



WORLD BANK GROUP

A photograph of a suspension bridge spanning a river in a lush forest. The scene is captured at sunset, with a warm orange and yellow sky. Two people are visible walking across the bridge. The foreground is filled with dense green foliage.

Concessioning in Protected Areas: 14 Characteristics of Success

WBG in concessioning

- The WBG works across the Protected Area and concessioning space from a number of different angles;
- One group has worked for a number of years from the private sector perspective, advising government clients on the best ways to grow tourism and develop competitive concessioning programs
- Our combined experience helped us recognize that there were some universal success factors across a number of countries; 14
- Recent concessioning work has included Mozambique, Madagascar and Rwanda, and we are exploring opportunities in Nepal and Senegal.



01

PUT CONSERVATION FIRST, AND ACCEPT THAT SOME AREAS ARE NOT SUITABLE FOR TOURISM

WHY IS THIS IMPORTANT?

The primary function of a protected area is to protect nature and biodiversity. In some cases, protected areas will also safeguard valuable and threatened cultural and/or historic assets. Covering nearly 12 percent of the Earth's surface, protected areas are also becoming key components in climate change mitigation strategies.

02

RECOGNIZE THE VALUE OF TOURISM

- Tourism and commercial activities can support protected areas to achieve their objectives;
 - Revenue
 - Educating visitors
 - Supporting the community
- Successful PA managers have strong partnerships, good levels of communication with concessionaires.

A vibrant field of purple flowers, likely a tourist attraction. Several people are seen in the background, some holding cameras and tripods, suggesting a photography or sightseeing activity. The scene is set in a lush, green environment with hills in the distance.

03

STRIVE TO MAKE TOURISM SUSTAINABLE

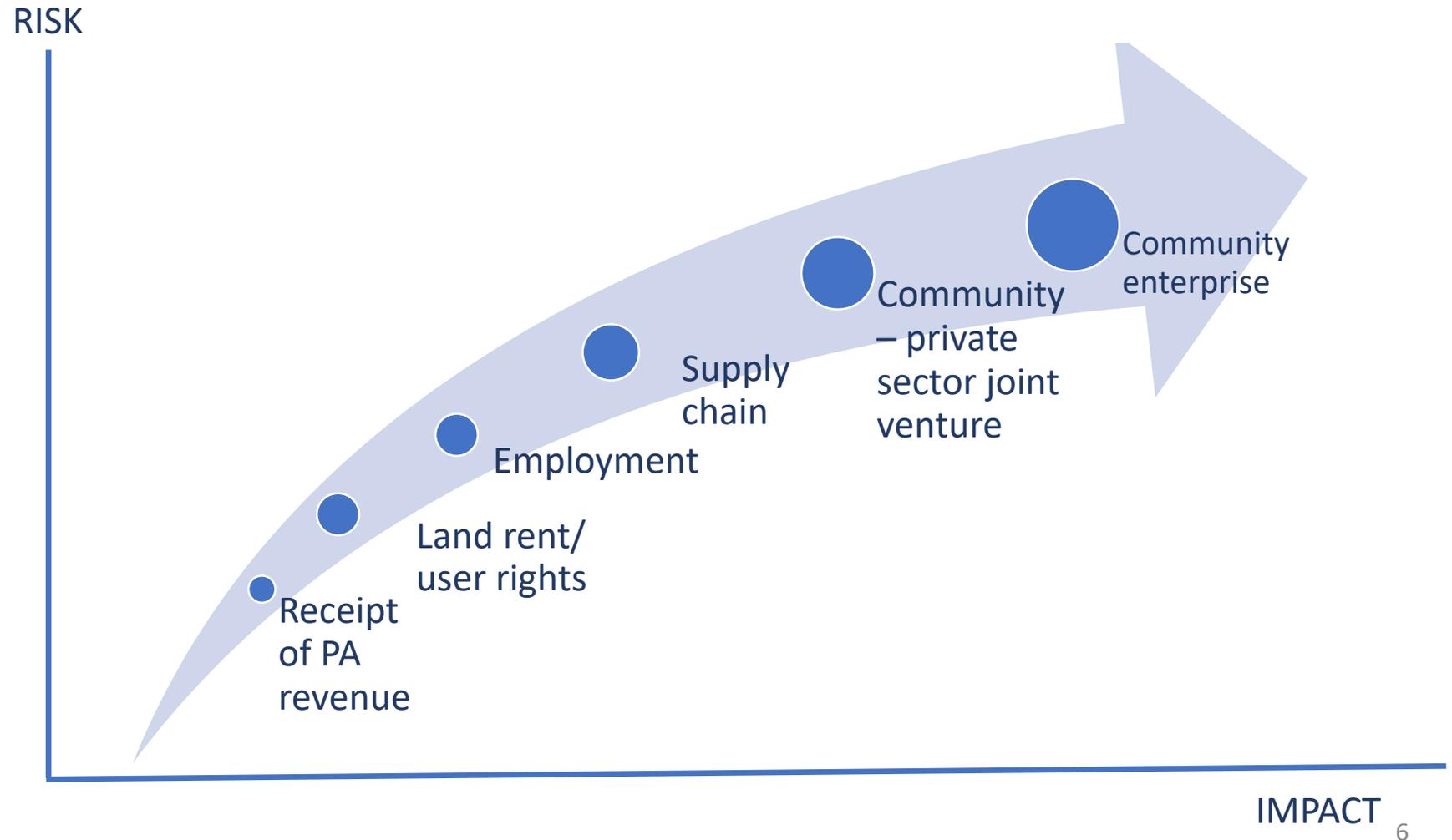
WHY IS THIS IMPORTANT?

