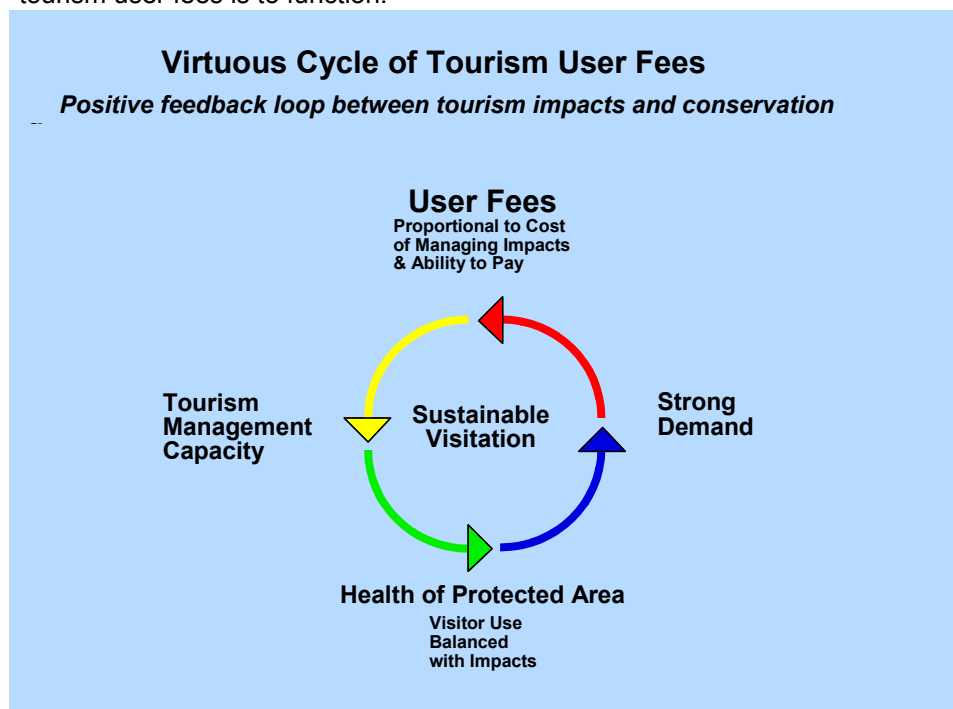
Introduction

Given the growing demand for access to protected natural areas by tourists, it is increasingly important that adequate pricing mechanisms be implemented to ensure that recreational opportunities contribute to biodiversity conservation. It is presumed that the need is even more widely felt than has yet been established. One study found that only 32 of 78 biosphere reserves were charging admission fees to visitors.¹

¹ Tye and Gordon, 1995, *Financial and Human Investments in Biosphere Reserve Management*. Cambridge UK: World Conservation Monitoring Centre

The value of recreation opportunities provided by parks is typically under-priced or inefficiently administered. Many parks around the world either charge low or no fees for visitation, consequently, funds generated by tourism are usually insufficient to cover the costs of biodiversity conservation or even the costs associated with providing visitation opportunities themselves. This challenge can be addressed through the framework of ecosystem services and natural capital.²

Several countries have generated new approaches and practical experiences in this area that can serve as case studies. A good example is the Galapagos Islands National Park, which generates approximately \$5 million in visitor entrance fees annually. Recent changes in the administrative structure of the Park system in Ecuador mean that Galapagos retains 80% of revenues for local investment (See Benitez, 2001). Such fee retention is crucial if the virtuous cycle (see diagram) or positive feedback mechanism of tourism user fees is to function.



Site Selection Criteria

In order to be considered for this initiative, sites had to meet the following criteria:

- Tourism has short-term potential to generate \$100K p.a. for conservation.
- Site is a strategic priority of The Nature Conservancy's Country Programme.
- Significant leverage potential to other sites nationally.
- Leverage potential to other sites internationally.
- Other mechanisms exist at site for economic valuation of ecosystem services.
- Interest and commitment of protected area (system if appropriate and site) and NGO partner to support implementation of visitor use fees.
- Capability of site administration to implement visitor user fees.
- Linkage to the USAID/TNC Parks in Peril Program.

² Costanza et al., The value of the world's ecosystem services and natural capital. *Nature* Vol.387 May 15 1997

The Conservancy working with the protected area authority and, in the case of Gladden Spit and Islas del Golfo, a local NGO partner as well, collaborated on implementing the following process: For each of the three selected sites we carried out the following steps (See CFA, 2003 for more detailed description of steps):

- i) Tourism diagnostic including visitor profile, principal activities, access points, tourism industry structure, future trends;
- ii) Stakeholder identification and consultation. Evaluate tour operator opinion and willingness to participate in implementation and local community expectations;
- iii) Recommendations for visitor registration system where necessary;
- iv) Estimate limits of acceptable change/carrying capacity;
- v) Pilot price responsiveness (*willingness to pay*) studies (60-80 sample size), review, modification, followed by full survey of 200 visitors at each site;
- vi) Determine PA management costs and tourism management costs;
- vii) Identify income generation mechanisms;
- viii) Determine fee levels;
- ix) Propose income management, distribution and investment;
- x) Consult stake holders;
- xi) Design and print informational materials for visitors;
- xii) Train guides or "*point of purchase*" staff;
- xiii) Initiate pilot; Be transparent;
- xiv) Monitor, evaluate, tweak;
- xv) Establish Virtuous Cycle.