It is equally important for both the Protected Area Authority and the concessionaire to protect the natural resources on which the tourism operation is based (for example, thriving wildlife populations). If the natural or cultural asset quality becomes degraded through pollution, deforestation or over-exploitation, visitor demand and pricing are likely to decrease, hurting the businesses' bottom line and the local economy.

04

VALUE LOCAL COMMUNITY PARTICIPATION

- Communities may participate in tourism concessioning depending on levels of skill, risk and empowerment
- Effective concessions programs assess suitability of types of participation on a case-by-case basis

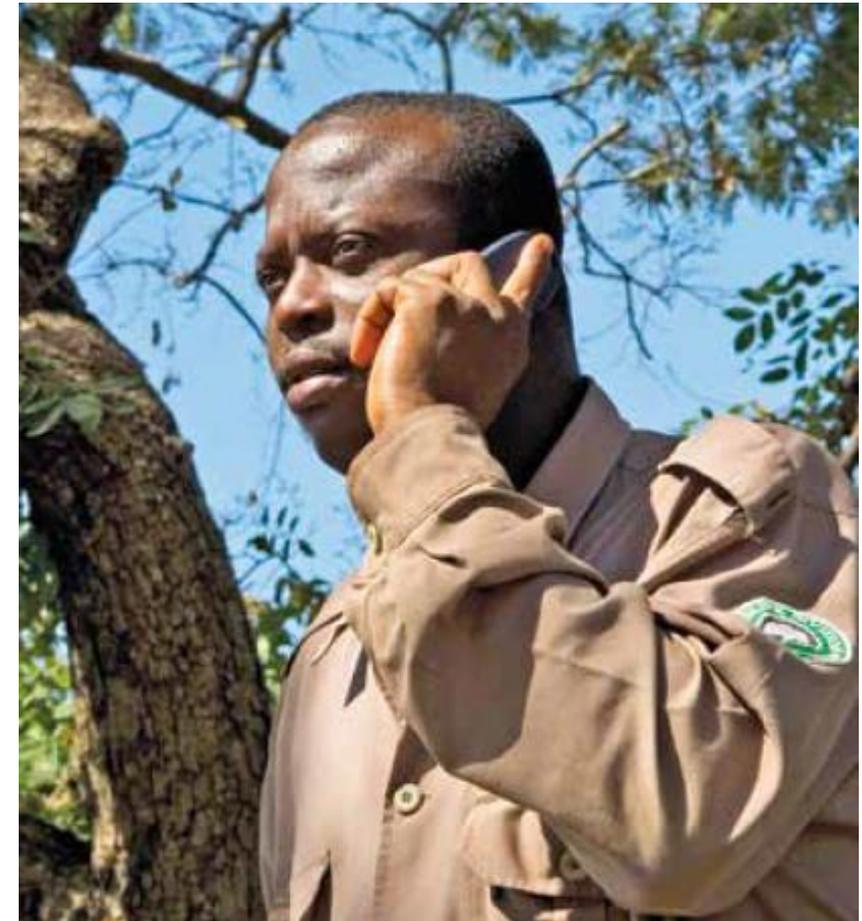


05

ESTABLISH MARKET VIABILITY EARLY ON

Experienced investors evaluate a number of factors to determine viability. Before making a commitment to invest, prospective opportunities are typically scored. The most viable projects tend to do well in the following areas:

- Accessibility
- Attractiveness
- Political stability
- Market demand
- Market supply
- Business environment
- PA Management
- Established/emerging industry
- Infrastructure
- Operating costs



06

DEVELOP STAKEHOLDER AWARENESS AND STRONG ENGAGEMENT

WHY IS THIS IMPORTANT?

A successful and sustainable concession process identifies and engages with stakeholders early on to understand their various concerns and expectations, and works with them to ensure a project's success. Dialogue over environmental, social, political, economic, or other concerns can help avoid problems and delays later on. Because protected areas are valuable to different groups and individuals for different reasons, effective concessions are built on shared trust and understanding among many stakeholders.



07

ENSURE CONCESSIONING IS SUPPORTED
BY A SOUND CONCESSIONS FRAMEWORK

- The best concessions frameworks are always;
 - robust, clear and transparent – *investors value legal certainty*
 - based on solid foundational laws
 - appropriately consulted
 - implementable (aligned laws, policies and regulations)
 - 'living'; evaluated and monitored

International
conventions

Global conventions and guidelines influence and inform national policy and legislation

policy

Strategic vision, objectives, context, address public interest – not legally binding

laws

General legal principles + mandate (Concessions/ PPP Law, or amendments to existing land law, investment law etc)

regulations

Detail on provisions in law, describe process, procedure. Changed more easily (flexible), so often fee setting in here

contract

Legal document setting T&Cs determined by laws and regs. Standardized, less negotiation.

08

RELY ON ROBUST MANAGEMENT PLANS

- Management Plans help PAs manage all dimensions of the parks, and for many this includes managing tourism.
- Investors also value Management Plans and their effective implementation;
 - Shows the area is well through-through and planned
 - Expectations are set and fixed for a number of years
 - Less likely ad-hoc decisions can be made, (for example, new concessions sites)
 - Less likely to be affected by external (e.g. political) pressures

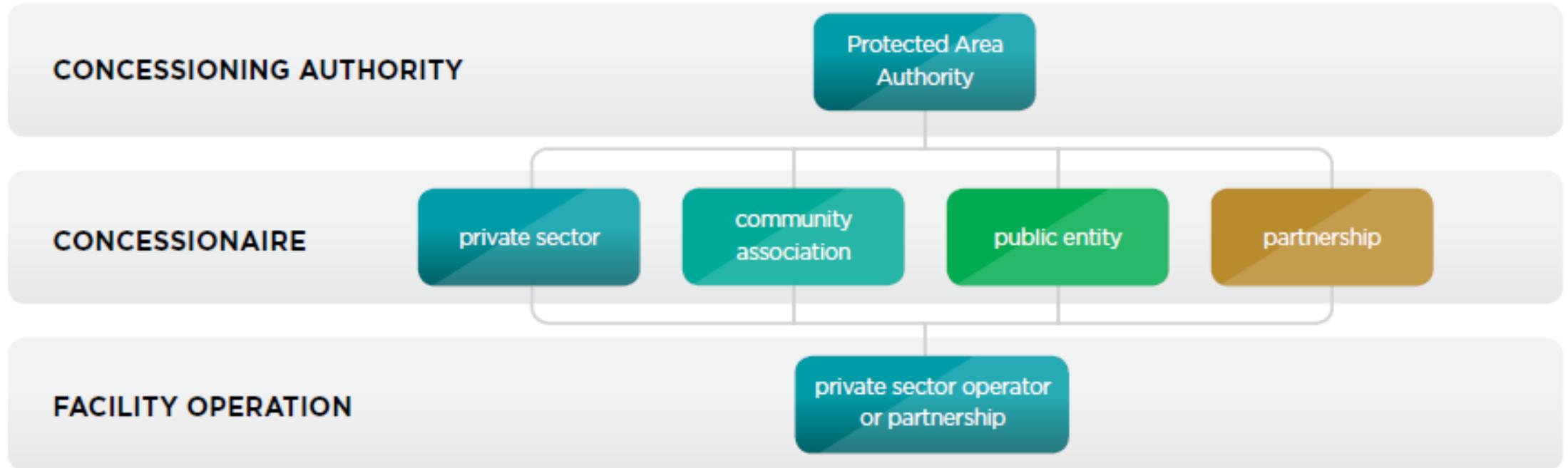


Quirimbas, Mozambique, Tourism Plan 2009

- status and projections of tourism in PA
- phased development strategy for accommodation etc
- maps, potential locations for future concessions, and fees
- guidelines for tourism development and operations

09

SELECT THE APPROPRIATE MODEL



PA Managers decide the model in advance, based on;

- their primary objectives, (biodiversity, community benefits, etc)
- the projected viability of concession sites,
- investor appetite and
- Park Management Plans.

10

EMPLOY TRANSPARENT AND CLEAR PROCUREMENT PROCEDURES

- The most successful PA Managers employ competitive tenders. In some cases unsolicited bids and direct negotiations are applicable.



A qualified technical team is essential

- Qualified and appropriate people managing the process all the way through.
- Members of the committees set up to manage different elements (especially bid evaluation) should be trustworthy, technically competent, and fair.