Capacity building of local partners was a fundamental element throughout the process.

Bolivia - Entrance Fees

Our principal partner is SERNAP, the national PA system, who have been very involved at both national and local levels. Institutional commitment to the process and its incorporation into annual work plans is key. Consultation with local tour operators is crucial in establishing an understanding and basic agreement on the need for charging fees.

While implementation of the pilot has generated over \$200,000 in revenue so far, there are significant barriers to its effective application:

- i) 100% flows to central treasury in capital city.
- ii) Annual site budget bears no correlation with income generated.
- iii) No visible improvement in tourism conditions and facilities.

On the positive side approx. 20% of the amount generated is earmarked for investment in local community projects.

Mexico - Donations

Our partners are SEMARNAP, the national PA system and Niparaja, a local conservation NGO. (See presentation in this session by Gabriela Anaya.) A donation system was selected as the most appropriate mechanism because the current fee system had recently established low fees that will require changes at congressional level to modify. The data gathered in the process of developing this system will provide an important basis for modifying the statutory user fees in due course.

Belize – Dive and Entrance Fees

Friends of Nature, a local conservation NGO in Placencia, which co-administers the marine reserve with the Ministry of Fisheries, is authorized to collect and manage fees as part of the co-administration agreement. There is no national PA system in Belize. Following extensive consultation with local tour operators, a system of scheduling access to the whale shark hot spot within the marine reserve was established. A limited number (6) of vessels with a maximum capacity of 12 divers can be in the hot spot for one 2 hour slot per day during whale shark season March 1st-June 31st. Based on a willingness to pay survey, entrance fees of \$15 per person per day for the hot spot and \$10 for the rest of the MPA have been established.

The national tour operator association invoked a six month notice norm which led to cancellation of the implementation of new entrance fees for the 2003 whale shark season. This would have been worth approximately \$75,000, equivalent to approximately 20% of MPA annual operational costs.

Revenues, once the plan is implemented, will be managed by Friends of Nature who 'co-administer' the MPA and will be invested as follows:

- 80% for MPA operational costs,
- 15% goes to FoN overhead,
- 5% to Special Scholarship Fund for local children who would not otherwise go to school.

Capacity Development

Clear understanding of PA management costs and tourism management costs within that, is key and surprisingly not necessarily understood by managers. Experience of the broader geographical context and of what had been tried, what worked and didn't work has been a valuable contribution. Stakeholder consultation; design and application of price responsiveness surveys; planning of fee management processes; design and production of informational materials for visitors; demonstration of positive visitor reaction and maintained visitor levels to fees is very important for tour operators. The creation of case studies and provision of access to lessons learned and capacity building and technical assistance are very important.

Sharing Benefits

The creation of avenues for dialogue with stakeholders, particularly the tourism private sector has been especially important for PA managers. Also new investment in community projects has been very important in winning and consolidating support for PA management.

Recommendations

- 1) Protected area systems should have an income generation strategy that includes visitor use fees.
- 2) The most appropriate user fee system (type and level of fees) will depend on PA agency objectives and constraints, as well as visitor price responsiveness and other factors. In general, it is recommended that fees generate sufficient revenue to at least cover the cost of providing recreation opportunities, particularly in the case of foreign visitation.
- 3) Although managers often have anecdotal information on visitor price responsiveness, it is recommended that surveys of visitors and reviews of fees at equivalent sites be used to evaluate price responsiveness when setting fees.
- 4) Managers must involve important stakeholders, especially the tourism industry, when setting fees. This can increase support for fee implementation or modification.
- 5) Fee systems should be:
 - a) subject to change by the PA agency rather than the legislature,
 - b) involve variable fees (e.g., higher fees for foreigners than residents),
 - c) retain revenue within the agency and especially at the site where it is collected,
 - d) include revenue-sharing programs with local communities.
- 6) Ensure a Virtuous Cycle exists
A positive feedback loop between user fee levels, demand and health of conservation targets should be the goal. Tourism revenues should respond to demand or possibly limit demand in situations where over-visitation is a threat to biodiversity conservation. They should be invested sufficiently at the site level to ensure biodiversity health.

Further Information

Email: adrumm@tnc.org

Web: nature.org/ecotourism

Benitez, S., 2001; *Visitor Use Fees and Concession Systems in Protected Areas – Galapagos Case Study*. The Nature Conservancy, Arlington, VA. Available at: nature.org/ecotourism

Brown, C. 2001; *Visitor Use Fees and Concession Systems in Protected Areas – Synthesis of the North American, Belize and Costa Rica Experiences*; The Nature Conservancy, Arlington, VA. Available at: nature.org/ecotourism

Conservation Finance Alliance (CFA), 2003; *The Conservation Finance Guide*