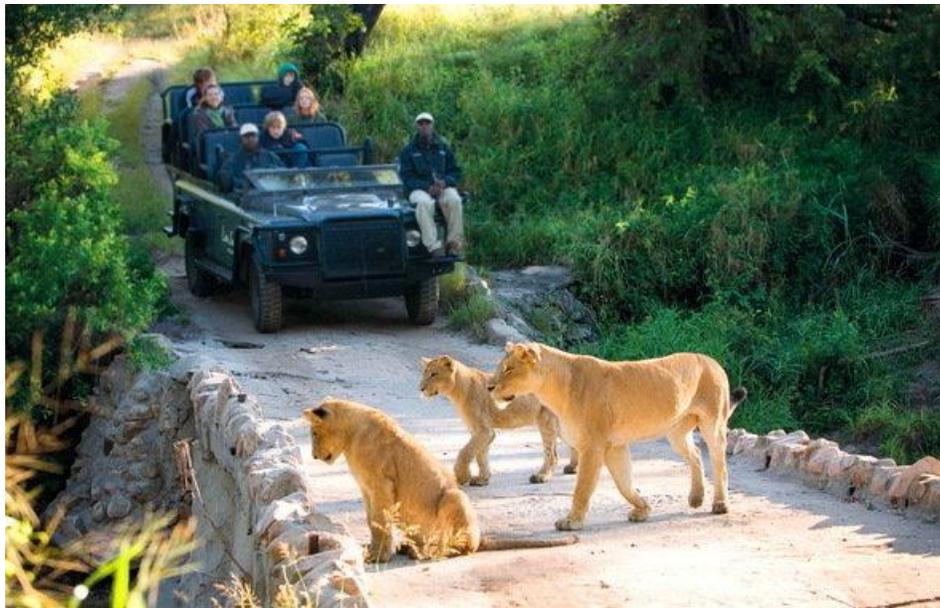
Authorities make key decisions on elements of the process

- Pre-qualification
- Bid process
- Negotiation with bidders
- Basis for award

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HAVE EQUITABLE CONTRACTS

- Good contracts protect the interests of all parties, clearly balance responsibilities and often address issues that are important for financing
- Banks often look at the contract to determine whether to lend. They look at allocation of risks, reward, transfer and assignment of rights, and termination.



SANParks

WBG best practice tries to avoid any post-award negotiation of the concession agreement.

In the SANParks process, bidders were issued with a draft concession agreement, asked to submit comments and discuss them at a bidders conference. Following the bidders conference, SANParks issued a final bid package including a final RFP and a final, non-negotiable concession agreement. All bidders had to submit a signed agreement with their bids.

12

MANAGE EFFECTIVELY BEYOND THE DEAL

WHY IS THIS IMPORTANT?

A signed contract marks only the beginning of a partnership. Managing a contract helps ensure that a mutually beneficial, long-term relationship develops between the protected area authority and the concessionaire. Contract management recognizes the unique needs, constraints, and goals of each party, and ensures risks have been adequately transferred. The key to managing effectively beyond the original deal is regular communication.

Contract management can be defined as 'the process of systematically and efficiently managing contract creation, execution, and analysis for the purpose of maximizing financial and operational performance and minimizing risk'.

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MANAGE RISK

Risks can lead to costly delays, work stoppages, threats to the operation, negative publicity, and reputational harm. The five most common risks associated with concessions in PAs are:

1. **Financial** - An inability to secure capital for investment, or to make payments to the contracting authority. Currency fluctuations also pose a risk
2. **Political** – Political interference, unrest, or sudden policy changes towards concessioning
3. **Environmental** - The prevention or mitigation of risks from construction and/or operation of a tourism site or deriving from other developments in the region incompatible with conservation objectives
4. **Social** - Local community members are unhappy with the project and pose a risk to the investment
5. **External** - National or international financial or security crises, among others

Successful concession regimes practise effective risk management by identifying, mitigating, and monitoring risk through stakeholder engagement, site assessments, regular reporting, adequate due diligence, and employing experienced/reputable technical personnel.

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CONTINUALLY EVALUATE PROGRESS AND ADAPT

M&E helps track progress in line with the concession agreement, and identify any discrepancies early on.

The findings can later be used to adapt concession processes (e.g. where particular issues arise or where the financial revenues are substantially different to what had been anticipated). M&E can assess the:

- Efficiency and cost-effectiveness of the concessioning process.
- Impact of the concession (economically, socially, environmentally, politically).
- Performance of the concessionaire to meet its contractual obligations.
- Opportunity cost of alternate development options (other than concessioning).
- Success of a commercialisation strategy within protected areas.

THANK YOU!

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